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## ACTIVITIES REPORT – SEPTEMBER 2020 QUARTER

### EXPLORATION HIGHLIGHTS

#### **Yilgarn (Gindalbie) Gold Project in Western Australia**

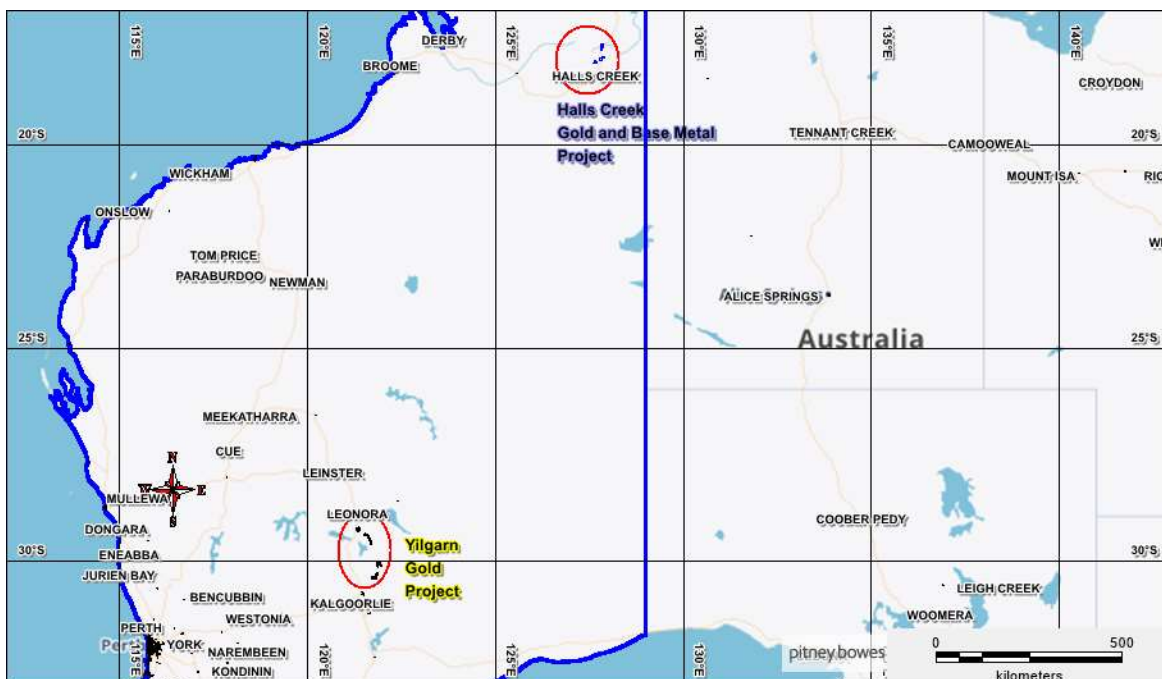
- 50 Aircore drillholes completed at Holey Dam and Canegrass prospects for 1,866 m with an average hole depth of 37 m. Analysis results from laboratory expected in late October/early November.
- A larger follow up drill program is envisaged for 2021 to be based on the results of the Aircore drilling.

#### **Halls Creek Gold/Cobalt/Base Metals Project in Western Australia.**

- State and region access and travel restrictions due to the COVID19 Pandemic have totally prevented the 2020 planned field work at the tenements which are within the Western Australian Kimberley Biosecurity Area. Planned field work may not occur before Q2 2021 after the area wet season and is subject to the lifting of access restrictions to the region by Federal Government.

#### **New Venture**

- The Company has been considering acquisition of a new gold venture in Queensland but the border restrictions made it impractical to pursue an assessment.



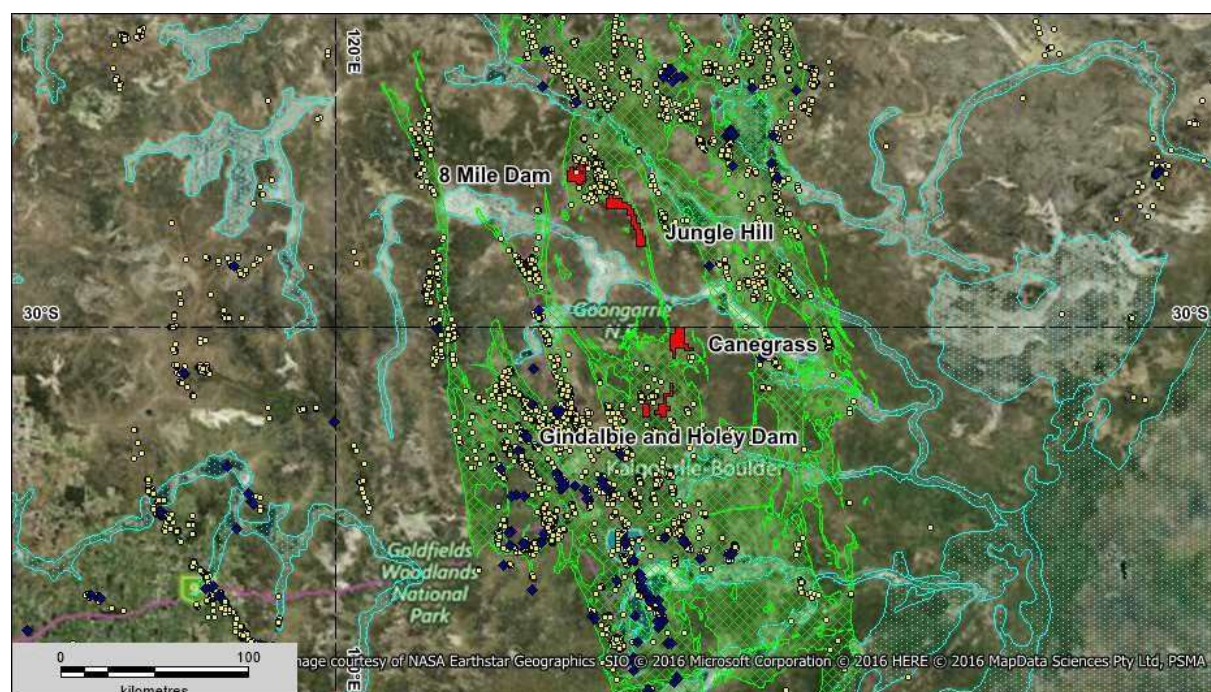
**Figure 1: Kaili Resources project locations**

## **Yilgarn Craton (Gindalbie and Kookynie) Gold and Iron Projects – Western Australia**

*E40/354 (8 Mile Dam), E31/1114-I (Jungle Hill), E31/1113 (Canegrass), E27/550 (Holey Dam) and E27/549 (Gindalbie Dam) are held 100% by wholly owned subsidiary Kaili Gold Pty Ltd.*



