

ACTIVITIES REPORT – JUNE 2022 QUARTER

EXPLORATION HIGHLIGHTS

Yilgarn Craton (Gindalbie) Gold Project in Western Australia

Following the March Quarter drilling results of seven (7) Reverse Circulation (RC) holes for 612 m within the Canegrass tenement, 3 RC sections have had an initial interpretation leading to planning for an Induced Polarisation (IP) survey in Q4 2022 to cover the area of the RC drilling and the broader aeromagnetic low. Elevated gold intersections >0.25 g/t Au were obtained in most drill holes with the southern-most line (6672150mN) having 4 m composite intersections of 0.6 g/t Au and 0.5 g/t Au in addition to 1 m @ 1.4 g/t Au and 1m @ 3.99 g/t Au. The basalt has variable silica and chlorite alteration, quartz veining, elevated magnetics and disseminated pyrite. With the delineation of a significant conductive target follow up RC drilling will be planned for Q1 2023.

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

Planning has been underway for a follow up of the 2021 field exploration during the Q2 2022 dry season, but unavailability of helicopter services required for access in the next phase has delayed commencement to Q3 2022. Exploration will include processing of satellite imagery followed by a field program comprising helicopter and ground traverses to carry out surficial geochemical exploration.

Tennant Creek Project in Northern Territory

Awaiting for confirmation of meeting with the Traditional Owners and Central Land Council to discuss the Company's plan for reconnaissance mapping and sampling at the newly granted Gidyea tenement (EL 32665). Grant of Kovacs EL 32666 is also awaited.



Figure 1: Kaili Resources Project Locations

Yilgarn (Gindalbie) Gold Project – Western Australia
Canegrass E31/1113 and Holey Dam E27/550
Held 100% by wholly owned subsidiary Kaili Gold Pty Ltd

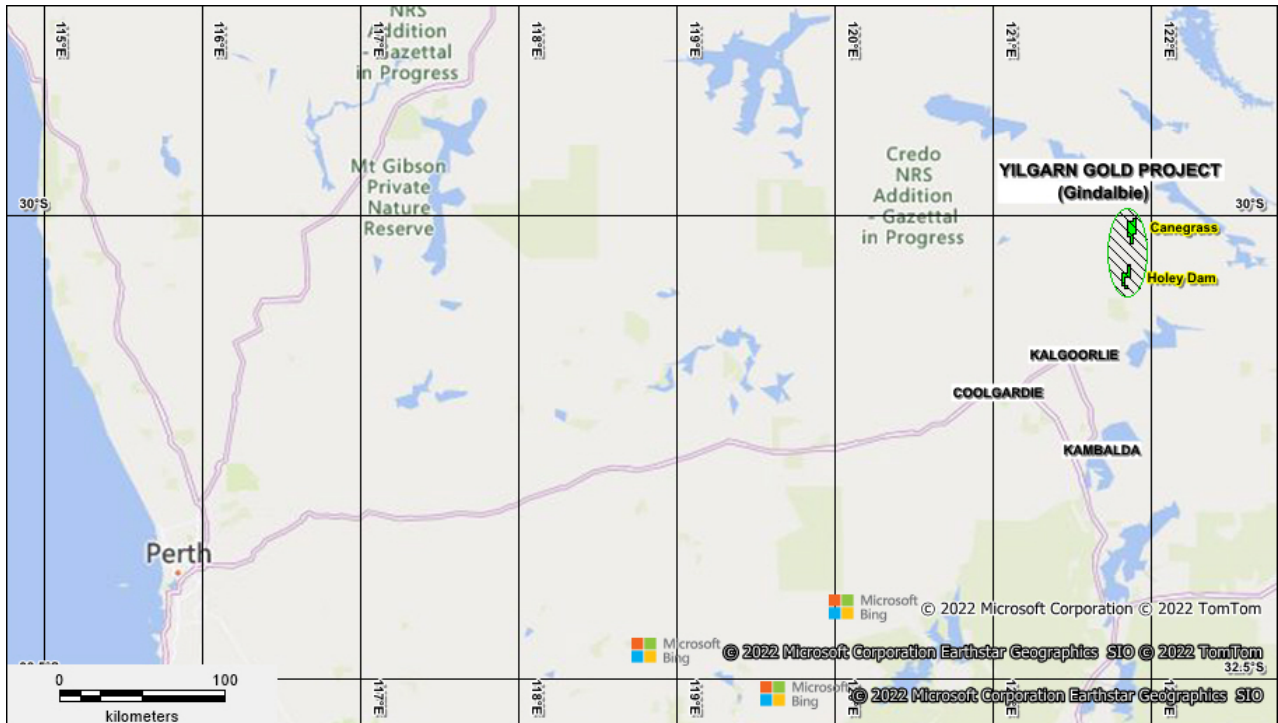


Figure 2: Kaili Resources Yilgarn Gold Tenement Locations

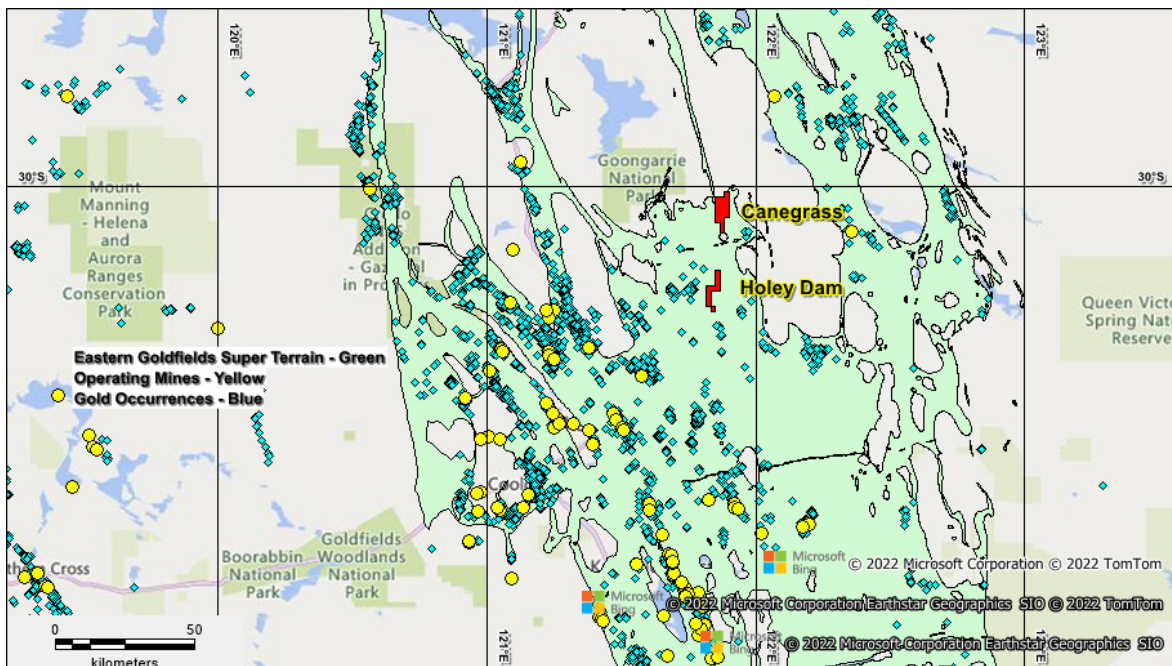


Figure 3: Eastern Goldfields Super Terrain and Operating Mines

Canegrass RC Drilling Results

The 7 RC holes for 612 m drilling in the March Quarter returned the following results (see ASX Announcement of 4 April 2022):

Elevated gold intersections >0.25 g/t Au were obtained in most drill holes with the southern-most line having 4 m composite intersections of 0.6 g/t Au and 0.5 g/t Au in addition to other intersection to 1 m @ 1.4 g/t Au. These and other 4 m composite intervals >4 m @ 0.25 g/t Au require re-sampling as 4 x 1 m samples. The association of a significant regional fault, a competency contrast between the mafic and felsic volcanics and elevated gold/pyrite in the RC drilling indicates further drilling may be warranted once all the data has been reviewed along with all historical data (**Figures 4 to 7**).

Significant gold intervals are shown below:

CGRC001

3 m @ 0.6 g/t 51-53 m including 1 m @ 1.0 g/t 51-52 m

CGRC003

3 m @ 0.38 g/t 69-71 m

CGRC004

1 m @ 0.32 g/t 62-63 m

CGRC006

4 m @ 0.52 g/t (4 m composite to be split into 1 m samples)

CGRC007

4 m @ 0.6 g/t (4 m composite to be split into 1m samples)

1 m @ 0.54 g/t 73-74 m

1 m @ 1.4 g/t 77-78 m

Two 4 m composites in holes CGRC006 and GCRC007 returned significant results over the interval (see above) and have been re-sampled as 4 x 1 m intervals (CGRC007 – 36-40 m and 64-72m, CGRC006 – 68-76 m and 84-88 m) for a total of 20 x 1 m splits of the original 4m composite samples.

The March Quarter RC drilling was a follow up program to the 2020 Aircore drilling program that intersected 1 m @ 3.96 g/t Au¹ on the most southern line in hole CGAC025 that had the same collar as CGRC005 with the holes drilled at 90 degrees and 270 degrees respectively.

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.

