Kaili Resources Limited
ARBN 077 559 525
Suite 3, Level 44
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000, Australia
T: +61 2 9241 5658
E: contact@kailigroup.com.au

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Drilling Results of Gindalbie Gold Project in WA

Kaili Resources Limited is pleased to announce the drilling results of its Gindalbie Gold Project located 50 km north of Kalgoorlie in Western Australia (Figure 1). The drilling at the sites was finalised on the 15th August 2019 within ELs 31/1113 (Canegrass) and 27/550 (Holey Dam). A total of 387 vacuum drill holes were completed for 5 areas at Holey Dam and 6 areas at Canegrass. The total drill advance was 1,516 m and the average drilling depth was 7 m.

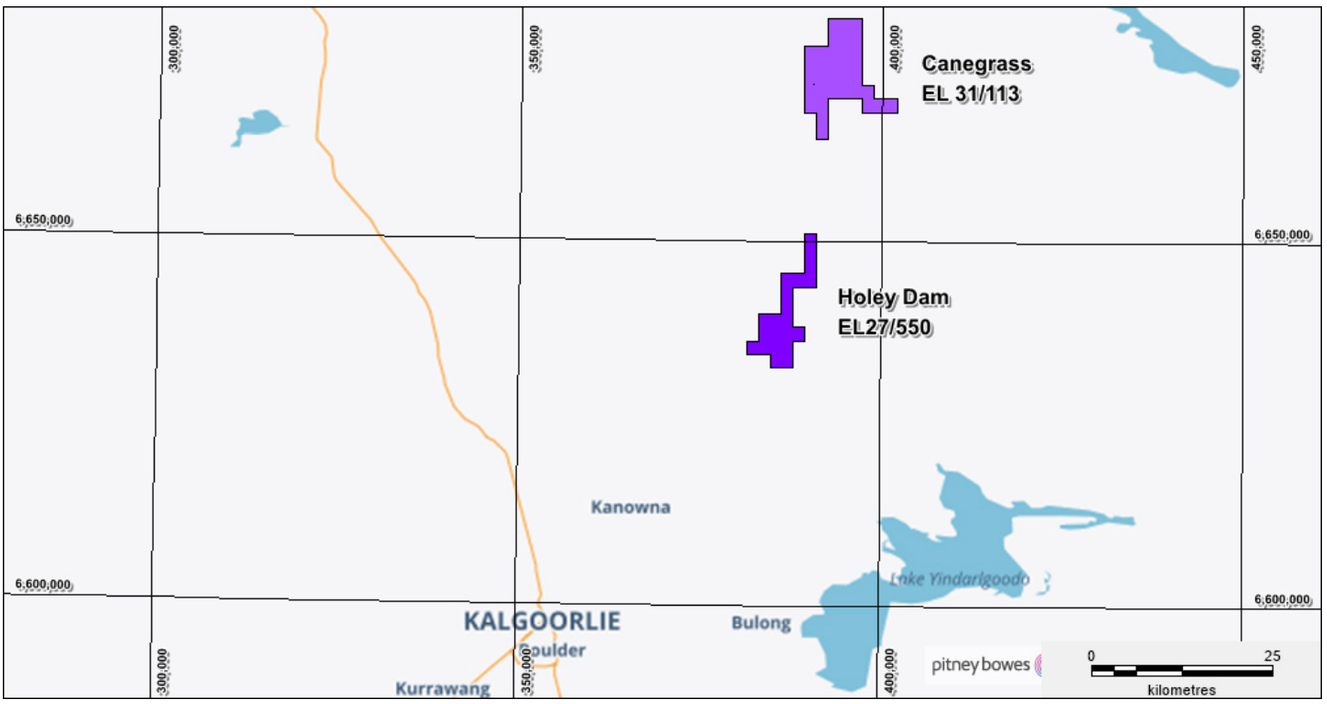

Figure 1: Location of the Gindlabie Gold Project to the NE of Kalgoorlie

Canegrass EL31/1113

Figure 2 is a lithostructural interpretation of the Canegrass Project which is dominated by mafic lithologies with lesser felsic volcanics and granite. The areas drill tested were chosen using a mixture of recent surficial geochemical results and structures associated with mafic lithologies. The drill rig chosen has a very small environmental footprint and no access tracks were required to get to the drilling grid. Figure 3 shows the same drill grids over a RTP 1VD aeromagnetic image and the structural interpretation that was derived from an interpretation of that and other geophysical data sets. Drill testing of Areas A and B (Figure 4) returned two areas of elevated Au in the range of 10-25ppb in fold axis/limbs settings. Sseveral pot fold faults are evident in the image and may have been conduits for mineralising fluids.

