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## QUARTERLY ACTIVITIES REPORT – 31<sup>st</sup> March 2018

### EXPLORATION HIGHLIGHTS

- All granted tenements are up to date regarding statutory requirements.

#### **Kookynie and Jungle Hill Gold Projects in Western Australia**

- Elevated As, Pb and Cu in rock samples from Jungle Hill
- Elevated gold in soil associated structures and contacts at the Jungle Hill and Eight Mile Projects.



*Figure 1: Kaili Resources project locations*

PROJECT LOCATION	TENEMENT AREA IN SUB BLOCKS	TENEMENT AREA IN KM <sup>2</sup>
Queensland	53	169.6
Western Australia	206	659.0
<b>Total Area</b>	<b>259</b>	<b>751.6</b>

*Table 1: Kaili Resources granted tenement areas, all held 100%. km<sup>2</sup> has been calculated at approximately 3.2 km<sup>2</sup> per block*

## WESTERNAUSTRALIA

### Pilbara Craton (Darnell Hill, Bustlers' Bore and Bea Bea Creek) Iron Projects (100% interest)

Work programs submitted to Native Title parties for Darnell Hill and Bea Bea Creek tenements.

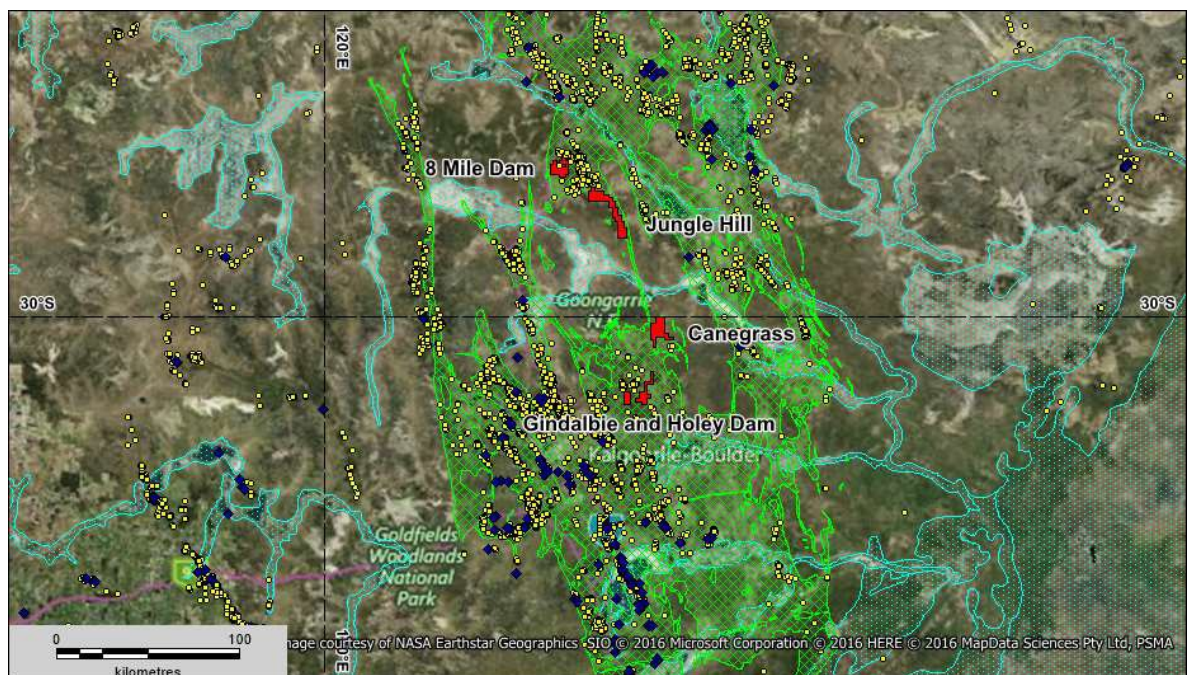
### Yilgarn Craton (Gindalbie and Kookynie) Gold Projects (100% interest)

*E40/354(8 Mile Dam), E31/1114(Jungle Hill), E31/1113(Canegrass), E27/550(Holey Dam) and E27/549(Gindalbie dam) are held by wholly owned subsidiary Kaili Gold Pty Ltd.*

During the quarter, field work was confined to the Jungle Hill tenement.