**Figure 2: Kaili Resources Yilgarn Craton Projects Locations**



**Figure 3: Satellite Image with Eastern Goldfields Superterrane (green hatching) and Kaili Gold tenements in red.**

**Blue diamonds are operating mines of third parties and yellow dots are gold occurrences reported by other explorers**



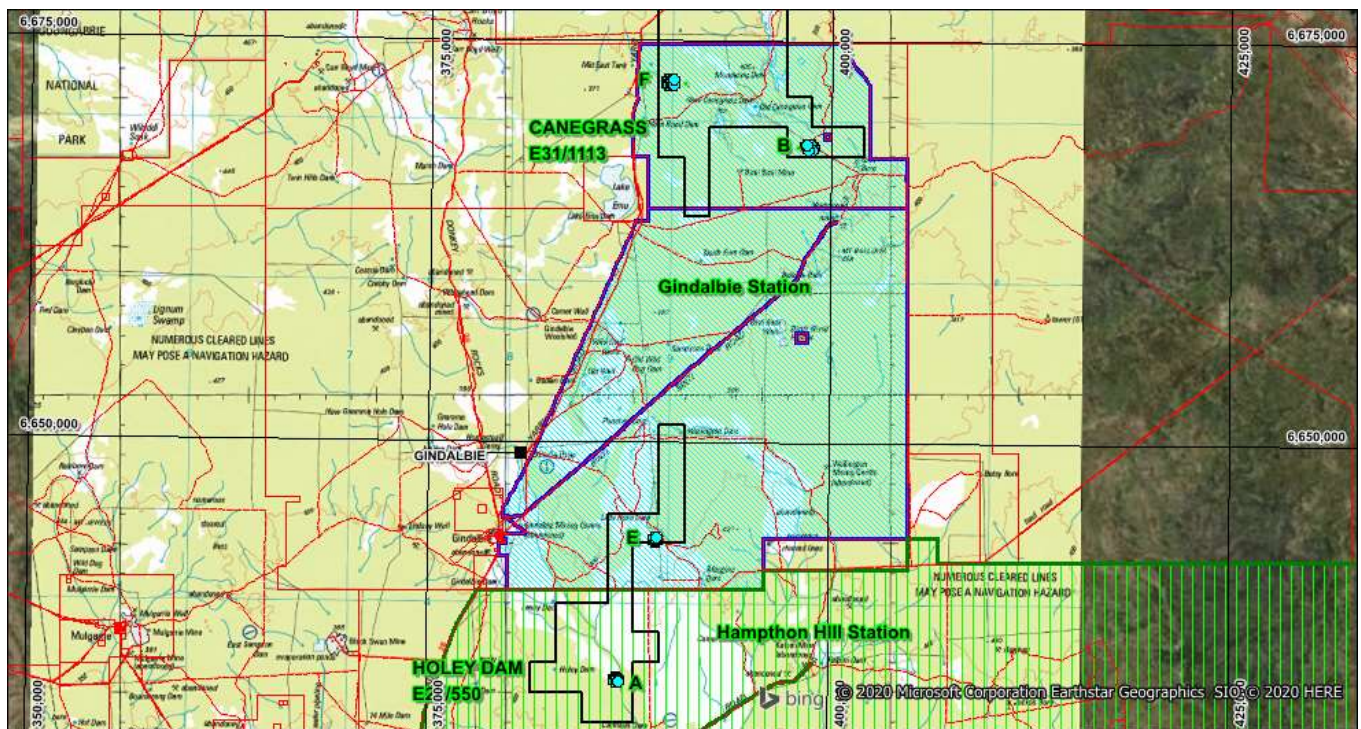
## Aircore Drilling at Canegrass and Holey Dam

The drilling program that was planned to be carried out in the March Quarter 2020 and that had to be suspended because of the travel restrictions imposed by the WA Government to contain the spread of Covid-19 was successfully completed during the September Quarter 2020 after the Company decided in June 2020 to engage Kalgoorlie based geological consultancy BMGS to manage the program.

2,000 m metres Aircore drilling was planned to commence in the first half of August 2020 at the Canegrass (EL31/113) and Holy Dam (EL27/550) tenements. However, due to unavailability of drilling rig the drilling operations commenced in mid-September 2020 and were finalised on the 20<sup>th</sup> September 2020. 1,866 m for 50 drill holes of Aircore drilling was achieved with an average hole depth of 37 m.

The field crew of BMGS together Kalgoorlie based drilling company Raglan Drilling achieved the expected results with minimal delays in a highly professional manner. The completed drill areas are shown in **Figure 4** with areas F, B and E situated in Gindalbie Station and area A in Hampton Hill Station.

The Aircore drilling program follows from the shallow vacuum drilling program that was carried out in July and August 2019 and completed at Holey Dam (HDAC001 to HDAC023) and Canegrass (CDAC001 to CGAC027).



**Figure 4: Locations of Holey Dam and Canegrass Drill Areas**

## Canegrass

Vacuum Drill testing in 2019 of Area B returned elevated gold in the range of 10 to 25 ppb in fold axis/limbs settings (Figures 5 and 6). The area produced the highest gold response in the Canegrass vacuum drilling program in 2019 and is one of the areas tested by the September 2020 deeper drilling. Areas B and F which were highlighted for follow up by the RAB/Aircore drilling have been the subject of the Aircore drilling was completed in September 2020.

## Holy Dam

Elevated gold from vacuum drilling in 2019 has been delineated in Areas A and E. Area A is located at the intersection of 2 regional structures, both intruded by Proterozoic dolerite dykes (Figures 7 and 8). The intersection of NNW-SSE structures with later E-W structures is a good location for gold mineralisation in the Yilgarn Craton.

Area E 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 in 2019.

The Canegrass and Holy Dam 2019 vacuum drill results were contained in the Company's ASX Releases of 12<sup>th</sup> and 17<sup>th</sup> September 2019.

