

14th December 2020

ASX Market Announcements

UPDATE ON EXPLORATION PROJECTS

- Follow up drilling at the Gindalbie Gold Project, Yilgarn Craton, WA
- Sampling program at the Halls Creek Gold and Base Metal Project, WA

GINDALBIE GOLD PROJECT - HOLEY DAM (EL27/550) AND CANEGRASS (EL31/113)

Based on the results announced on 3rd December 2020 of the September 2020 Aircore Drilling Program a follow up drilling program is planned for Q1/Q2 2021 within the Holey Dam (Area E) and Canegrass (Area F) tenements. A heritage survey is required over the proposed drilling sites with a team of traditional owners, with timing based on their availability, before the drilling proposal together with the heritage survey report may be lodged with the WA Department of Mines Industry Regulation and Safety (DMIRS). On receipt of the DMIRS approval a drilling company and a field crew will engaged to commence drilling in Q2 2021 subject to unforeseen events.

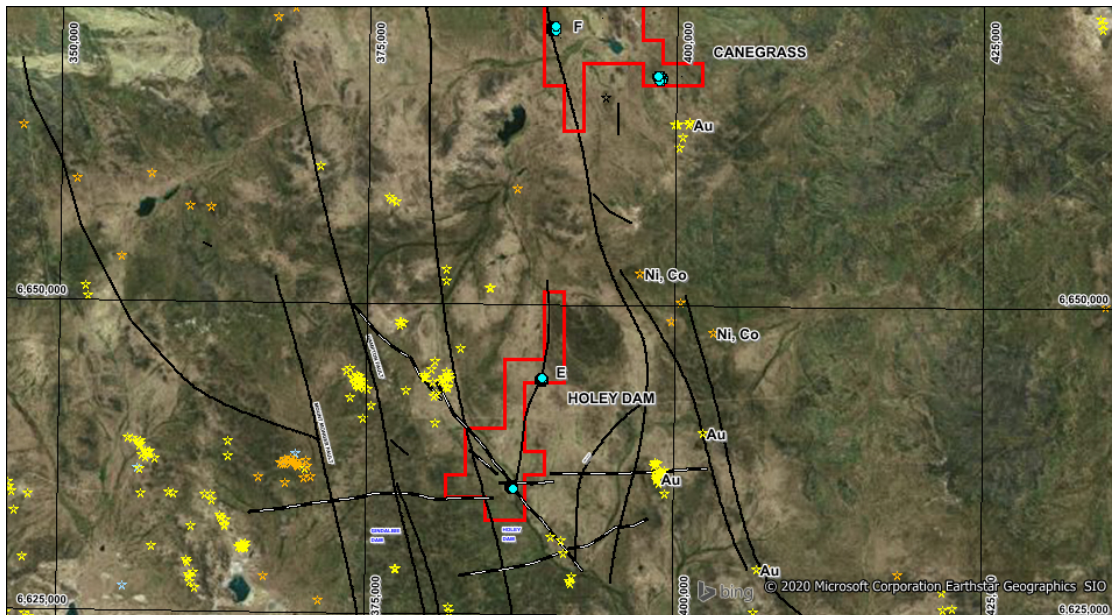


Figure 1: Gindalbie Gold Project with regional structures and gold occurrences

Figure 1 shows the location of the Holey Dam and Canegrass tenements in relation to regional structures with gold and base metal mineral occurrences in yellow. In the Yilgarn Craton these regional structures are channel ways for gold mineralising fluids that are quite often localised by later cross cutting structures. The September 2020 Aircore Drilling Program completed in September 2020 highlighted Holey Dam Area E and Canegrass Area F as potential areas where gold mineralising fluids has been localised within mafic (gabbro/dolerite and basalt) lithologies containing vein quartz and pyrite and possible associated white mica, chlorite, tourmaline and epidote alteration. The follow up aircore drilling will be in and around significant occurrences of alteration, pyrite mineralisation and elevated gold (max of 1 m @ 3.96 ppm Au and 1 m @ 0.88 ppm Au (ASX announcement: 3rd December 2020).

