

ACTIVITIES REPORT – DECEMBER 2022 QUARTER

EXPLORATION HIGHLIGHTS

Yilgarn Craton (Gindalbie) Gold Project in Western Australia

The Canegrass IP survey was completed in November 2022 with the following significant results:

- chargeable anomaly spatially associated with a N-S linear magnetic high along strike from the RC drilling;
- weak chargeable anomaly 100m south of the RC drilling.
- broad strong near surface chargeable zone west of the drilling; and
- based on the results of the IP survey further RC drill testing is warranted in 2023.

Halls Creek Gold Cobalt Nickel and Copper Project in Western Australia.

The work programs to be conducted during the 2023 dry season within Black and Glidden (EL 80/5112), Carrington (EL80/5113, Sandy Creek (EL 80/5114) and Wild Dog (EL 80/5115) are being planned with the Kimberley Land Council (KLC) and Native Title Groups.

Tennant Creek Gold and Copper Project in Northern Territory

An Authority Certificate (right to commence exploration) has been lodged with the Central Land Council outlining the Company's proposed exploration for the Gidyea Project and awaiting grant. A community meeting was held in October 2022 in Tennant Creek to outline the exploration programs proposed for Kovac (ELA 32666) to the local Traditional Owners and Central Land Council (CLC).

Limestone Coast Rare Earth Element Project in South Australia

The Company has been granted an exploration licence EL 6856 (Lameroo) covering an area of approximately 992 km² SE of Adelaide on the Limestone Coast on the 19th October 2022 for a period of 6 years to explore for Rare Earth Elements (REE) within clay horizon horizons of the Murray Basin.

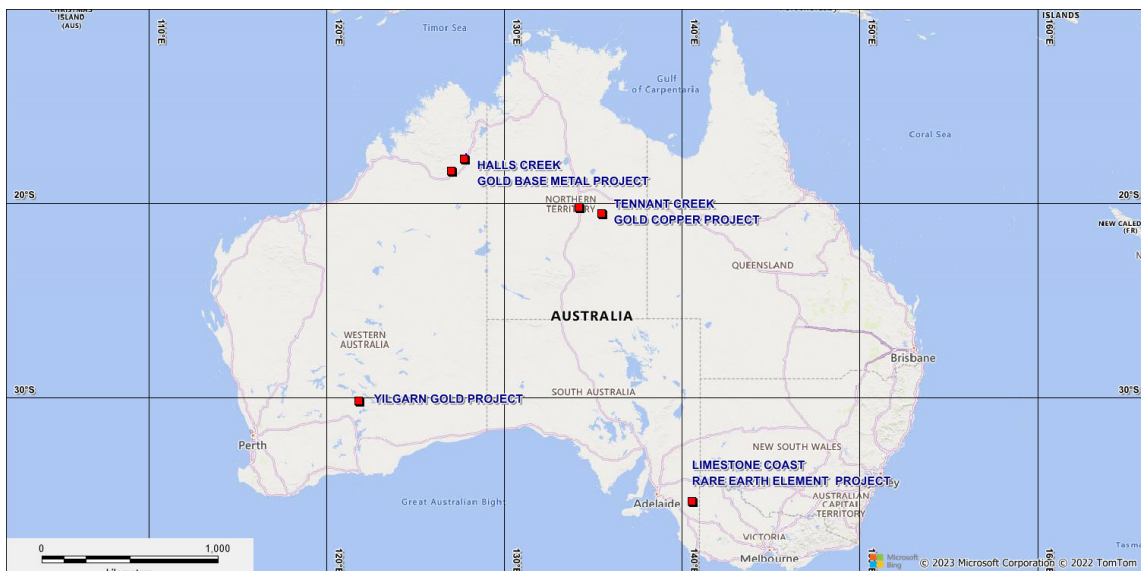


Figure 1: Kaili Resources Project Locations

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Yilgarn (Gindalbie) Gold Project – Western Australia
Canegrass E31/1113 and Holey Dam E27/550
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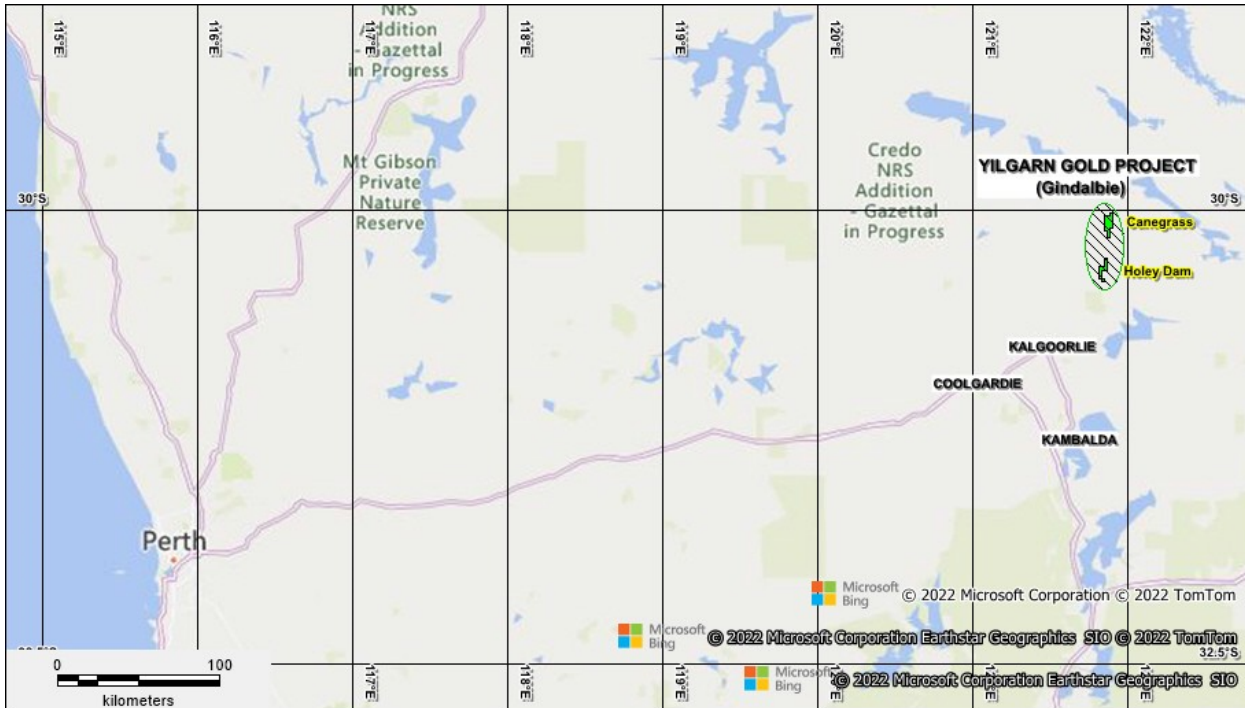


