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ACTIVITIES REPORT – MARCH 2021 QUARTER

EXPLORATION HIGHLIGHTS

Yilgarn (Gindalbie) Gold Project in Western Australia

The RC drill program planned for Q2 2021 at Holey Dam and Canegrass has been approved by DMIRS. It is a follow up drilling based on the results of the September 2020 aircore drilling.

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

Surficial exploration program is planned for Q2 2021 after the regional wet season.

New Tenements Applications

Applications lodged for 2 new tenements, namely Kovac (ELA 32666) and Gidyea (ELA 32665), in the Northern Territory, South East of Tennant Creek over a combined area of approximately 531 km² in the gold and base metal rich Warramunga Province,



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

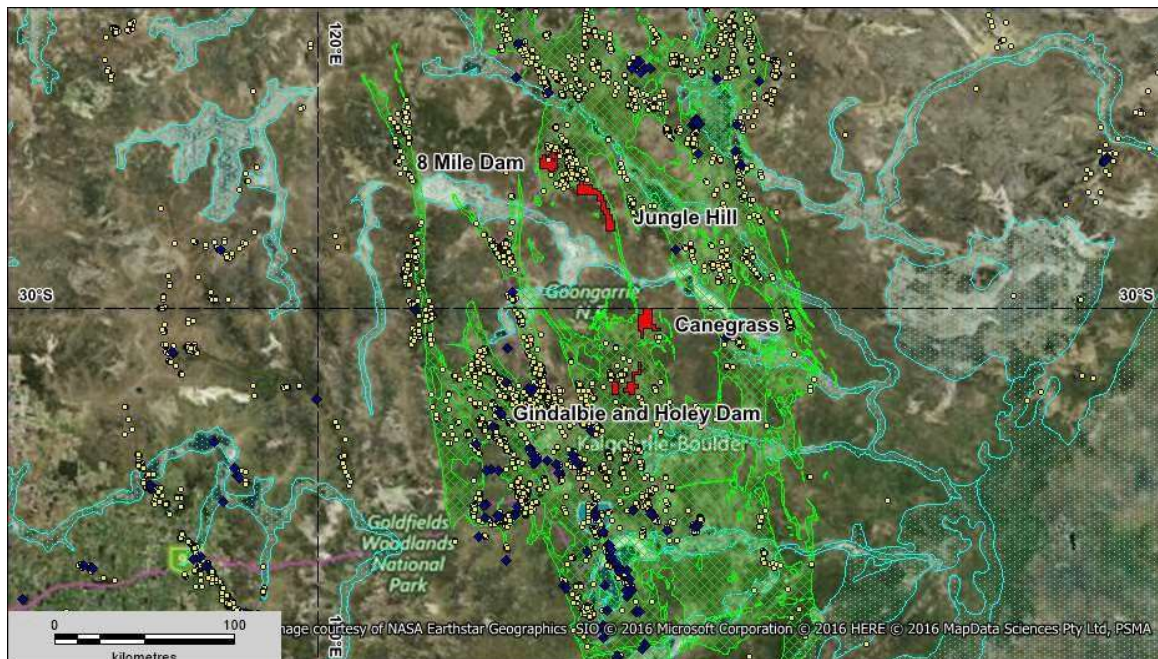


Figure 3: Satellite Image with Eastern Goldfields Superterrane (green hatching) and Kaili Gold tenements in red. Blue diamonds are operating mines of third parties and yellow dots are gold occurrences reported by other explorers

Based on the results announced on 3 December 2020¹ of the September 2020 Aircore Drilling Program a follow up drilling program was planned within the Holey Dam (Area E) and Canegrass (Area F) tenements. Approval for the drilling was sought and received from the WA Department of Mines Industry Regulation and Safety (DMIRS).

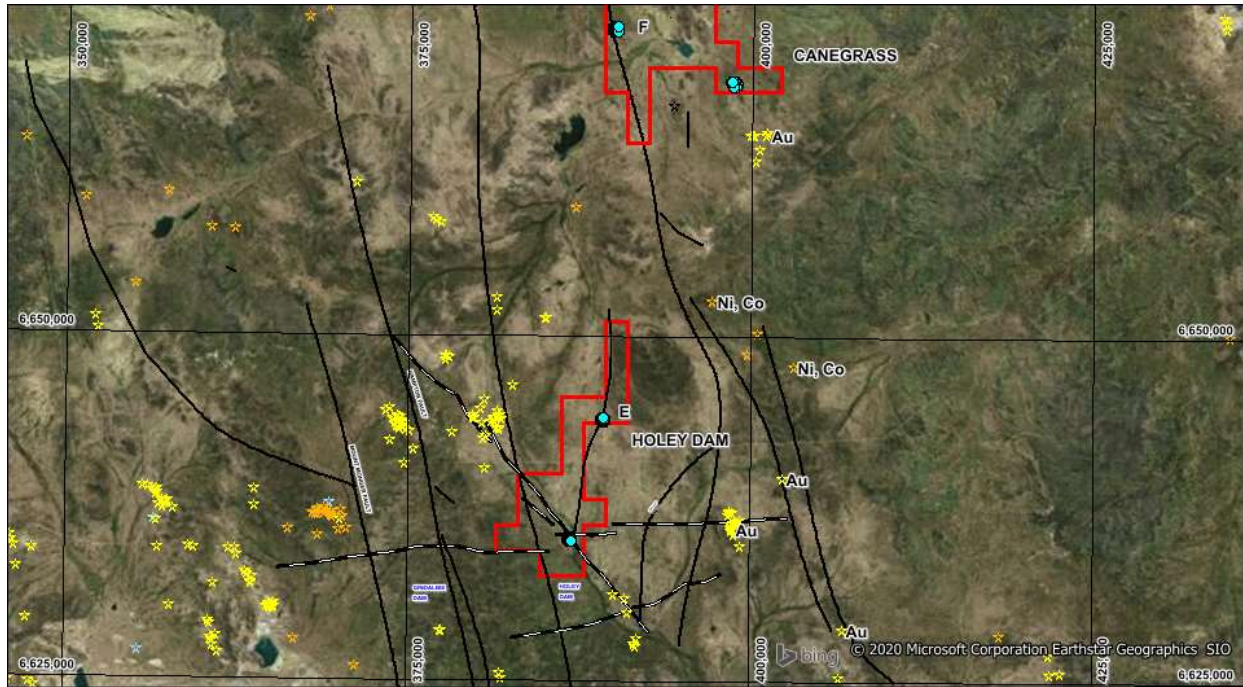


Figure 4: Gindalbie Gold Project with regional structures and gold occurrences with of Area E and Area F

Figure 4 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 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 Au¹).

The highest Au encountered was between areas f3 and f4 in **Figure 5**. The depth of drilling is shown by the coloured diamonds and the legend in the top right of the figure. Within the four drill areas, the E-W drill line will be 50 m apart with drill collars situated every 100 m along the drill lines. In **Figure 5** 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 Au¹ (**Figure 6**). 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.