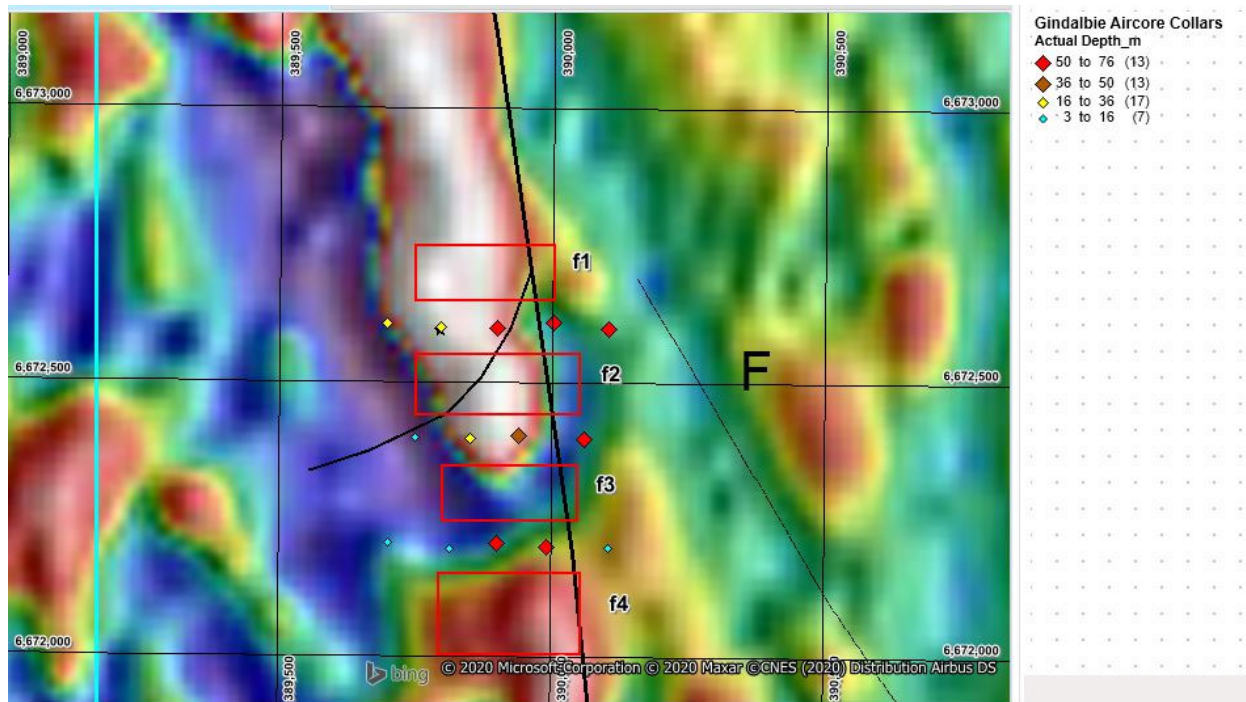


Figure 2: Canegrass Area F showing the proposed drill areas over an aeromagnetic image

The highest Au encountered in the previous aircore drilling program was encountered between areas f3 and f4 in **Figure 2**. The depth of drilling is shown by the coloured diamonds and the legend in the top left of the figure. Within the four drill areas the E-W drill line will be 40 m apart with drill collars situated every 100 m along the drill lines. The final location of the drill collars will be confirmed following the completion of the heritage survey. In **Figure 2** the Emu Fault is shown as a black WNW-ESE linear adjacent to linear magnetic highs.

The most significant gold assay result was 4 m @ 0.42 ppm Au including 1 m @ 1.08 ppm Au (**Figure 3**). In addition, tourmaline and white mica were noted as part of the spectral mineralogical scanning of the sampling and as these minerals are not part of unaltered mafic lithologies it is interpreted that they were formed as part of alteration of the primary mafic lithologies. Follow up aircore drilling will involve E-W traverses spaced at 50 m intervals in and around the alteration and elevated gold responses.

