

24th June 2016

Maryvale Drilling Operations Finalised

Kaili Resources is pleased to announce its 100% subsidiary company APEC Coal Pty Ltd has finalised its drilling on its Maryvale Coal Project located south west of Brisbane in South East Queensland within EPC 1539 and EPC 1506. 5 chip holes and 1 partially cored were completed for a total advance of 1228m including 7.87m of Core. One hole (WK15) was drilled in EPC 1539 and the remainder (WK16 to WK19) were drilled in the south west of EPC 1506 (see map below). The partially cored hole (WK16C) was a twin hole or the chip hole WK16 at the same site.

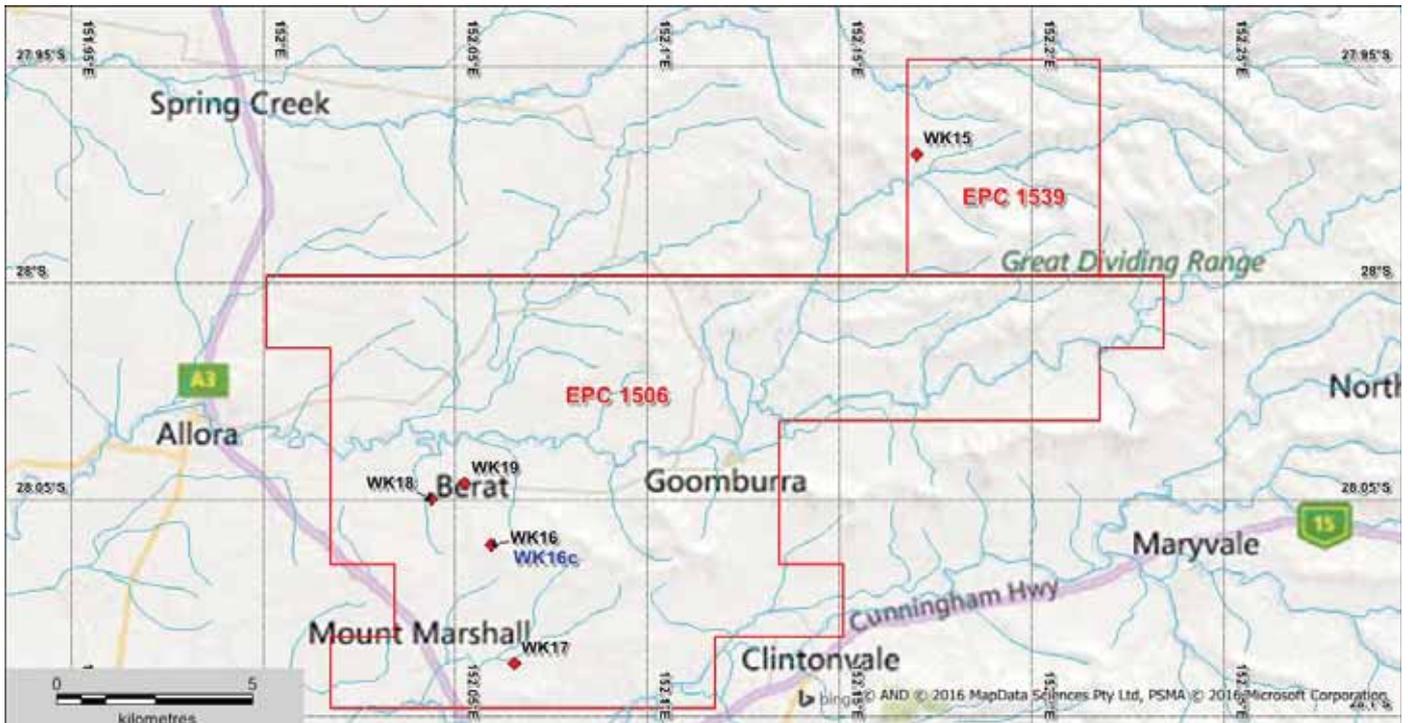


Figure 1 Drillhole location map – Maryvale Project

Table 1 shows a summary of the drilling within EPC 1539 and EPC 1506 with all but 1 drill hole intersecting the targeted Bulwer Seam. In addition, WK 17 intersected a portion of the underlying Condamine Seam. The results are preliminary only as a full stratigraphic correlation between the drilling in this program and historical drilling has not been completed. A stratigraphic correlation of the Bulwer and Condamine Seams along with coal quality analyses from WK 16C will be reported when results are to hand.