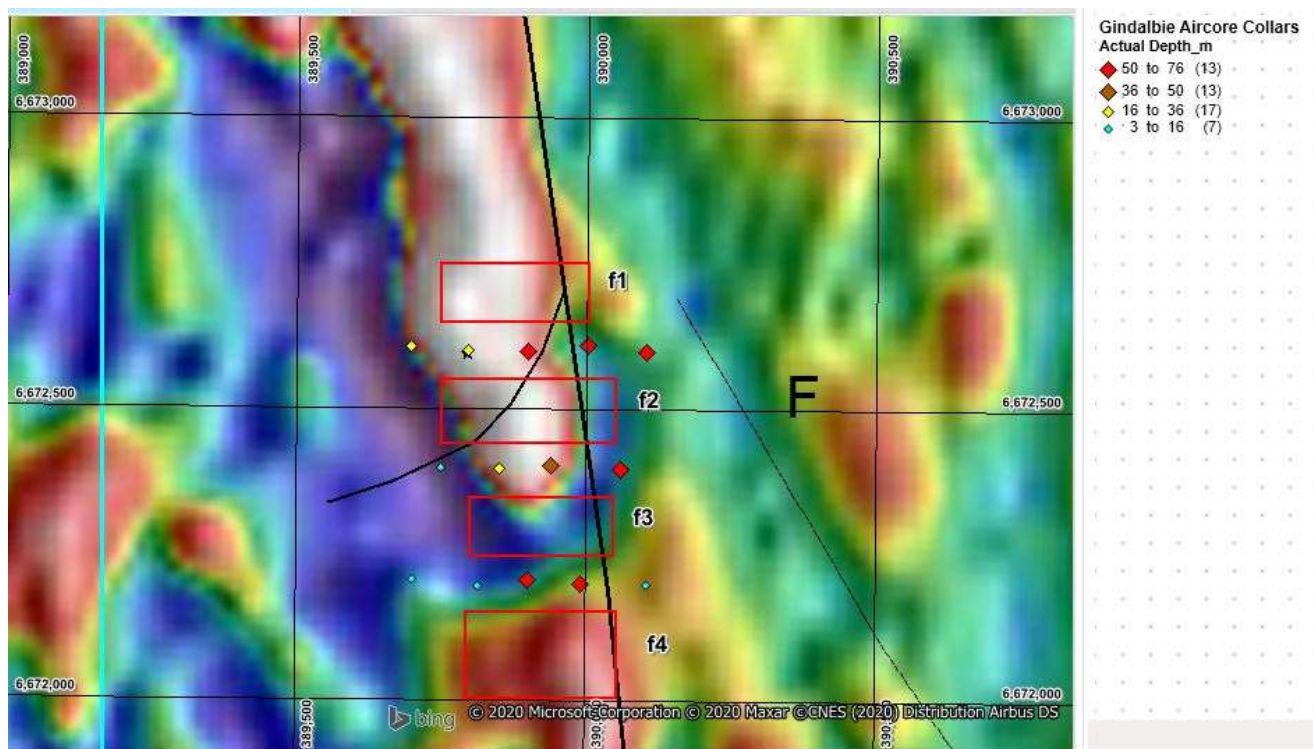


Figure 5: Canegrass Area F showing the proposed drill areas over an aeromagnetic image

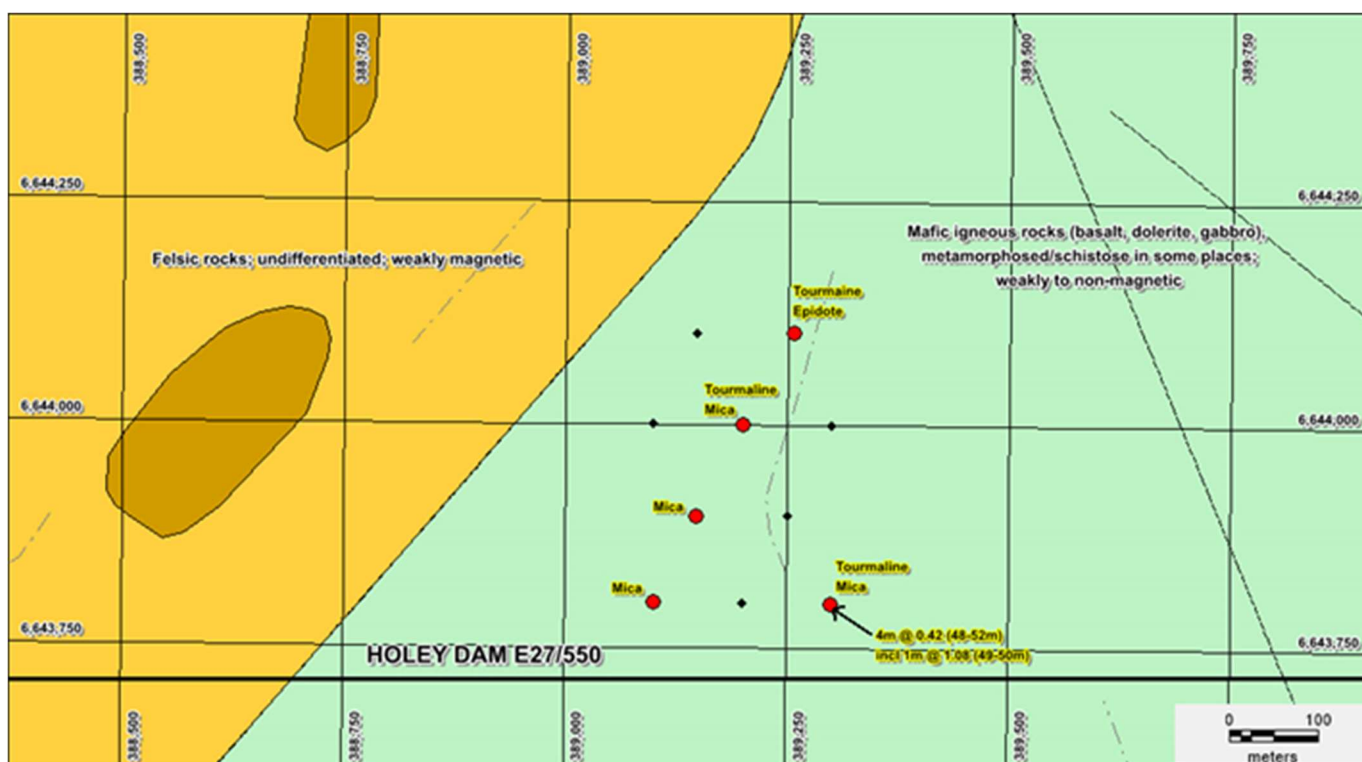


Figure 6: Holey Dam Area E showing interpreted geology and possible alteration mineralogy

¹ The results are reported in the ASX Announcement of 3 December 2020. In accordance with Listing Rule 5.23 the Company is not aware of any new information or data that materially affects the information included in that announcement.

