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Western Australian Gold Tenements Granted

Kaili Resources Limited is pleased to announce its 100% subsidiary company Kaili Gold Pty Ltd had five gold tenements in Western Australia have been granted and a preliminary field trip completed. The tenements are located 650km north-east of Perth as shown in **Figure 1**. The tenements have been granted for a period of 5 years with the tenement detail included in **Table 1**. The total area of the 5 tenements is 422.4 sq km.



1 WA gold projects

Figure

	Tenement	Tenement			Expiry		
Region	Number	Name	Commodity	Grant Date	Date	Sub Blocks	Area (km2)
Gindalbie	E31/1113	Canegrass	Gold	30/5/2016	29/5/2021	34	108.8
Gindalbie	E27/550	Holey Dam	Gold	1/7/2016	31/6/2021	21	67.2
		Gindalbie					
Gindalbie	E27/549	Dam	Gold	1/7/2016	31/6/2021	8	25.6
Kookynie	E40/354	8 Mile Dam	Gold	8/7/2016	7/7/2021	22	70.4
Kookynie	E31/1114	Jungle Hill	Gold	30/5/2016	29/5/2012	47	150.4

Table 1 Tenement register

The area selected was the Western Australian Archaean Yilgarn Craton, one of the most highly endowed gold regions in the World. Within the Yilgarn Craton the Eastern Goldfield Superterrane hosts the bulk of the known gold deposits and operating mines. The map below shows a satellite image of the area with a portion of the Eastern Goldfields Superterrane(EGS) overlain. The EGS comprises felsic to ultramafic intrusives, volcanics and volcaniclastics with associated sediments with the mafic variants being the primary host to gold mineralisation in **Figure 2** the known gold occurrences are shown as yellow diamonds with operating gold and nickel/cobalt mines shown as blue dots. The gold prospective EGS region is shown in green hatching



Figure 2 Satellite Image with Eastern Goldfields Superterrane (green hatching) and recently granted tenements in red

The Canegrass tenement is located in the Gindalbie Region 80km north east of Kalgoorlie as shown in the map above The satellite image of the Canegrass tenement below shows areas of north south trending outcropping rocks in the east of the tenement and transported cover sediments in the western half. Note the occurrence of known gold mineralisation to the south east of the tenement.



Figure 3 Satellite image of the Canegrass project



Figure 4 Solid geological interpretation of the Canegrass project

The interpreted geological map of the tenements shown that mafic volcanics A-b-YKU (green) are dominant and will be the focus of the initial explorations efforts. During the first year all available historical data will be compiled into a project specific database and manipulated within the Mapinfo GIS operating system. Southern Geoscience Consultants(SGC) based in Perth have provided a suite of aeromagnetic and radiometric images of the tenements on the back of a 100m line spaced aeromagnetic/radiometric survey. In addition, SGC will be interpreting the imagery to provide a more detailed lithostructural map of the tenements which will greatly assist in gold targeting.

The Gindalbie and Holey Dam tenements are also located in the Gindalbie region 80km north east of Kalgoorlie and 15km south of the Gindalbie homestead as shown in **Figure 5**. The historical Gindalbie mining centre is shown as a cluster of yellow stars in the centre of **Figure 5** and associated with felsic volcanic lithologies whereas other gold mining centres are generally associated with mafic lithologies (**Figure 6**). The interpreted geology of the Gindalbie and Holey Dam tenements comprise primarily mafic extrusive and intrusive lithologies shown in shades of green in **Figure 6** with minor felsic lithologies in light brown



Figure 5 Satellite image of the Gindalbie Dam (west) and Holey Dam (east) projects - north to top of map



Figure 6 Solid geological map of the Gindalbie Dam (west) and Holey Dam (east) projects – north to top of map

The Kookynie region comprises two tenements located 60km south east of Leonora, 8 Mile Hill and Jungle Hill.

The Jungle Hill tenement is located in the Kookynie Region 60km north east of Menzies as shown in **Figure 2.** The area is a narrow NW-SE trending region comprising mafic (green) and felsic volcanics (light brown) flanked by granite (pink) (**Figures 7 and 8**). The 8 Mile Dam tenement is located 15km north of the historic town of Kookynie and adjacent to the Goldfields Highway (**Figure 9**) which links Leonora/Menzies to Kalgoorlie further south. The tenement comprises a folded sequence of Archaean mafic (Amv) and felsic (Amf) volcanic units with minor mafic sills (Ami) in the vicinity of the Two Dees historic gold mining centre (**Figure 10**).

During the first year the exploration approach will be the same as described for the other WA gold projects above, in addition several field traverses will be carried out so as to produce a regolith map of both tenements and refine the existing geological understanding.



Figure 7 Satellite image of the Jungle Hill project, note the known gold occurrences shown as yellow dots



Figure 8 Solid geological interpretation of the Jungle Hill project, note the known gold occurrences shown as yellow dots



Figure 9 Satellite image of the 8 Mile Dam project(red), note the known gold occurrences shown as yellow dots



Figure 10 Solid geological map of the 8 Mile Dam project (red)

(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 2004 and 2012 Editions 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.)

Jianzhong Yang Chairman

5th August 2016