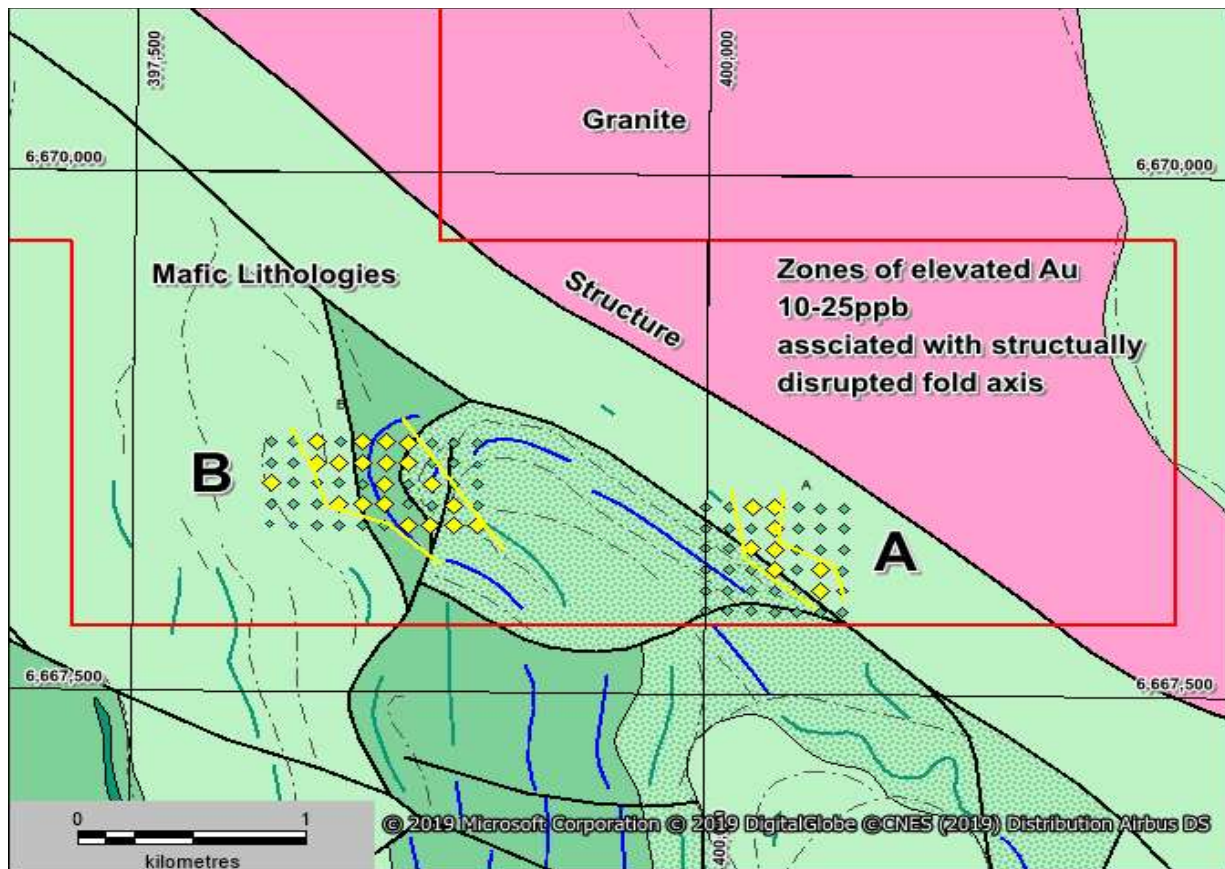
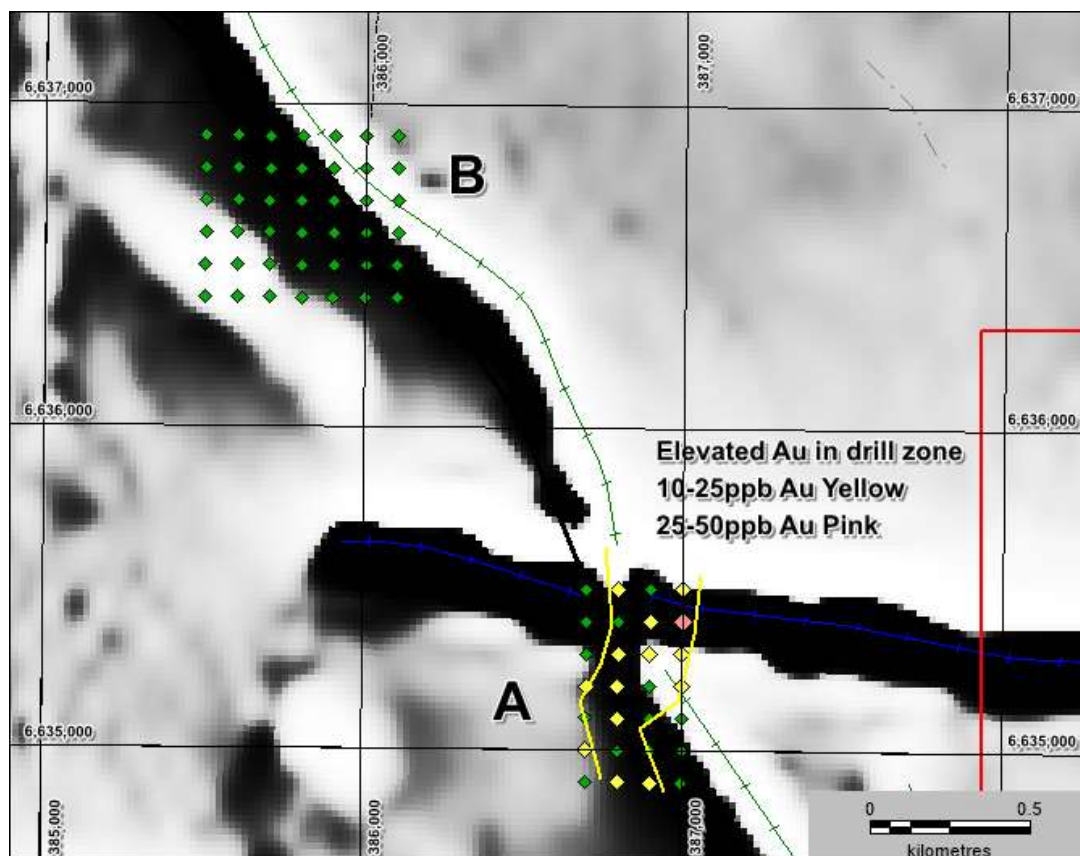
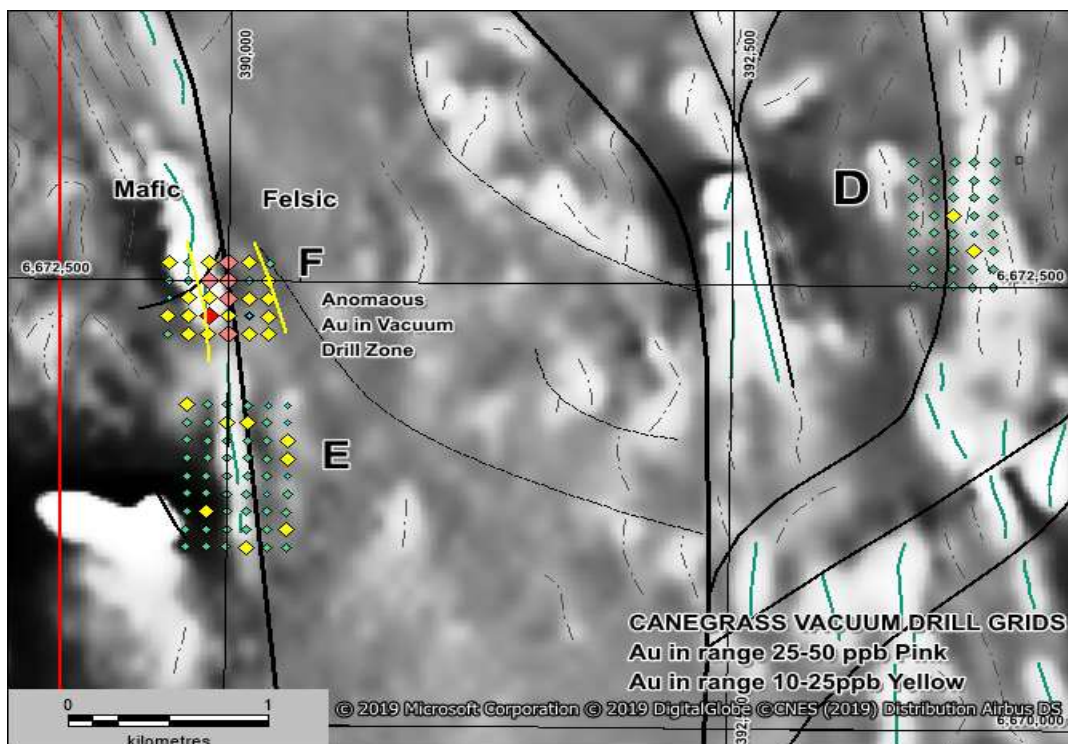
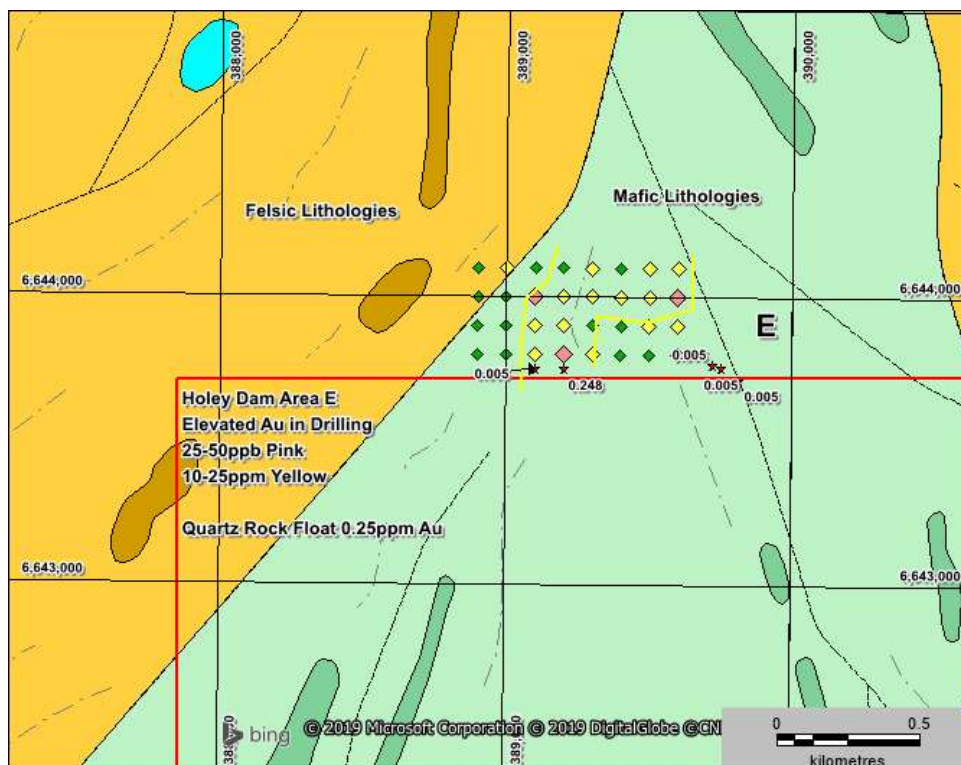


