

3rd August 2023

ASX Market Announcements

**RC DRILLING COMPLETED AT CANEGRASS (EL 31/1113) AND HOLEY DAM (EL 27/550)
 YILGARN (GINDALBIE) GOLD EXPLORATION PROJECT – WESTERN AUSTRALIA**

- ***A 1,148 m RC drilling program has been completed at the Gindalbie Gold Project.***
- ***The drilling aimed at several IP chargeability highs identified from the recent IP survey and a possible southerly extension to the previous RC drilling at Canegrass .***

Kaili Resources Limited (“**KLR**”) is pleased to announce the completion of RC drilling at the Canegrass EL 31/1113 and Holey Dam EL 27/550 tenements for a total of 1,148 m (**Figure 2 and Table 1**). The drilling follows up previous RC drilling and Ground IP survey at Canegrass and RC drilling and Aircore Drilling programs at Holey Dam. Laboratory results will be announced when received.

Prospect	Tenement	Hole ID	Easting_MGA94_Z51	Northing_MGA94_Z51	Dip (°)	Azimuth (°)	Planned Depth (m)	EOH (m)
Holey Dam	E27/550	HDRC001	389300	6643800	60	90	90	90
Holey Dam	E27/550	HDRC002	389200	6643800	60	90	90	90
Canegrass	E31/1133	CGRC008	389830	6672612	60	270	200	180
Canegrass	E31/1133	CGRC009	389809	6672503	60	270	200	200
Canegrass	E31/1133	CGRC010	389540	6672500	60	270	150	150
Canegrass	E31/1133	CGRC011	389720	6672373	60	270	150	150
Canegrass	E31/1133	CGRC012	555555	6672083	60	90	90	108
Canegrass	E31/1133	CGRC013	389897	6672083	60	90	90	90
Canegrass	E31/1133	CGRC014	389846	6672083	60	90	90	90
								1148