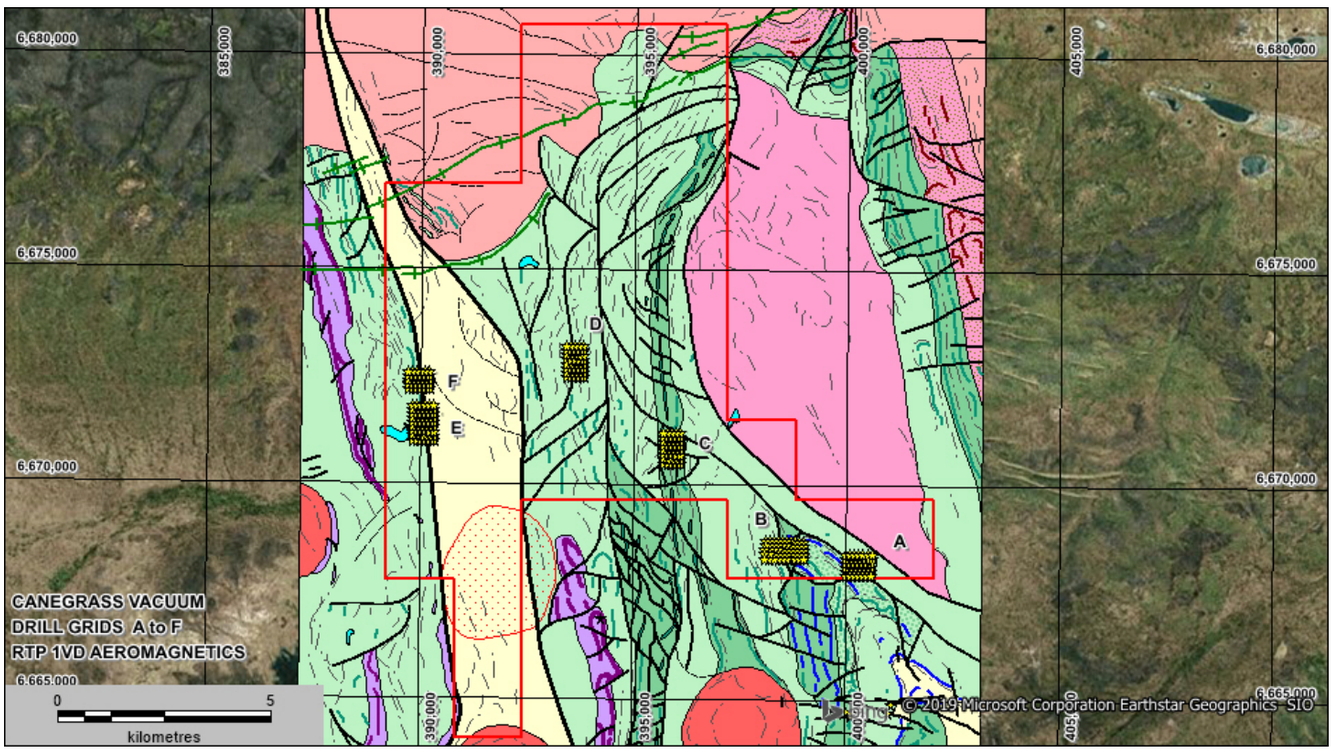

Figure 2: Canegrass Project – Geological Interpretation and Vacuum Drill Grids

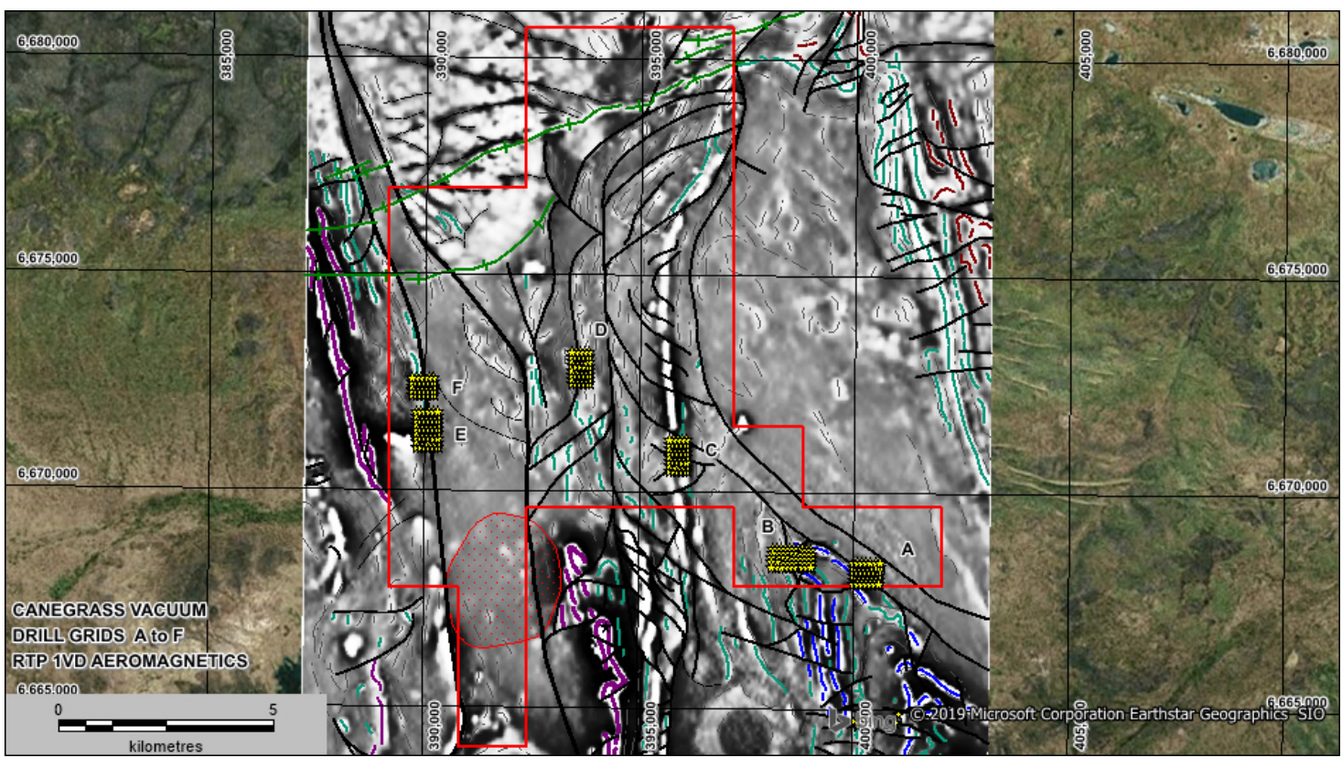

Figure 3: Canegrass Project – RTP 1VD Aeromagnetics and Vacuum Drill Grids

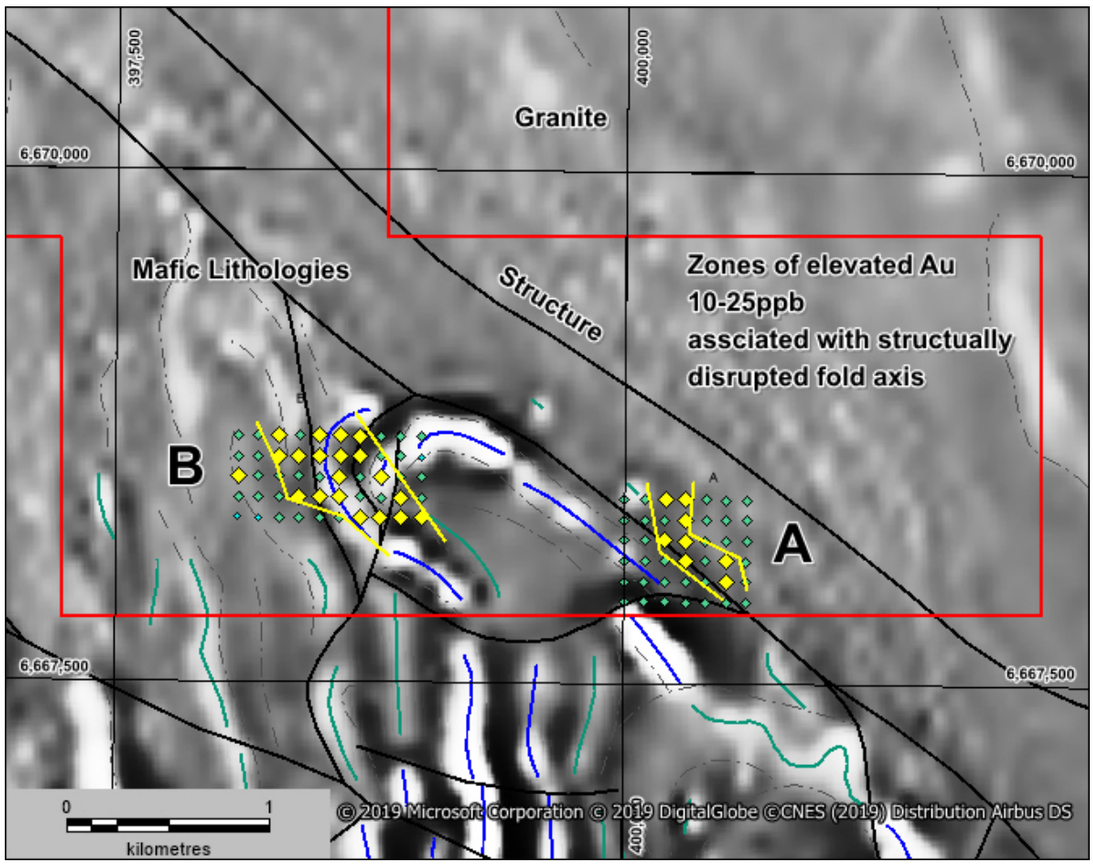