Figure 5: Canegrass Prospect – Areas A and B showing the areas of elevated Au geochemistry. Aircore drilling is planned for Area B initially







**Figure 8: Holey Dam Prospect – Areas E showing the areas of elevated Au geochemistry.**

### **Forthcoming Field Exploration**

The Company has envisaged for 2021 commencing from December 2020 Quarter a much larger follow up drilling program at Canegrass and Holey Dam to be based on the results of the September 2020 Aircore drilling in view that they are presently the only areas which the Company can access for exploration while access restrictions apply at Halls Creek.

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

*E 08/5112, 5113, 5114 and 5115 are held 100% by wholly owned subsidiary Kaili Iron Pty Ltd.*

The Halls Creek tenements are within the Western Australian Kimberley Biosecurity Area which has been locked down since March 2020 by order of the Federal Health Minister to protect the Aboriginal communities from the Covid-19 infection. Consequently, the field program that was planned for March to October 2020, the annual field season outside the wet season, for the Halls Creek tenements has been suspended. Therefore, the Company has to wait for 2021 field season to carry out the program prepared since March 2020, subject to the access restrictions being lifted by the Government.

Since the grant of the tenements the Company has completed the acquisition and processing of all available airborne magnetic, radiometric, gravity and electromagnetic data covering the 4 tenements and completed lithostructural targeting for field follow up. The Company has also engaged Earth-AI to use an Artificial Intelligence approach to merge all publicly available geochemical, geological, and geophysical data to generate targets for field follow up.

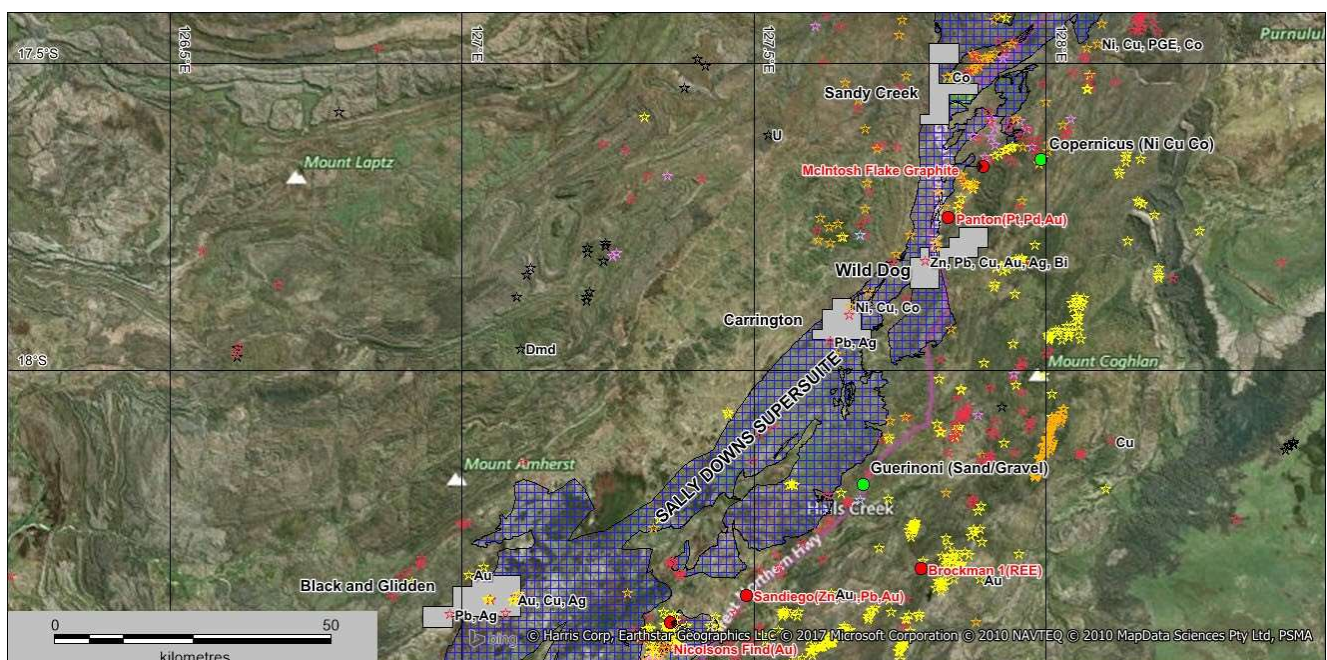
The planned Phase 1 exploration program comprises a combination of helicopter, vehicle and foot traverse field surveys based out of Halls Creek. A combination of rock, stream and soil samples is planned to be collected and submitted to the ALS Geochemical Laboratory in Perth for Au and multi element analyses in conjunction with pXRF readings using the Company's Olympus Delta instrument