**Figure 2:** Kaili Resources Western Australian Gold Projects



**Figure 3:** Satellite Image with Eastern Goldfields Superterrane (green hatching) and Kaili Gold tenements in red. Blue diamonds are operating mines and yellow dots are gold occurrences

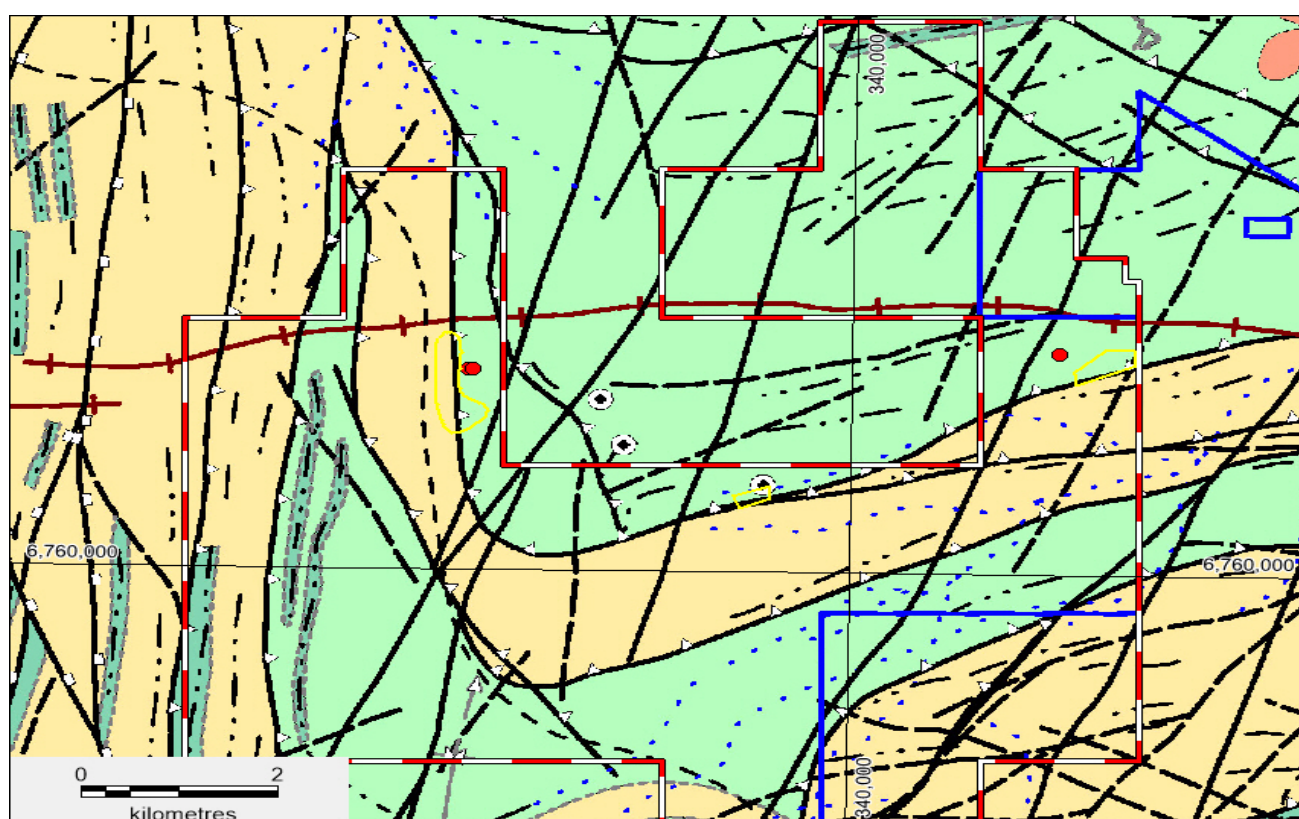


The Yilgarn Craton is one of the premier gold regions in the world and hosts numerous multimillion ounce gold mines and deposits. The Company reviewed several areas for tenement applications in proximity to known gold mineralisation and associated with mafic igneous extrusive/intrusive rocks. The Gindalbie area north east of Kalgoorlie and the Kookynie (**Figure 3**) are south east of Leonora were chosen and include the 5 granted tenements.

