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ASX Market Announcements

PLANNED FIELD EXPLORATION WORK PROGRAM FOR 2020/2021

The present focus of Kaili Resources Limited ("Company") for the 2020/2021 work program is in Western Australia in the Yilgarn Craton in the South for gold and at Halls Creek in the North East for gold, cobalt and other base metals.

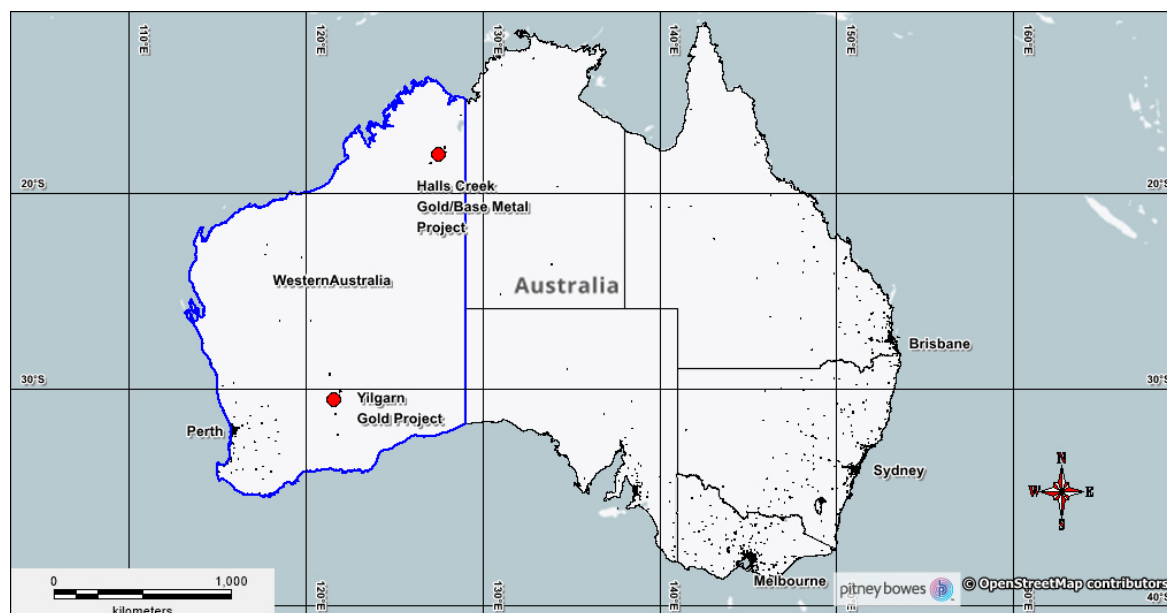


Figure 1: Location of Yilgarn Gold Project and Halls Creek Gold/Base Metal Project

The planned field exploration work program that was due to commence in the first quarter of this financial year 2020 had to be deferred because of the travel and locations access restrictions imposed by Federal and State Governments to contain the spread of COVID-19.

The timing for the proposed 2020/2021 field work programs is subject to relaxation of those restrictions by Government and the availability of service providers. Funds will be from a financial support facility from a related entity of the ultimate parent company.

The tenements E 08/5112, 5113, 5114 and 5115 of the Halls Creek Project are located within the Western Australian Kimberley Biosecurity Area as designated by the Federal Health Minister to prevent the entry or spread of COVID-19 into the area as of the 26th March 2020. The highly uncertain timing for access in 2020 together with the expected next regional wet season has required the Company to postpone the performance of the Phase 1 and 2 work programs in the area to 2021.

However, the work in the Yilgarn Craton can commence as soon as travel restrictions to and within WA are eased and field crew are engaged.

Yilgarn Craton – Gindalbie Gold Project

E31/1113(Canegrass) and E27/550(Holey Dam)



Figure 2: Location of Yilgarn Gold Project: Canegrass and Holey Dam

Results from the shallow vacuum drilling carried out in July and August 2019 at Canegrass and Holey Dam identified areas that warrants further RAB drilling (ASX releases of 12 and 17 September 2019). A budget of \$152,000 has been allocated for that forthcoming drilling program.

Canegrass

Drill testing of Areas A and B (**Figure 3**) returned two areas of elevated gold in the range of 10 to 25 ppb in fold axis/limbs settings. Several pot fold faults are evident in the image and may have been conduits for mineralising fluids. Area F (**Figure 4**) is located at the faulted contact of felsic and mafic lithologies. The area produced the highest gold response in the Canegrass drilling program and will be one of the areas to be followed up by deeper drill testing.

Three (3) areas A, B and F (**Figures 3 and 4**) have been highlighted for follow up RAB/Aircore drilling. Areas A and B are located in a folded mafic sequence in the south of the tenement with historical gold workings located on the same fold structure to the south of the tenement.