EPC	Hole ID	GPS Pickup			TD	Dip	Basalt Depth (m)	Bulwer Seam Package			Condamine Seam Package		
		Easting (MGA 94)	Northing (MGA 94)	AHD				Roof	Floor	Interval	Roof	Floor	Interval
EPC 1539	WK15	418372	6905852	648	200	-90°	>200	NA	NA	NA	NA	NA	NA
EPC 1506	WK16	407593	6895752	602	255	-90°	117	160	181	21	NA	NA	NA
EPC 1506	WK16C	407595	6895748	602	176	-90°	120	163			NA	NA	NA
EPC 1506	WK17	408173	6892717	505	189	-90°	35	121	130	9	174	179.5	5.5
EPC 1506	WK18	406077	6896902	508	207	-90°	29	181.5	194	12.5	NA	NA	NA
EPC 1506	WK19	406878	6897302	516	201	-90°	46	182	192	10	NA	NA	NA
					1228								

Table 1 Drill hole summary details

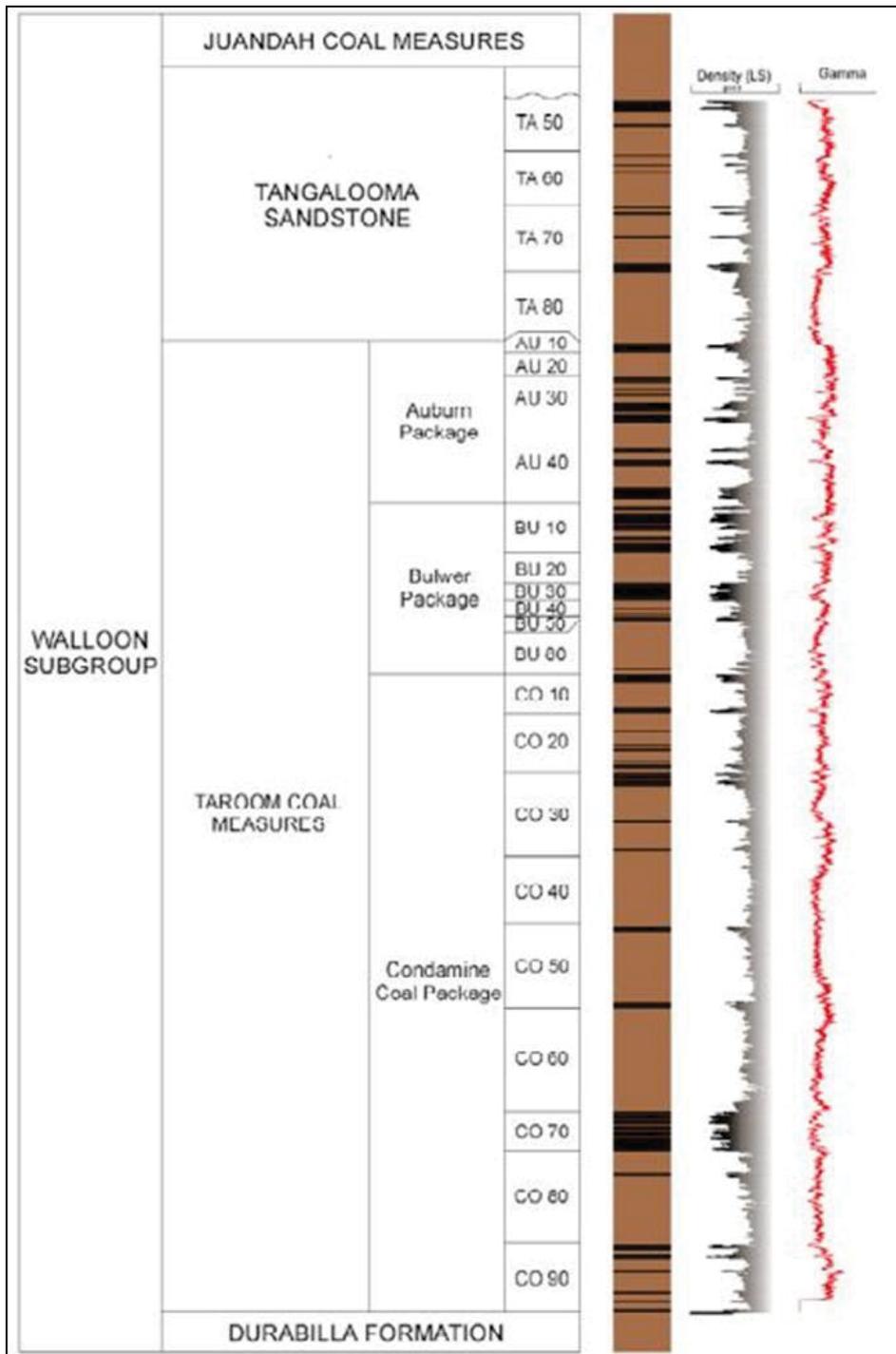


Figure 2 Typical stratigraphy of the Walloon Coal Measures within EPC 1506

The stratigraphic relationship between the Bulwer and Condamine Seams are shown in **Figure 2** along with density and gamma logs. A downhole geophysical probe was used to collect density, gamma and other readings from all drill holes apart from WK 15 which was terminated in basalt and as such did not intersect the Walloon Coal Measures. Another item to note from **Figure 2** is that the coal seam packages comprise coal (black) and non-coal intervals (brown), with the packages from the current drilling campaign shown in **Table 1**. The coal interval in WK 16C which will be analysed by GeoConsult in the Brisbane laboratory is shown in **Figure 3**.