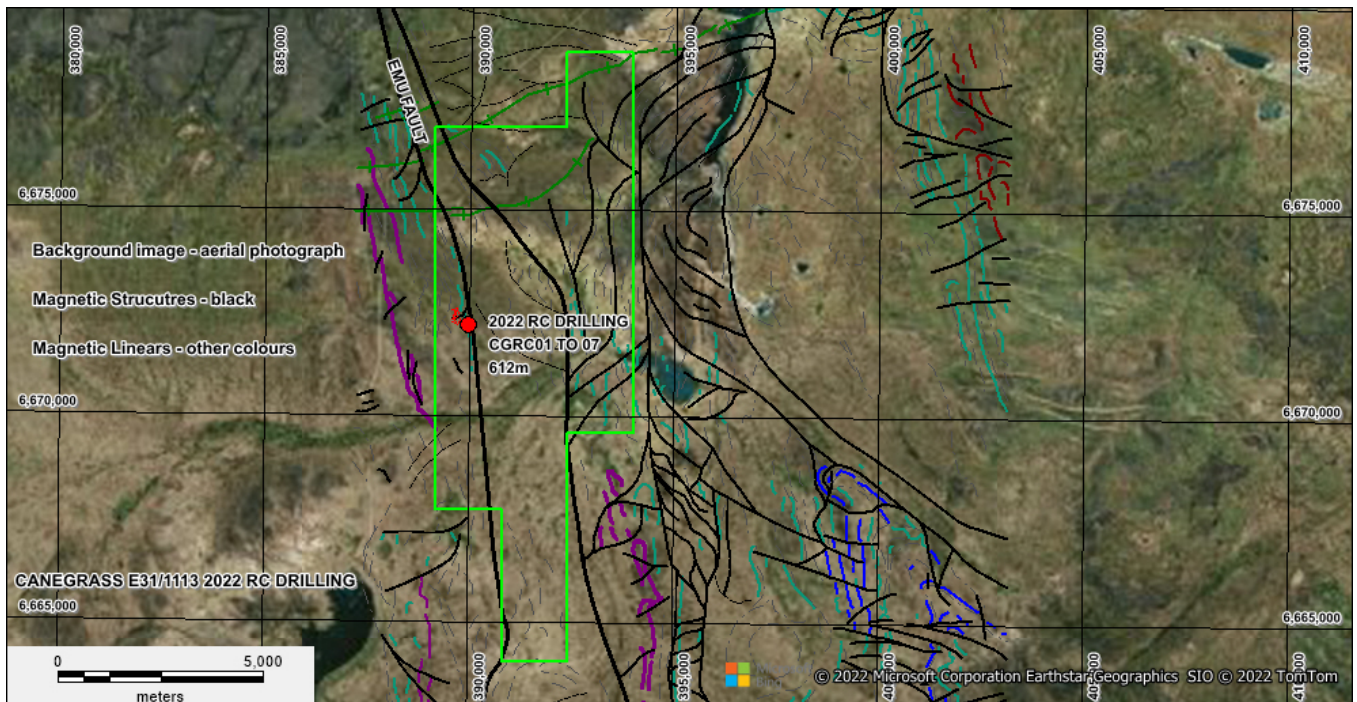


Figure 4: Aerial Imagery with tenure, aeromagnetic structures and RC drilling

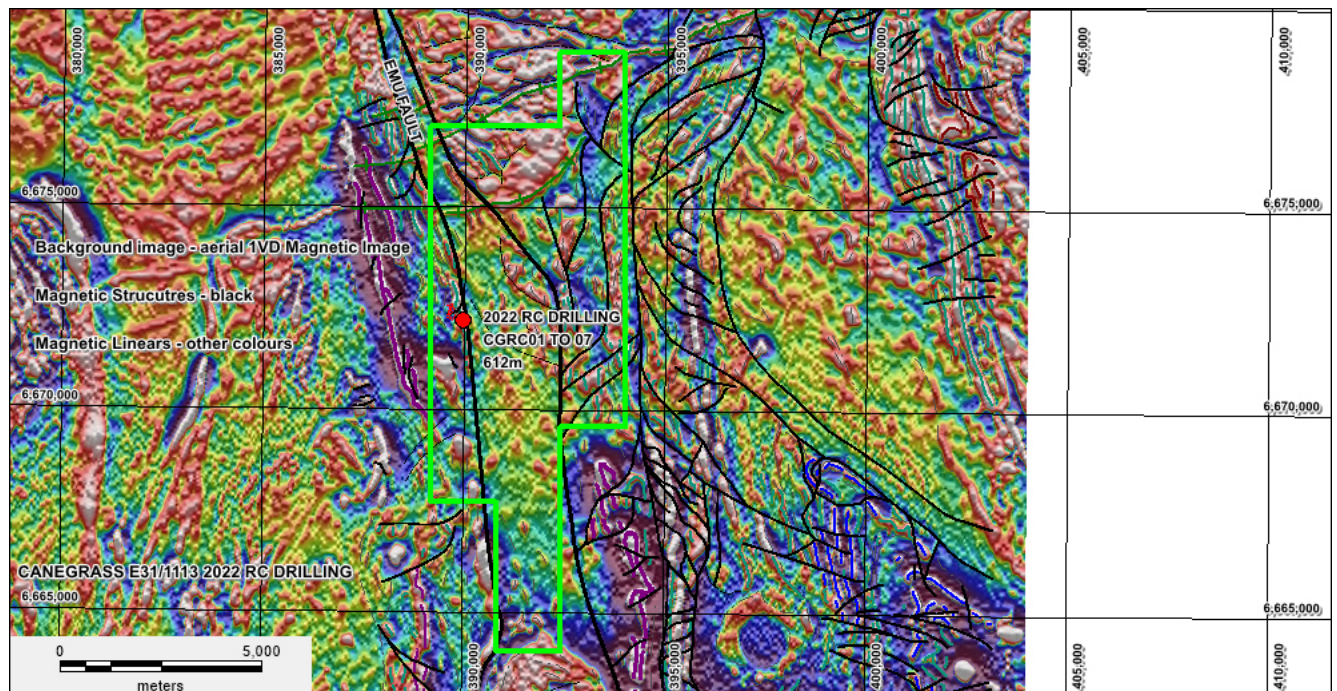


Figure 5: Aeromagnetic Image with tenure, aeromagnetic structures and RC drilling

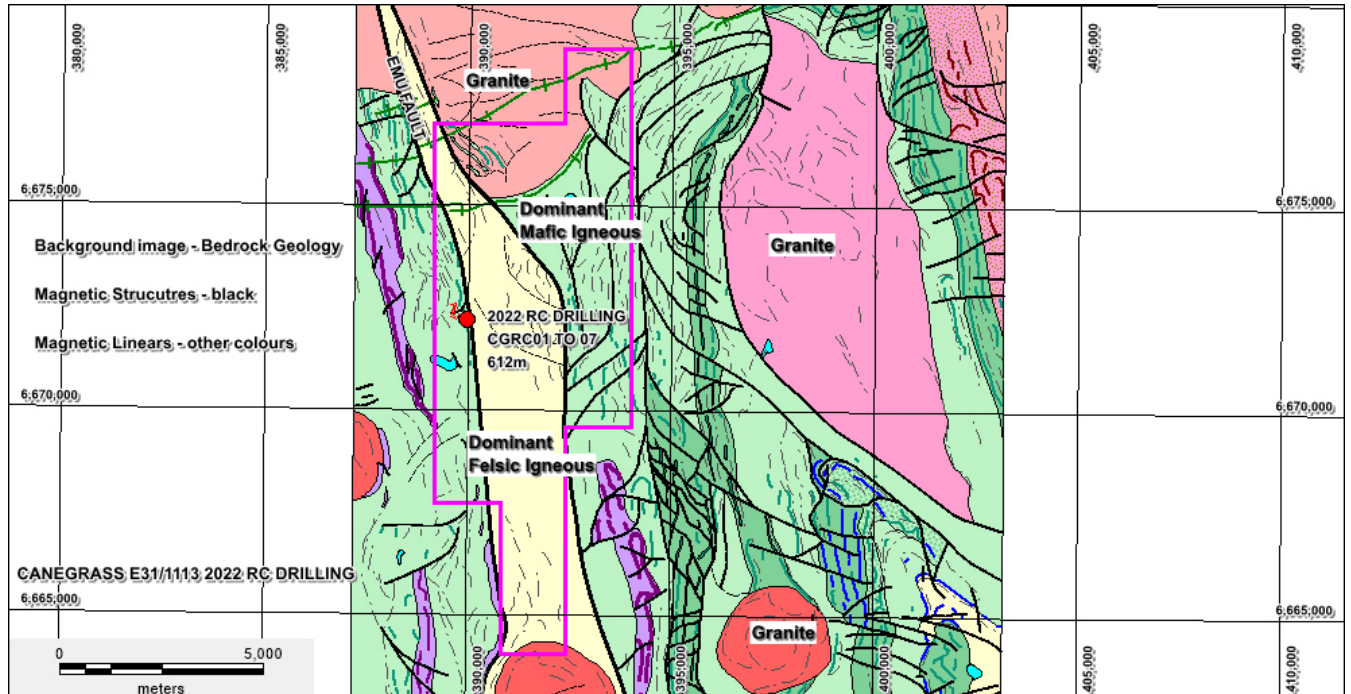


Figure 6: Bedrock Geology with tenure, aeromagnetic structures and RC drilling



Figure 7: RC Drill Collars with significant gold intersections

Northing_GDA94_Zone51	Easting_GDA94_Zone51	Prospect	Hole ID	Tenement	Drill_Type	Depth m	Inclination	Azimuth(magnetic)
6672250	389975	CG_F	CGRC001	Canegrass EPM 31 1113	RC	90	-60	270
6672250	389925	CG_F	CGRC002	Canegrass EPM 31 1113	RC	90	-60	270
6672200	390000	CG_F	CGRC003	Canegrass EPM 31 1113	RC	72	-60	270
6672200	389950	CG_F	CGRC004	Canegrass EPM 31 1113	RC	90	-60	270
6672200	389900	CG_F	CGRC005	Canegrass EPM 31 1113	RC	90	-60	270
6672150	389975	CG_F	CGRC006	Canegrass EPM 31 1113	RC	90	-60	270
6672150	389925	CG_F	CGRC007	Canegrass EPM 31 1113	RC	90	-60	270
						612		

Table 1 RC Drill Collars

The Canegrass area was targeted originally by the Company as comprising extensive mafic volcanics and intrusives with an associated regionally significant structure – Emu Fault which is associated with gold mineralisation to the north at the historic Gindalbie Mining Centre. The location of the 2022 RC drilling (**Figure 7 and Table 1**) program is a follow up to the 2020 Aircore Drilling Program which highlighted Area F as an area with elevated gold in the aircore drilling. Southern Geoscience compiled all available open file geophysical data and merged/processed the data. This was followed by an interpretation of structural elements and magnetic lineaments (**Figure 5**). The final phase of the interpretation was to construct a bedrock interpretation of the tenement as shown in **Figure 6**. The interpretation is that the Emu Fault defines the contact between mafic (green) and felsic (yellow) intrusive/extrusive rocks with the prime exploration focus being the mafic dominant lithologies to the west of the Emu Fault. The 2020 aircore drilling intersected 1 m @ 3.96 g/t Au¹ in hole CGAC025 located on the southern-most drill traverses in the Area F grid -6672000mN. The March RC program comprising 7 holes was aimed to test the gold anomalous southern line in addition to drilling 50 m to the north (6672250mN) and south (6672150N) **Figure 7**, Section 6672150 is **Figure 8** and section 6672200 is **Figure 9**.