Up to 1,000 m of angled RAB/Aircore drilling is planned within Areas A, B and F.

Holey Dam

Elevated gold in vacuum drilling has been delineated in Areas A and E (**Figure 5**). Area A is located at the intersection of two (2) regional structures, both intruded by Proterozoic dolerite dykes. The intersection of NNW-SSE structures with later E-W structures is a good location for gold mineralisation in the Yilgarn Craton.

Area E (**Figure 6**) is located at the nose of folded/faulted adjacent to felsic volcanics to the west. There was an elevated gold in quartz float result of 0.248 ppm Au from the vacuum drilling.

Up to 1,000m of angled RAB/Aircore drilling is planned within Areas A and E.

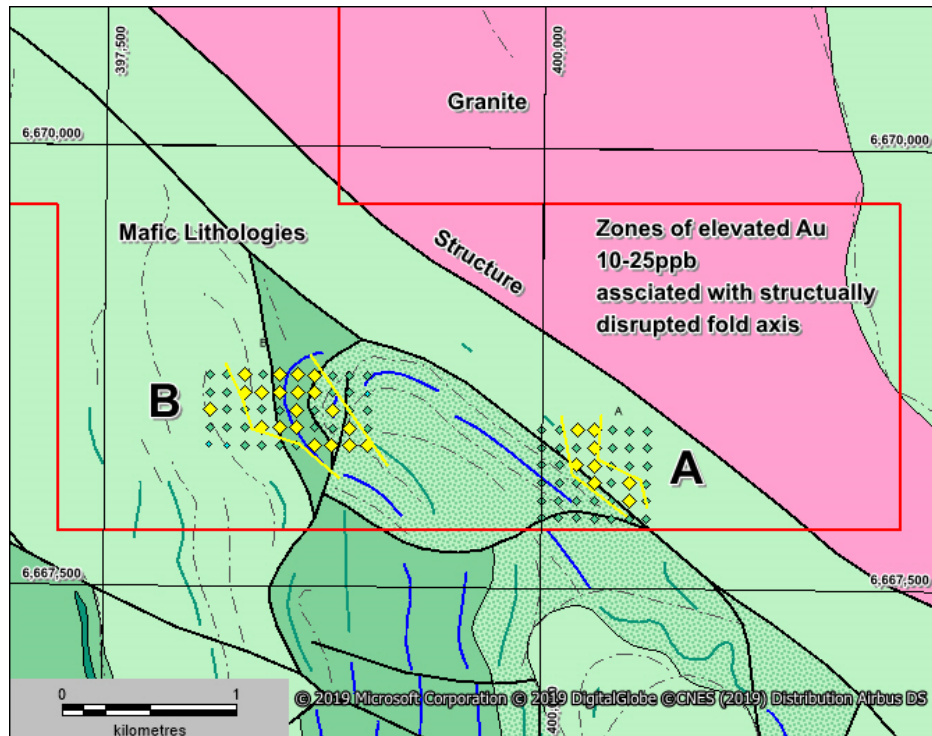


Figure 3: Canegrass Project – Geological Interpretation and Vacuum Drill Au results

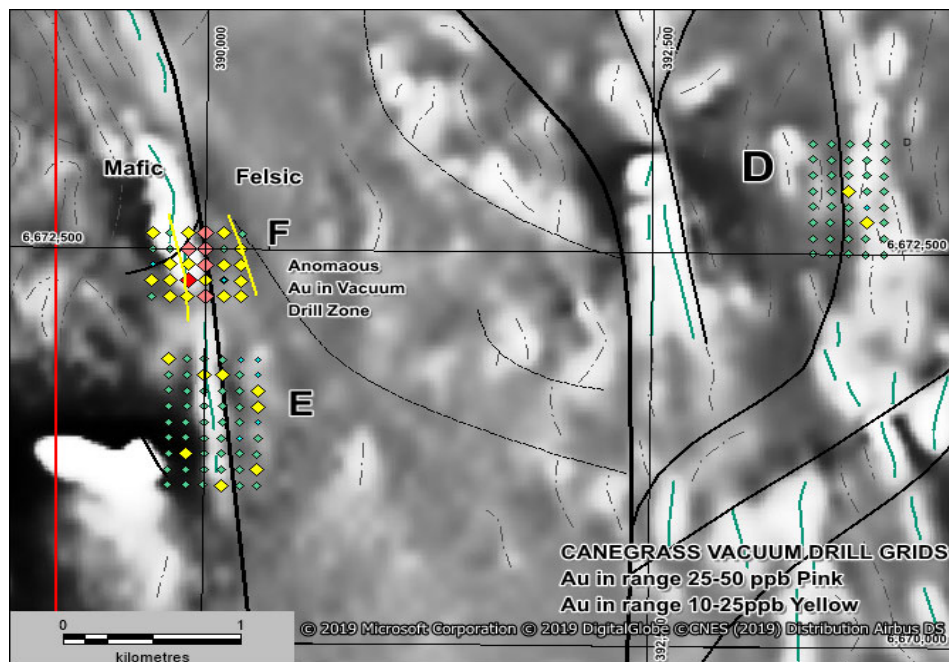


Figure 4: Canegrass Project – Areas E and F showing the areas of elevated Au geochemistry and magnetics