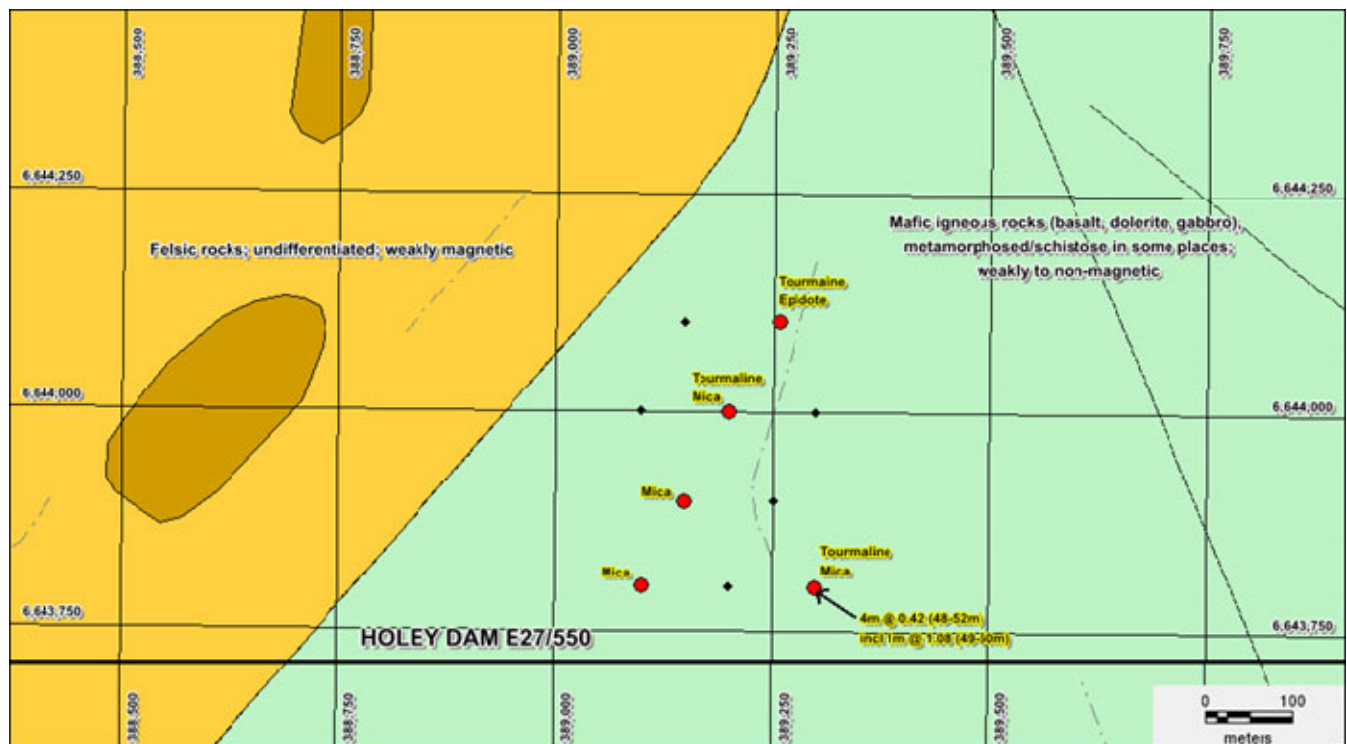


Figure 3: Holey Dam Area E showing interpreted geology and possible alteration mineralogy

HALLS CREEK – ELs 08/5112 to 5115

Exploration at the Halls Creek Project was severely hampered in 2020 by the COVID-19 Pandemic and the consequent travel and access restrictions in Western Australia (WA) to such an extent that no field work was possible during the 2020 climatic season for the area (April to September). The Company has planned to commence field based operations during Q2 2020 following the end of the Northern Australian wet season when the 2021 season commences.