Figure 2: Kaili Resources Yilgarn Gold Tenement Locations

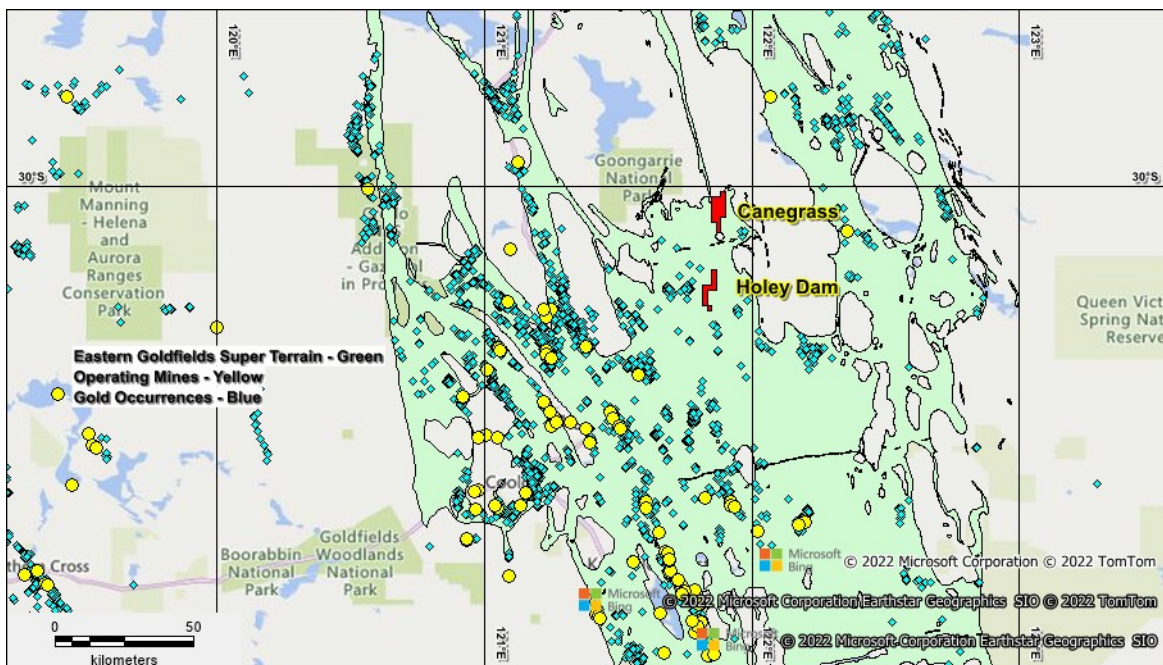


Figure 3: Eastern Goldfields Super Terrain and Operating Mines

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An IP survey (Figure 4) was completed in an area of low magnetics that corresponds to elevated gold of 1m @ 3.96 g/t Au¹ in recent drilling and also likely to be associated with silica and chlorite altered basalt. The Canegrass IP survey was completed 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 1.3km long. Line spacing was 100m.

The most significant chargeable anomaly (high chargeability response designated by warm colours in **Figure 5**) is located on lines 2600 to 2400 centred on 389800E (**Figure 4**). This chargeable anomaly is spatially associated with a linear N-S magnetic high that was the focus of the 2022 RC drilling. 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 an area of no drilling, so several field traverses have been completed to see if there are any geological or regolith surface expressions for this anomaly. It is likely this target will be drill tested to confirm the nature of the anomaly. There is a weak chargeability feature 100m south of the RC drilling will be investigated further. RC drilling is planned for Q1/Q2 2023.