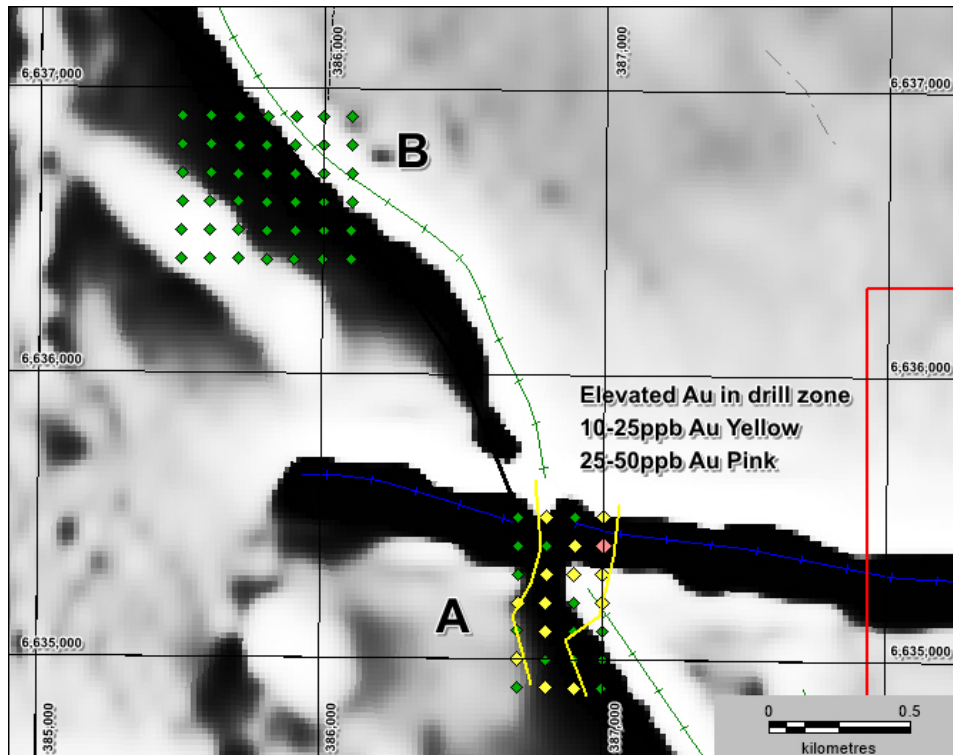


Figure 5: Holey Dam Project – TMI Greyscale Magnetics and Vacuum Drill Au results