During the Quarter the RC sections were interpreted as shown in **Figures 8 and 9**. The surface layer comprises ferricrete and silcrete that grades downwards into upper saprolite (usually mottled), lower saprolite and saprock as fresh bedrock is approached. The ferricrete is magnetic comprising maghemite. All holes intersected basalt or variations of a mafic extrusive rock and in some cases the basalt was altered (silica and chlorite) with local quartz veins and trace to 5% disseminate pyrite.

An IP survey (**Figures 10 and 11**) is planned to test an area of low magnetics that corresponds to elevated gold in drilling to 1m @ 3.96 g/t Au and likely also to be associated with silica and chlorite altered basalt. However, the industry is facing shortage of service providers and the earliest that the survey may be conducted is earmarked for the later part of Q4 2022.

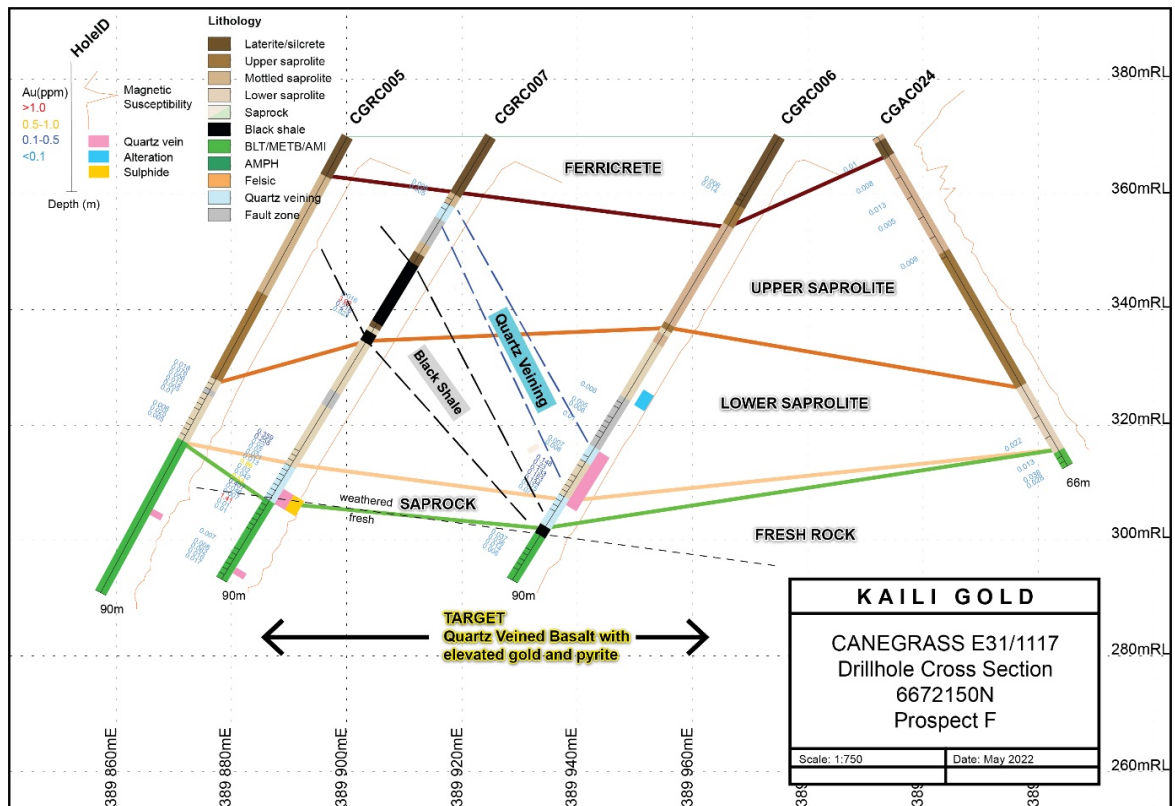


Figure 8: RC Interpreted Drill Cross Section 6672150N

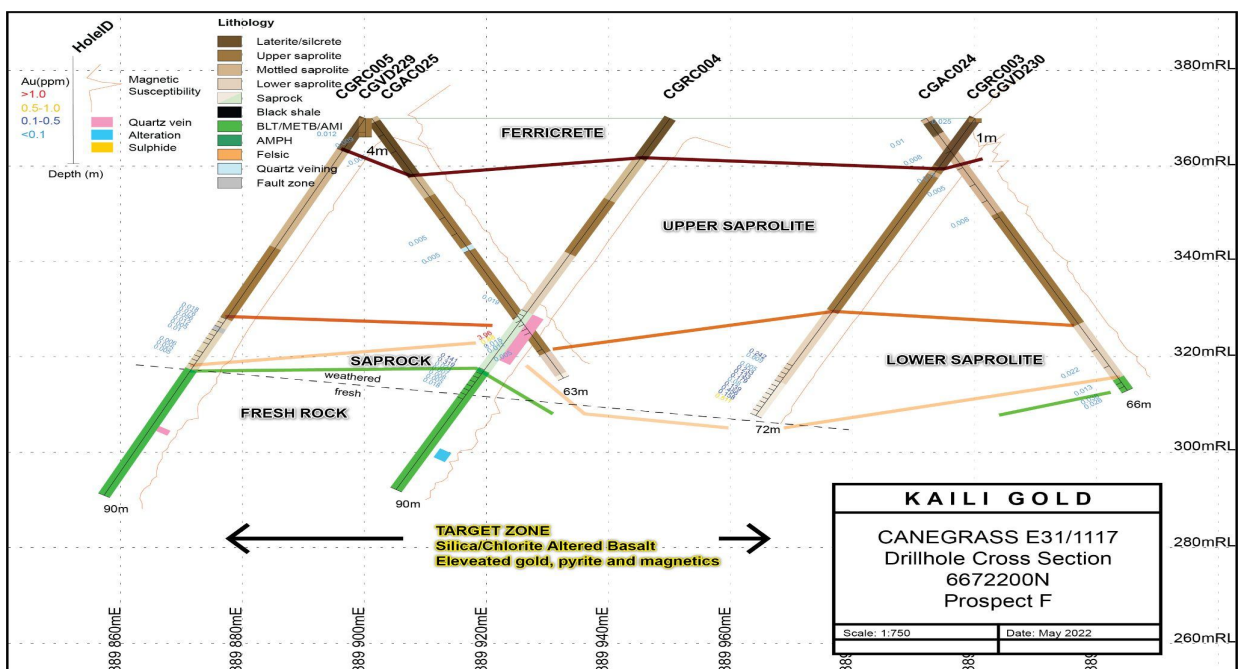


Figure 9: RC Interpreted Drill Cross Section 6672200N

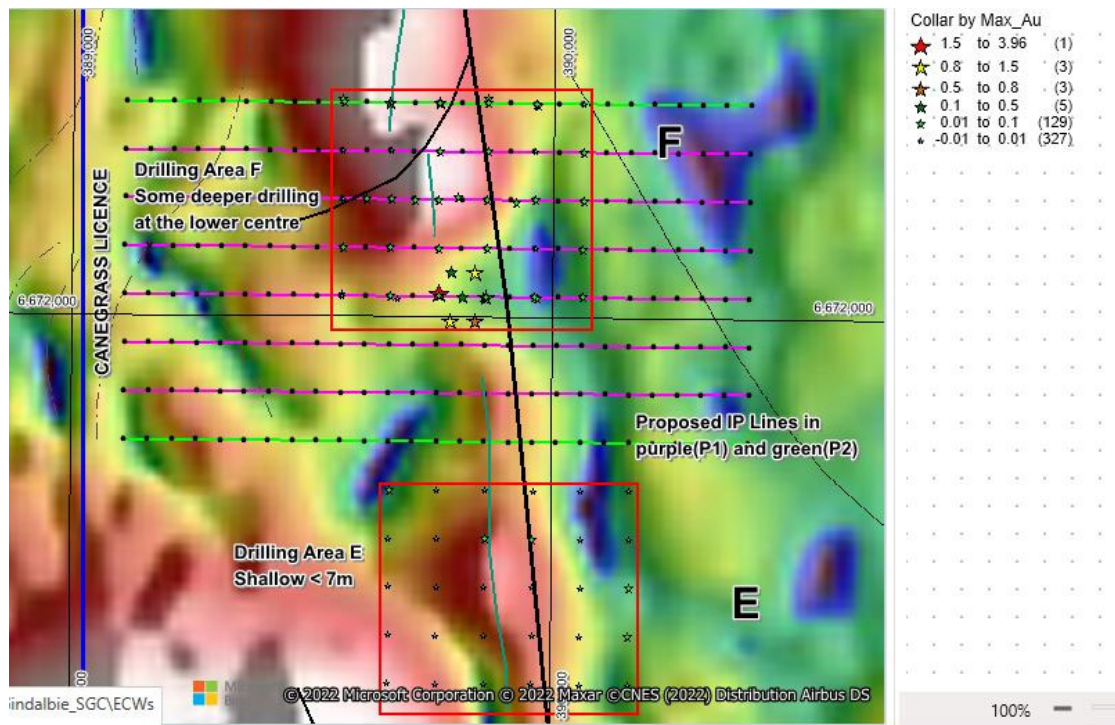


Figure 10: TMI Magnetics with proposed IP Grid and Prospects E and F

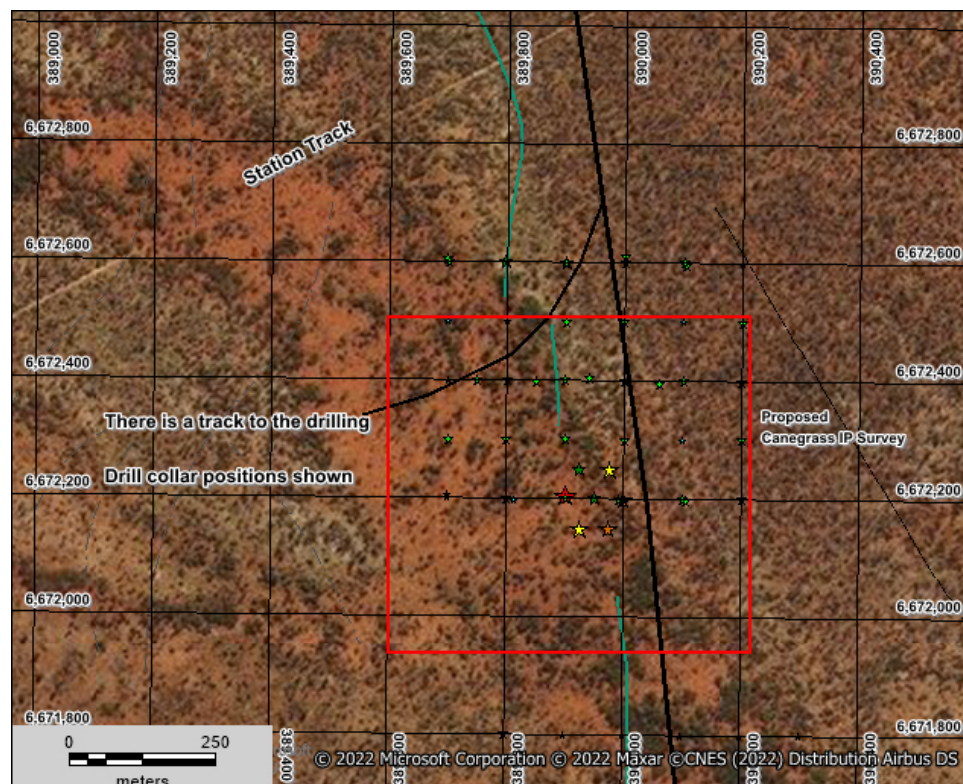


Figure 11: Aerial Photograph showing IP grid and vegetation cover

Halls Creek – Gold/Cobalt/Base Metals Projects - Western Australia

(Black and Glidden, Carrington, Sandy Creek and Wild Dog)

E 80/5112, 5113, 5114 and 5115

Held 100% by wholly owned subsidiary Kaili Iron Pty Ltd.

Field activities may only be carried out at Halls Creek during the dry season, usually April to October, in that northern part of Western Australia.

The Company has planned a field based exploration for the 2022 dry season that includes processing of satellite imagery followed by a field program comprising helicopter and ground traverses to carry out surficial geochemical exploration.

The results of the 2021 field season sampling and targets to be sampled in 2022 are presented below. The 2021 exploration program comprised a series of foot and vehicle traverses in combination with grid based soil sampling across targets generated in all four tenements. The soils sampling comprised a series of E-W traverses across the target areas with samples collected every 50 m along the sampling lines.