Figure 4: Canegrass Project – Areas A and B showing the areas of elevated Au geochemistry

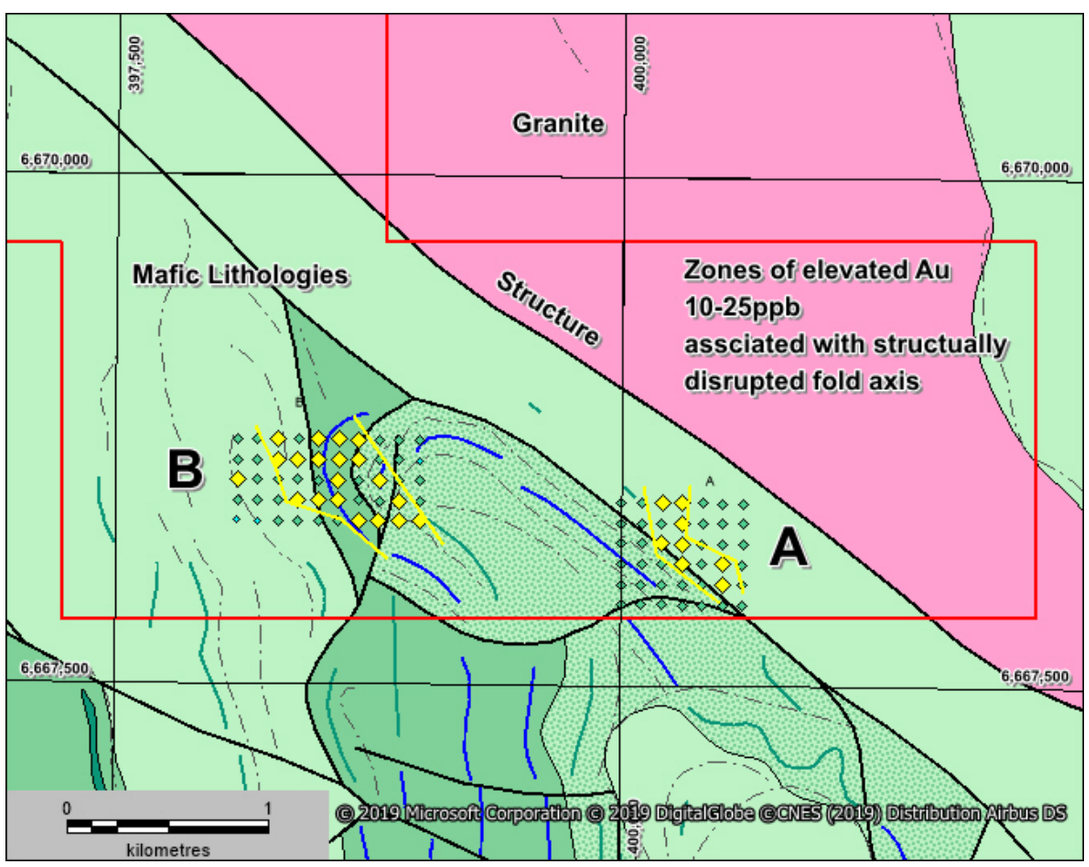

Figure 5: Canegrass Project – Areas A and B showing the areas of elevated Au geochemistry and interpreted geology

Drilling within Areas E and F highlighted an area of elevated Au. Area F is located at the faulted contact of felsic and mafic lithologies (Figure 6). The area produced the highest Au response in the Canegrass drilling program and is one of the areas to be followed up by deeper drill testing.