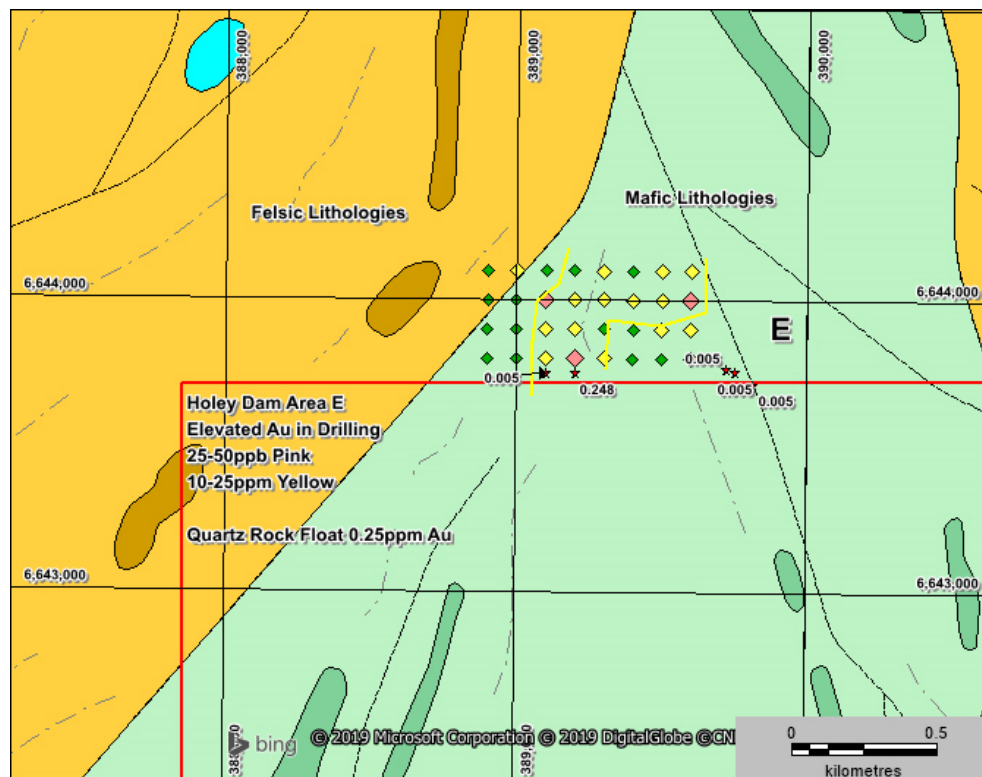


Figure 6: Holey Dam Project – Geological Interpretation and Vacuum Drill Au results

Halls Creek – (Black and Glidden, Carrington, Sandy Creek and Wild Dog) Cobalt/Gold Projects

E 08/5112, 5113, 5114 and 5115

The four (4) tenements were granted in August 2018. Study of available historic data has generated some very good gold and base metal targets with field testing originally proposed for March Quarter 2020. However, the advent of COVID-19 with the related travel and access restrictions imposed by the Government left the Company with a limited 2020 field season to implement the planned Phase 1 helicopter supported geochemical sampling and geological mapping. The budget allocated to Phase 1 work is \$82,000 and a follow up Phase 2 has been allocated a budget of \$104,000 subject to change following the results of the Phase 1 program. Both Phase 1 and Phase 2 are postponed to Quarter 2 of 2021, hopefully when the issues of COVID-19 have been overcome in the country.

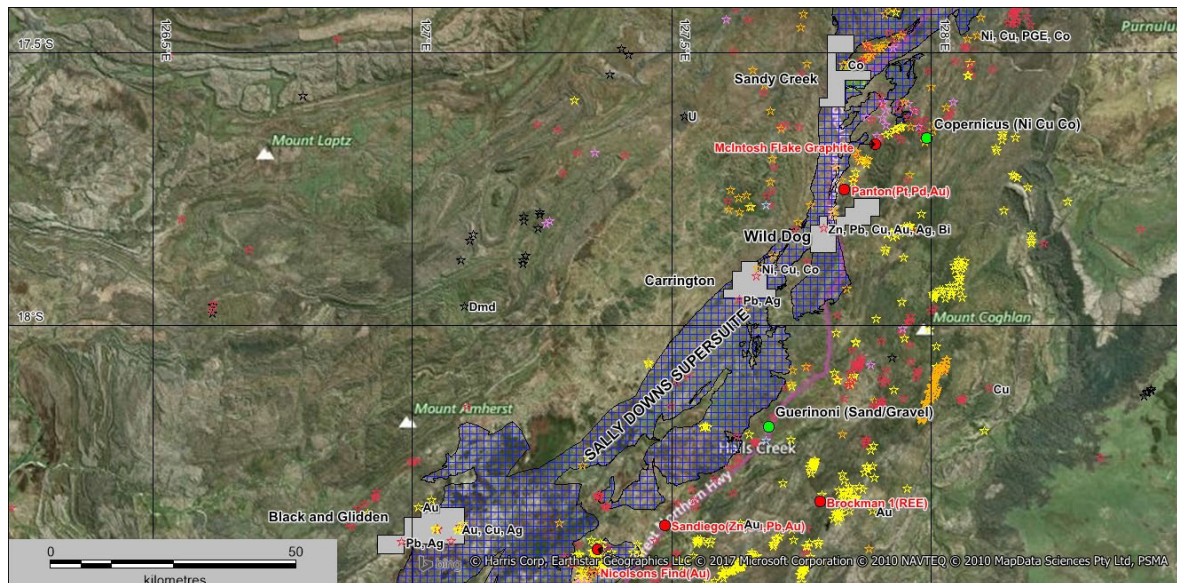


Figure 8: Halls Creek Project showing the 4 granted tenements located in the vicinity of Hall Creek

Competent Person Statement

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.

Forward-Looking Statement

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning planned exploration program and other statements that are not historical facts. When used in this document, the words such as “could”, “plan”, “estimate”, “expect”, “intend”, “may”, “potential”, “should” and similar expressions are forward-looking statements. Although Kaili Resources Limited believes that its expectations reflected in these forward looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Authorised by the Board of Directors.

Long Zhao

Director/Company Secretary

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