## Geology of the Tenements

The Halls Creek Project comprises 4 granted tenements (**Figure 9**) 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 granulates 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.



**Figure 9: Halls Creek Project showing the 4 tenement applications located in the vicinity of Hall Creek**

### Black and Glidden E08/5112

The Black and Glidden tenement is located 100 km west of Halls Creek with the dominant structure being the NE/SW trending Black and Glidden fault which forms a linear topographic feature to the south of the abandoned Mt Amhurst station. A small amount of Pb and Ag was mined from the Black and Glidden mine in the SW of the tenement with a report indicating the mineralisation was associated with a surface gossan. Elevated gold results were obtained from granite hosted quartz veins in the SE of the tenement associated with NE/SW trending shear zones. Several target zones have been delineated as shown in **Figures 10 and 11** with the main focus being structurally hosted Au mineralisation. There has been no historical drill testing of the Black and Glidden tenement.



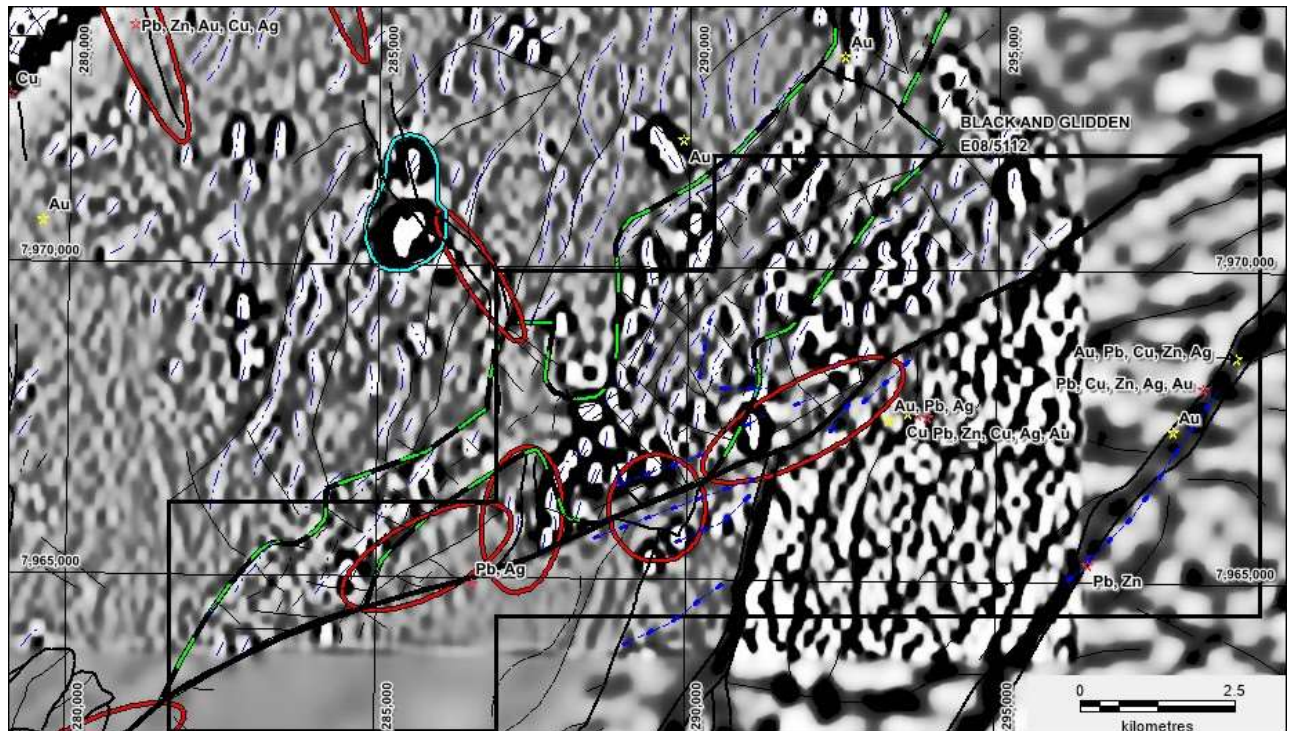


Figure 10: *Black and Glidden tenement showing 2VD aeromagnetics, structures and targets*