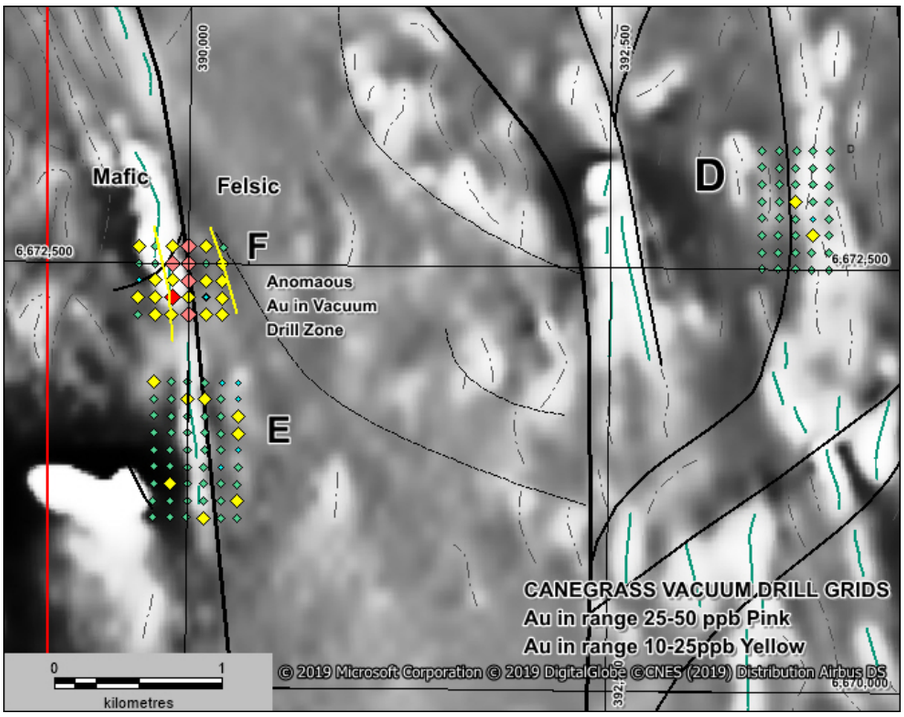

Figure 6: Canegrass Project – Areas E and F showing the areas of elevated Au geochemistry and magnetics

Holey Dam EL 27/550

Vacuum drilling within EL27/550 comprised drill grids (Figure 7) located mainly adjacent to major NW-SE and E-W structures.