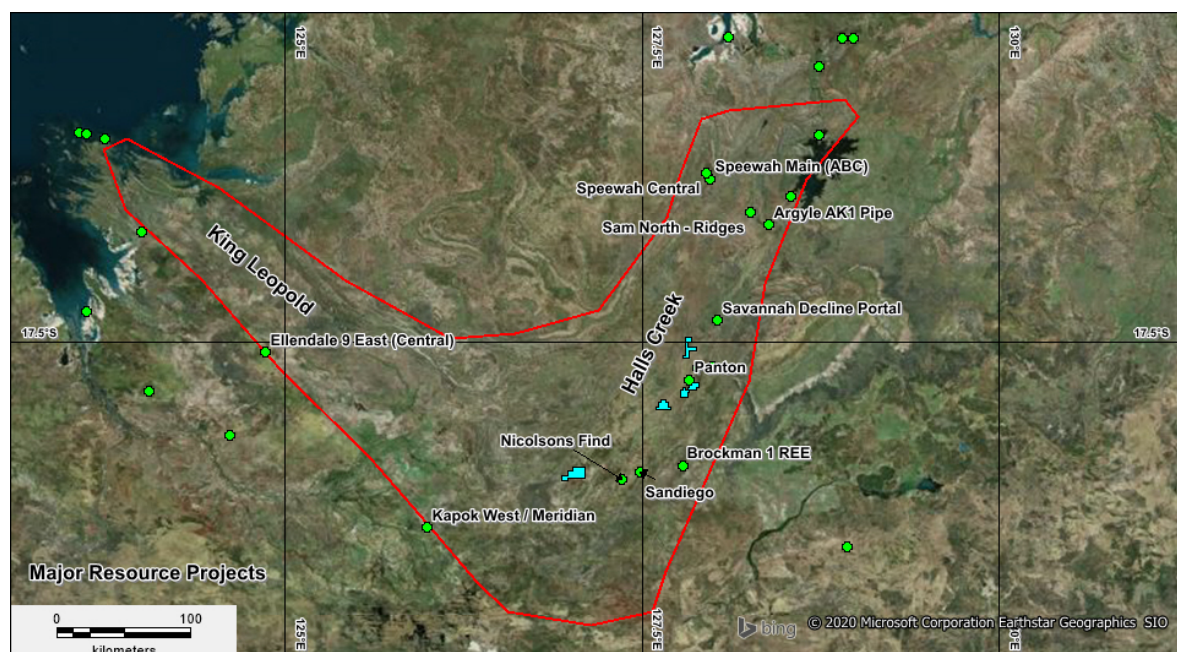


Figure 4: Halls Creek Project - Kaili tenements in blue and other's resource projects in green

In previous quarters, geophysical consultancy Southern Geoscience Consultants (“SCG”) 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. Earth-AI has used an Artificial Intelligence approach to merge all publicly available geochemical, geological, and geophysical data to generate targets for fields follow up.

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 (**Figure 5**) 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 Halls Creek Project is situated primarily within gabbro to norite rocks of the McIntosh Suite with the target areas shown in **Figures 6 to 9**).