Table 1 Completed Gindalbie RC Drill Holes

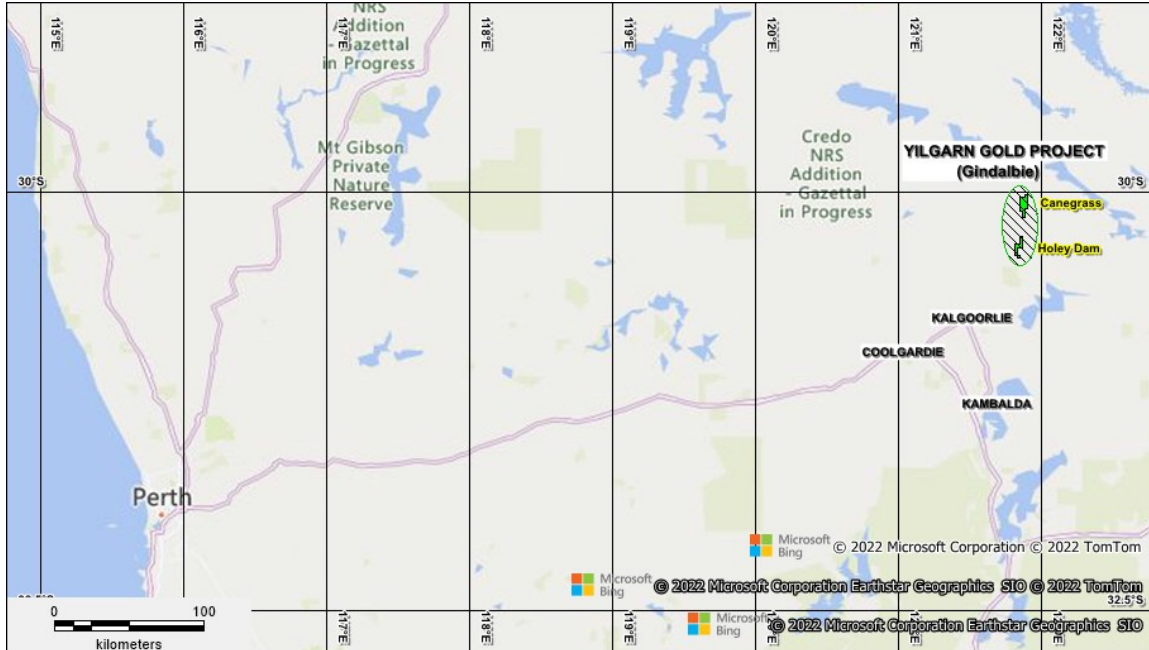


Figure 1: Yilgarn Tenements location of Kaili Resources Group

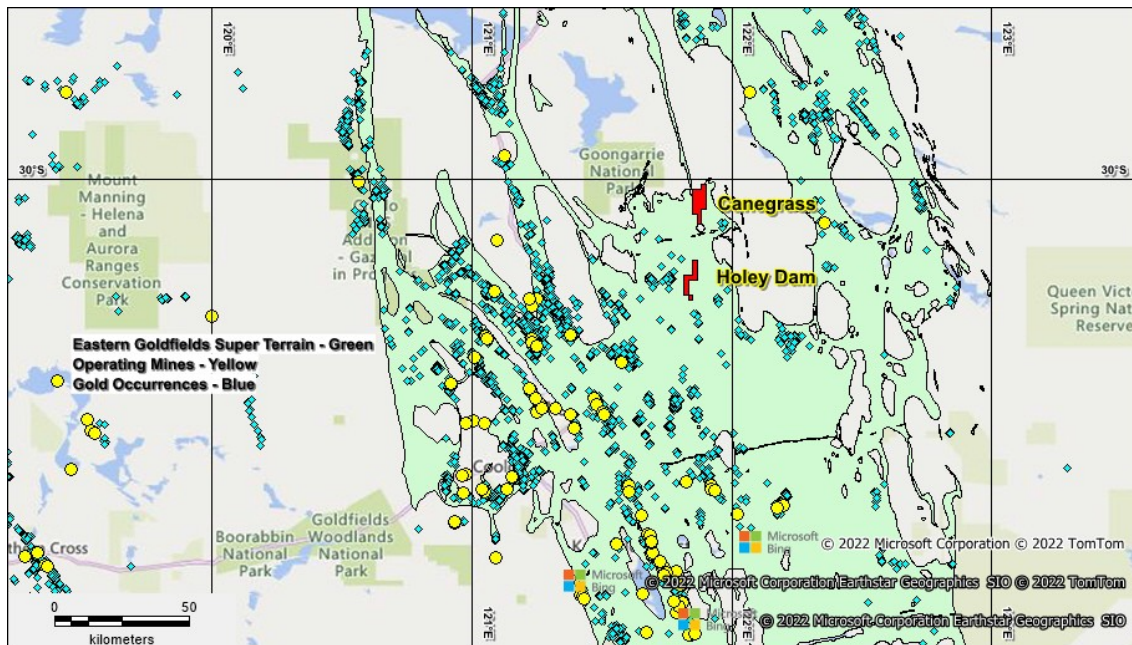


Figure 2: Eastern Goldfields Super Terrain and Operating Mines

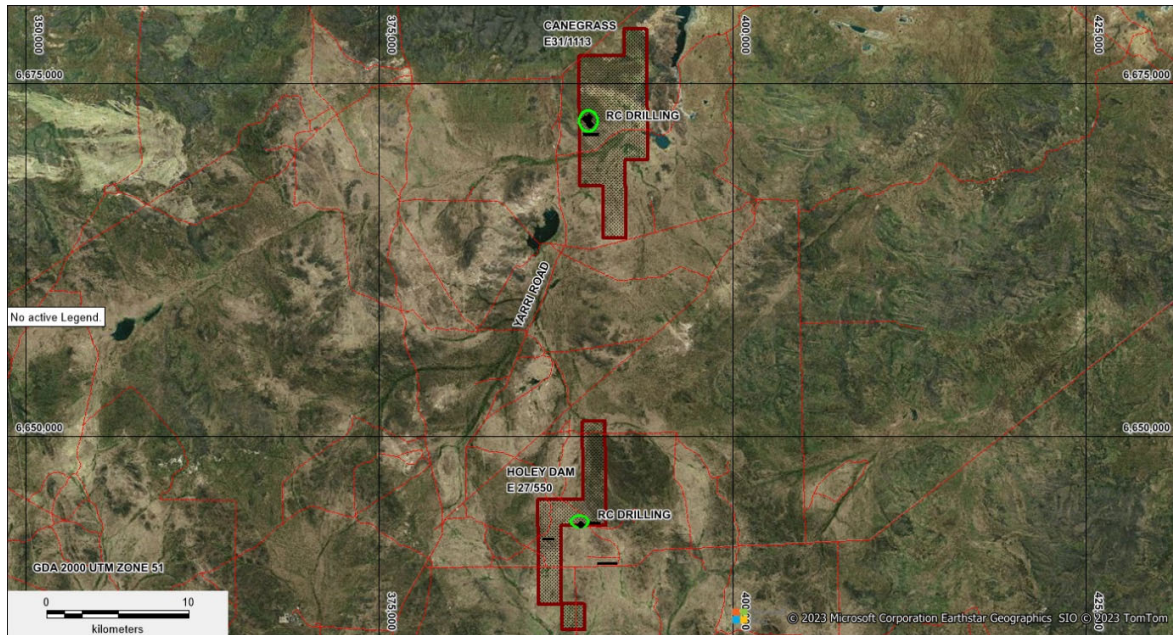


Figure 3: Gindalbie RC Drilling Areas

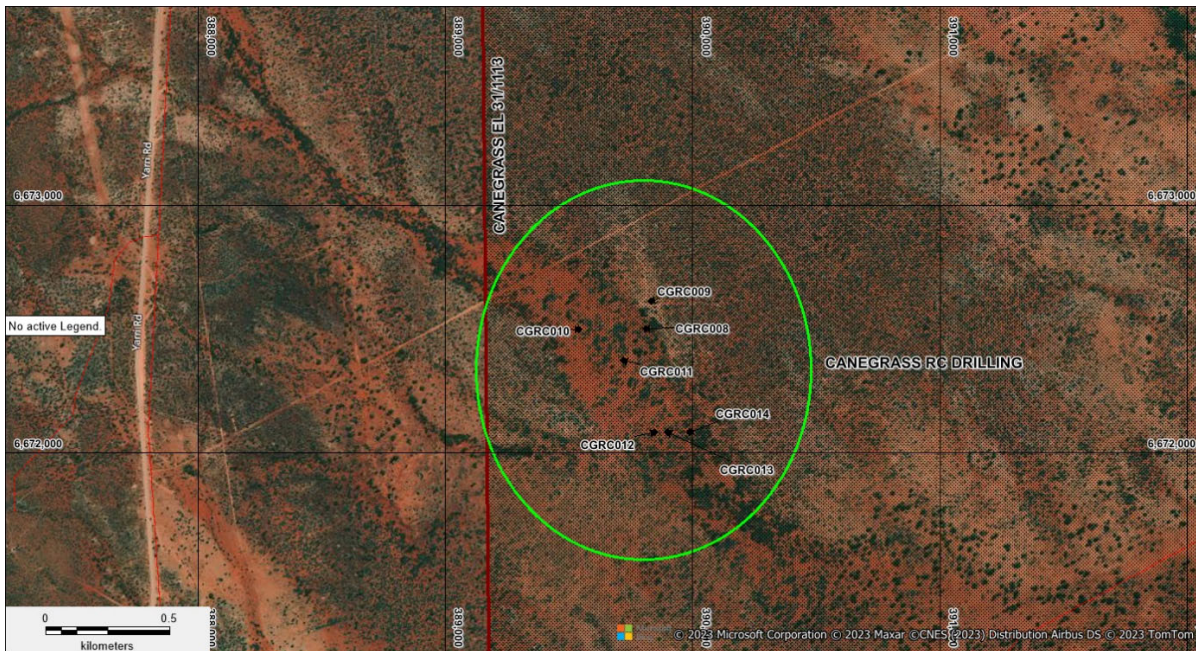


Figure 4: Canegrass RC Drilling Areas

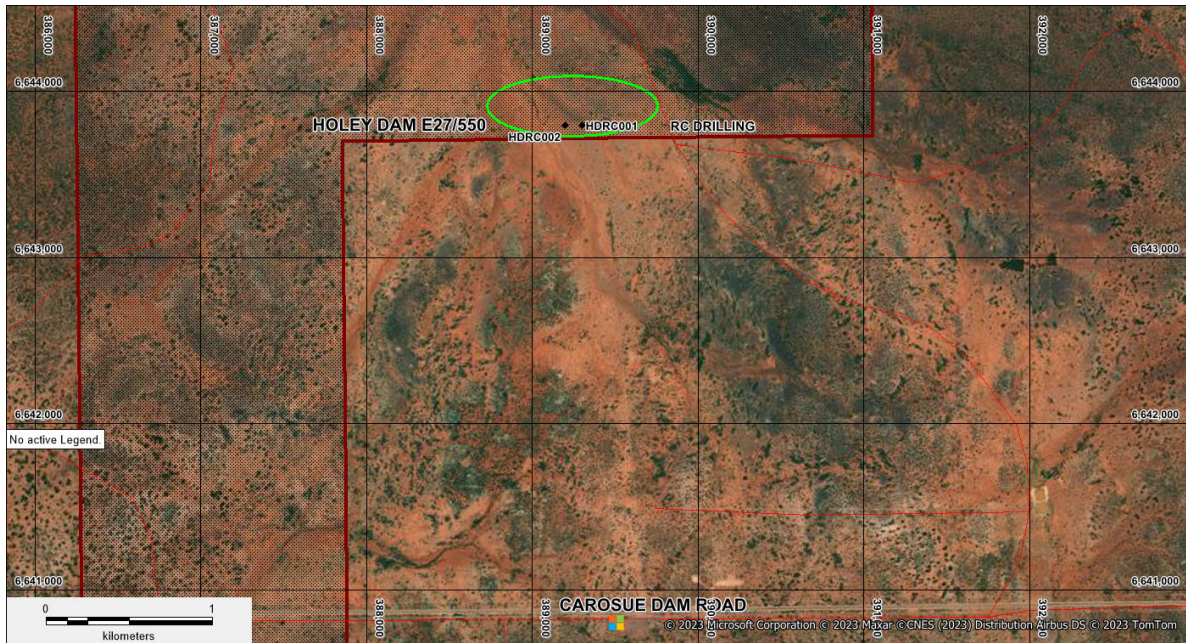


Figure 5: Holey Dam RC Drilling Area

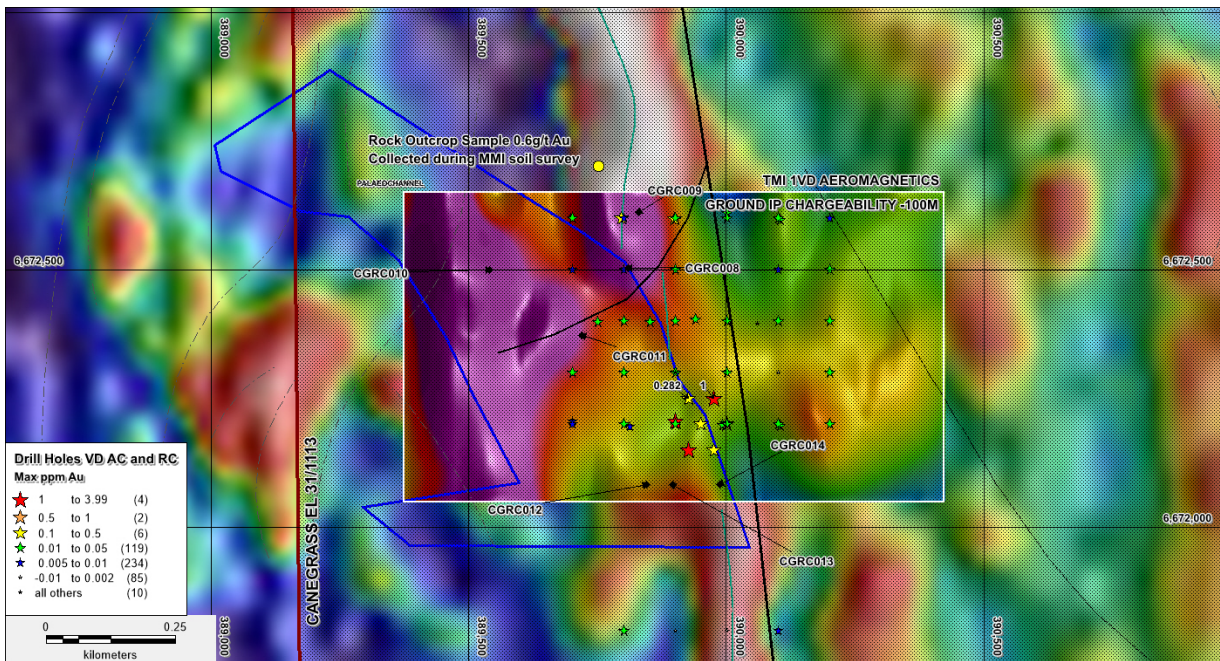


Figure 6: Canegrass RC Drilling on IP and Magnetics

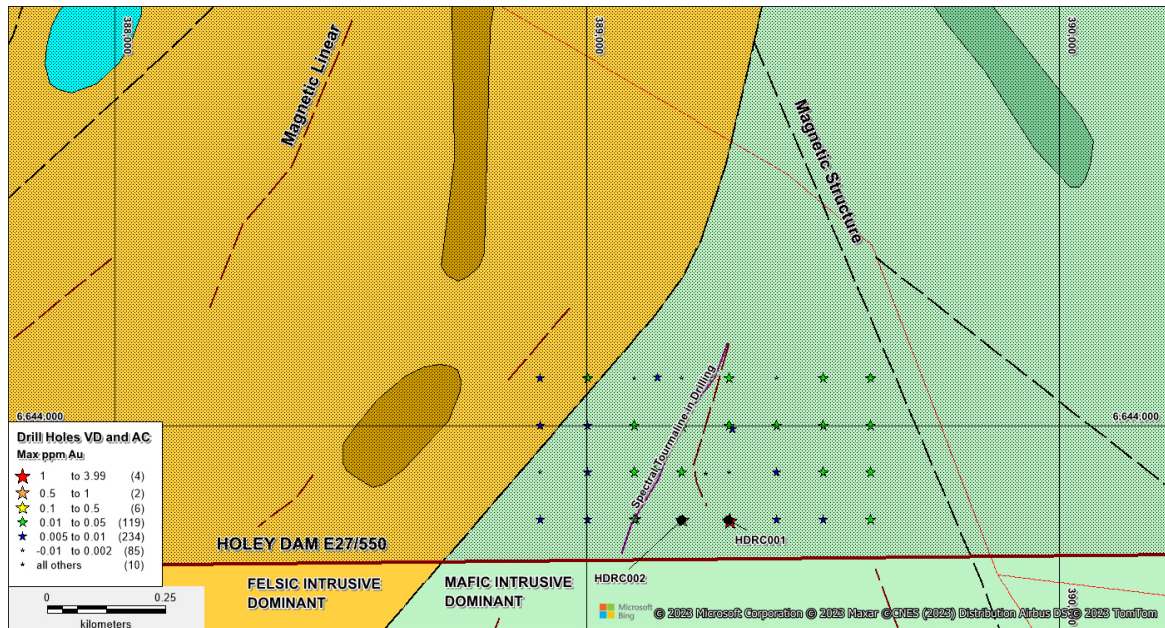


Figure 7: Holey Dam RC Drilling on Interpreted Geology

Background

The results of the Mobile Metal Ion (MMI) soil sampling that was completed in April/May 2023 over 4 Induced Polarisation (IP) target areas CGIP 1 – 4 (**Figure 8**) clearly showed an elevated Au in soil trend associated with a linear aeromagnetic anomaly and an IP conductive anomaly. The IP anomaly is open to the north along the gold in soil/magnetic trend. A rock sample collected as part of the broader soil survey returned a Au results of **0.6 g/t³** (**Photo 1**). In addition, an area of elevated REE results is associated with target CGIP 4 (**Figure 8**) adjacent to the regionally significant Emu Fault with Nd to 334 ppb, Ce to 389 ppb and Y to 360 ppb. The present RC drill program is planned to test Targets CGIP 1, CGIP 2 and CGIP 4 in addition to two holes within the Holey Dam tenement.