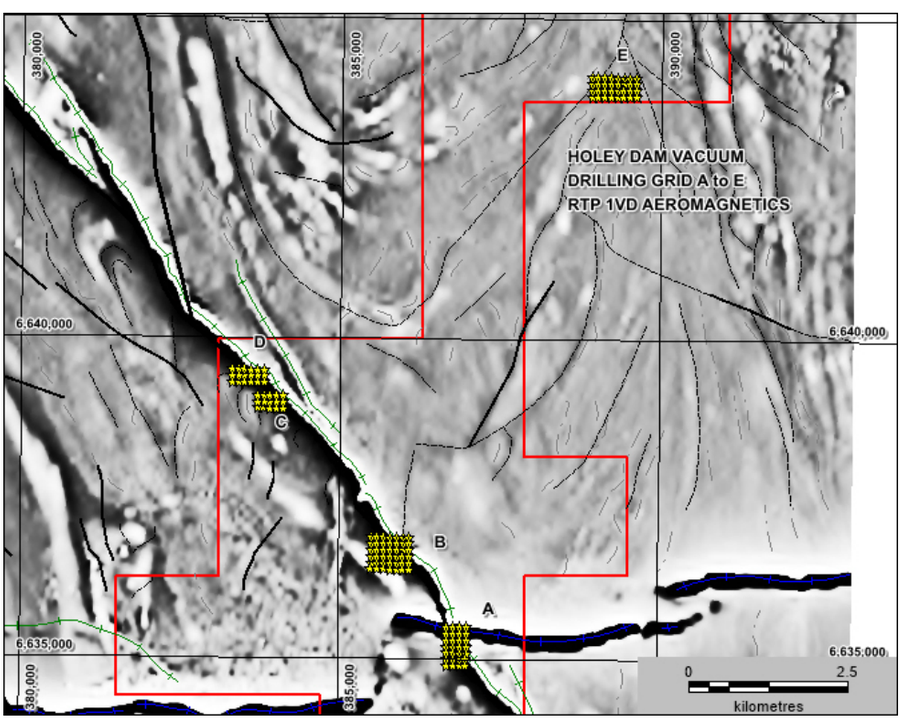

Figure 7: Holey Dam Project – Aeromagnetics and Vacuum Drill Grids

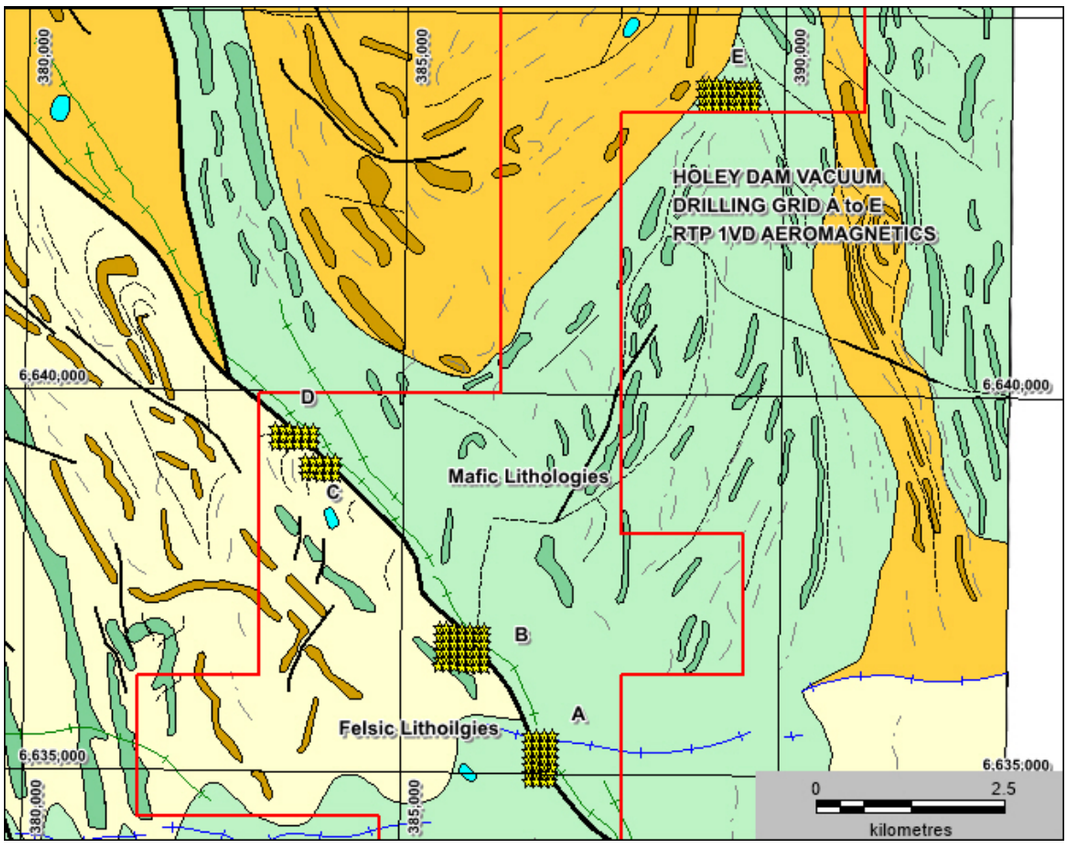

Figure 8: Holey Dam Project – Lithostructural Interpretation and Vacuum Drill Grids