During the Quarter results for the Phase 1 soil/rock sampling was completed within the Eight Mile Dam tenement (**Figure 4**) and Phase 2 soil/rock sampling within the Jungle Hill tenement (**Figure 5**). Grid based soil sampling was carried out over the high priority geophysical (lithostructural) targets delineated by Southern Geoscience Consultants. The samples were collected at 100m intervals along E-W oriented lines with a spacing of 250m across the target area. All samples were delivered to the ALS Global geochemical laboratory in Kalgoorlie for gold and multi element analyses. In addition, the Olympus portable XRF mineral analyser was used to collect multi element readings from all sample sites. The soils samples submitted to ALS were:

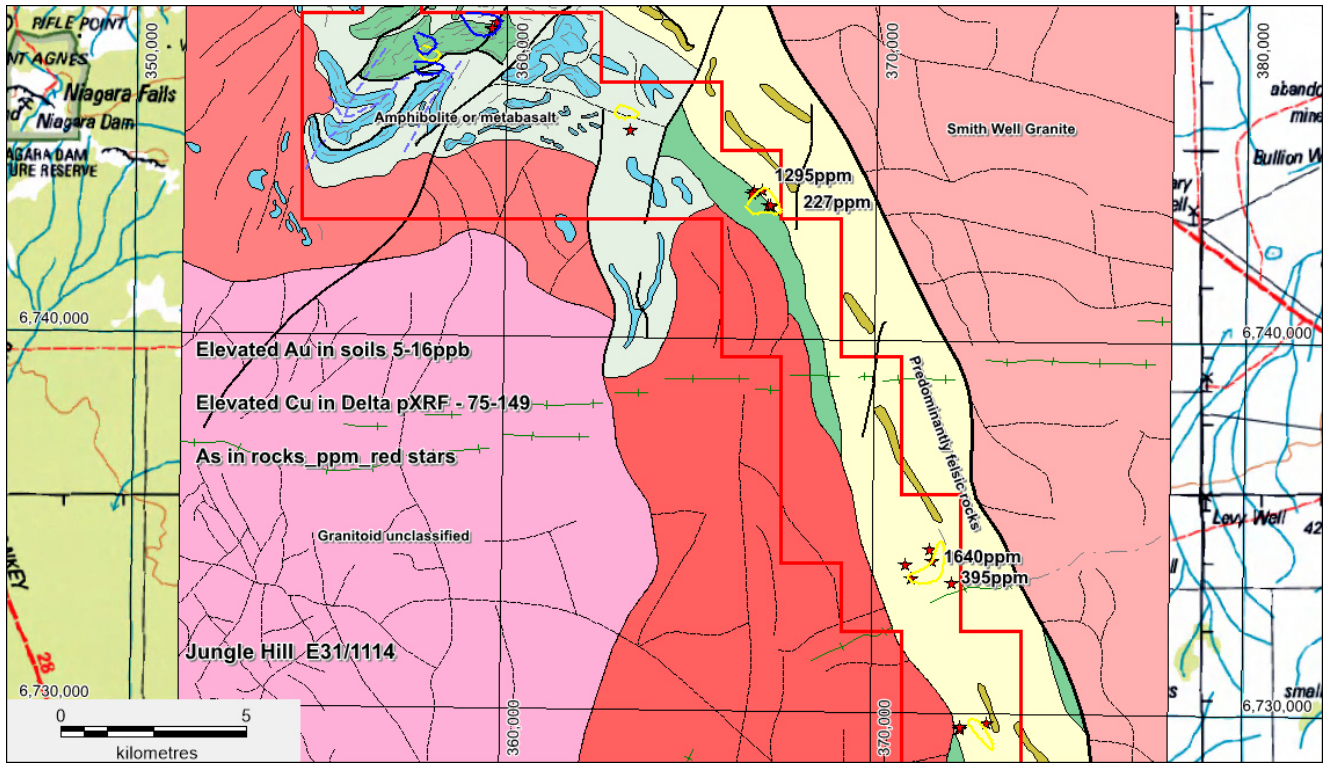
Jungle Hill – JHSS487 – 840 (354 soil samples) and JHRC020 – 046 (19 rock samples)