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 in the Western Australian Kimberley Biosecurity Area has been totally inaccessible from March 2020 to date because of the Covid-19 pandemic lock down followed by the annual wet season of the region. The field exploration that has been planned for 2020 and deferred will be carried out in this June 2021 Quarter after the end of current wet season, subject to access restrictions.

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 in preparation for field exploration. Earth-AI applied Artificial Intelligence merging and analysing all publicly available geochemical, geological, and geophysical data to generate targets for field assessments.

The planned June 2021 Phase 1 exploration program will 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.

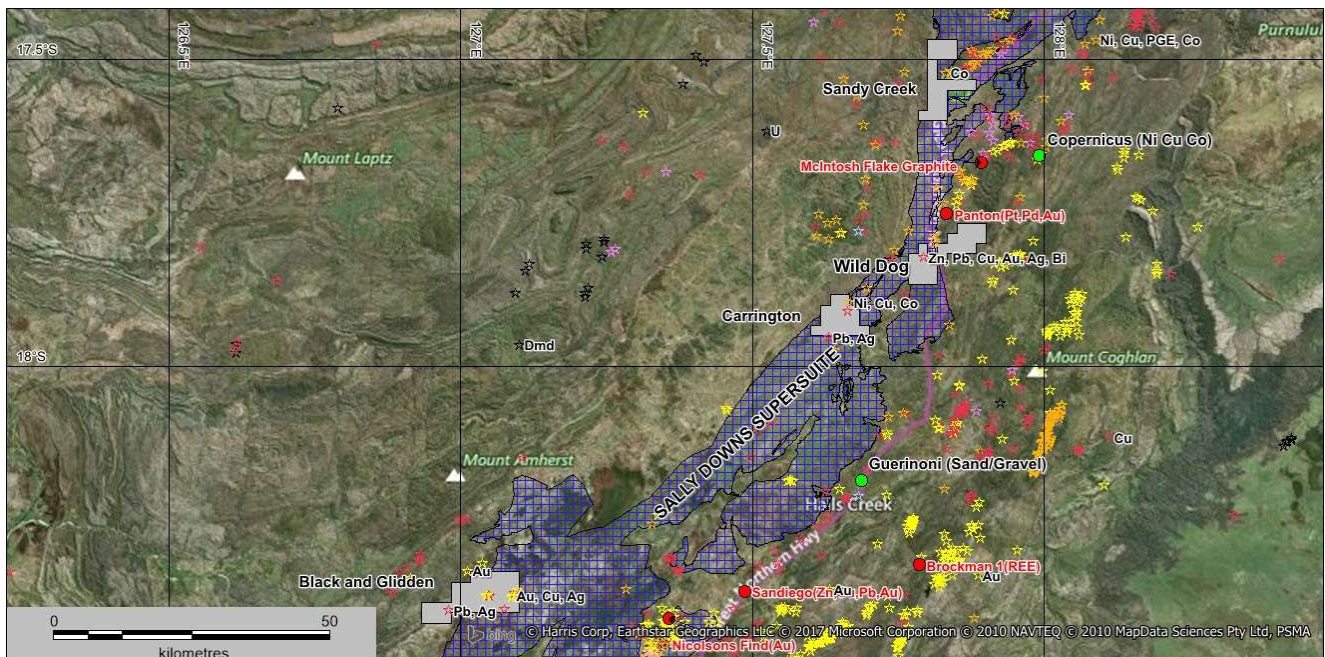


Figure 7: Halls Creek Project showing the 4 tenement applications located in the vicinity of Halls Creek

Geology of the Tenements

The Halls Creek Project comprises 4 granted tenements (**Figure 7**) 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.

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 8 and 9** with the main focus being structurally hosted Au mineralisation. There has been no historical drill testing of the Black and Glidden tenement.

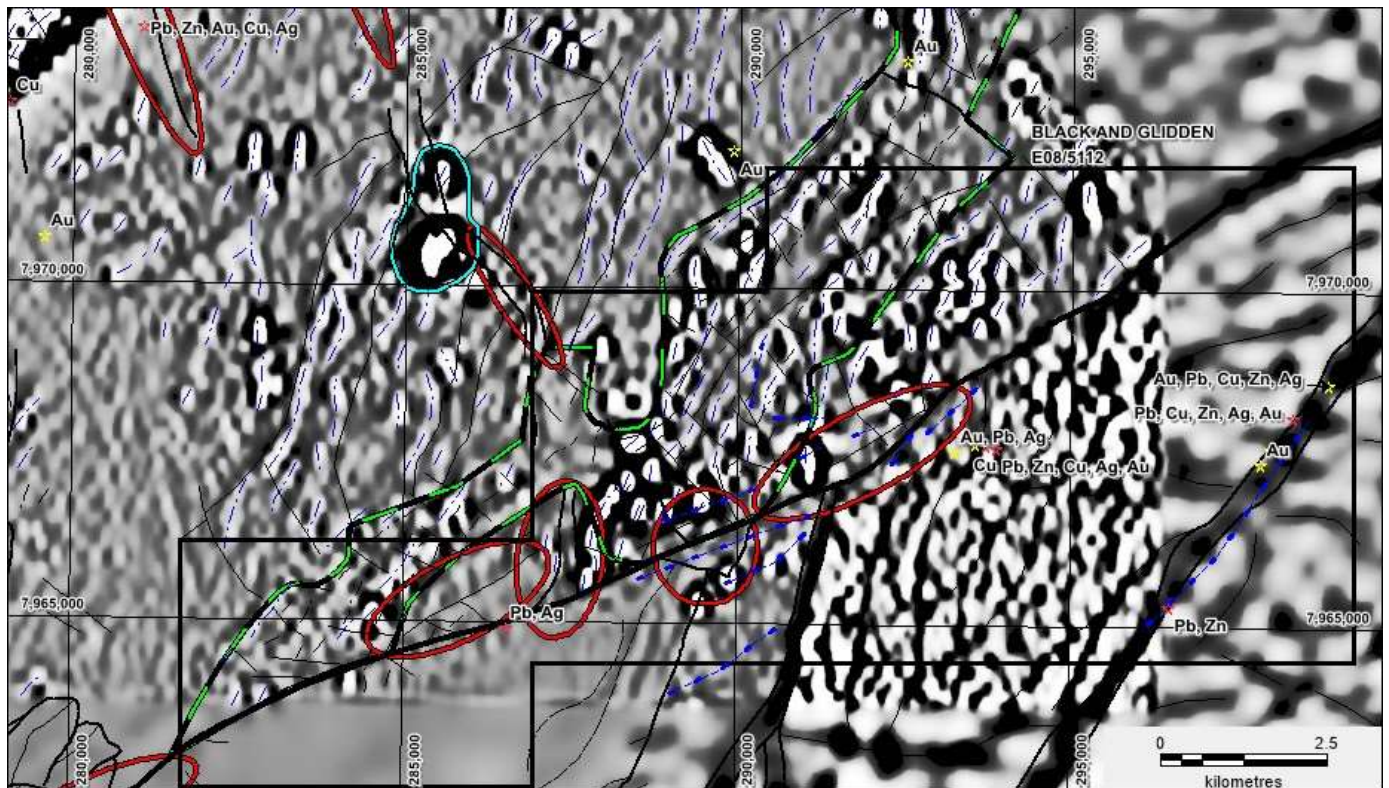


Figure 8: Black and Glidden tenement showing 2VD aeromagnetics, structures and target