A total of 454 soil samples and 35 rock samples were collected across all 4 tenements (**Figure 12**). The samples were initially scanned using the Company's Olympus Delta then despatched to the ALS laboratory in Perth.

Summary of Rock Results (mainly from the Black and Glidden tenement) are as follows:

- **Gold (Au) to 2.78g/t**
- **Lead (Pb) to 9.93%**
- **Zinc (Zn) to 12.6%**
- **Copper (Cu) to 0.82%**
- **Silver (Ag) to 171g/t**

The results were reported in the ASX Announcement of 8 September 2021. In accordance with Listing Rule 5.23 the Company advises that it is not aware of any new information or data that materially affects the information included in that announcement.

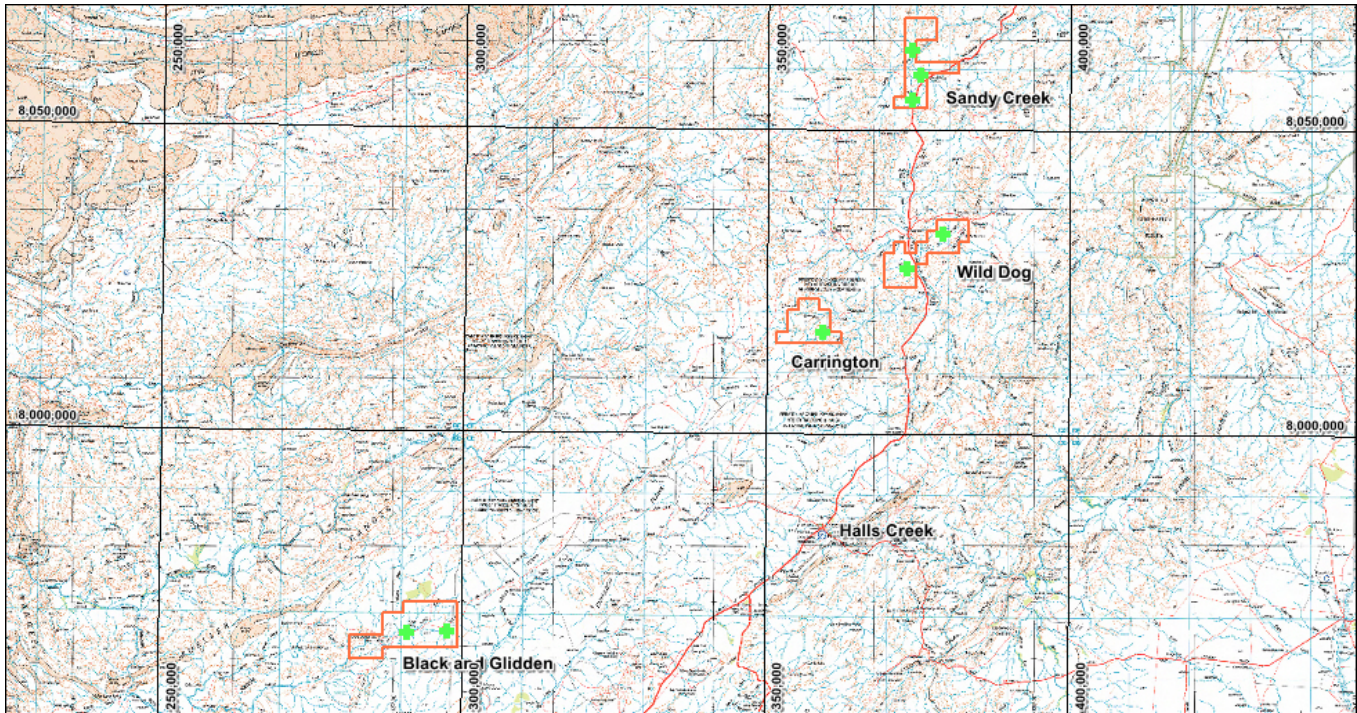


Figure 12: Halls Creek Project showing the 2021 soil sampling grids in green

Geology of the Tenements

The Halls Creek Project comprises 4 granted tenements (**Figure 12**) 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 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 Hall Creek Project is situated primarily within gabbro to norite rocks of the McIntosh Suite.

Black and Glidden E80/5112

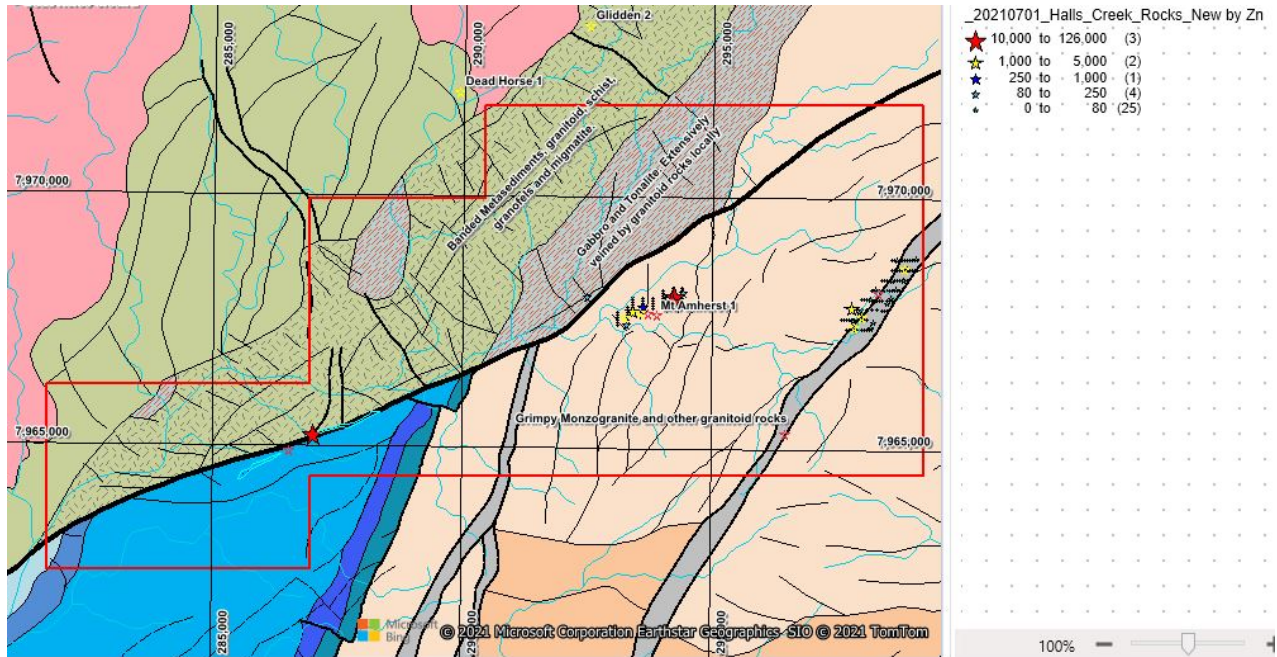


Figure 13: Black and Glidden Interpreted Geology and Structure

The Black and Glidden Tenement (**Figure 13**) comprises the Grumpy Monzogranite in the east with mafic intrusives and metasediments to the west. These two lithostructural groups are separated by the NE-SW Lubbock Range Fault. During the last field trip, the focus was on two areas of historical workings Eastern Shear 2/Soda Springs 3 in the east and Mt Amherst5/Soda Springs 1 in the west. The western group of workings are associated with an intermittent ENE-WSW quartz vein (locally gossanous) and a NE-SW prominent quartz ridge in the east. The near vertical mineralised quartz lode has a general orientation of 300 degrees and comprises quartz and carbonate veining.