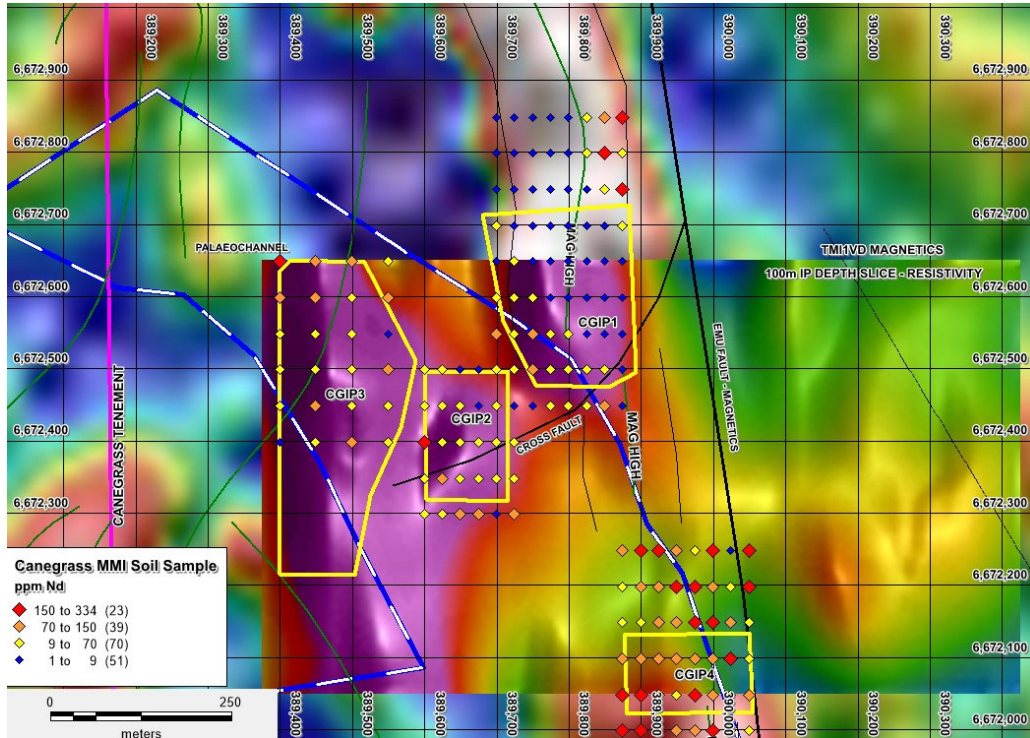


Figure 8: Canegrass MMI Soil Survey showing elevated REE response of Target CGIP4

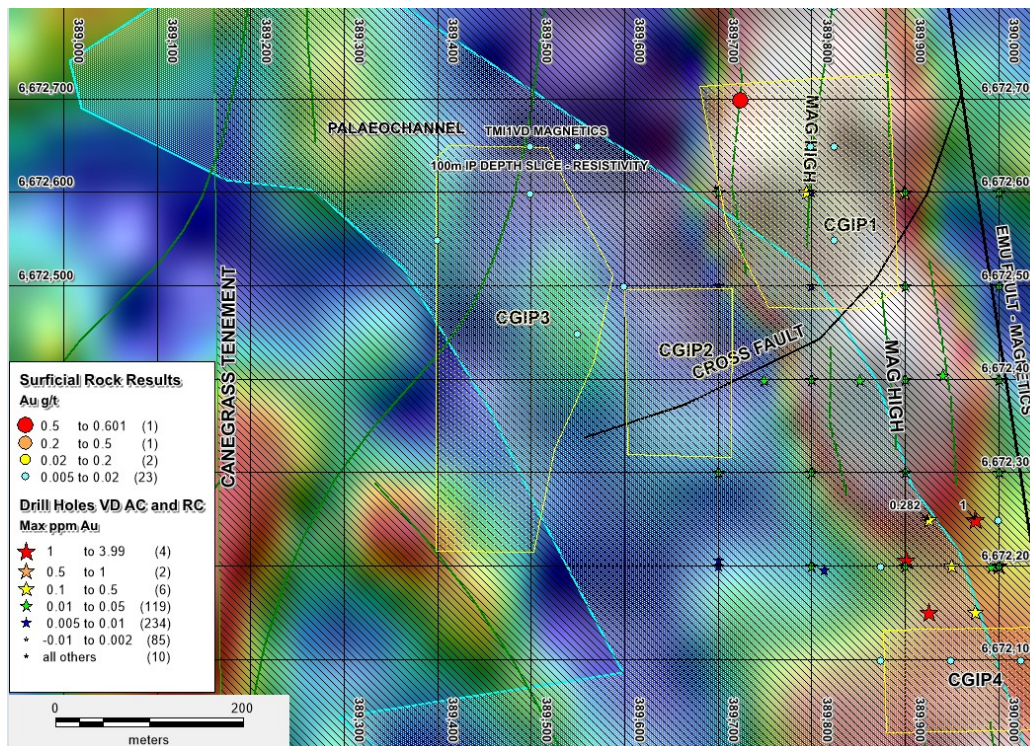


Figure 9: Targets CGIP 1 to 4 with surface rock sample sites on TMI 1VD Magnetics