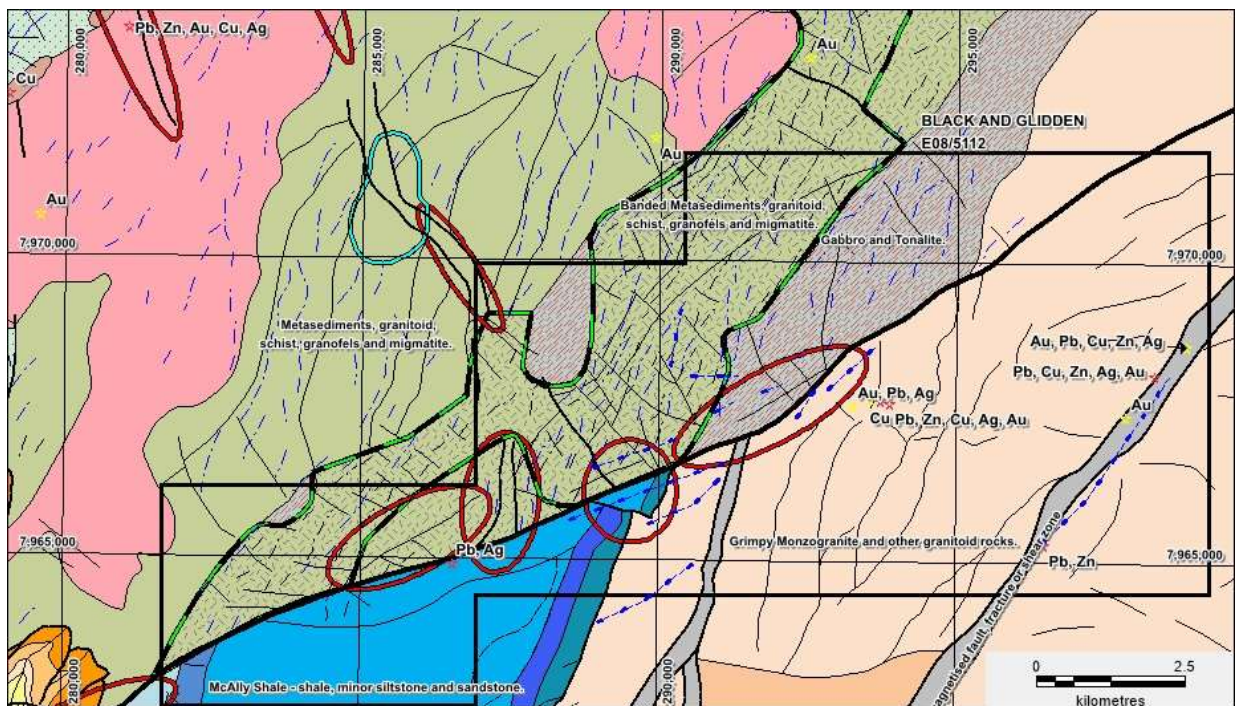


Figure 9: Black and Glidden tenement showing interpreted geology, structures and target

Carrington E08/5113

The Carrington tenement (**Figures 10 and 11**) 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 12**.

