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ASX Announcement

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DRILLING TO COMMENCE AT THE GINDALBIE GOLD PROJECT, YILGARN CRATON, WA CANEGRASS (EL31/113) AND HOLY DAM (EL27/550)

Kaili Resources Limited ("Company") advises that its field exploration activities will recommence next week in Western Australia (WA) as Covid-19 related restrictions are eased.

As the WA border remains closed to non-residents of the State with no indication on timing of relaxation and to avoid further delays in its exploration program, the Company has decided to push forward by engaging a Kalgoorlie based contractor geologist assisted with local crew to be remotely monitored by the Chief Technical Officer and other officers based in Sydney.

As described in the March 2020 Quarter Activities Report released on 22nd April 2020 and the announcement of 5th May 2020 the 2,000 metres Aircore drilling program at Canegrass (EL31/113) and Holy Dam (EL27/550) was originally planned for March 2020, but had to be deferred when the Covid-19 travel restrictions were imposed.

On 15th June 2020 the crew plans to travel to the proposed drill areas within Canegrass and Holy Dam to mark out the drill collars. A Heritage Survey of the drill areas is planned for between the 22nd and 24th June 2020 by a team of Kalgoorlie based Traditional Owners. A Program of Works (POW) will then be submitted to the WA Department of Mine Industry Regulation and Safety (DMIRS). Once the POW is approved, the site will be prepared by the Gindalbie Station Owner. Drilling is planned to commence in early August 2020 subject to unforeseen events.

The proposed drill areas are shown in **Figure 1** with areas F, B and E situated in Gindalbie Station and area A in Hampton Hill Station.

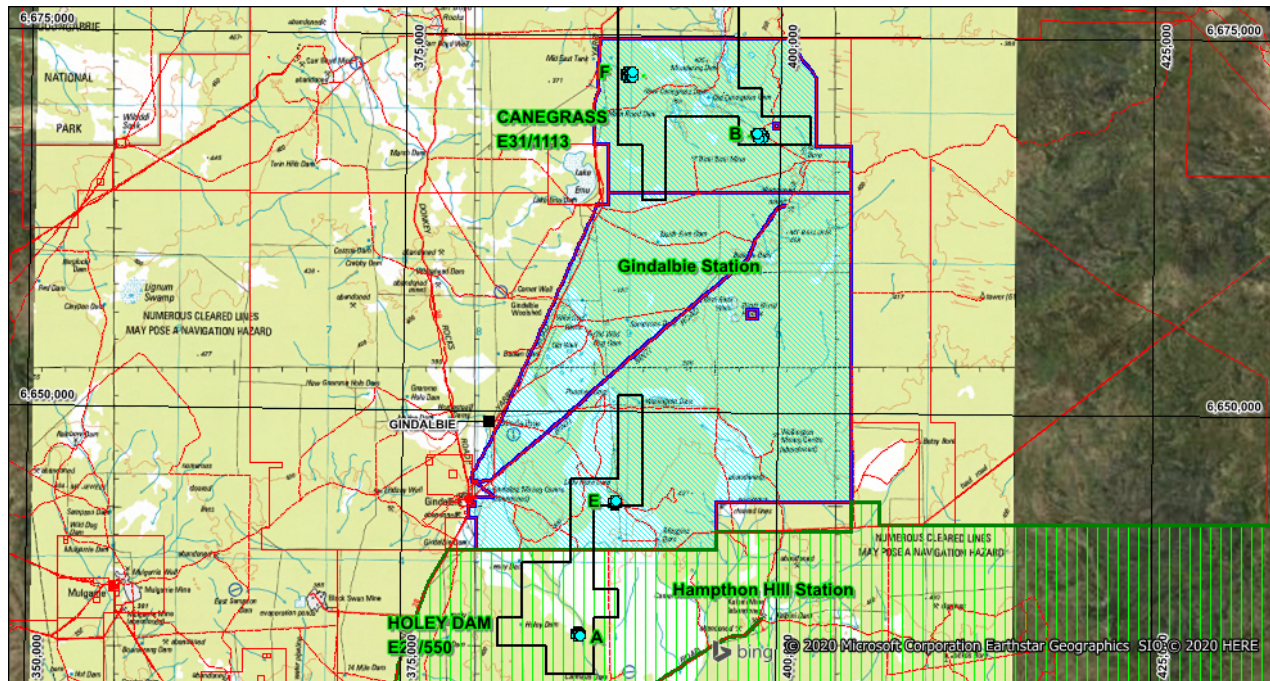


Figure 1: Location of Holy Dam and Canegrass Proposed Drilling Areas

Canegrass

Drill testing of Area B in 2019 returned elevated gold in the range of 10 to 25 ppb in fold axis/limbs settings. The area produced the highest gold response in the Canegrass vacuum drilling program in 2019 and will be one of the areas to be tested by deeper drilling.

Areas B and F were highlighted for follow up by the RAB/Aircore drilling.

Up to 1,000 metres of angled RAB/Aircore drilling is planned within Areas B and F.

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 two (2) regional structures, both intruded by Proterozoic dolerite dykes. 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 drill results were contained in the Company's ASX Releases of 12th and 17th September 2019.

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.

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