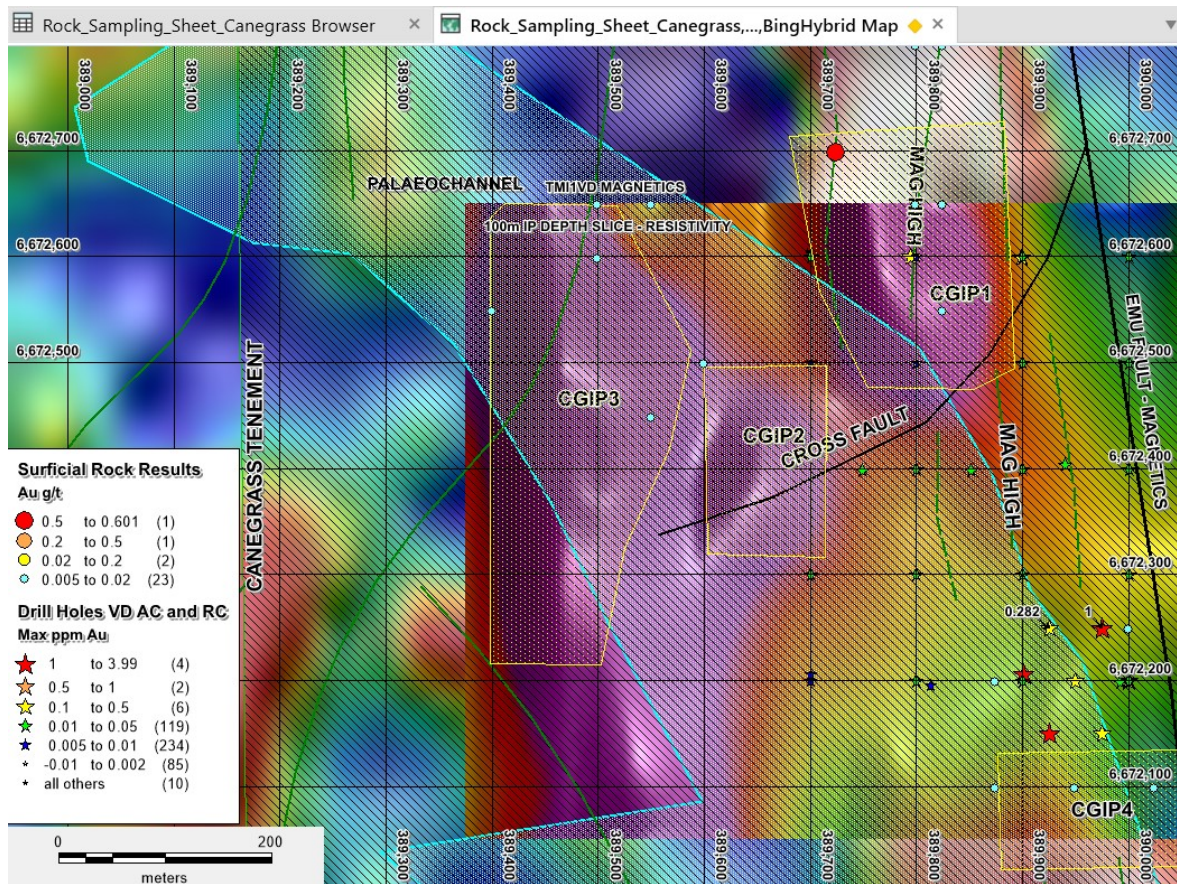


Figure 10: Targets CGIP 1 to 4 with surface rock sample sites on 100 m depth slice IP chargeability



Photo 1: CGRC045–0.6g/t Au with elevated Ba(220 ppm),Cr(245 ppm),Mn(1,060 ppm),P(1,000ppm)and Sr(577ppm)

KLR’s Chief Geologist Mark Derriman said “The completed soil and rock survey has returned a significant rock result of 0.6 g/t³ Au to the north of the 2022 IP survey area and associated with the N-S magnetic high. The highest priority IP target also associated with the magnetic high is 50 m to the south and could indicate a significant mineralised target in the area of the coincident magnetic/chargeability high. In addition, a significant chargeable anomaly to the east is associated with a magnetically interpreted splay off the Emu Fault as well as a weak chargeable target to the south of the February 2022 RC drilling sites that achieved 1 m @ 3.96 g/t Au² and several intervals > 1 g/t Au² as shown in **Figures 9 and 10.**”.

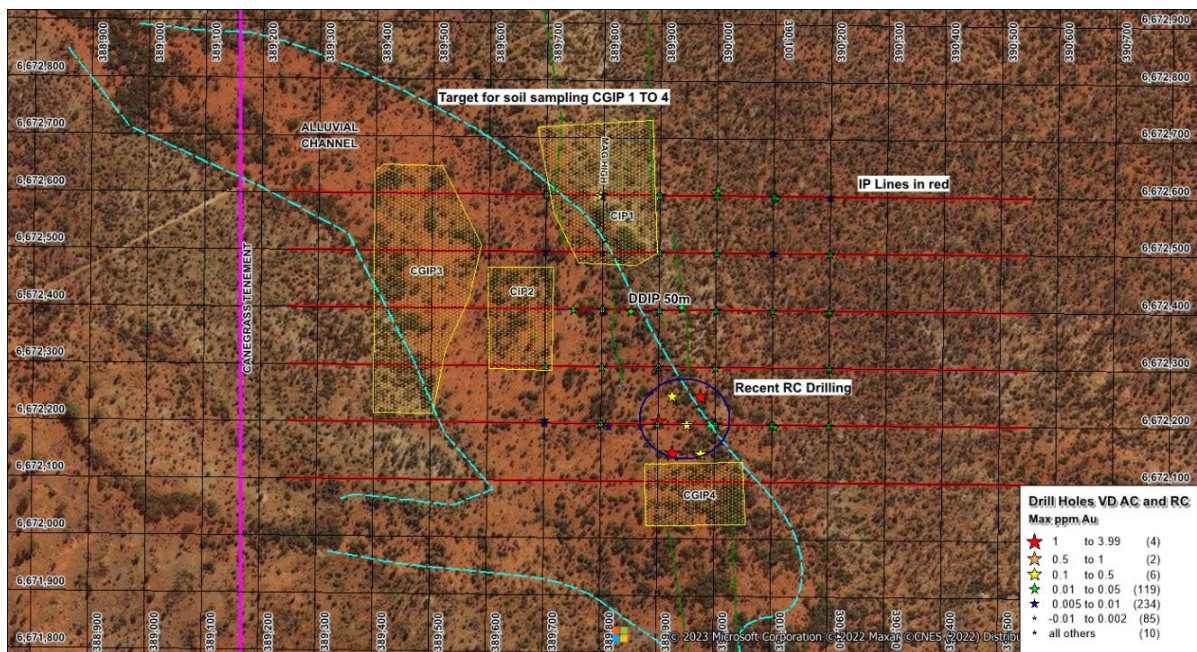


Figure 11: Canegrass Prospect F showing the 4 Target Areas CGIP 1 to 4 and the Paleochannel

The 2022 IP survey area is traversed by a NW-SE paleochannel (**Figure 11**) which from the 2022 RC drilling is generally < 15 m thick and is the prime reason the MMI technique has been chosen for the soil sampling. A distinctive N-S magnetic high can be seen in **Figure 9** and runs parallel to the regionally significant Emu fault that separates a dominantly mafic igneous terrain to the west and a dominantly felsic igneous domain to the east. Exploration to date has highlighted an area of anomalous gold in RC drilling to 1m @ 3.96 g/t². The drilling area is associated with a break on the magnetic trend and coincides with chlorite/silica altered basalt/amphibolite.

