

27 November 2018

ASX Announcement

Kaili Resources Limited 1 for 2 Underwritten Non-Renounceable Entitlement Offer

Cleansing Notice under Section 708AA(2)(f) of the Corporations Act 2001

Kaili Resources Limited (**Company**) is to undertake an underwritten non-renounceable entitlement offer of approximately 49,133,457 ordinary shares to its shareholders on the basis of an entitlement to subscribe for 1 ordinary share for every 2 shares held as at the record date of 7pm (Sydney time) on 30 November 2018 with each such share being issued at an issue price of \$0.036 to raise a total of approximately \$1.769 million (before transaction costs) (**Offer**).

The Company states, in compliance with the requirements of section 708AA(7) of the *Corporations Act 2001 (Act)*, as notionally modified by ASIC Corporations (Non-Traditional Rights Issues Instrument 2016/84), that it will offer the shares for issue without disclosure to investors under Part 6D.2 of the Act.

The Company advises:

- (a) the shares will be offered under an entitlement offer or related issue;
- (b) the shares are in a class of securities, being fully paid ordinary shares, that are quoted securities at the time at which the offer is made;
- (c) trading on the stock market conducted by ASX in that class of securities referred to in (b) above (being the fully paid ordinary shares in the capital of the Company) was not suspended for more than a total of five days during the shorter of the following periods:
 - (1) the period during which the class or securities is quoted;
 - (2) the period of 12 months before the day on which the offer is made;
- (d) no exemption under sections 111AS or 111AT of the Act covered the Company, or any person as director or auditor of the Company, at any time during the relevant period referred to in paragraph (c);
- (e) no order under sections 340 or 341 of the Act (other than as modified by ASIC Class Orders or ASIC Corporations Instruments) covered the Company, or any person as a director or auditor of the Company, at any time during the relevant period referred to in paragraph (c); and
- (f) as at the date of this notice, the Company has complied with:
 - (1) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (2) section 674 of the Act.



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As at the date of this notice there is no “excluded information” within the meaning of sections 708AA(8) and 708AA(9) of the Act.

The Directors note that the Offer is fully underwritten by Treasure Unicorn Limited, a company controlled by Inner Mongolia Yitai Investment Co. Limited, which is the Company’s largest shareholder (**Underwriter**), and that the second largest substantial shareholder of the Company, Mile Ocean Limited, has a relevant interest of approximately 16.82 % in the Company. Accordingly, due to the size of the Offer, there can be a significant impact on the control of the Company, depending on how much shareholders take up their rights under the Offer.

The effect of the Offer on control of the Company is elaborated further in the tables set out in the Annexure to this notice.

Terms and expression given a meaning in the Act and not given a meaning in this notice, having the same meaning when used in this notice as given to them in the Act.

Jianzhong Yang
Director
Kaili Resources Limited