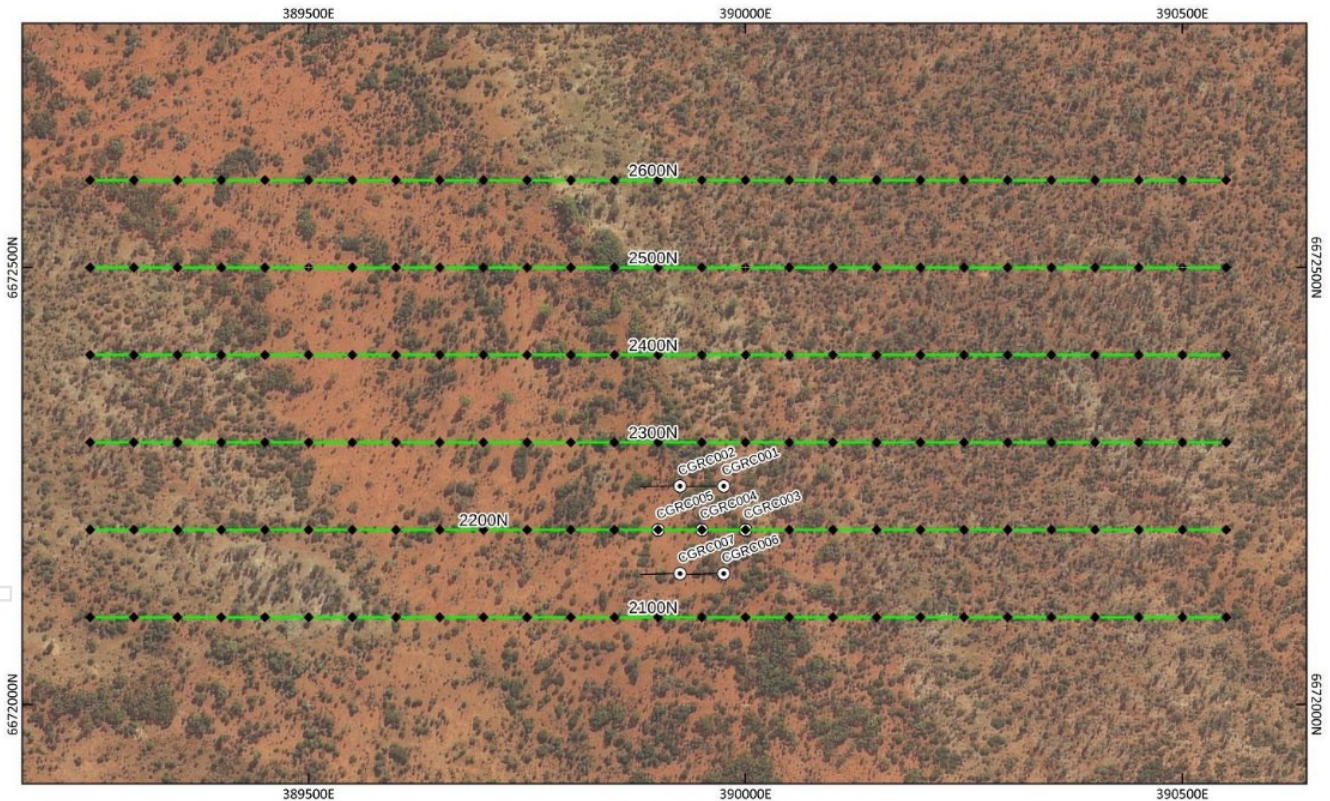


Figure 4: Completed Canegrass IP survey DDIP lines and RC drill collars.

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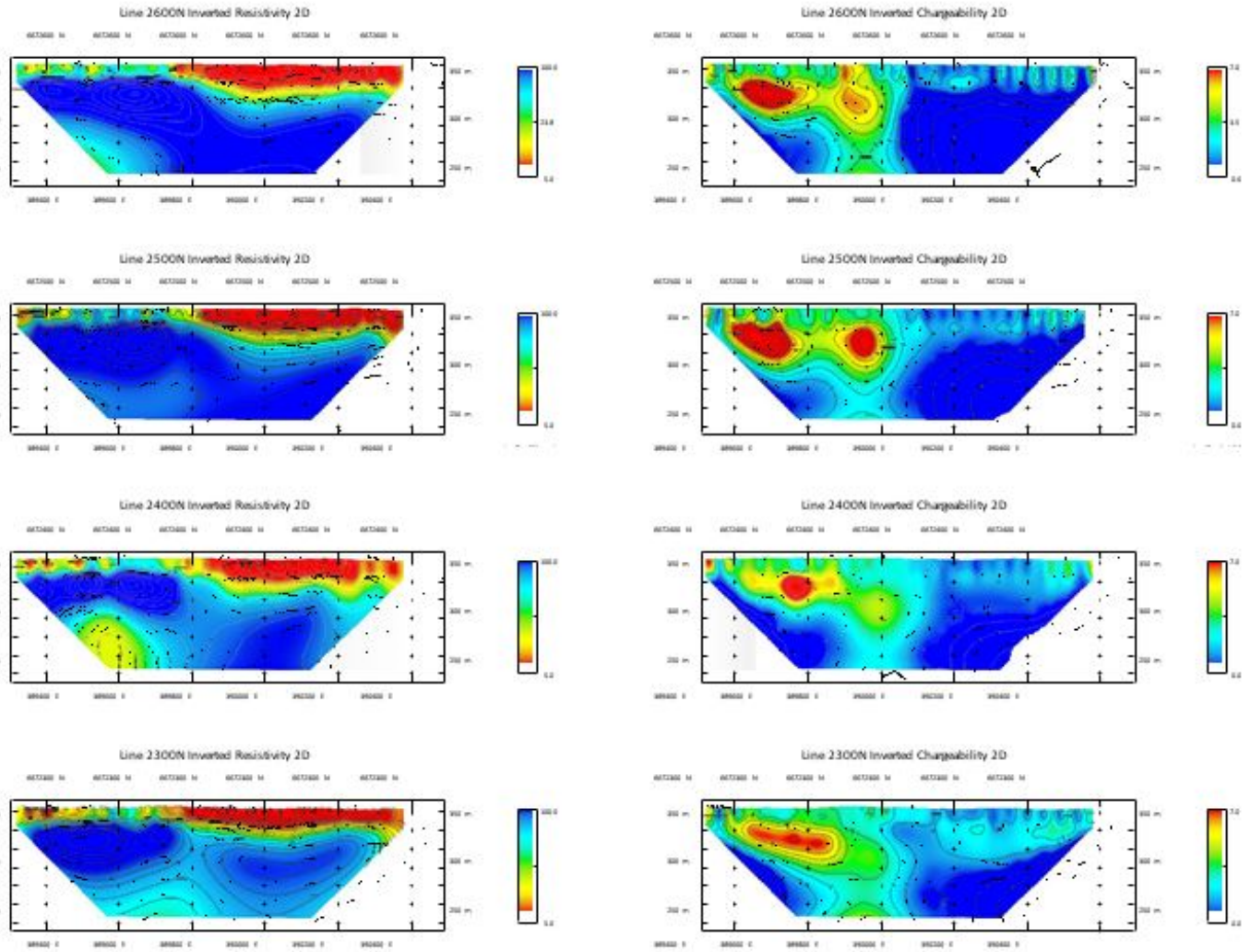