The 2022 IP survey (**Figure 12**) highlighted a number of conductive target (CGIP 1 to 3) with CGIP 1 being the highest priority target and located adjacent to the paleochannel. This completed rock and soil sampling located a small area of sub crop adjacent to the paleochannel in CGIP 1 and two rock samples returned assays of **0.6** and **0.25 g/t³ Au** with the former associated with a brecciated mafic volcanic. (**See Photo 1**) with local vein quartz. Target CGIP 1 is coincident with the N-S magnetic high and was collected outside the IP survey and associated with the magnetic high.

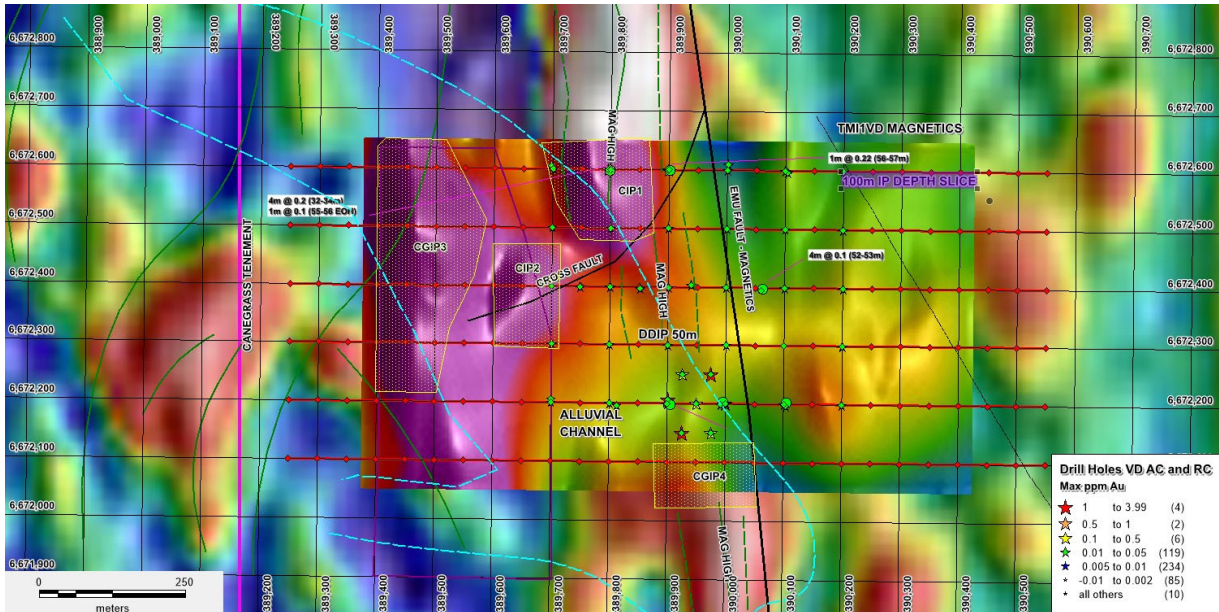


Figure 12: Canegrass Prospect F showing the 4 IP Conductive Target Areas CGIP 1 to 4 with the IP Survey overlaid on the TMI Aeromagnetics – Depth Slice -100 m

Following a review of the results of the 2022 IP Survey four areas were chosen for field geochemical evaluation prior to the additional RC drill testing currently underway. **Figure 11** shows the 4 target areas CGIP 1 to 4. A paleochannel runs NW to SE through Target 4 as such KLR has decided to use a MMI sampling approach with the soil samples collected on a 25 m x 25 m grid at 20 cm depth below the root layer and submitted to SGS in Kalgoorlie for gold and multi element analyses.

“The MMI™ technology is an innovative geochemical process that uses a very different approach to the analysis of metals in soils, using extremely weak solutions of organic and inorganic compounds rather than the conventional aggressive acid digest solutions commonly used in geochemistry”.

The 2022 IP Survey (**Figure 13**) successfully delineated four target areas (CGIP 1 to 4) located within the western half of the survey area (mafic domain). The warm colours indicate areas of enhanced conductivity that are potential sulphide targets.

CGIP 1 - This is the highest priority target being a conductivity high and linear magnetic high adjacent to the regionally significant Emu Fault.

CGIP 2 – Discrete conductive target associated with a NE-SW splay off the Emu Fault.

CGIP 3 – Broad N-S conductive flat target, possibly lithological but worth testing to see if drilling is warranted.

CGIP 4 – Weak IP conductive target to the south of the RC drilling testing where significant gold in drilling results have been obtained.

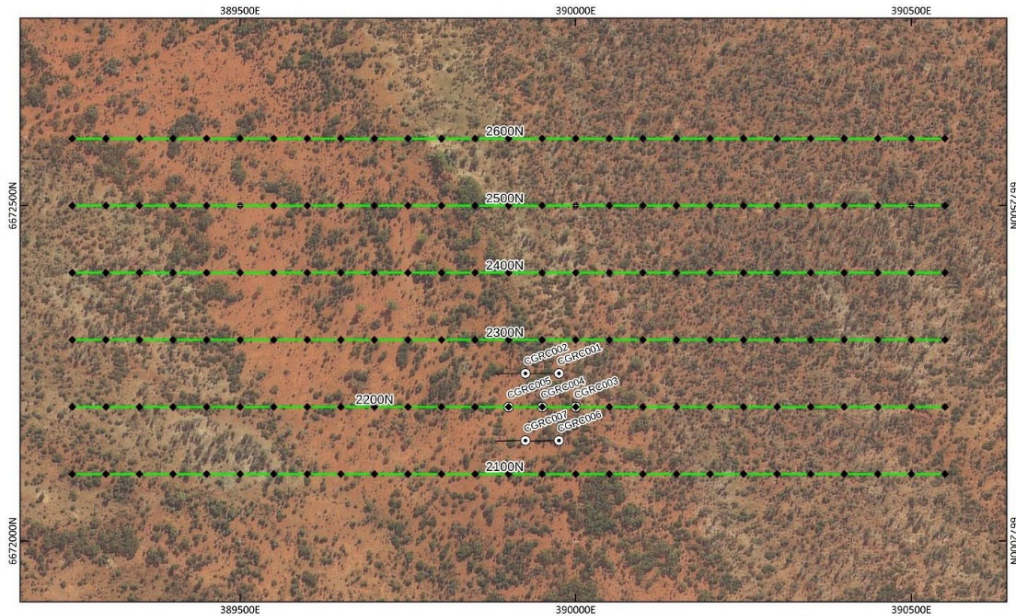


Figure 13: Canegrass Prospect F DDIP 2022 Survey Location Map (GDA94/MGA51). Black dots are DDIP electrode locations. Existing drill collars and traces shown for reference.