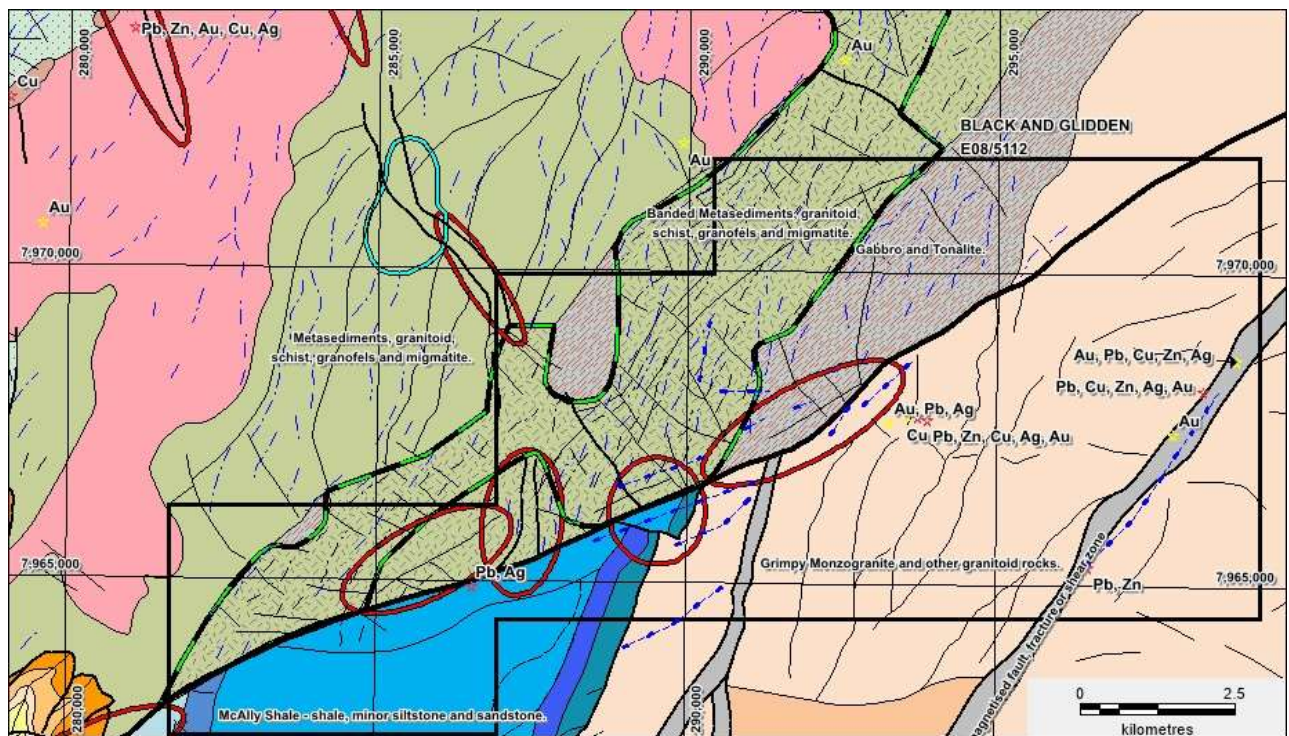
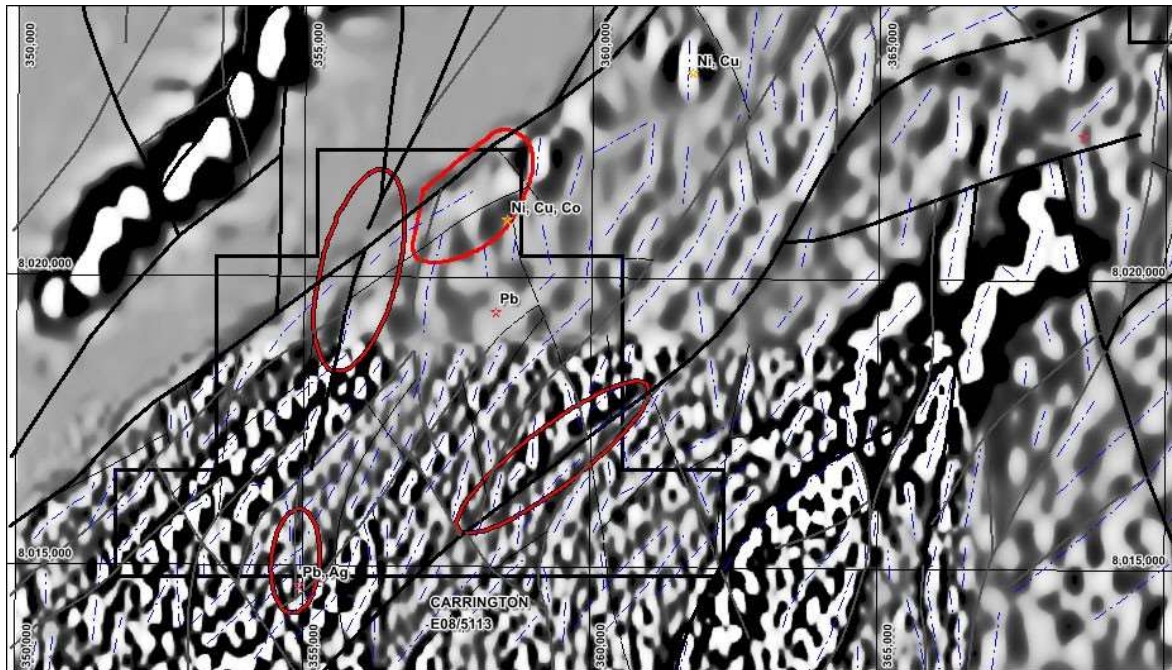


Figure 11: *Black and Glidden tenement showing interpreted geology, structures and targets*

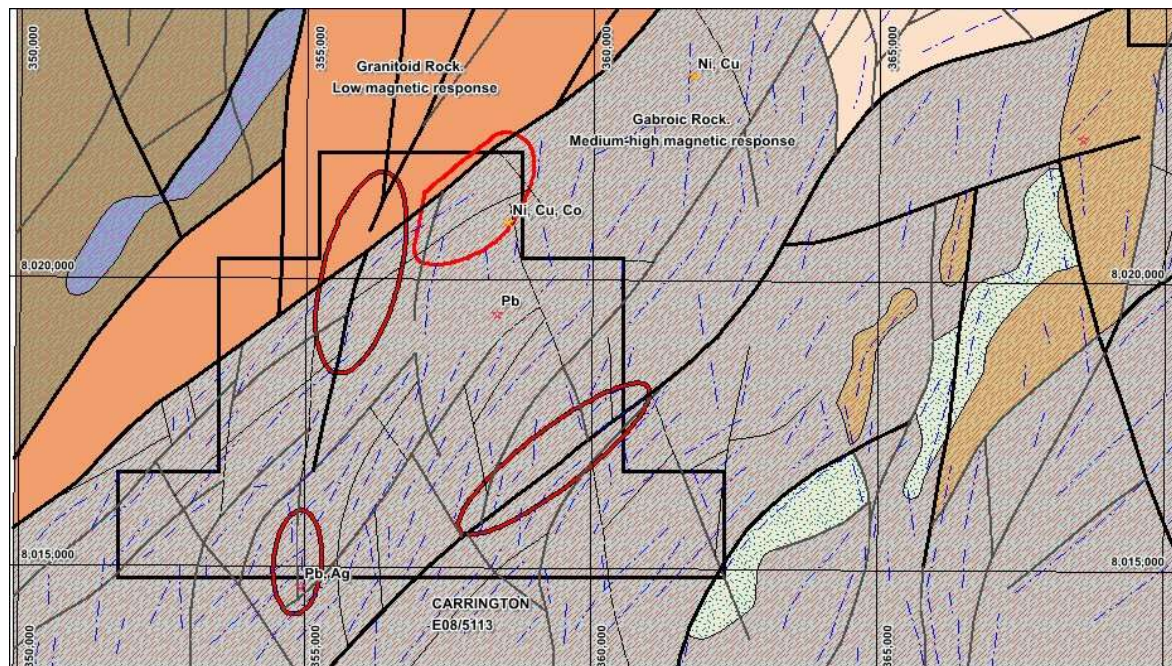


## Carrington E08/5113

The Carrington tenement (**Figures 12 and 13**) comprises primarily the McIntosh gabbro/norite which is the main Co/Ni target for the Company in addition to other structural gold/base metal targets delineated by the SCG team. An historical Nickel (Ni) Copper (Cu) Cobalt (Co) mineral occurrence is located in the north of the tenement and is associated with a discrete ElectroMagnetic (EM) conductor as shown in **Figure 14**.