There is a second set of veining oriented at 350 degrees and likely a conjugate set. Narrow dolerite dykes parallel the lodes. Epidote alteration of the host monzogranite is evident adjacent to the lode whereas the monzogranite elsewhere is grey. The lode is locally gossanous with boxwork textures and very high base metal assays along with visual malachite and azurite mineralisation. The soils sampling grids are shown in **Figures 13** and **14**.

The sampling was conducted within the Grumpy Monzogranite which is locally quartz veined and strongly epidote altered. A single sample (**Figure 14**) was taken of a small quartz vein adjacent to the Lubbock Range Fault and returned 0.27% Pb and 9.6% Zn. The veining at the western prospect was a mixture of quartz and calcite with local gossanous zones to 0.82% Cu, 9.93% Pb and 12.6% Zn. A portion of this veins system had the highest Au and Ag at 2.78 g/t and 171 g/t respectively. Vein quartz outcrops over a 315 degrees strike length of

about 1.5 km (**Figure 14**). The soil geochemistry was not significantly elevated in gold or base metals apart from some elevated gold. This is likely due to the extensive granitic transported soils masking underlying mineralised zones.

Further targets along the Lubbock fault will be evaluated in the field program in Q3 2022.

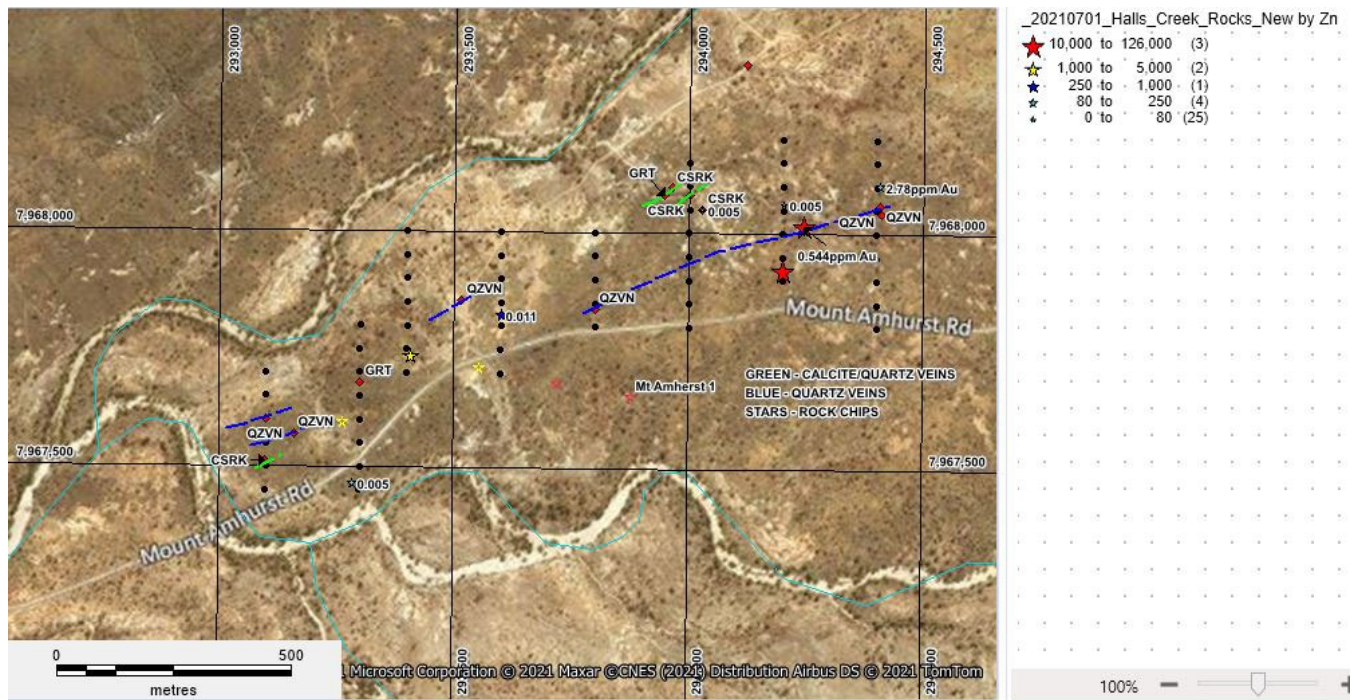


Figure 14: Black and Glidden western soil grid showing distribution of quartz and calcite veining in the Grumpy Monzogranite

CARRINGTON E80/5113

The Carrington tenement (**Figure 15**) has limited vehicular access, so the initial 2021 field based exploration involved a series of E-W soil traverses as shown in **Figure 15** across a major NE SW fault. A single rock sample of vein quartz returned 0.15% Cu. The remainder of the priority targets will be sampled in the next field period in Q3 2022 including the EM conductor via helicopter traverses.

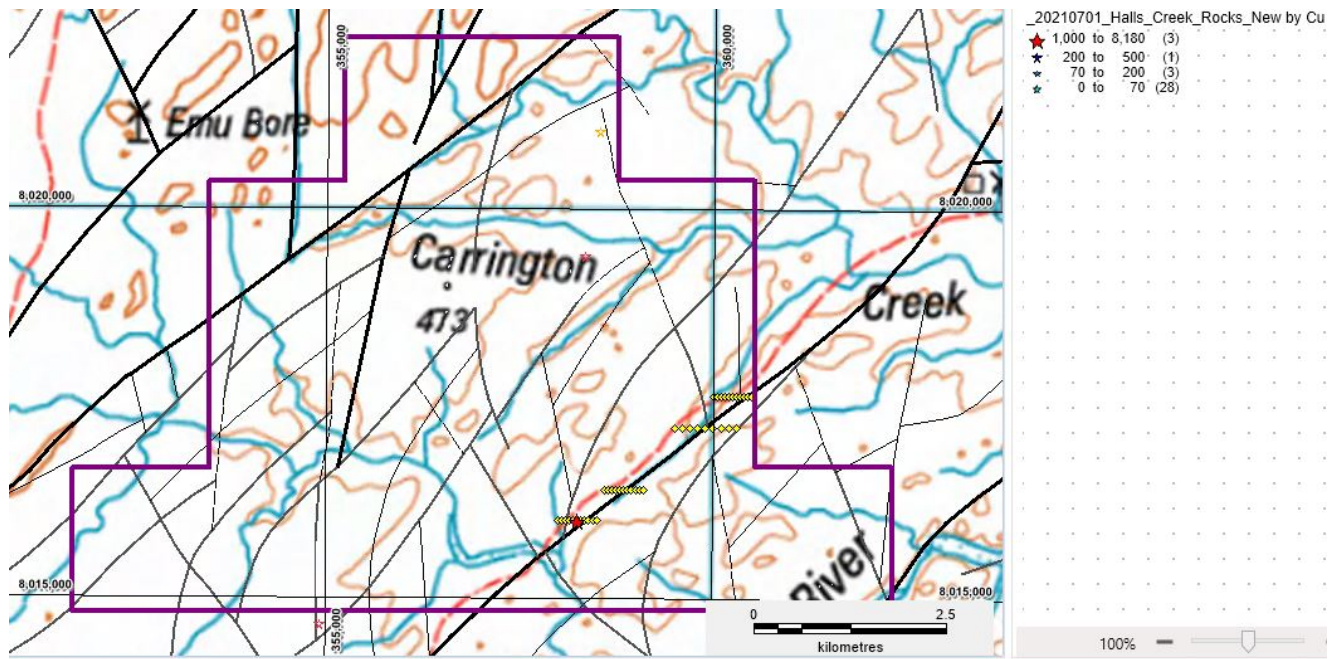


Figure 15: Carrington Soil Grids (Yellow) and structures in black

WILD DOG E80/5115

Surficial geochemical sampling at the Wild Dog tenement comprised two soil grids, Grids 1 and 2 (**Figure 16**). The grids were chosen to cover Priority 1 targets associated with N-S structures at lithology contacts. The dominant lithology for both grids was a coarse gabbro with localised sericite alteration. The base metal (Co, Cu and Ni) response for both areas was low with only Cu being locally elevated but not a level requiring further exploration. Several vehicle and foot traverses were completed across the NE of the tenement SE of Grid 1 encountering unaltered gabbro. A further foot traverse was made east of WD2 towards the Triangle Au and base metal prospect however there were no signs of any workings in a fairly open area. Several high priority targets in the western half of the tenement will need to be explored by helicopter traverses in the next field program in Q3 2022.