Survey Specifications

The 2022 IP survey (**Figure 13**) was conducted by Moombarriga Geoscience in November 2022. Equipment used included a Search-Ex WB30 transmitter and a SmarTem 24 receiver system. Receiving electrodes were standard non-polarising porous pots and transmitter electrodes were buried steel plates or stakes. The survey consisted of six EW lines, each 1.3 km long. Line spacing was 100 m.

The survey utilised a roll along dipole-dipole (DDIP) configuration using 50 m transmitter dipoles and 16 m x 50 m receiver dipoles. Station moves were 50 m. See **Table 2 and Figure 13** for the survey layout.

Line	Start	End	Length_m
2100N	89250E	90550E	1300
2200N	89250E	90550E	1300
2300N	89250E	90550E	1300
2400N	89250E	90550E	1300
2500N	89250E	90550E	1300
2600N	89250E	90550E	1300

Table 2. Canegrass Prospect F DDIP 2022 Survey Specifications. Coordinates are truncated GDA94/MGA51 coordinates.

Presentation of Results of IP Survey

Figure 14 shows the 2D model sections from all lines as stacked sections and **Figure 15** shows selected depth slices (draped below topography) through the 3D inversion models.

Note the chargeable anomaly on lines 2600 to 2400 centred on 389800E. This chargeable anomaly is spatially associated with a linear N-S magnetic high.

- There is a chargeable anomaly on most lines between 389400 to 389600E and has been interpreted by the consultant geophysicist as a “lithological target”. This anomaly is in areas where there has been no drilling, so several field traverses will be completed to see if there are any geological or regolith surface expressions for this anomaly. This target may be drill tested to confirm the nature of the anomaly.
- There is a weak chargeability feature 100 m south of the RC drilling to be further investigated

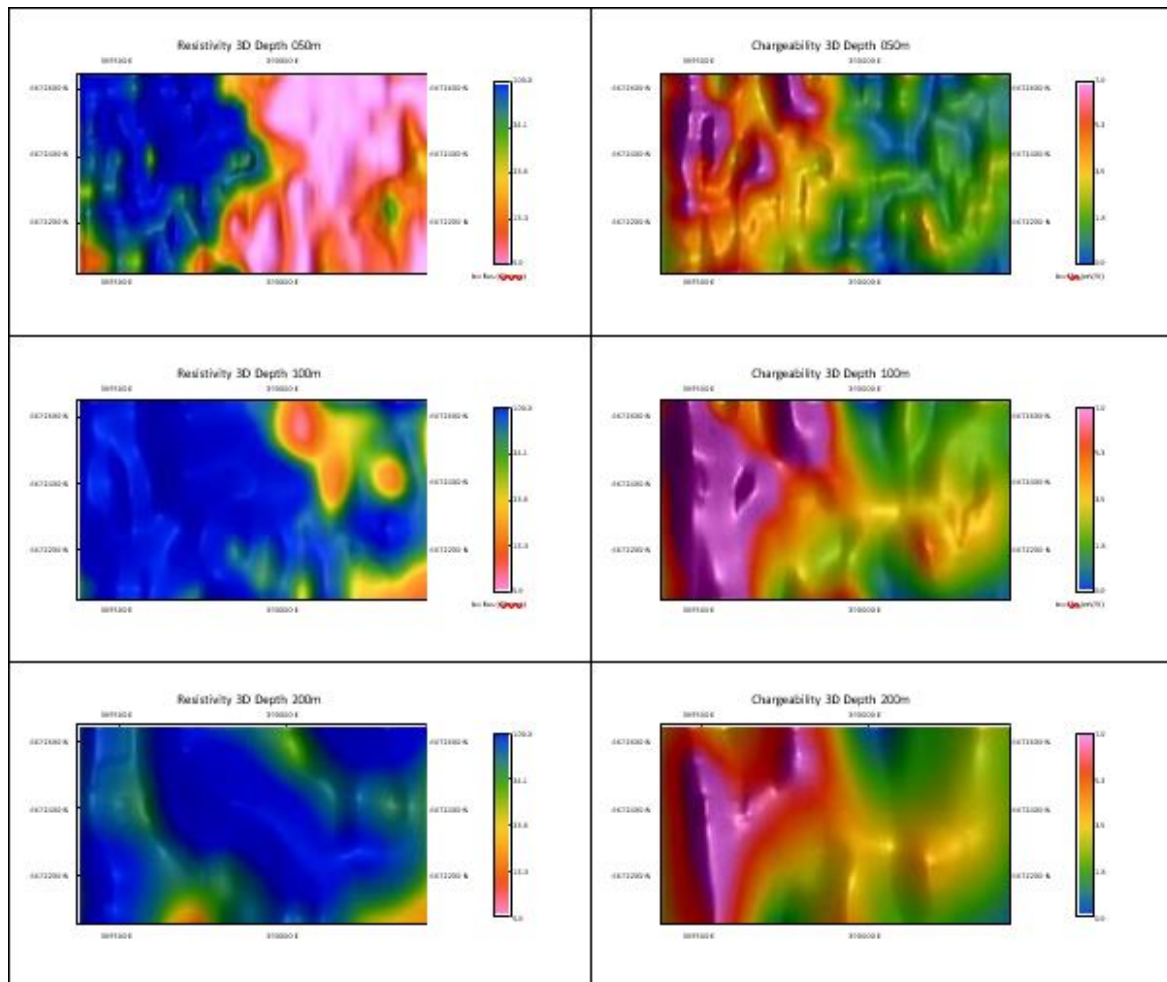


Figure 14. Canegrass DDIP Survey – 3D Model Depth Slices (draped below topography)