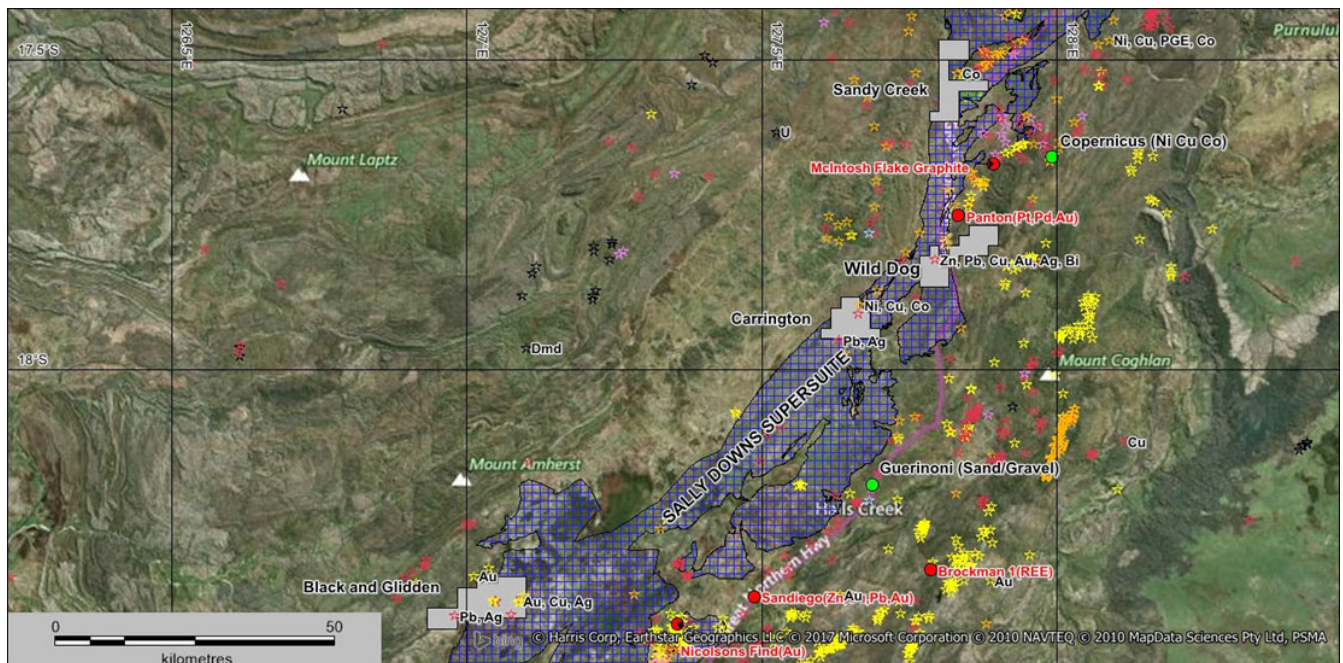


Figure 5: Halls Creek Project - 4 tenements located within the Sally Downs Supersuite