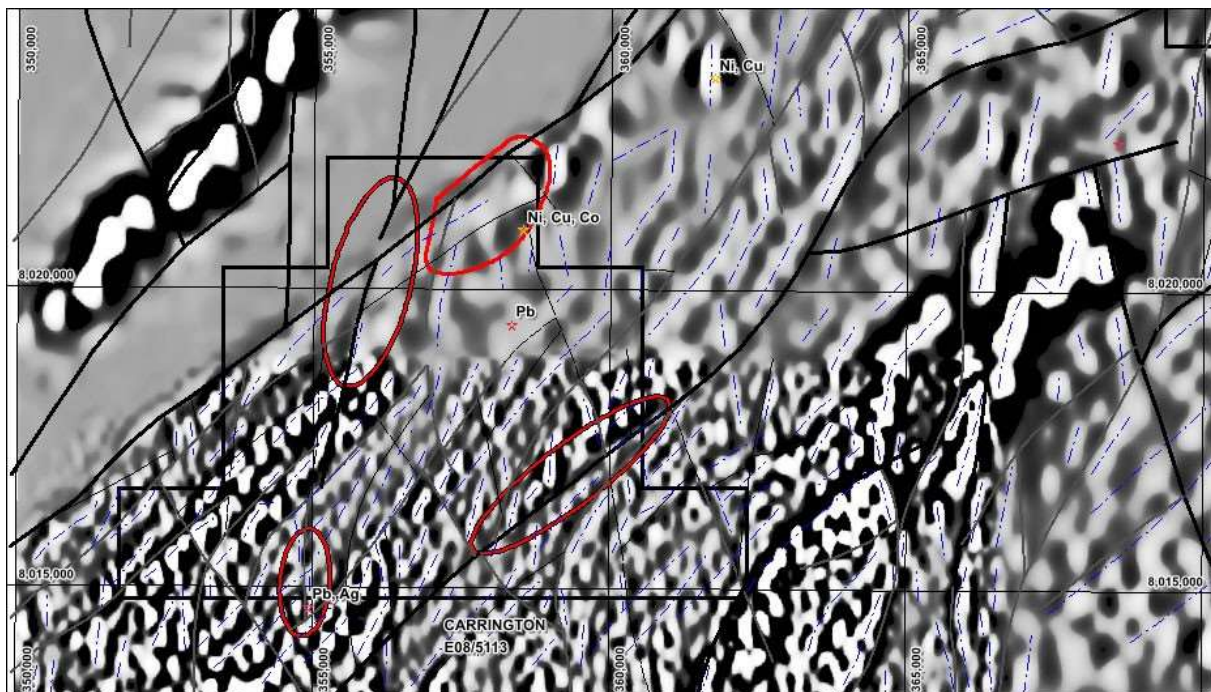


Figure 10: Carrington tenement showing 2VD aeromagnetics, structures and targets

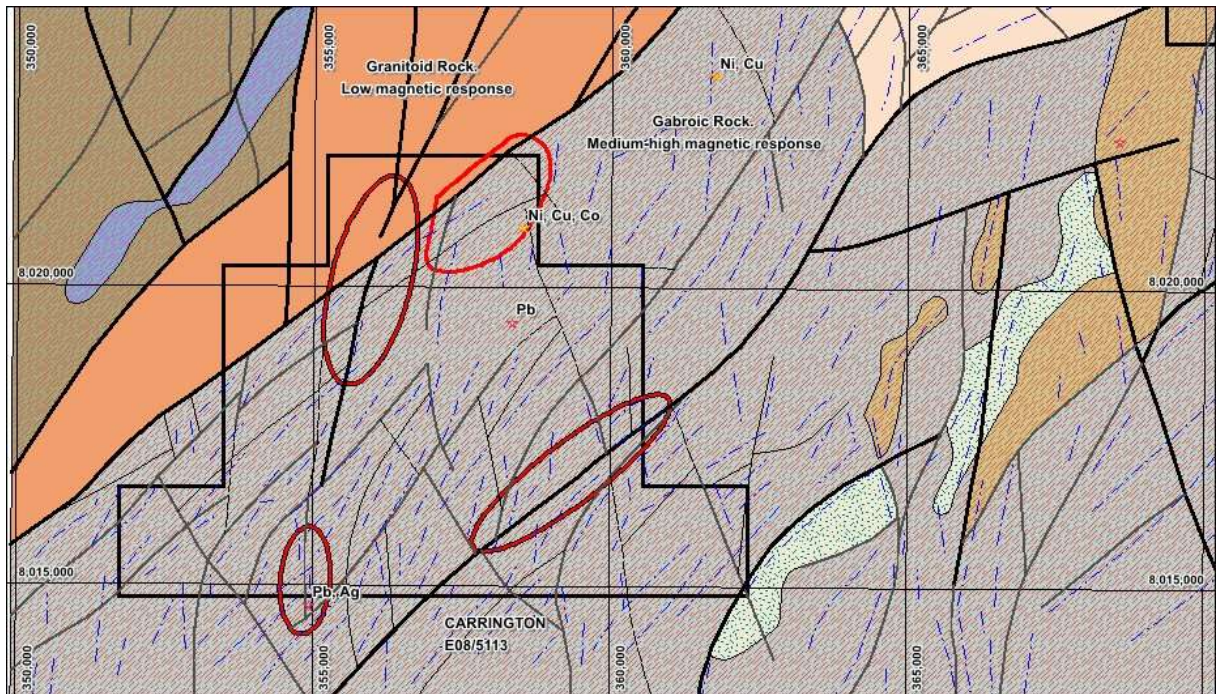


Figure 11: Carrington tenement showing interpreted geology, structures and targets

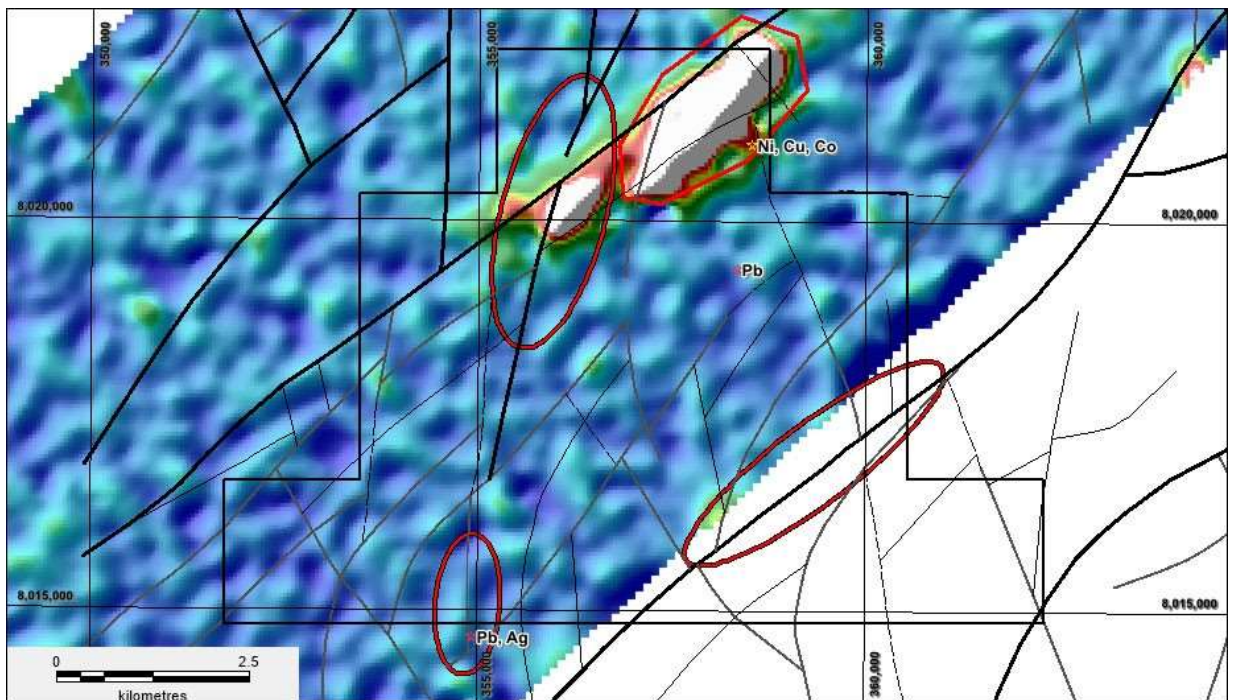


Figure 12: Carrington tenement showing EM anomaly structures and target

Wild Dog E08/5114/Sandy Creek E08/5115

The Wild Dog and Sandy Creek tenements (**Figures 13 and 14**) 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 tenement and with the same lithostructural contact extending into the Sandy Creek tenement and associated with a linear EM conductor.