Figure 5: IP Cross Sections 6672600N to 6672300N – Resistivity left and Chargeability right.

Background Yilgarn (Gindalbie) Gold Project Canegrass 2022 RC Drilling Results

The 7 RC holes for 612 m drilling in the March Quarter returned the following results²:

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 required 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 6 to 9**).

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 64-72 m, 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 See ASX Announcement of 3 December 2020. ² See ASX Announcement of 4 April 2022. 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 these announcements.

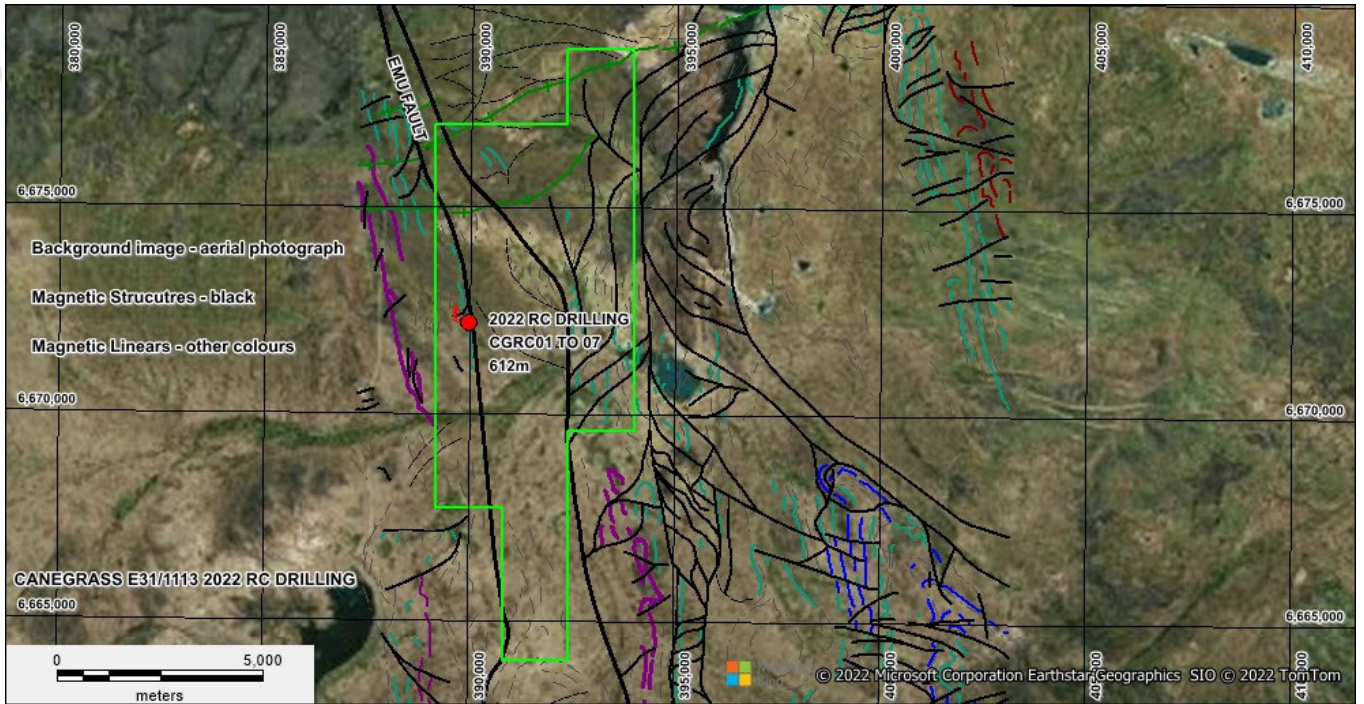


Figure 6: Aerial Imagery with tenure, aeromagnetic structures, and RC drilling

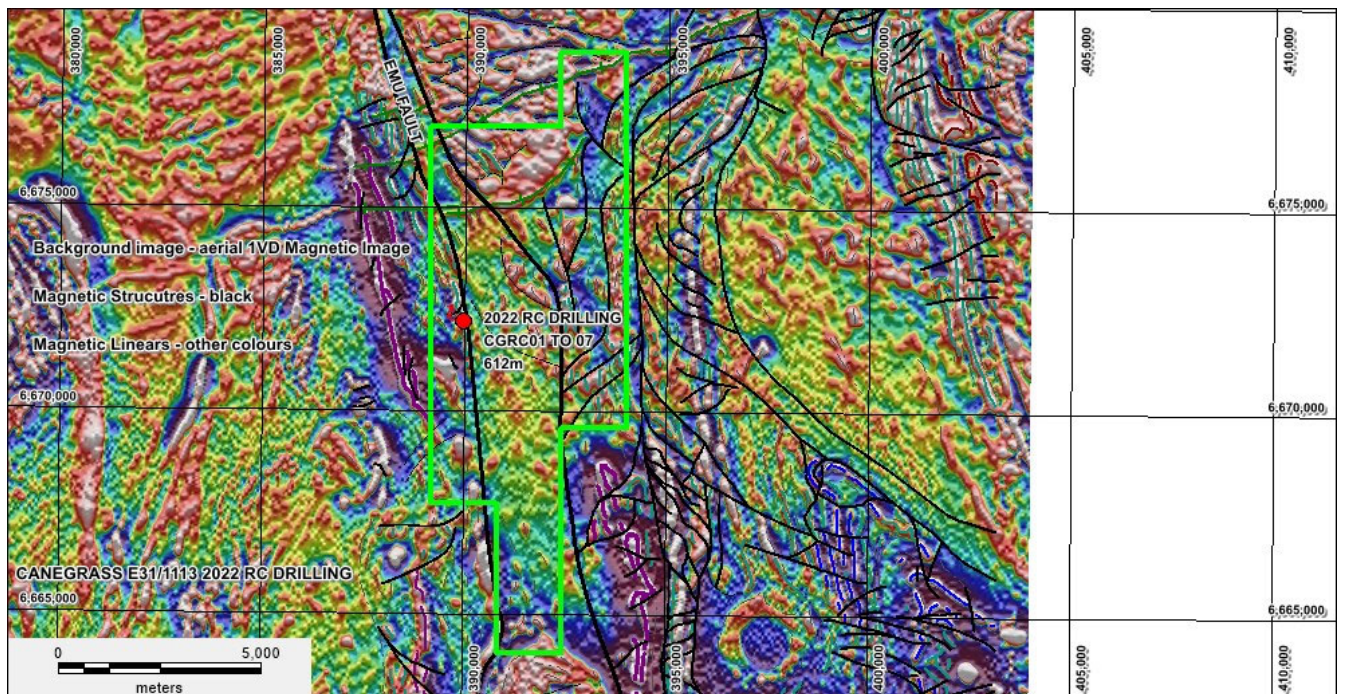


Figure 7: Aeromagnetic Image with tenure, aeromagnetic structures, and RC drilling

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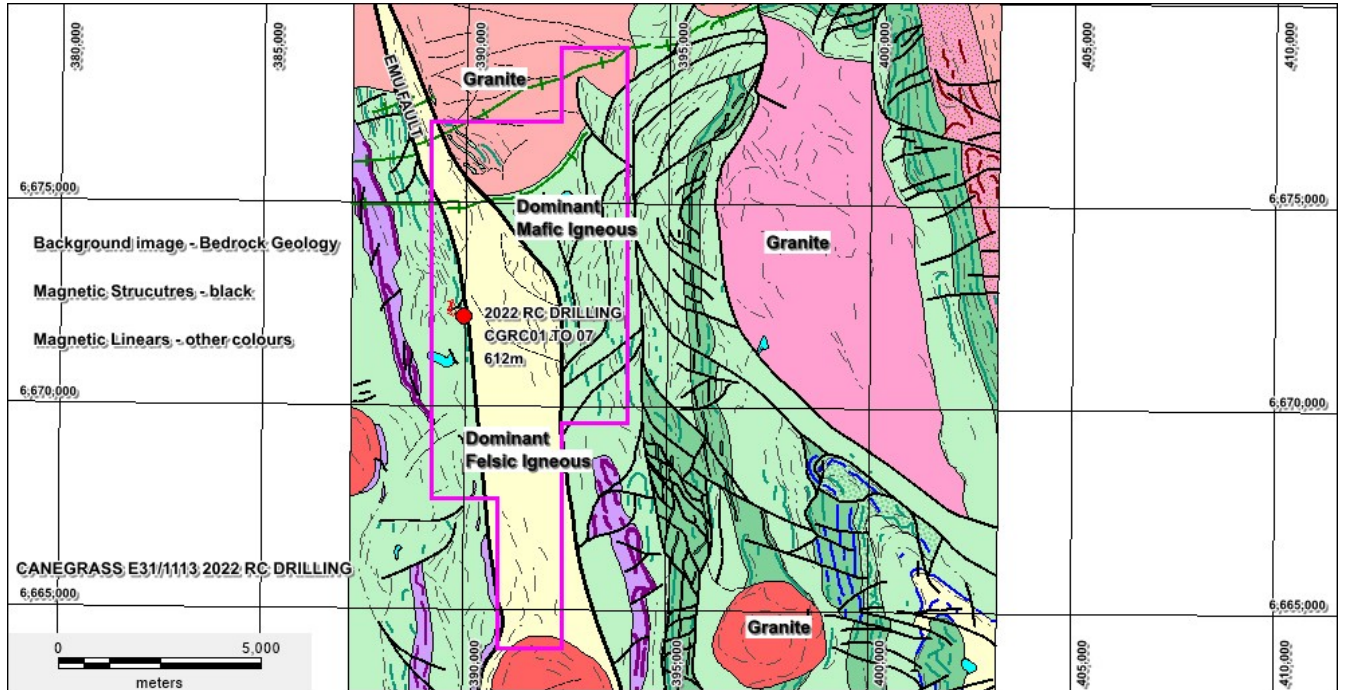