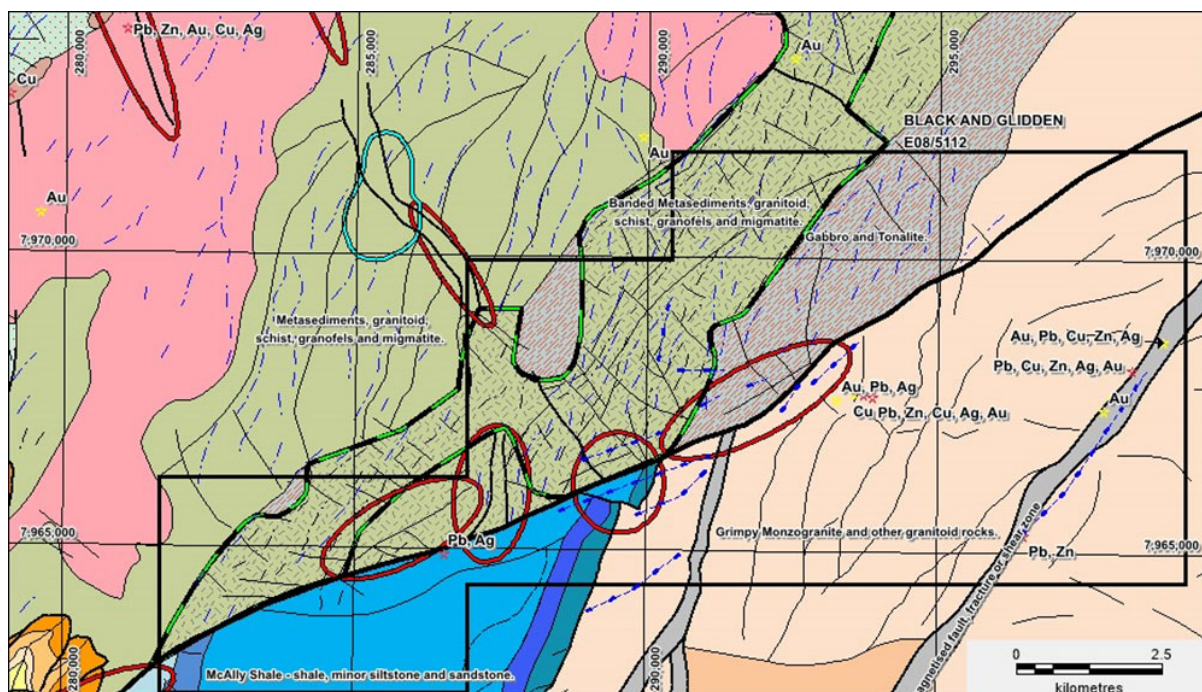


Figure 6: Black and Glidden showing exploration target areas