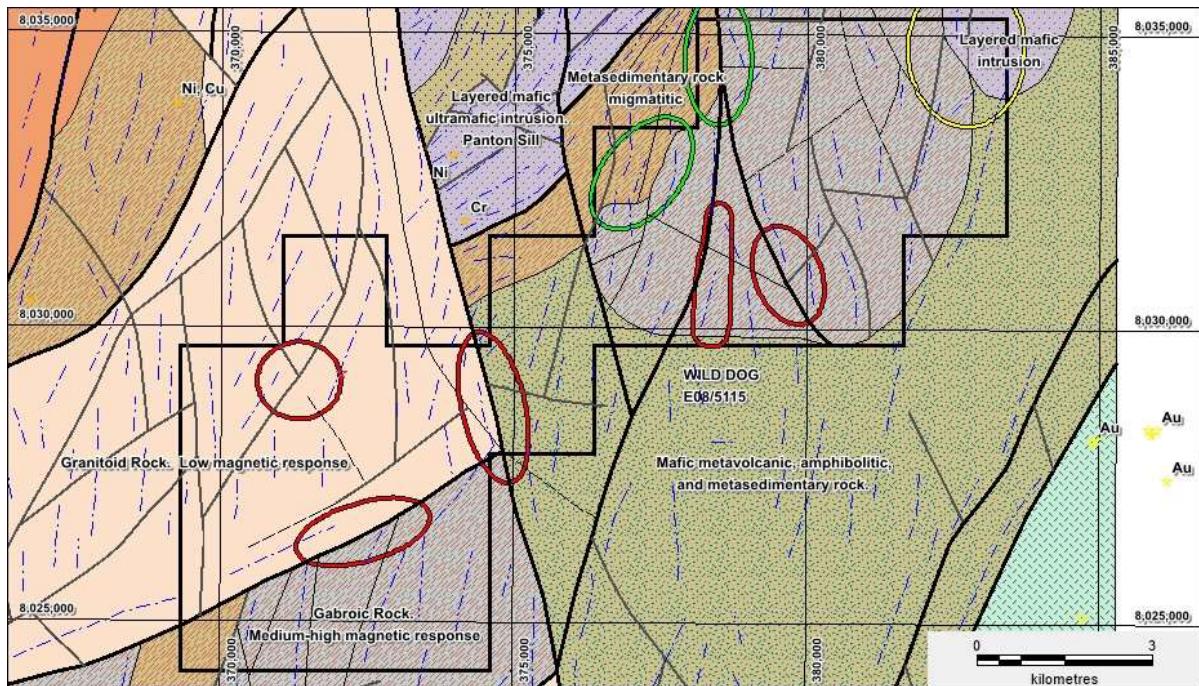


Figure 13: Wild Dog tenement showing interpreted solid geology, structures and target areas

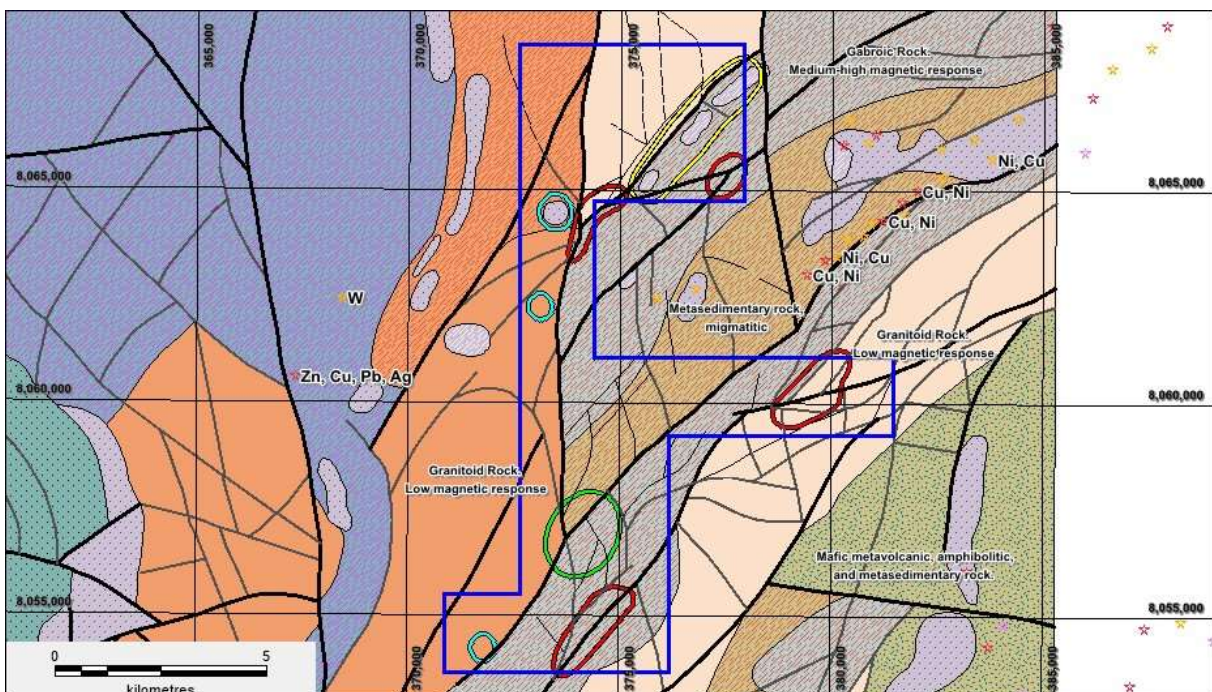


Figure 14: Sandy Creek tenement showing interpreted solid geology, structures and target areas

Tennant Creek – (Kovac and Gidyea) Base Metal/Gold Projects

ELAs 32666 and 32665 are held 100% by wholly owned subsidiary Kaili Gold Pty Ltd.