Figure 8: Bedrock Geology with tenure, aeromagnetic structures and RC drilling



Figure 9: 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 Drill Collars of 2022 RC Drilling

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 9 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 7**). The final phase of the interpretation was to construct a bedrock interpretation of the tenement as shown in **Figure 7**. 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 2022 RC drilling comprising 7 holes aimed to test the gold anomalous southern line in addition to drilling 50 m to the north (6672250mN) and south (6672150N) (**Figure 9**), Section 6672250 is **Figure 10** and section 6672200 is **Figure 11**.

The RC sections were interpreted as shown in **Figures 10 and 11**. 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.

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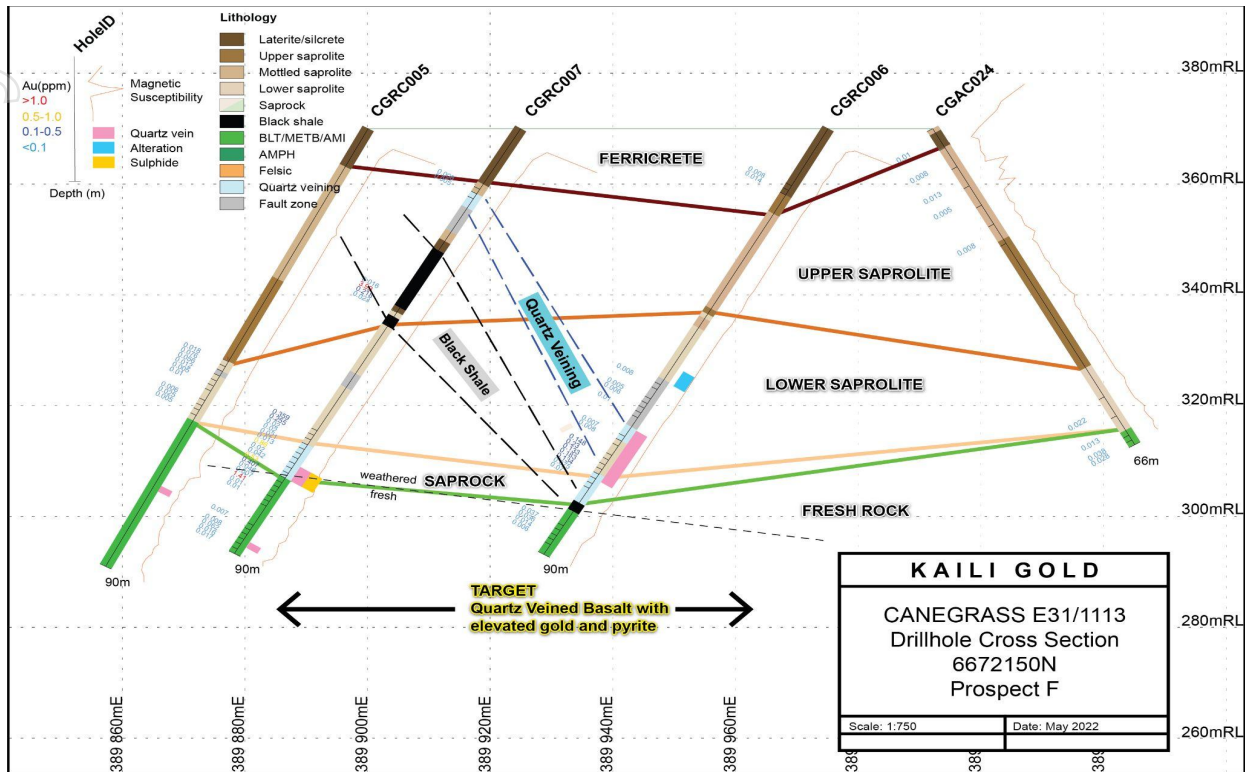


Figure 10: RC Interpreted Drill Cross Section 6672150N.