Eight Mile Dam – EMS001-170, 227-250 and 354-362 (203 soil samples) and JHRC020-046 (27 rock samples).



**Figure 4:** Eight Mile Dam Sample Locations – Elevated Au in Soil shown as yellow polygons

**Figure 4** shows the interpreted lithostructural interpretation for the Eight Mile tenement comprising a broadly folded felsic (tan) and mafic (green) volcanic stratigraphy intersected by numerous NE and NW trending structures. The anomalous gold in soil areas are shown in yellow and are located at the intersection of a mafic and felsic volcanic unit. There were no significant results from the limited rock sampling however, the soil sampling highlighted 3 elevated gold in soil results in the range 4 to 10ppb (10% of the population). The low level of Au in soil anomalism is disappointing however infill soil sampling will be carried out in and around the 3 areas with elevated gold in soil results.



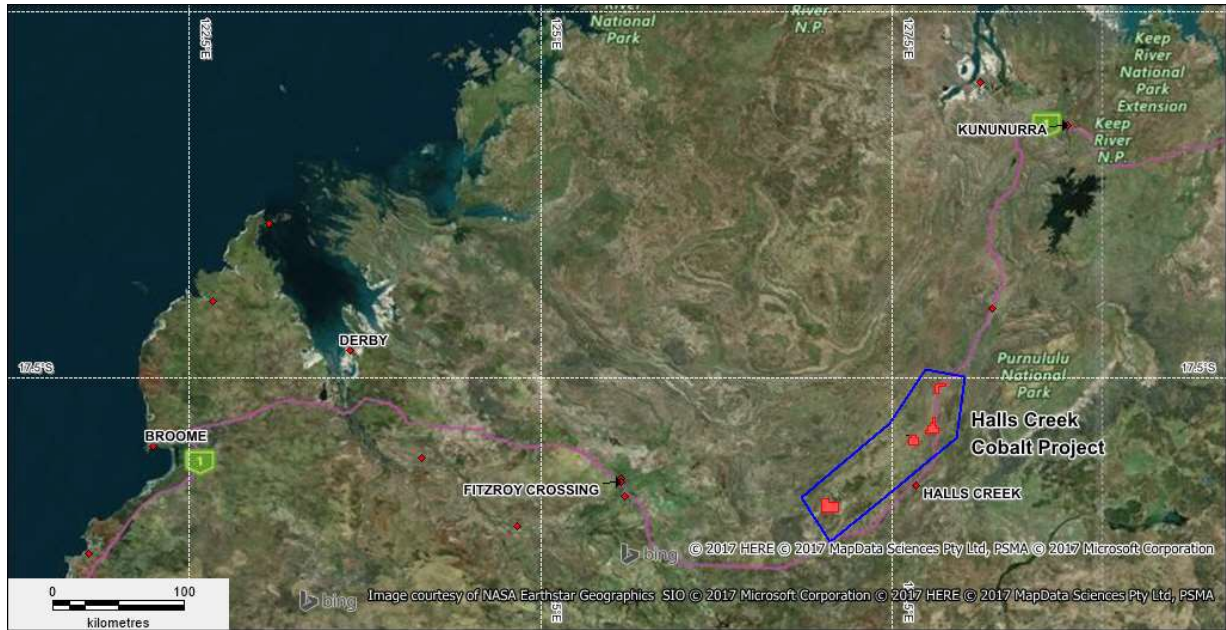
**Figure 5:** Eight Mile Dam Sample Locations –Elevated Au in soil shown as yellow polygons, Cu as blue polygons and As as red stars