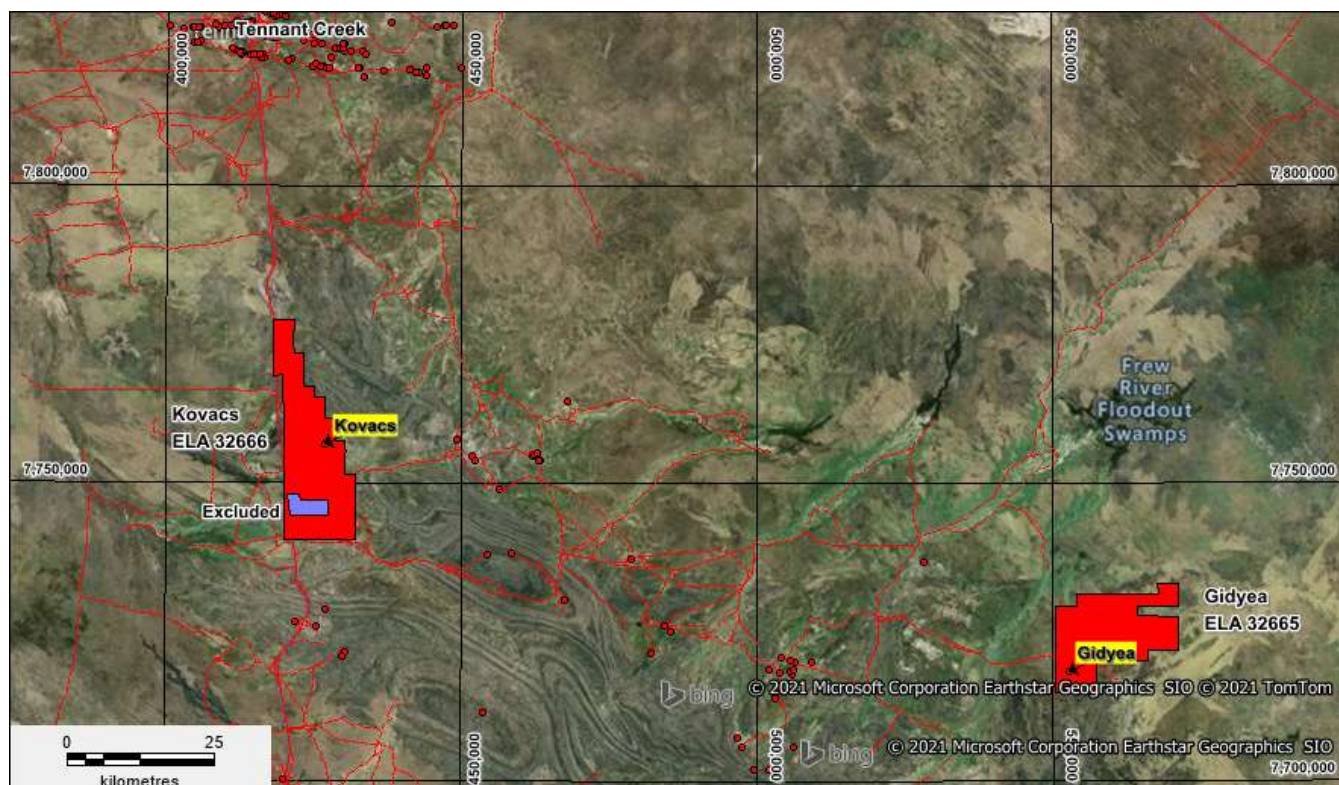


Figure 15: Regional Tenement Location SE of Tennant Creek – Kovacs and Gidyea

In February 2021, the Group applied for two Exploration Licences (ELs) registered as ELA 32666 and ELA 32665 located to the south and south east of Tennant Creek (**Figure 15**) . The process will take a few months to grant of the ELs.

Historic Production of the Region

Since 1932 the Tennant Creek goldfield has produced in excess of 5 M ounces of gold (156 tonnes), 345,000 tonnes copper, 1.8 M ounces of silver (56 tonnes), 14,000 tonnes bismuth and 220 tonnes of selenium. Although production has come from over a hundred small to medium-sized deposits, the bulk of the historical production has come from 12 main orebodies, including Peko, Warrego, Nobles Nob and Juno. Gold and copper grades are variable, but the deposits typically have high gold grades. Mineralisation is generally related to ironstones, which have formed in structural ‘traps’ within the sedimentary pile and is not associated with quartz veining, which is typical of many Proterozoic goldfields.

Gold has been reported at two locations just west of Gidyea: at Kurinelli, approximately 50 km due west and in several small mines near the Hatches Creek Wolfram (Tungsten) Field, 30 km to the southwest. Reports are that the Kurinelli goldfield produced an estimated 2,600 ounces of gold since about 1900.

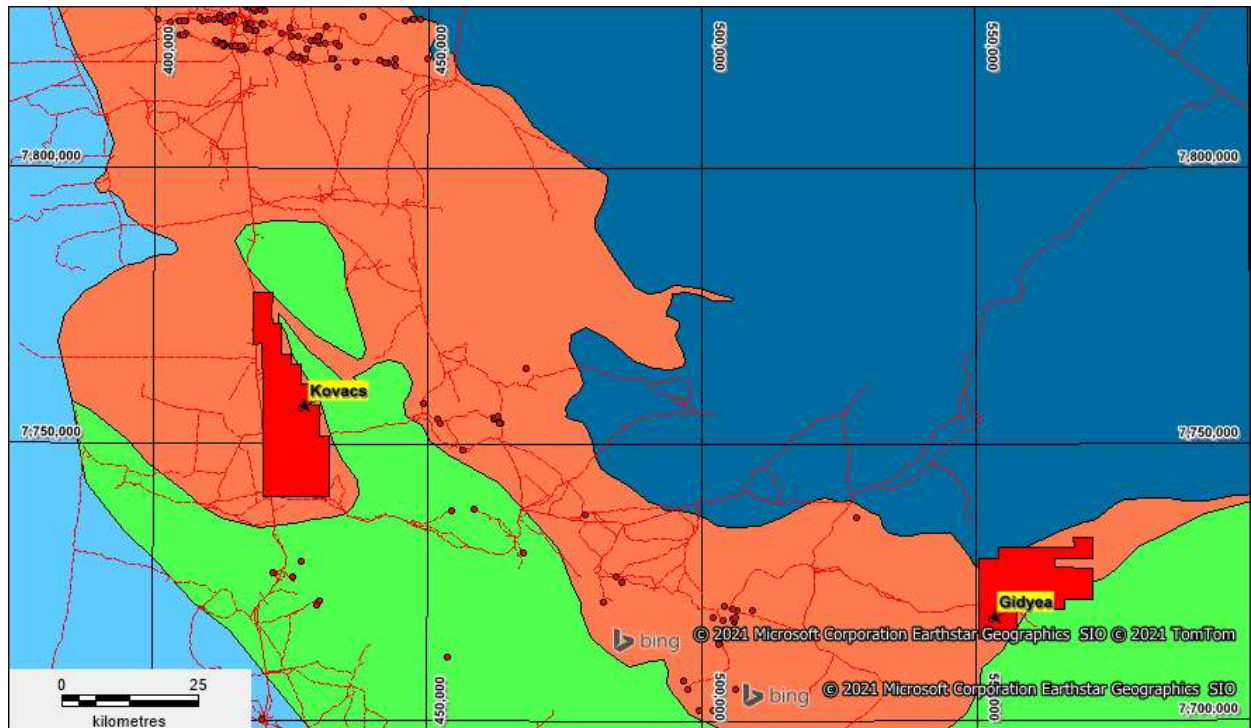


Figure 16: Regional Geological Location SE of Tennant Creek – Kovacs and Gidyea

Warramunga Province (Shaded Brown), Davenport Province (Shaded Green), Georgina Basin (Shaded Dark Blue) and Wiso Basin (Shaded Light Blue)

Geology of the Region

The tenements are located in the mineral rich Paleoproterozoic Warramunga Province (shaded brown) and flanked by the younger Palaeoproterozoic Davenport Province (shaded green) (**Figure 19**). The Provinces are flanked by the Cambrian Wiso and Georgina Basins to the west and east respectively.

The Warramunga is represented by the Ooradidgee Group and the Davenport by the Hatches Creek Group; both comprise various sedimentary units including sandstone, siltstone, limestone and dolostone as well as felsic to mafic volcanics. Very low-grade regional greenschist metamorphism associated with folding and faulting has affected the Paleoproterozoic rocks. Locally there are indications of lower amphibolites facies metamorphism in the volcanics.

The Cambrian age sediments include sandstone, conglomerate, dolostone and chert. Fossiliferous units occur in the younger Cambrian stratigraphy. Intrusive igneous rocks include sills of granophyre, microgranite and feldspar porphyry, sills, dikes and irregular bodies of dolerite and gabbro and, granites of varying ages. The igneous suites both pre and postdate the various deformational episodes.