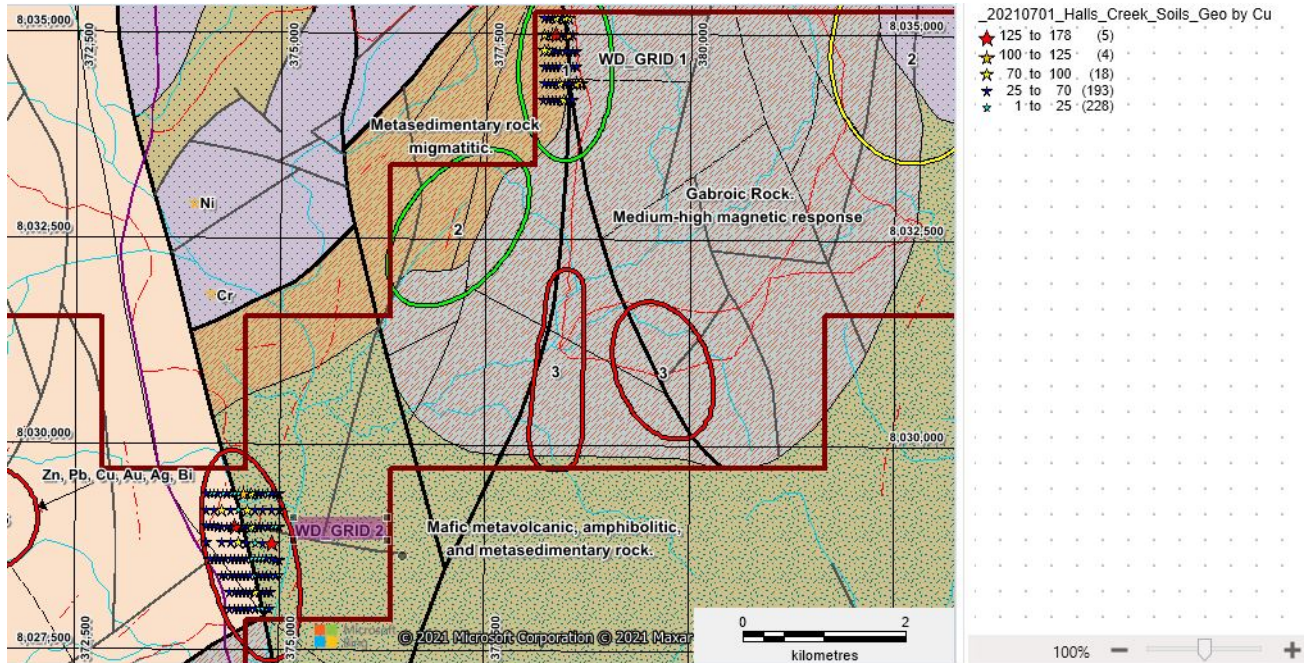


Figure 16: Wild Dog Cu ppm in Soils

SANDY CREEK E80/5114

In the limited sampling completed in 2021 there is evidence of possible mineralisation with local abundant quartz veining and possible pink potassic alteration of some felsic intrusives. Vehicular access restrictions for most of the northern half of the tenement meant that soils sampling was only possible at select areas shown in **Figure 17**. The high priority base metal target shown as green zones in the centre of the tenement (**Figure 17 and 18**) and the high priority geophysical targets within gabbroic rocks will require helicopter supported geochemical and geological mapping traverses in Q3 2022.

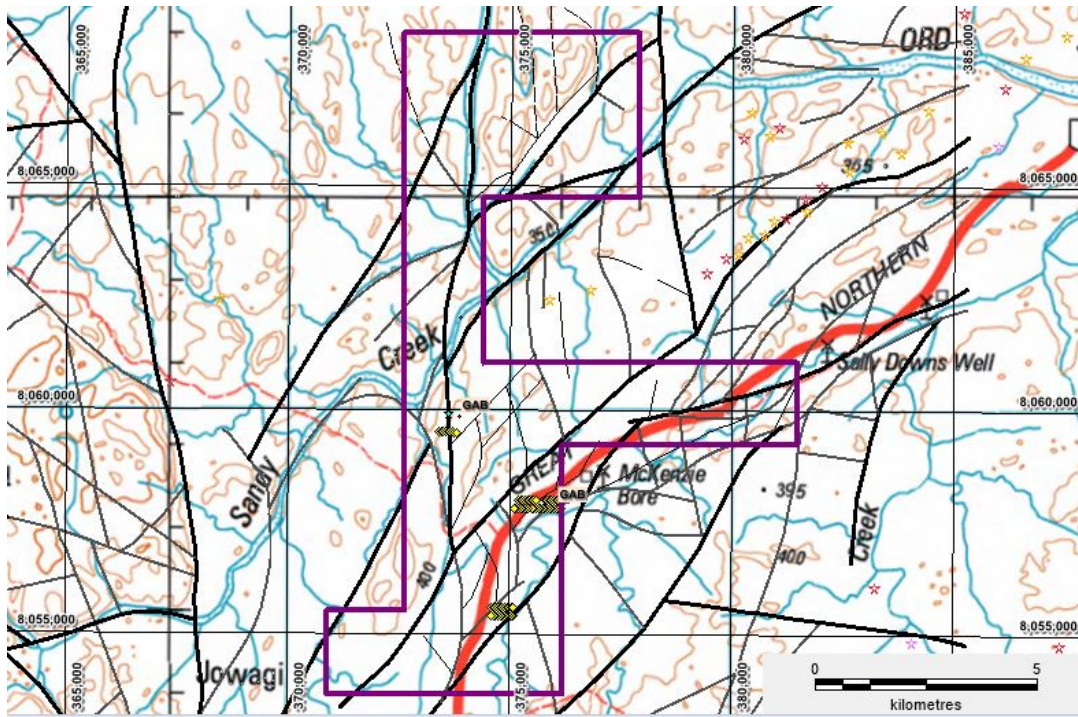


Figure 17: Sandy Creek Soil Grids (Yellow)



Figure 18: Sandy Creek target areas and soil sampling grids

Tennant Creek – Base Metal/Gold Projects - Northern Territory

Gidyea EL 32665 and Kovacs ELA 32666

Held 100% by wholly owned subsidiary Kaili Gold Pty Ltd.

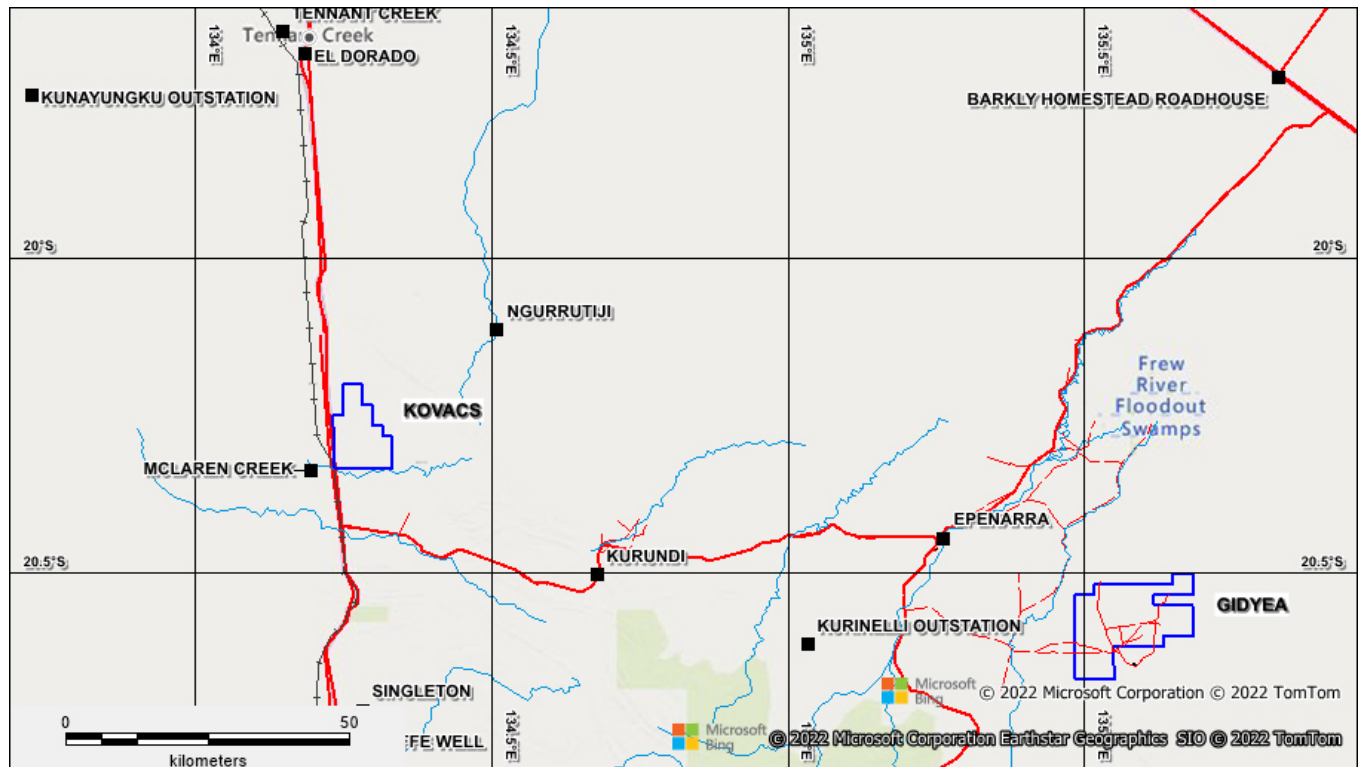


Figure 19: Regional Tenement Location SE of Tennant Creek – Kovacs and Gidyea

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 19**). Gidyea EL 32665 has been granted in September 2021 for a 6 year period to 14 September 2027. Grant of the tenement under ELA 32666 is awaited.

The Company has submitted detailed work programs to the Central Land Council (CLC) for review. The plan is to meet in person with Traditional Owners and representatives of the CLC to establish a time line for commencement of exploration. The date for a meeting is awaited.