Sampling within the Jungle Hill tenements has highlighted several low order Au in soils areas (**Figure 5**) were delineated from the sampling program with elevated zones of 5-16ppb Au or 5% of the sample population. Some of these elevated areas of Au ppb in soil had rock chip As ppm results to 1640 ppm. Elevated Cu in pXRF readings in the northern portion of the tenement ranged from 75 to 149 ppm with some associated with possible base metal gossans Further surficial sampling is planned to target the Au/As areas in the south of the tenement and the elevated Cu areas in the north.

### **Halls Creek – (Black and Glidden, Carrington, Sandy Creek and Wild Dog) Cobalt/Gold Projects (100% interest)**

The Halls Creek Project comprises 4 tenement applications (**Figure 6**) situated within the NE-SW trending Lamboo Province comprising 4 tectonostratigraphic terranes – Western, Central and Eastern. The western terrane is postulated to be an exotic crustal fragment that was accreted to the Kimberley Craton before 1900 Ma via north-westerly directed subduction. Easterly directed subduction led to the development of an oceanic arc at c. 1865 Ma, outboard of the Kimberley Craton; this initiated the formation of the Central Zone. Eastern Zone rocks are associated with a passive continental margin linked to the North Australian Craton. The Central Terrane comprises a broad suite of felsic to lesser mafic rocks, the Sally Downs Supersuite within which occurs a subsuite of gabbro to norite dominated rocks known as the Sally Malay and McIntosh Suites. The Sally Malay nickel-copper sulphide deposit lies at the base of a small layered intrusion enclosed within granulite facies garnet-cordierite paramigmatites and mafic granulites norite which host most of the mineralization are interpreted as a chilled border zone to the intrusion, into which settled an early separated sulphide liquid. The Hall Creek Project is situated primarily within gabbro to norite rocks of the McIntosh Suite.

Native Title Agreements are progressing with the Kimberley Land Council ahead of the granting of the tenements.



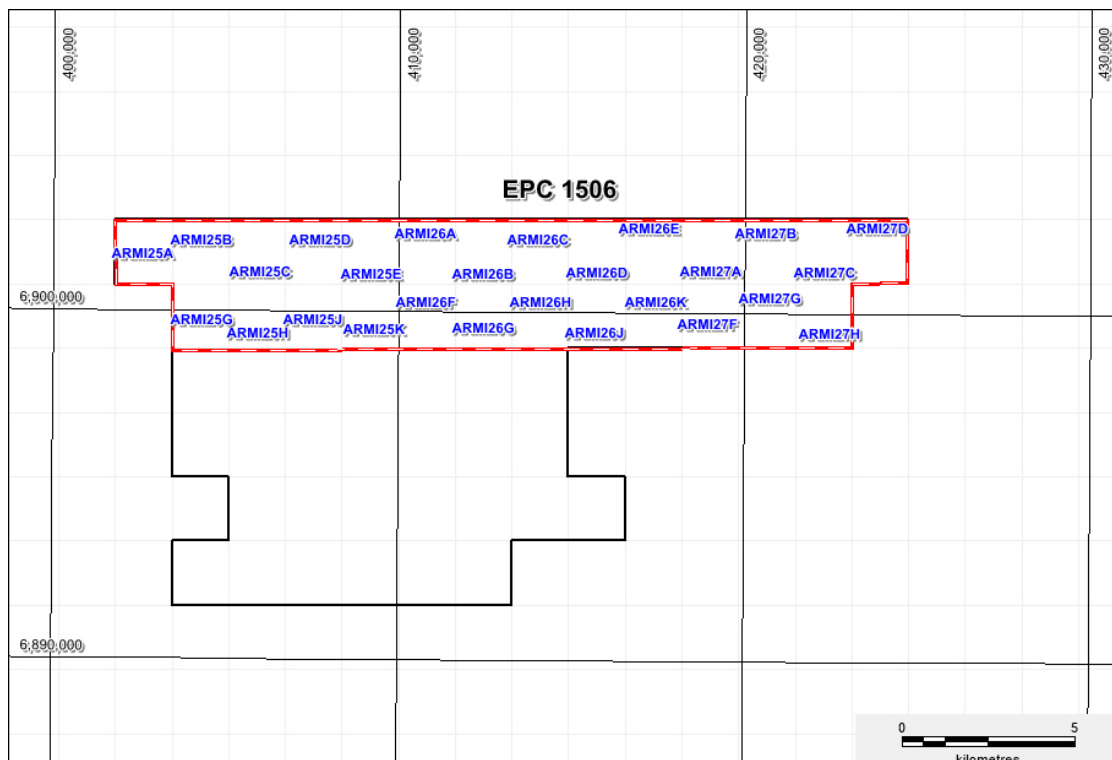
**Figure 6:** Halls Creek Project showing the 4 tenement applications located in the vicinity of Hall Creek