Figure 3 Bulwer coal seam from WK 16C

(The information in the report above that relates to Exploration Results is based on information compiled by Mr Mark Derriman, who is the Company's Consultant Geologist and a member of The Australian Institute of Geoscientists (1566).

Mr Mark Derriman has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Mark Derriman consents to the inclusion in this report of matters based on his information in the form and context in which it appears.)

楊建忠

Jianzhong Yang
Chairman

24th June 2016

JORC Code, 2012 Edition – Table 1 Maryvale Coal Project Drilling – June 2016

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> All sampling was completed from percussion and core drilling. Coal quality sampling was from whole core. All holes were routinely wire-line logged with Caliper, Density and Gamma tools.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Drilling was predominantly open hole percussion drilling. The basalt roof was drilled with a 165mm hammer bit The Taroom Coal Measures were drilled with a 120mm PCD Bit. One hole was part cored using 4C (100mm) core drilling equipment.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Percussion chips were collected every 1m and geologically logged. Some sampling of percussion chips was completed through coal intersections for indicative quality analysis and not representative. Drill core was sampled on coal interval with roof and floor sample. Drill core was whole core sampled.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 	<ul style="list-style-type: none"> All percussion drill chips and drill core was geologically logged. Drill core was geotechnically logged and photographed..

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. • The total length and percentage of the relevant intersections logged. • If core, whether cut or sawn and whether quarter, half or all core taken. • If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. • Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> • All drill core through the target coal seam interval was wholly sampled based on coal plys interpreted by field geologist
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> • No laboratory analysis completed at time of report.
Verification of sampling and assaying	<ul style="list-style-type: none"> • The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> •
Location of data points	<ul style="list-style-type: none"> • Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> • All drill holes have been initially surveyed using a hand held GPS accurate to 3 meters. • The grid system used in MGA 94, Zone 56.

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Data spacing is appropriate for this stage of Exploration. The drill spacing was designed to allow resource estimation to an Inferred level of confidence.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> The nature of the vertical drill hole in relation to the near flat lying coal seam in WK016 means sampling is unbiased as the entire coal seam has been sampled.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> All samples were secured by field geologist and delivered to the laboratory after the drill program was completed.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none">

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Drilling was completed in EPCs 1506 & 1539 in The tenements are owned by Apec Coal Pty Ltd, a subsidiary of Kaili Resources Ltd. The tenements are located in South East Queensland approximately 150 km south west of Brisbane. The town of Warwick within the Shire of the Southern Downs is the nearest major town. There no JVs and Royalties There are no Native Title claimants The tenements are located in the Priority Agricultural Area of the Darling Downs.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Previous exploration has been completed historic explorers within the region and tenement footprint of EPCs In EPC 1539, only one historic EPC overlapped no drilling was completed in the overlap area.

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> In EPC 1506 a UCG resource was completed by Clean Global Energy LTD establishing an Inferred resource of 38 Mt on the Bulwer Seam. This was based on the WK series of holes completed in 2010 by Clean Global Energy. This exploration was based on historic exploration completed by AMAX, Milmerran Coal Pty Ltd drilled in 1975-1980 within EPC 203. Available water bore data was used for resource planning only.
Geology	<ul style="list-style-type: none"> <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> The exploration target is the thermal coals of the Jurassic Lower Walloon Sub-group of the Clarence Moreton Basin, namely the Taroom Coal Measures
Drill hole Information	<ul style="list-style-type: none"> <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> <ul style="list-style-type: none"> <i>easting and northing of the drill hole collar</i> <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> <i>dip and azimuth of the hole</i> <i>down hole length and interception depth</i> <i>hole length.</i> <i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i> 	<ul style="list-style-type: none"> Hole collar information is detailed in the text of the announcement. Hole collar survey has been completed using a handheld GPS and accurate to 3m.
Data aggregation methods	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> N/A
Relationship between mineralisation widths and	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> 	<ul style="list-style-type: none"> All drill holes completed were vertical, as the target coal seams are relatively flat dipping and intersection is very close to true width.

Criteria	JORC Code explanation	Commentary
intercept lengths	<ul style="list-style-type: none"> If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> A map showing the drill collars in relation to EPC 1539 and EPC 1506 is included in the announcement.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> No exploration results are included in this announcement
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> When full stratigraphic correlations using historical drilling and downhole geophysical probe readings are completed they will be reported in subsequent announcements
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Extensional drilling will not be planned until results for the stratigraphic correlations are completed and analytical results from WK16c are to hand,