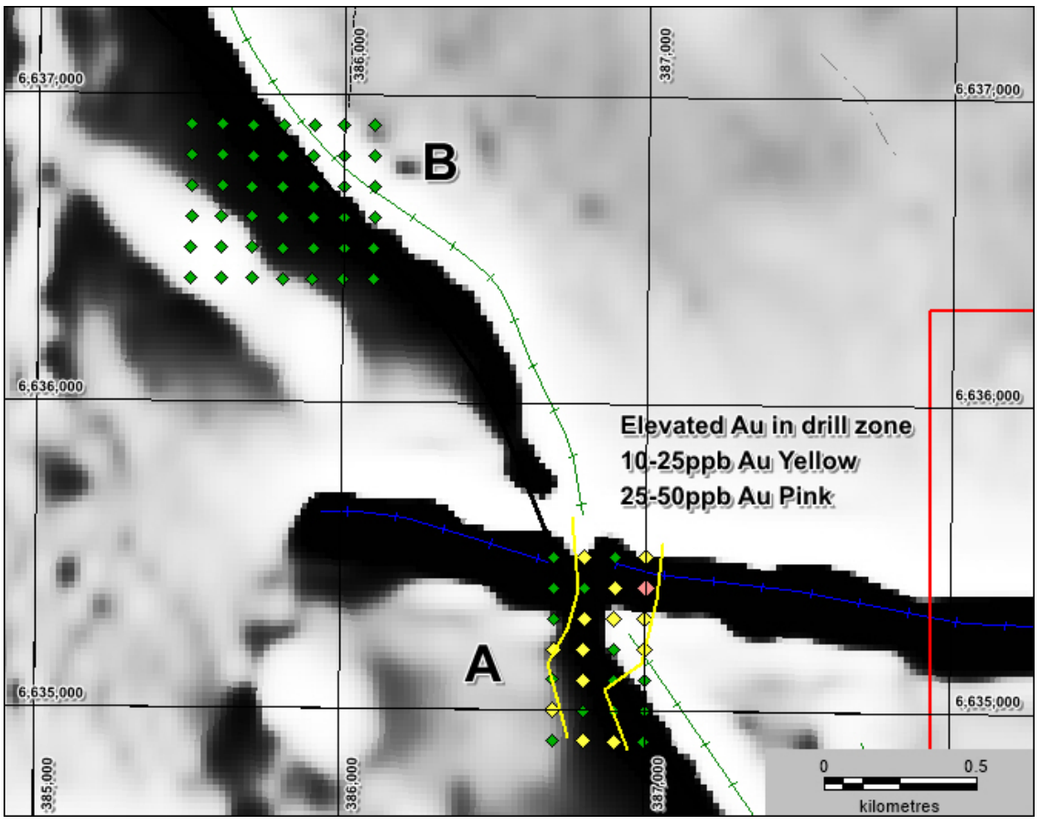

Figure 9: Holey Dam Project – Vacuum Grid A showing area of elevated Au

Vacuum grid A was located at the intersection of major dolerite filled structure and as such a good place to explore for gold mineralisation. The elevated gold response is located at the intersection of the major structures and will be a target for deeper drill testing.