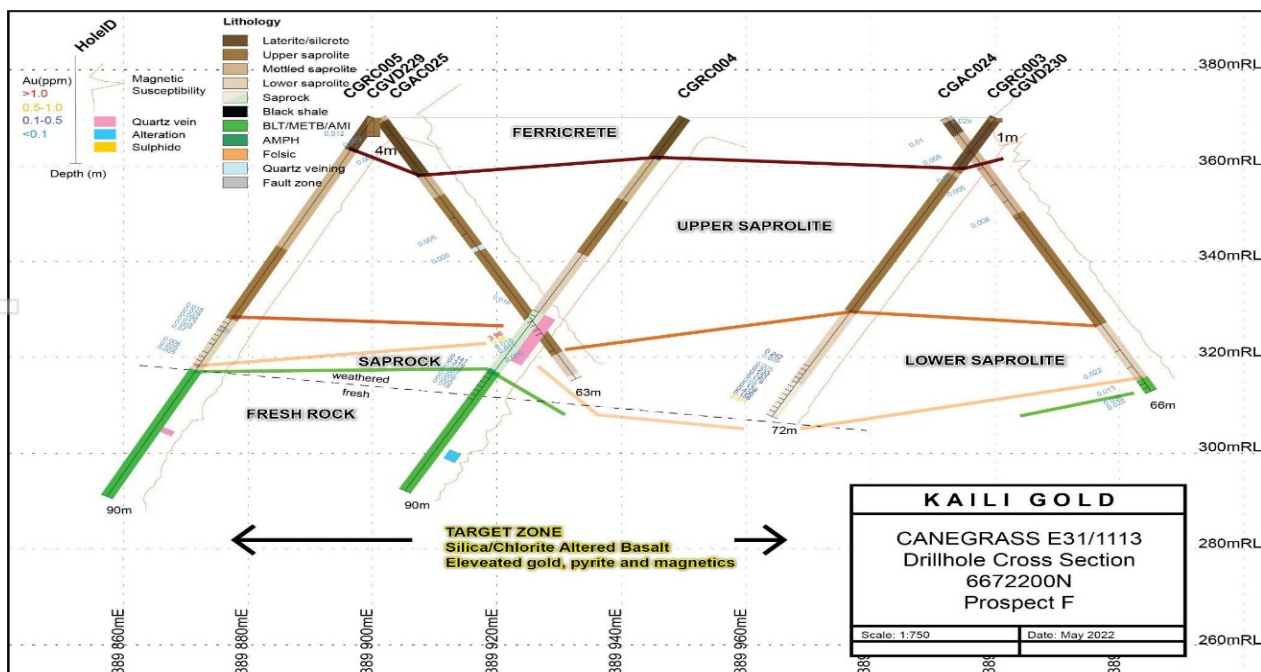


Figure 11: RC Interpreted Drill Cross Section 6672200N.

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Halls Creek – Gold/Cobalt/Copper/Nickel Projects - Western Australia

Black and Glidden E 80/5112, Carrington E80/5113, Sandy Creek E80/5114 and Wild Dog E80/5115

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The were no field based exploration activities in the December Quarter due to the onset of the wet season. Proposed work programs were submitted to the Kimberley Land Council for review ahead pf a proposed commenced of field-based activity in Q2/Q3 2023

Perth based remote sensing consultancy Earthscan processed Landsat and ASTER satellite imagery to delineate alteration minerals (original mineralogy that has been altered by potentially mineralised hydrothermal fluids) that will form the basis of exploration targets for the Halls Creek Project (**Figure 12**)

Minerals of exploration interest that produce recognizable spectral patterns in ASTER imagery are:

Epithermal clay minerals. There are three groups of alteration minerals that produce absorptions in SWIR bands 5, 6 and 7, i.e.

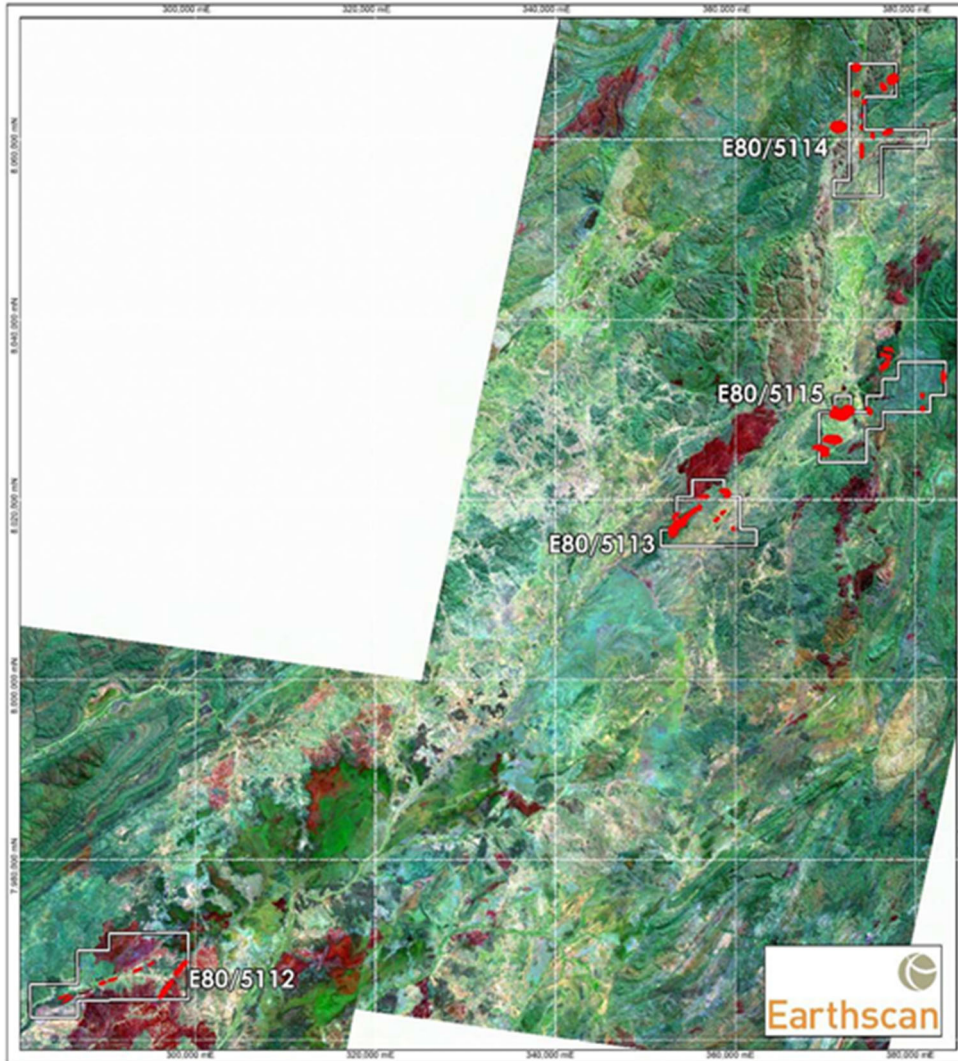
- alunite/pyrophyllite
- kaolinite group minerals
- illite group minerals