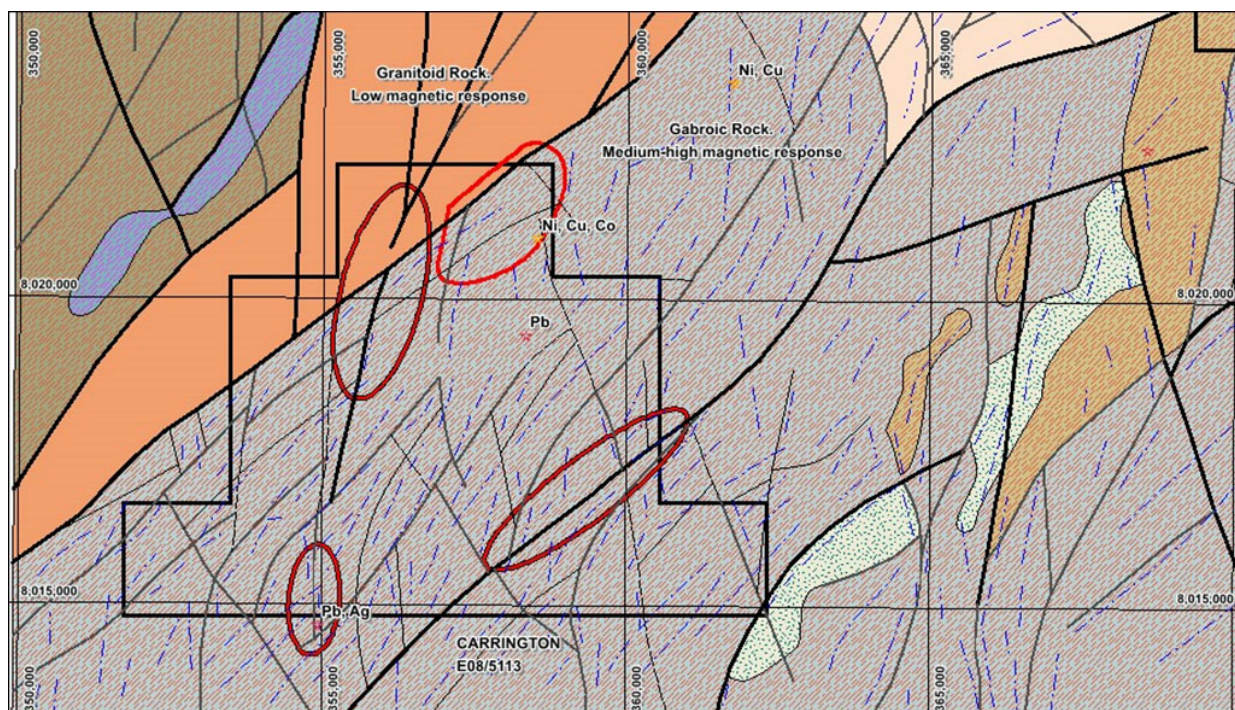
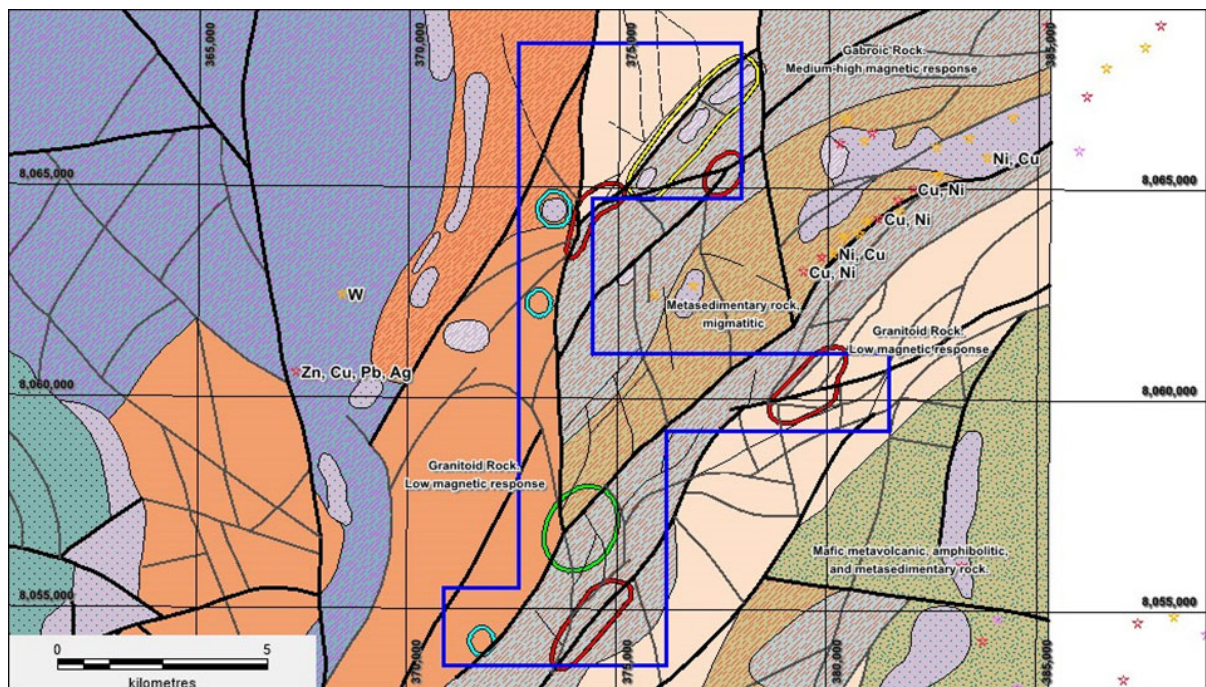
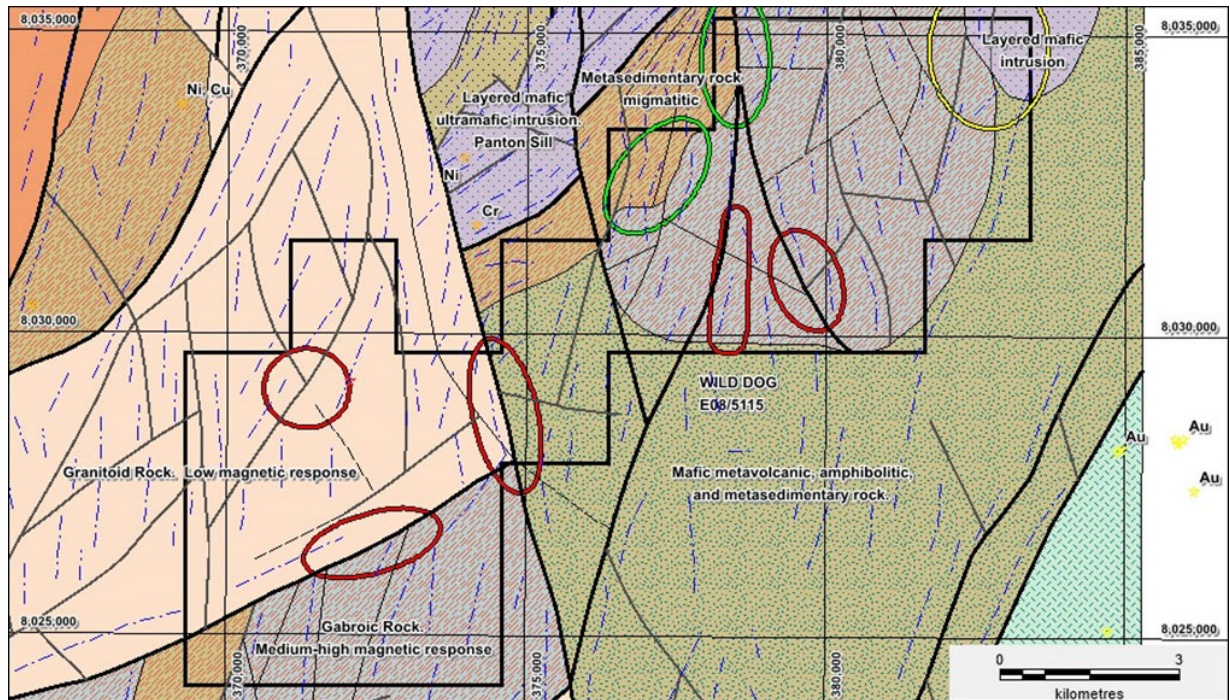