The placement of the Ooradidgee Group into the Warramunga Province has opened up new economic implications for the region, given the world class Tennant Creek copper-gold-bismuth deposit style occurs in similar aged rocks. In the case of Gidyea, the presence of anomalous gold in ferruginous sediments of what have been mapped as Ooradidgee Group is very encouraging.

Magnetics and Radiometrics

The regional stratigraphy is quite convoluted as shown by **Figure 17** and is particularly evident on the Gidyea Project (east). The images indicate the stratigraphy at Gidyea is highly folded and magnetic with historical sampling at the Gidyea Prospect returning elevated Gold and Cobalt results. The convoluted magnetic stratigraphy at Kovacs (east) hosts some small gold workings that have had no exploration since the 1980's. **Figure 18** shows a uranium radiometric image which clearly outlines the Warramunga Province.

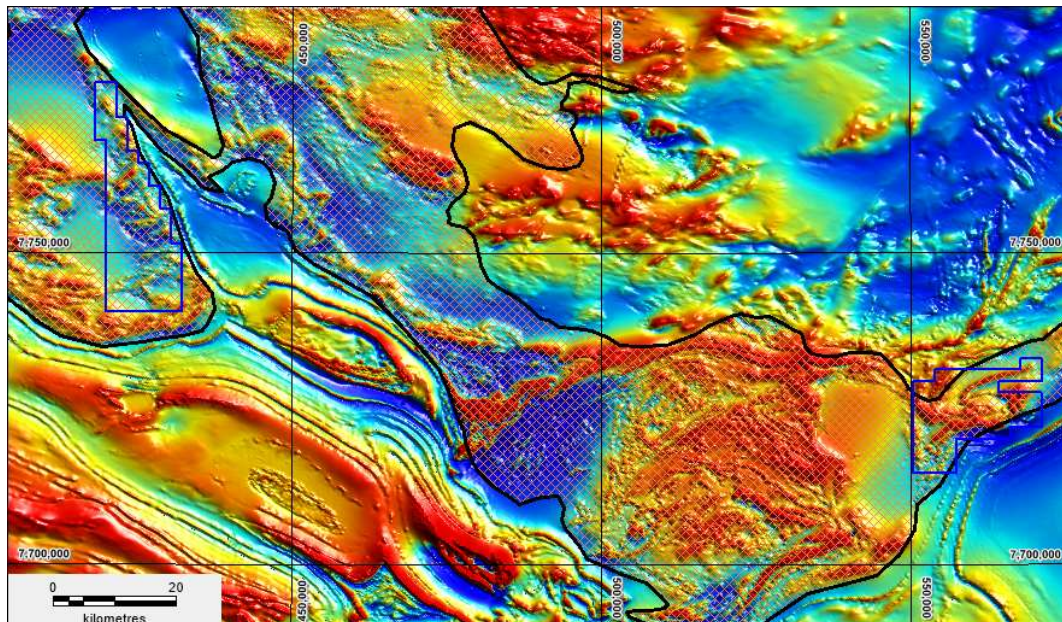


Figure 17: *Gidyea (east) and Kovacs (west) are shown on regional TMI magnetics with the Warramunga Province shown as a light hatching over the magnetics.*

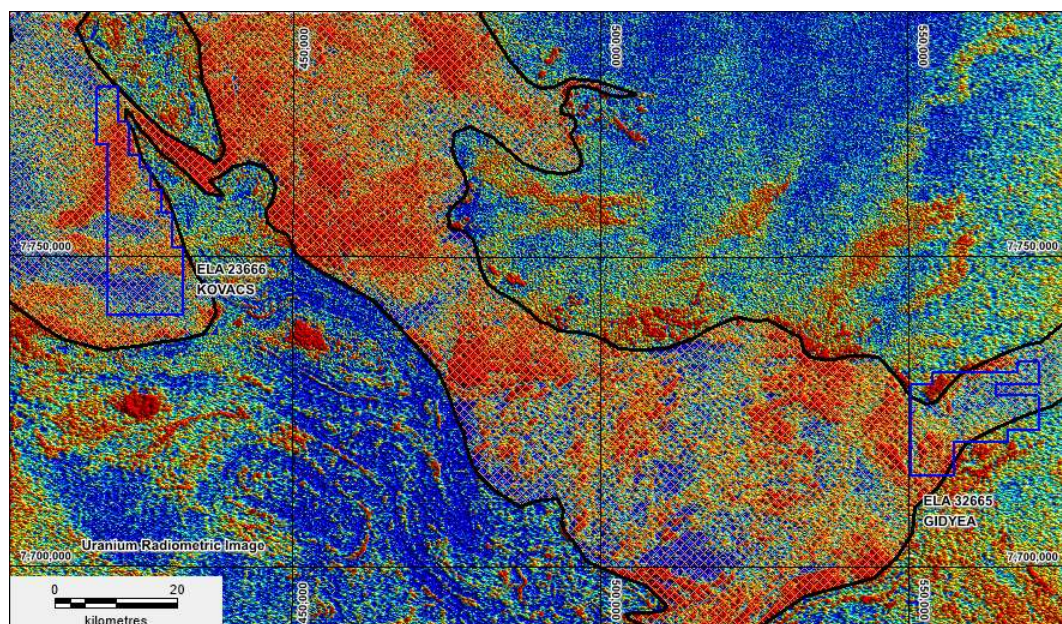


Figure 18: *Gidyea and Kovacs projects are shown on regional Uranium radiometrics with the Warramunga Province shown as a light hatching over the radiometrics.*

Exploration expenditure

The expenditure incurred for exploration in the tenements for the quarter and year to date (3 months) is \$7,000.

Payments to related parties of the entity and their associates

The aggregate amount of payments to related parties and their associates included in item 1 (Cash Flows from Operating Activities) reported in Item 6.1 of the Appendix 5B Cash Flow Report of \$16,000 for the quarter is in respect of salary and superannuation contributions for the executive director.

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 March 2021 quarter and their locations. Applications were lodged with the NT government for ELA 32665 Kovac and ELA 32666 Gidyea. No tenements were acquired or disposed of during that quarter

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/Copper/Nickel	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	103.04	31/08/2023
Carrington	Cobalt/Gold/Copper/Nickel	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	51.2	31/08/2023
Sandy Creek	Cobalt/Gold/Copper/Nickel	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	64	31/08/2023
Wild Dog	Cobalt/Gold/Copper/Nickel	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	70.4	31/08/2023
Kovacs	Gol/Base Metals	NT - Warraminga Province	Kaili Gold Pty Ltd	100%	289.06	Application 23/02/2021
Gidyea	Gol/Base Metals	NT - Warraminga Province	Kaili Gold Pty Ltd	100%	241.93	Application 23/02/2021

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	Long Zhao
Director	Director and Company Secretary
29 th April 2021	