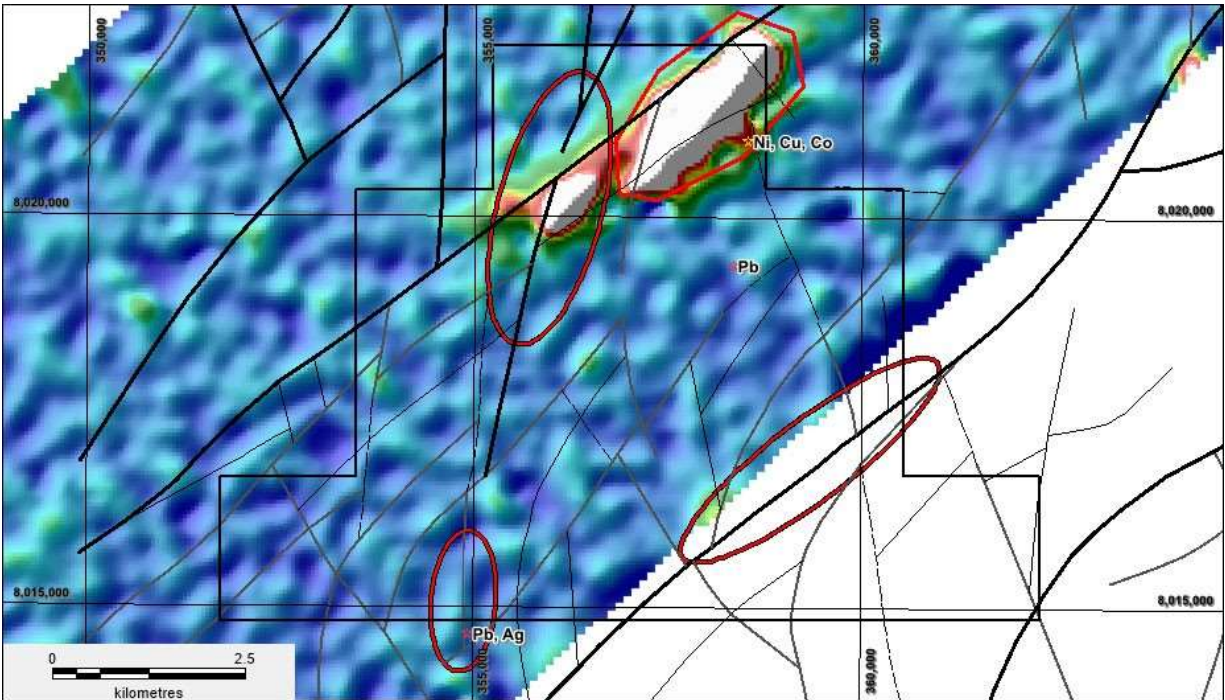


**Figure 12: Carrington tenement showing 2VD aeromagnetics, structures and targets**



**Figure 13: Carrington tenement showing interpreted geology, structures and targets**

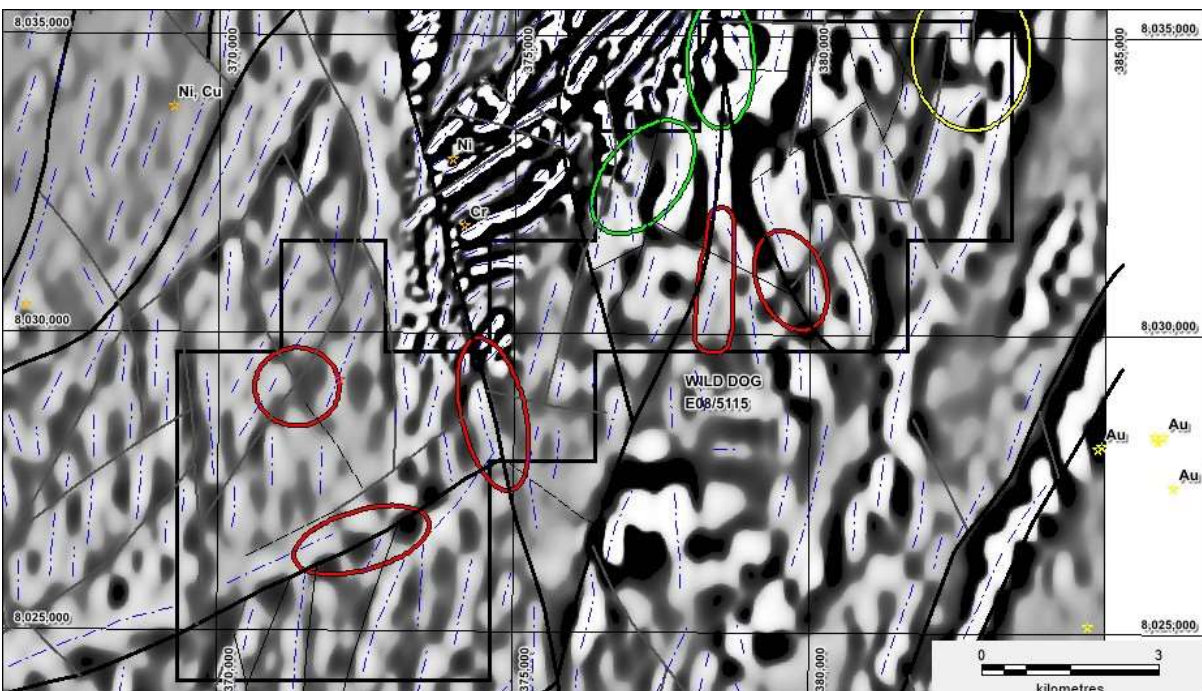




**Figure 14: Carrington tenement showing airborne EM image and conductive feature in the north**

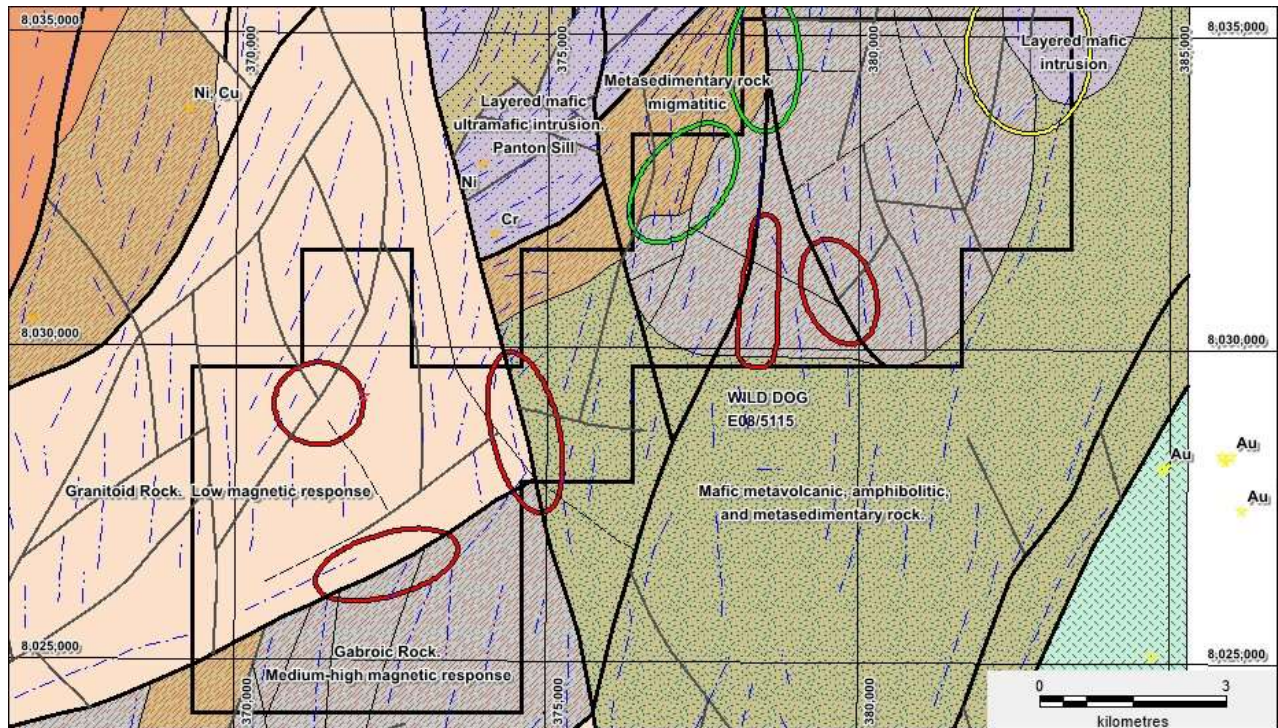
#### **Wild Dog E08/5114/Sandy Creek E08/5115**

The Wild Dog and Sandy Creek tenements (**Figures 15 to 16**) are structurally complex and comprise layered mafic/ultramafic intrusions and McIntosh gabbro/norite in the north and south of the tenement. A series of Cu, Ni workings are aligned NE/SW to the north of the Sandy Creek with the same lithostructural contact extending into the Sandy Creek tenement and associated with a linear EM conductor.

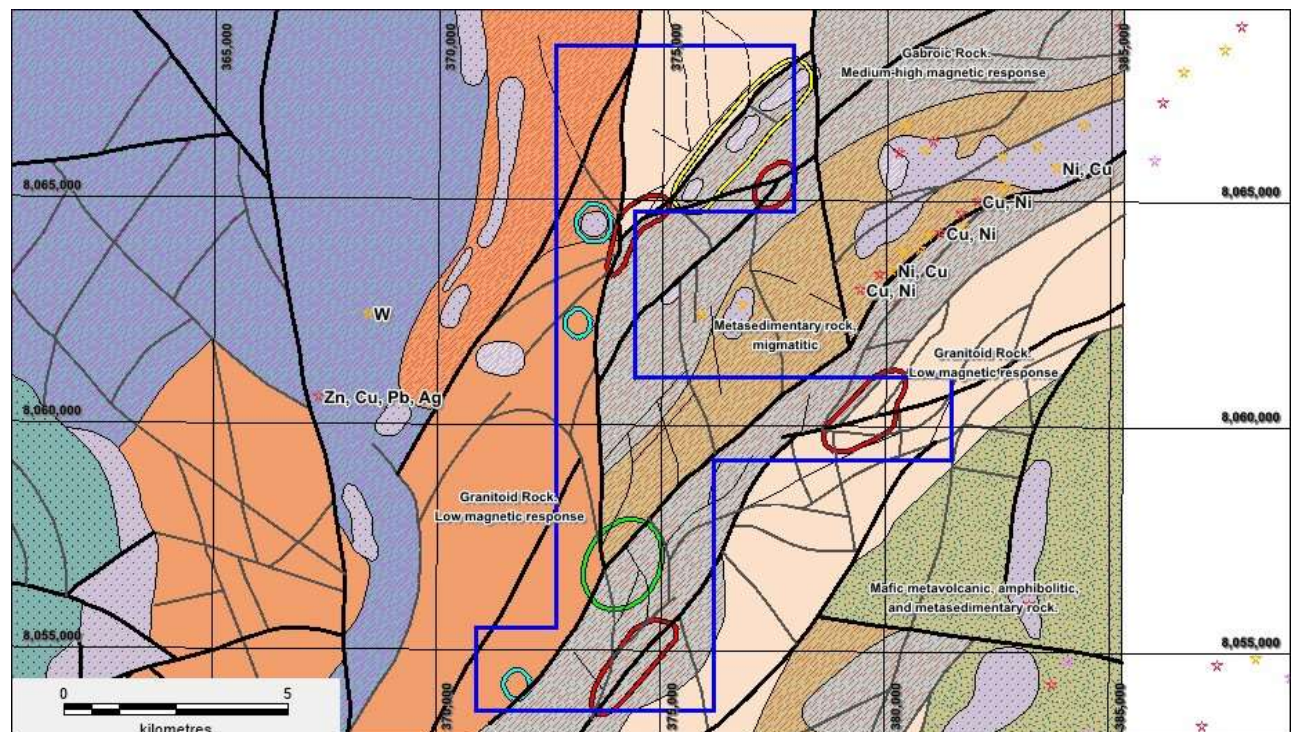


**Figure 15: Wild Dog tenement showing 2VD aeromagnetics and target areas**





**Figure 16: Wild Dog tenement showing interpreted solid geology, structures and target areas**



**Figure 17: Sandy Creek tenement showing interpreted solid geology, structures and target areas**

## 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 September 2020 quarter and acquired or disposed of during that quarter and their locations.

Name	Commodity	Region	Registered Holder	Beneficial Interest	Area km2	Expiry
8 Mile Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	70.4	7/07/2021
Jungle Hill	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	150.4	29/05/2021
Canegrass	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	108.8	29/05/2021
Holey Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	67.2	31/06/2021
Gindalbie Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	25.6	31/06/2021
Black and Glidden	Cobalt/Gold	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	103.04	31/08/2023
Carrington	Cobalt/Gold	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	51.2	31/08/2023
Sandy Creek	Cobalt/Gold	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	64	31/08/2023
Wild Dog	Cobalt/Gold	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	70.4	31/08/2023
					711.0	

**Table 2: Tenement schedule**

### 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:

**Jing Li**

Director

**Long Zhao**

Director and Company Secretary

20<sup>th</sup> October 2020