## QUEENSLAND

### Clarence Moreton Basin (Maryvale) Coal Project (100% interest)

*EPC1506 is held by wholly owned subsidiary APEC Coal Pty Ltd*

During the quarter, a compulsory 50% reduction in area was submitted. The original 53 sub block EPC was reduced by 26 sub blocks to 27 sub blocks.



**Figure 6** EPC 1506 showing the relinquished sub blocks in the north of the tenement



## LICENCES STATUS

Pursuant to ASX Listing Rule 5.4.3 the Company reports as follows in relation to minerals tenements (**Table 2**) held at the end of the March 2018 Quarter and acquired or disposed of during that quarter and their locations. There was no change in beneficial interests under farm-in or farm-out agreements. A partial relinquishment for EPC 1506 to be reduced by 26 sub blocks from 53 sub blocks to 27 sub blocks was submitted to the Queensland Department of Natural Resources Mines and Energy

	Tenement	Name	Commodity	Region	Registered	Beneficial Interest	Area km <sup>2</sup>	Expiry
<b>Grant Date</b>								
9/03/2017	E08/2770-I	Darnell Hill	Iron	WA - Pilbara Craton	Kaili Iron Pty Ltd	100%	67.2	8/03/2017
28/07/2016	E45/4619-I	Bea Bea Creek	Iron	WA - Pilbara Craton	Kaili Iron Pty Ltd	100%	105.6	27/07/2021
21/11/2016	E46/1084-I	Bustler's Bore	Iron	WA - Pilbara Craton	Kaili Iron Pty Ltd	100%	64.0	20/11/2021
8/07/2016	E40/354	8 Mile Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	70.4	7/07/2021
30/05/2016	E31/1114	Jungle Hill	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	150.4	29/05/2021
30/05/2016	E31/1113	Canegrass	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	108.8	29/05/2021
1/07/2016	E27/550	Holey Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	67.2	31/06/2021
1/07/2016	E27/549	Gindalbie Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	25.6	31/06/2021
13/05/2009	EPC 1506	Maryvale 1	Coal	QLD - Surat Basin	APEC Coal Pty Ltd	100%	169.6	13/05/2017
Application	E80/5112	Black and Glidden	Cobalt/Gold	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	102.4	N/A
Application	E80/5113	Carrington	Cobalt/Gold	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	51.2	N/A
Application	E80/5114	Sandy Creek	Cobalt/Gold	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	64	N/A
Application	E80/5115	Wild Dog	Cobalt/Gold	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	70.4	N/A
							1116.8	

**Table 2: Tenement schedule**

*(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.)*

**Jianzhong Yang**  
Chairman

**27<sup>th</sup> April 2018**