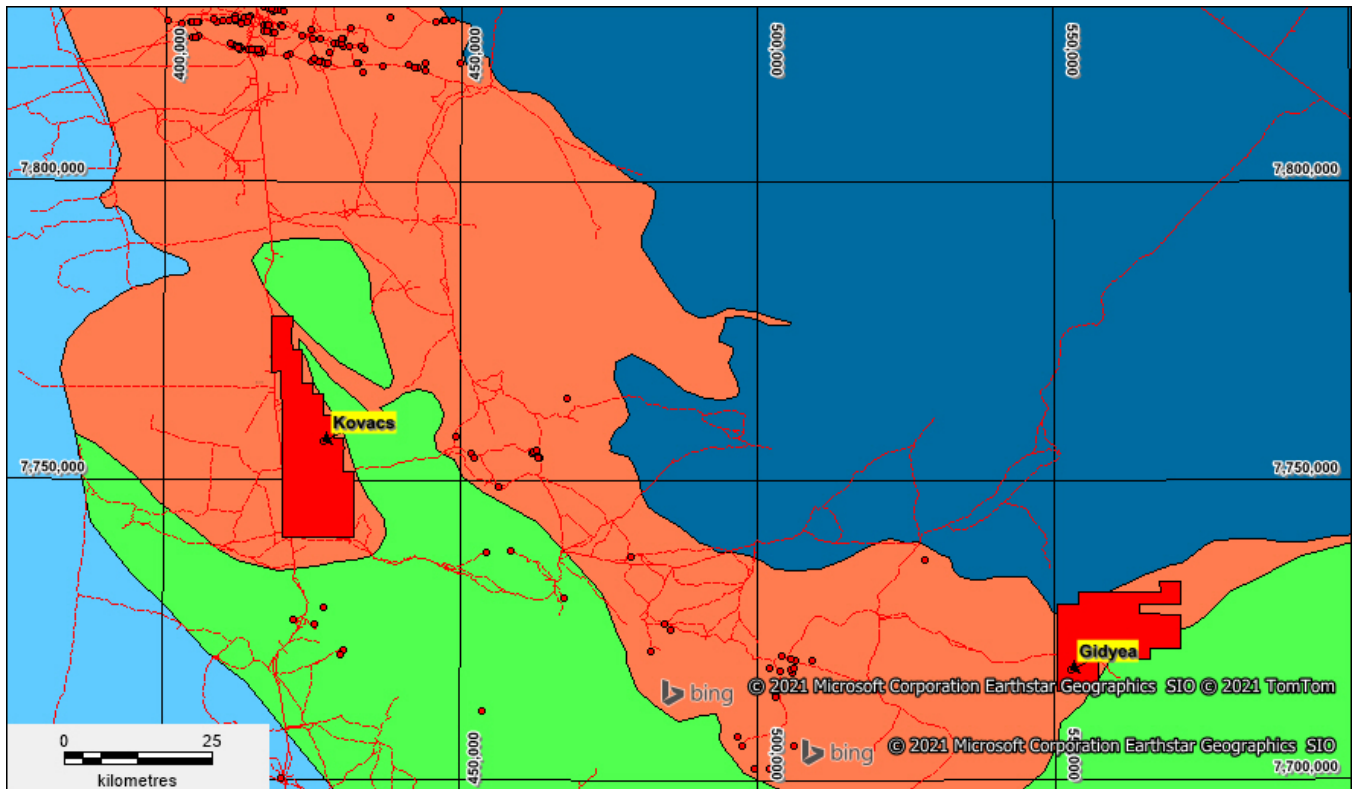


Figure 20: Regional Geological Location SE of Tennant Creek – Kovacs and Gidyea

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

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 twelve 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.

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 20**). 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 amphibolite 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 21** 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 22** shows a uranium radiometric image which clearly outlines the Warramunga Province.

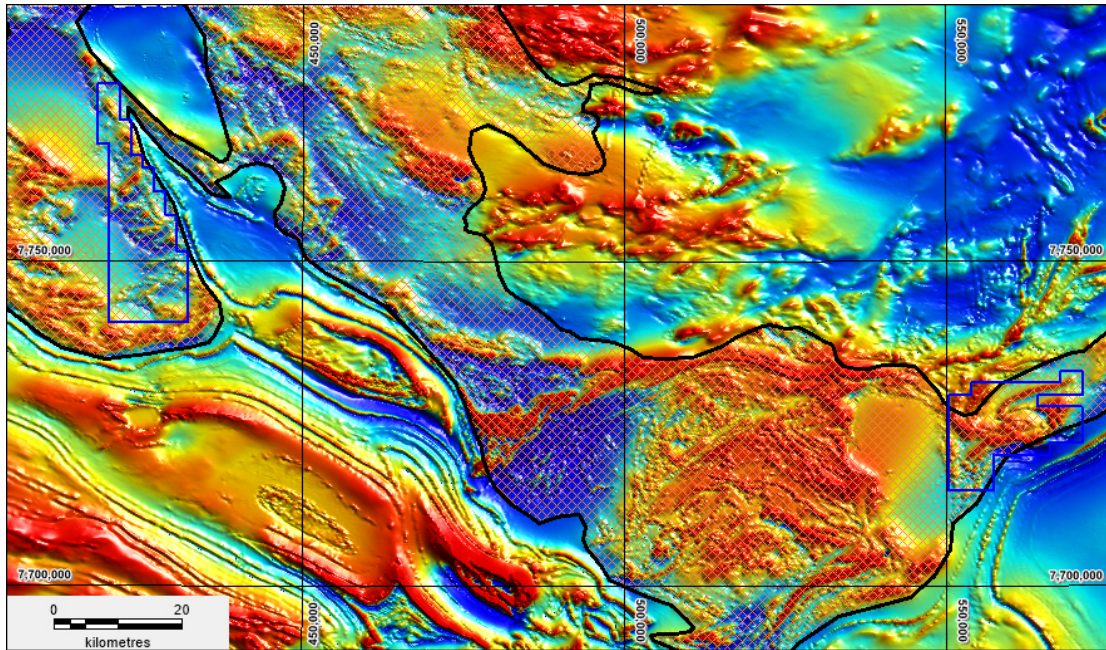


Figure 21: Gidyea (east) and Kovac (west) are shown on regional TMI magnetics with the Warramunga Province shown as a light hatching over the magnetics.

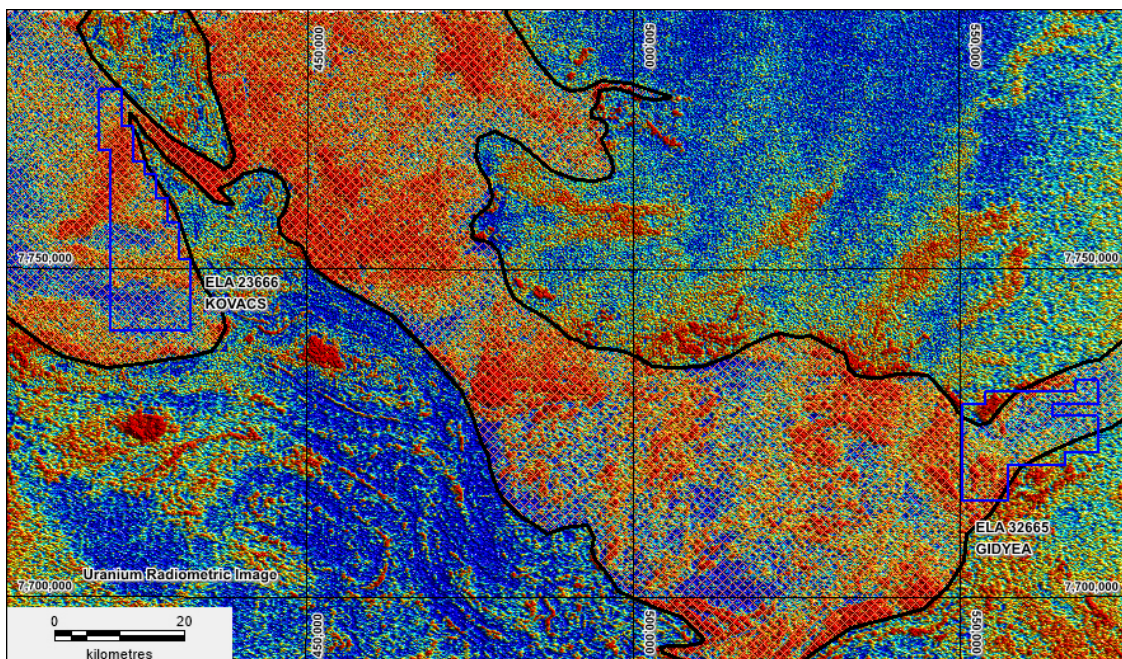


Figure 22: Gidyea and Kovac projects are shown on regional Uranium radiometrics with the Warramunga Province shown as a light hatching over the radiometrics.