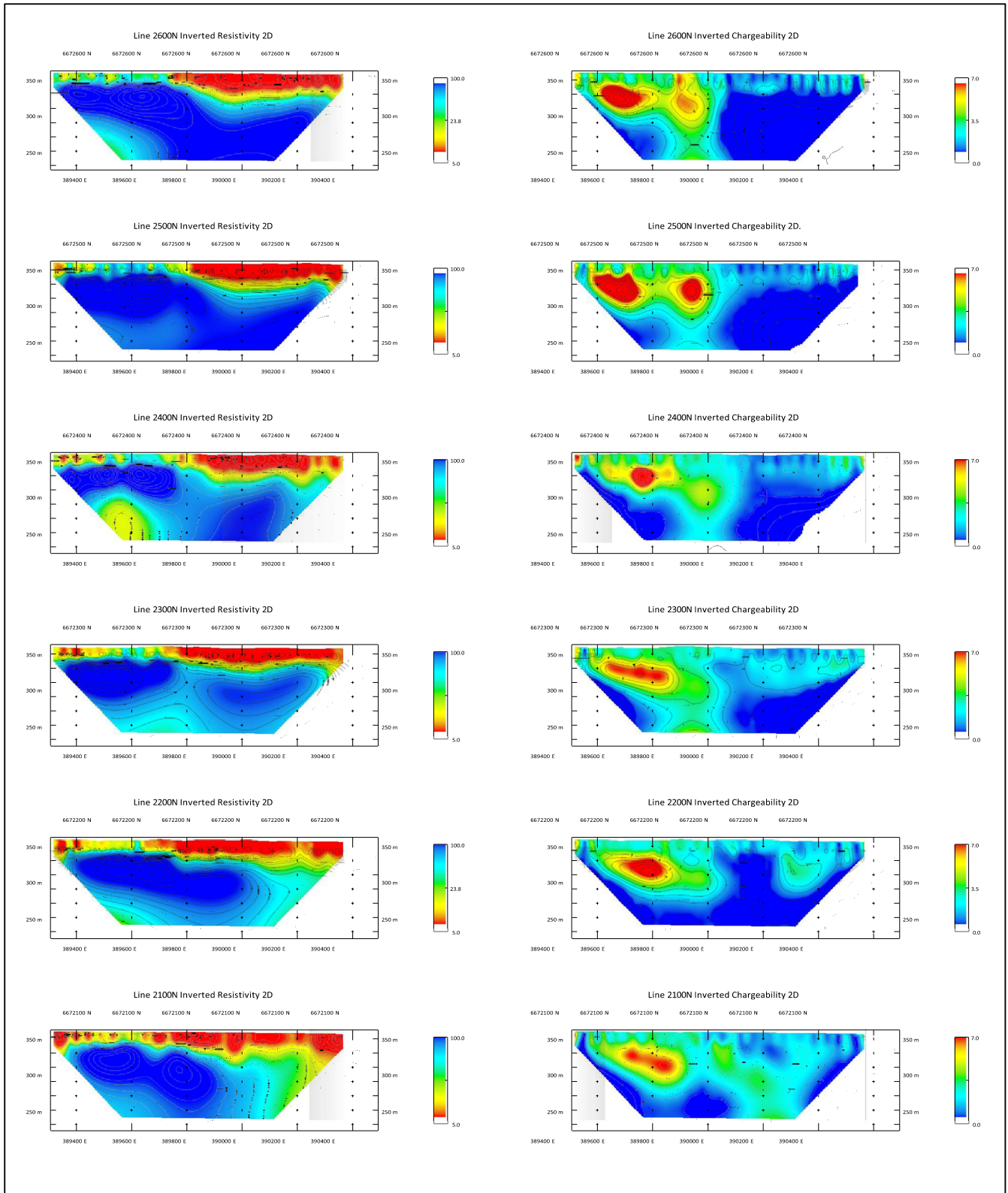


Figure 15. Canegrass DDIP Survey – 2D Model Sections for all lines.

Discussion of Results of IP Survey

There is good agreement between the 2D and 3D inversion models for the Canegrass DDIP data. This adds to the confidence that can be placed in the models.

The resistivity data shows very conductive cover across the eastern half of the survey area. This cover has resistivity values less than 10 Ω m and is around 50 m to 70 m thick. The western half also has cover of around 50 m thickness although it is not as conductive with resistivity values of 20 to 50 Ω m. Below the cover is resistive basement (> 100 Ω m).

The chargeability data maps an extensive NS trending chargeability high (10-15 mV/V) along the western side of the survey area (centred on 389500E). The zone appears to be 200 m to 300 m wide, basically, flat lying with a depth extent of around 50 m, and it sits beneath the conductive cover layer. This is expected to be a stratigraphic or lithological response.

There is a secondary NS trending chargeability high in the centre of the survey area across the three northern lines. It is located around 389800E at depths between 50 m and 150 m, again below the conductive cover layer. The zone is strongest on line 2500N and 2600N (7 to 10 mV/V). The 2D inversion model for 2600N suggests a sub-vertical shape with potential for depth extent of 200 m to 250 m. This zone is directly along strike to the north from the existing drilling at Canegrass and is directly adjacent to a linear magnetic high. KLR has in this field work carried out field traverses across the area of the IP survey to map the geology and regolith and uses the information gained in conjunction with the results of the IP survey to plan the presently completed drill testing within the Canegrass tenement.

The Canegrass area was targeted originally by KLR as comprising extensive mafic volcanics and intrusives with an associated regionally significant north-south structure (Emu Fault) which is associated with gold mineralisation to the north of E31/1113 at the historic Gindalbie Mining Centre. The location of the March 2022 RC drilling program was a follow up to the 2020 Aircore Drilling Program which highlighted Area F as an area with elevated gold and that intersected 1 m @ 3.96 g/t² Au 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.

(See ASX Announcements of 19th December 2022, 24th April 2022 and 3^{5th} April 2023. In accordance with Listing Rule 5.23 the Company reports that it is not aware of any new information or data that materially affects the information included in those announcements)

Previous Related ASX Announcements:

3rd December 2020 – Drilling Results at Gindalbie Gold Project Yilgarn Craton WA

17th February 2022 – Drilling Completed at Gindalbie WA

4th April 2022 – RC Drilling Results at Canegrass, Gindalbie Project

29th April 2022 Quarterly Activities Report

29th July 2022 – Quarterly Activities Report

26th October 2022 – Quarterly Activities Report

15th November 2022 – IP Survey Commences at Canegrass Yilgarn Gold Project WA

9th December 2022 – IP Survey Completed at Canegrass WA

30th January 2023 Quarterly Activities report

27th February 2023 – Surface Exploration Commences at Canegrass WA

8th March 2023 – Surface Exploration of IP Targets at Canegrass Completed

5th April 2023 – Results of Surface Sampling at Canegrass WA

27th April 2023 – Quarterly Activities Report

3rd May 2023 - Soil Results from Surface Sampling at Canegrass WA

The Company reports that it is not aware of any new information or data that materially affects the information included in those announcements.

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.

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Director/Company Secretary

Contact

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