Figure 7: Carrington showing exploration target areas



The Phase 1 exploration program in 2021 for the Halls Creek Project is planned to comprise 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.

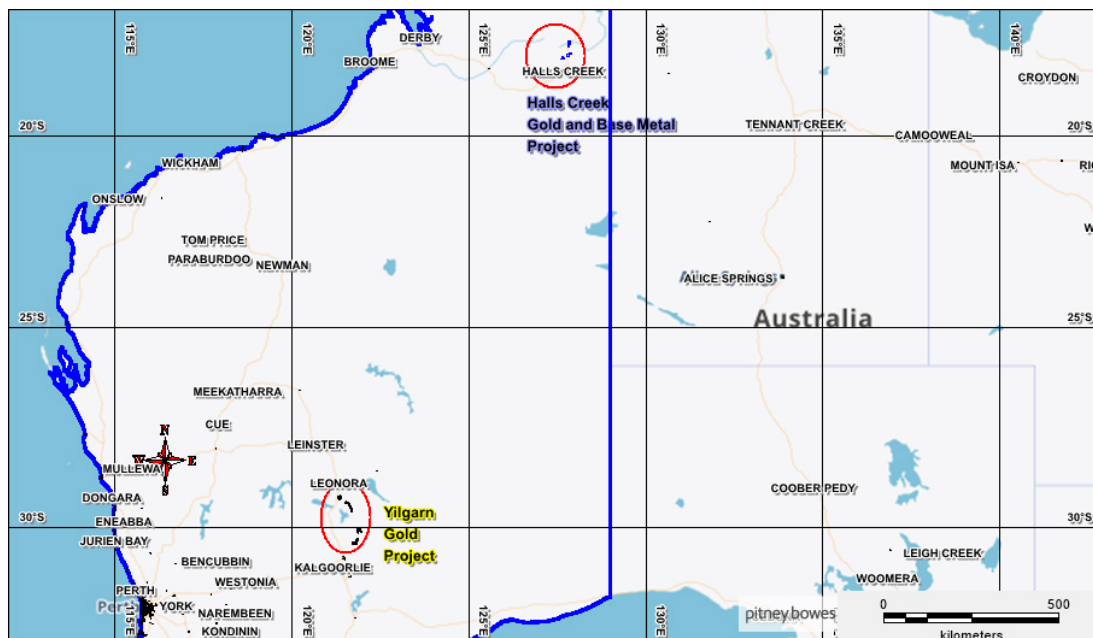


Figure 10: Kaili Resources project locations in WA

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:

Long Zhao

Executive Director/Company Secretary