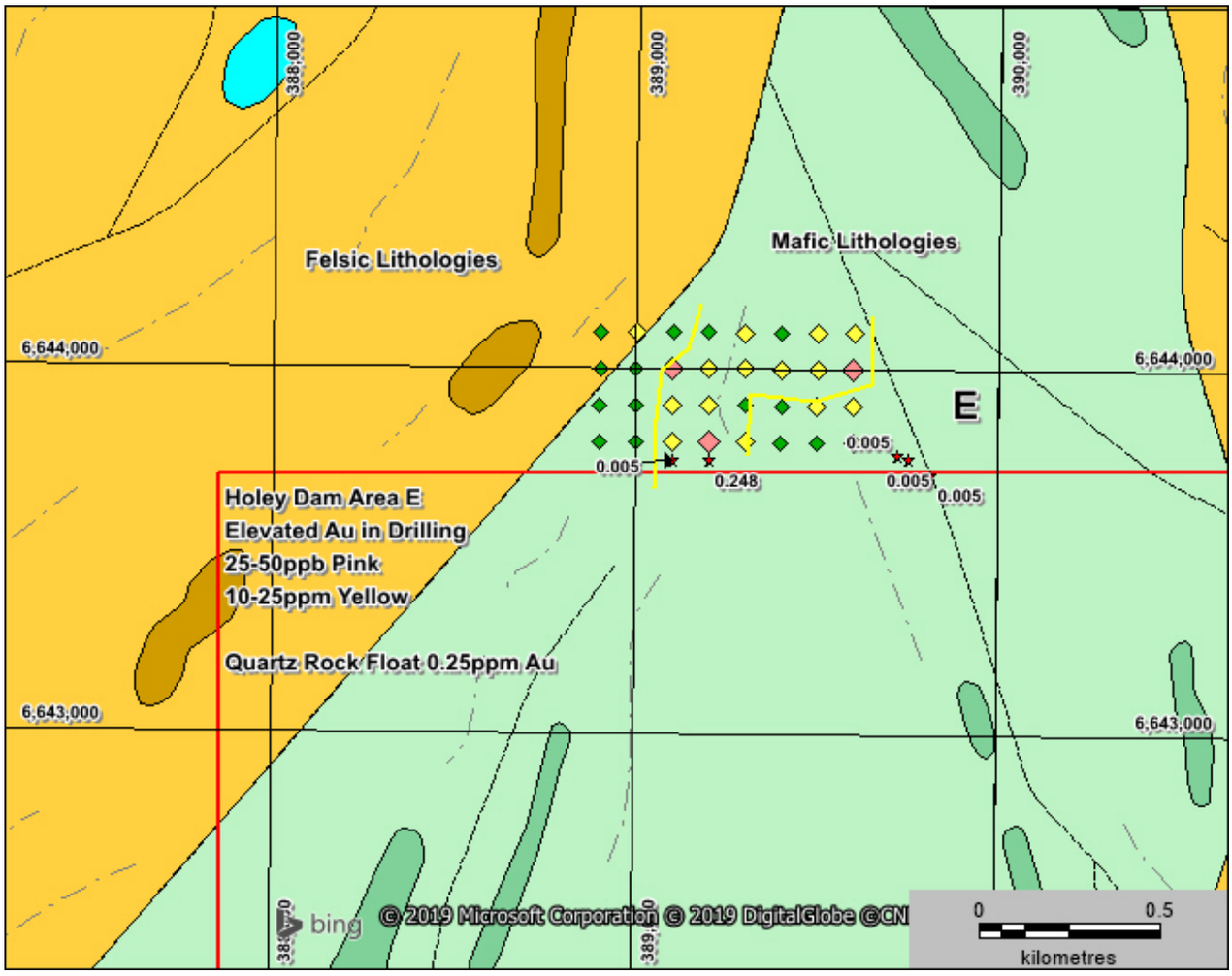

Figure 10: Holey Dam Project – Vacuum Grid E showing area of elevated Au

The other area to show a significant gold signature is Area E located within dominantly mafic lithologies and was chosen due to elevated Au in quartz float result of 0.248 ppm Au and the proximity to a possible faulted felsic contact. The Company's Olympus Delta portable XRF device will be used to collect multi element readings of all samples and will be reported when sampling has been completed.

(The information in the report above that relates to Exploration Results, Exploration Targets and Mineral Resources 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, Exploration Targets, 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.)

Long Zhao
Executive Director

JORC Code, 2012 Edition – Table 1 Gindalbie Project Drilling – August 2019

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *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.*	• Vacuum drilling was used to obtain 1m bottom of hole samples collected in pre numbered calico sample bags. • The sampling technique was to obtain a geochemical sample below the transported overburden within the saprolite zone.
Drilling techniques	• *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).*	• Drilling was by Vacuum method • The target saprolite horizon was between 2 and 12m below the surface
Drill sample recovery	• *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.*	• Vacuum chips were collected within the last meter of the drill hole and geologically logged.
Logging	• *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.*	• All Vacuum drill chips were geologically logged. • The bottom of hole sample was collected in a pre-numbered chip tray and the tray was photographed

Criteria	JORC Code explanation	Commentary
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	
Sub-sampling techniques and sample preparation	• *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.*	• A spear was used to collect a bottom of hole sample • A duplicate was used every 25th sample
Quality of assay data and laboratory tests	• *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.*	• Each sample was submitted to ALS in Kalgoorlie for Au determination only by method Au AA23 -30g with AAS finish • A duplicate was inserted every 25th sample
Verification of sampling and assaying	• *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.*	• Geochemical data generated by the sampling was checked by the site Project Geologist
Location of data points	• *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.*	• All drill holes have been initially surveyed using a hand-held GPS accurate to 3 meters. • The grid system used in MGA 94, Zone 51.

Criteria	JORC Code explanation	Commentary
Data spacing and distribution	• *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.*	• Data spacing is appropriate for this stage of Exploration. • The drill spacing was designed to allow geochemical testing over broad areas • Drill lines were spaced 100m apart and holes drilled every 100m along the lines
Orientation of data in relation to geological structure	• *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.*	• The drillholes were vertical and appropriate to test beneath flat lying Transported cover sediments
Sample security	• *The measures taken to ensure sample security.*	• All samples were secured by field geologist and delivered to the laboratory after the drill program was completed.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The sampling techniques were reviewed by the principal of geological consulting company Rocktiger who supervised the work program

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	• *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.*	• Drilling was completed in EL31/1113 and EL 27/550 • The tenements are owned by Kaili Gold Pty Ltd, a subsidiary of Kaili Resources Ltd. • The tenements are located in Western Australia approximately 70 km south north of Kalgoorlie. • The locality of Kookynie within the Shire of Menzies is the nearest locality. • There no JVs and Royalties • There is a current native title claim lodged by the Maduwongga People. A Heritage survey was completed across all drill areas before drilling commenced. All site were cleared to be drilled
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration has been completed within the region and tenement footprint of EL 31/1113 and EL 27/550 • Rubicon drilled 1 line of (Rotary Air Blast Method) line in the north. The depth of drilling was between 15 and 70m as vertical holes. All holes were drilled in E27/550 • Mt Kersey Mining drilled 1 line of RAB in the north of E27/549 • Carrick Gold completed a small grid of auger drilling to 5m depth for Au and North Ltd completed a small amount of surface sampling, within E 27/550

Criteria	JORC Code explanation	Commentary
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The exploration target is Archaean mafic and felsic volcanics
Drill hole Information	• *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:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *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.*	• 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	• *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.* • *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.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• N/A
Relationship between mineralisation widths and	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	• All drill holes completed drilled vertically to test beneath horizontal transported sediments

Criteria	JORC Code explanation	Commentary
intercept lengths	• *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	• *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.*	• A map showing the drill collars in relation to ELs 27/550 and 31/1113 is In the announcement.
Balanced reporting	• *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.*	• Exploration results are included with this announcement.
Other substantive exploration data	• *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.*	• All geological data collected as part of the drilling is included in this announcement.
Further work	• *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.*	• The next phase of exploration is a full review of the drilling data and planning for deeper drill testing