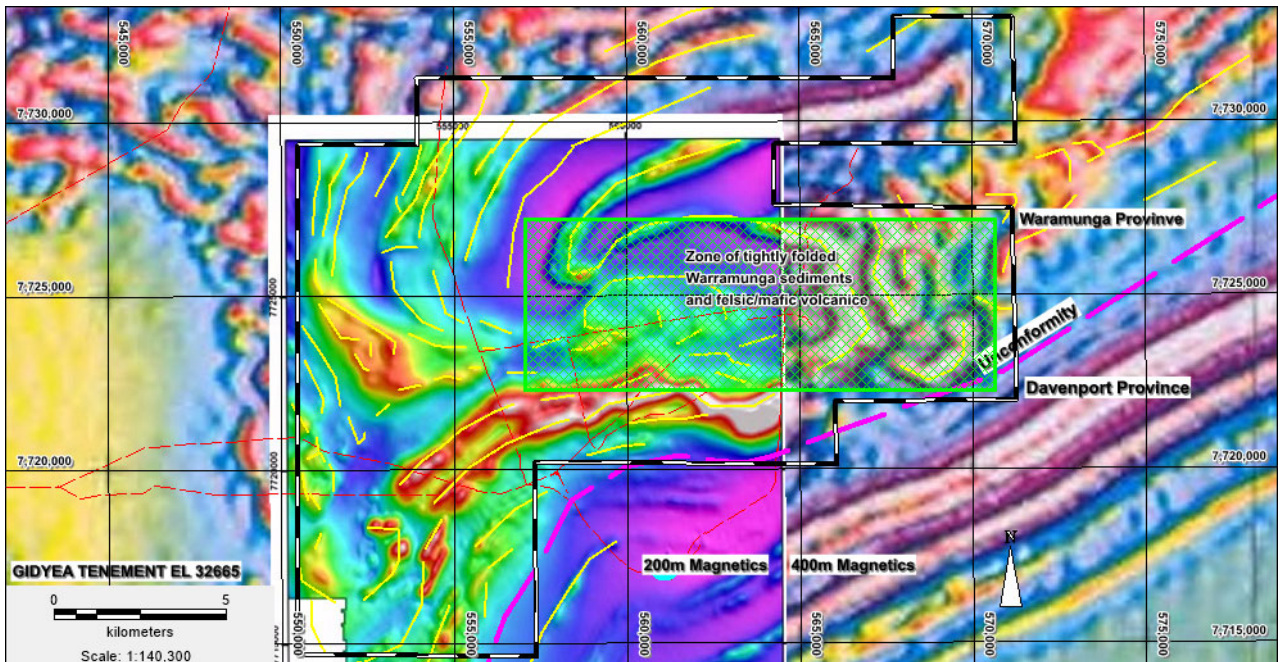


Figure 23: Gidyea Project showing two generations of magnetic image with vastly different resolution and the proposed initial work area in green

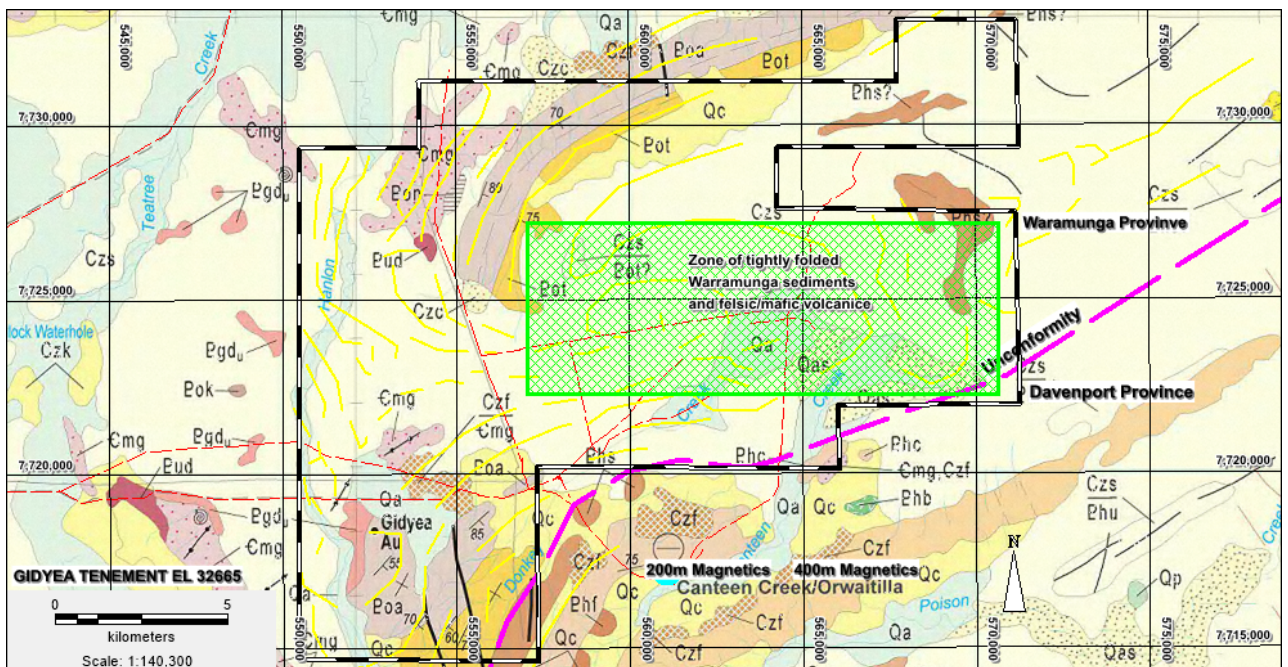


Figure 24: Gidyea Project showing the initial work area on the Frew River 1:250,000 outcrop geology map

When an access agreement has been finalised with the CLC the Company plans to commence field exploration as soon as possible. The initial exploration will involve a general geological reconnaissance of the tenement involving surface geochemical exploration.

The Gidyea area was chosen as it comprised a relatively under explored area of Warramunga Province sediments and volcanics as shown by the area of higher overall magnetic response (**Figure 24**) compared to the overlying sediments of the Davenport Province. Note also the “linear” stratigraphy of the Davenport Province compared to the highly faulted and faulted of the Warramunga Province also evident on **Figure 24**. There is one historical mineral occurrence shown on the lower right of **Figure 24** named Gidyea where elevated gold and cobalt assays were obtained from a small outcrop of gabbro flanked by granite to the west as shown by the circular area of low magnetic response to the 200m line spaced magnetic survey. Most historical exploration concentrated on the Gidyea historical occurrence and no exploration in the initial work area shown in **Figures 23 and 24**.

Planned Exploration:

- Meetings with CLC and Traditional Owners to discuss the Company’s planned exploration program.
- Detailed field appraisal of all significant historic gold and cobalt results including those collected at the Gidyea Prospect.
- Regolith/Geology mapping of the initial work area to determine if fine fraction soil sampling can be used to delineate surface geochemical targets.
- Wide spaced drill traverses to gain an understanding of the underlying tightly folded and faulted
- Warramunga stratigraphy.

Technical Releases Since Commencement of June 2022 Quarter

This Quarterly Activities Report contains information extracted from the Company’s ASX market announcements reported in accordance with the 2012 edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves” (2012 JORC Code). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results can be found in the following announcements lodged on the ASX:

03/12/2020	Drilling Results at Gindalbie Gold Project Yilgarn Craton WA
08/09/2021	Exploration Results for Halls Creek WA
07/02/2022	RC Drilling Commences at Gindalbie Gold Project WA
17/02/2022	Drilling Completed at Gindalbie WA
04/04/2022	RC Drilling Results at Canegrass, Gindalbie Project

LICENCES STATUS

Pursuant to ASX Listing Rule 5.3.3 the Company reports as follows in relation to minerals tenements (**Table 2**) held at the end of the June 2022 quarter and their locations. No tenements were acquired or disposed of during that quarter.

Granted	Tenement	Name	Commodity	Region	Registered Holder	Beneficial Interest	Area Blocks	Expiry	Comments
30/05/2016	E31/1113	Canegrass	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	17	29/05/2026	5 Year Renewal Granted
1/07/2016	E27/550	Holey Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	10	30/06/2026	5 Year Renewal Granted
31/08/2018	E80/5112	Black and Glidden	Cobalt/Gold/ Copper/Nickel	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	32	31/08/2023	
31/08/2018	E80/5113	Carrington	Cobalt/Gold/ Copper/Nickel	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	16	31/08/2023	
31/08/2018	E80/5114	Sandy Creek	Cobalt/Gold/ Copper/Nickel	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	20	31/08/2023	
31/08/2018	E80/5115	Wild Dog	Cobalt/Gold/ Copper/Nickel	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	22	31/08/2023	
Application	EL 32666	Kovacs	Gold/Base Metals	NT - Warramunga Province	Kaili Gold Pty Ltd	100%	92		Application 23/02/2021
14/09/2021	EL 32665	Gidyea	Gold/Base Metals	NT - Warramunga Province	Kaili Gold Pty Ltd	100%	65	14/09/2027	6 Year Granted
						Total	274		

Table 2: Tenement schedule

Exploration Expenditure

The expenditure incurred for exploration in the tenements for the quarter was \$30,000 as follows:

- Drilling	\$1,000
- Assays	\$1,000
- Geology/geophysics	\$13,000
- Rent and other project management costs	\$15,000

There were no mining production and development activities during the quarter.

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 was \$23,000 for the quarter, consisting of the following:

- Salary and superannuation contribution for the executive director	23,000
---	--------

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/Secretary

Contact T: +61 2 9264 6288 E: contact@kailigroup.com.au

29th July 2022

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

KAILI RESOURCES LIMITED

ABN

39 077 559 525

Quarter ended ("current quarter")

30 JUNE 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(23)	(37)
(e) administration and corporate costs	(48)	(101)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST and projects net of rent refunded by director per LR 10.1)	42	34
1.9 Net cash from / (used in) operating activities	(29)	(104)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation	(23)	(115)
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other		
2.6	Net cash from / (used in) investing activities	(23)	(115)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	300	500
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other		
3.10	Net cash from / (used in) financing activities	300	500

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	133	100
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(29)	(104)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(23)	(115)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	300	500

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	381	381

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	381	133
5.2	Call deposits	-	-
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	381	133

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	23
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	3,400	2,988
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	3,400	2,988
7.5	Unused financing facilities available at quarter end		412
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Yitai Group (Hongkong) Co., Ltd, a related company of the ultimate parent company Inner Mongolia Yitai Investment Co., Limited has confirmed financial support to the Group undertaking to provide additional interest free and unsecured funds up to \$1 million until 1 April 2023 over and above the fully drawn interest free and unsecured existing loan facility of \$2.4 million maturing on 1 April 2023.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(29)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(23)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(52)
8.4	Cash and cash equivalents at quarter end (item 4.6)	381
8.5	Unused finance facilities available at quarter end (item 7.5)	412
8.6	Total available funding (item 8.4 + item 8.5)	793
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	15.25
<p><i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i></p>		
8.8	<p>If item 8.7 is less than 2 quarters, please provide answers to the following questions:</p> <p>8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?</p> <p>Answer: N/A</p> <p>8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?</p> <p>Answer: N/A</p>	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2022

.....

Authorised by: Jing Li, Director

Long Zhao, Director and Secretary

.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.