Iron oxides: Ferric iron is predicted with a $b2/b1$ ratio. This method is not as definitive as a Landsat $b3/b1$ ratio but works sufficiently well. Ferrous iron is predicted using the ratio of $(b5/b3) + (b1/b2)$.

Silica: The only method of estimating silica is with the TIR data, and this is difficult because of the 90m resolution of the data and the high noise levels.

Propylitic alteration is characterized by epidote, chlorite, actinolite and carbonate minerals all of which produce absorption in band 8 of the ASTER SWIR data. Definition of this absorption is not helped by the crosstalk problem however the best estimator of the absorption is the Relative Band Depth estimator $(b7+b9)/B8$.

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ASTER TARGETS
OVER ASTER BANDS 731
GDA 94 - MGA52
August 2022

Figure 12 ASTER Scenes used for the Remote Sensing Study and the alteration targets in red.

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Background of exploration work

The results of the 2021 field season sampling and targets to be sampled in 2023 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 13**). 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.

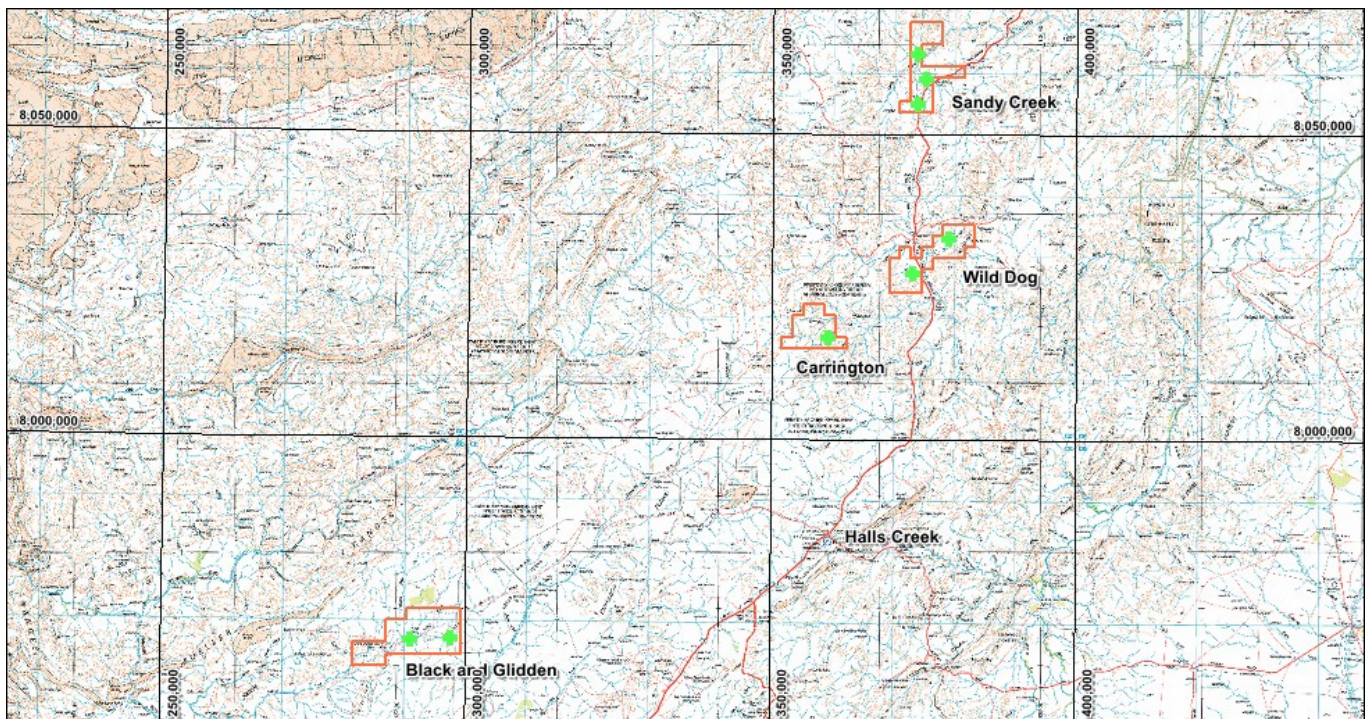


Figure 13: Halls Creek Project showing the 2021 soil sampling grids in green.

Geology of the Tenements

The Halls Creek Project comprises four granted tenements (**Figure 13**) situated within the NE-SW trending Lamboo Province comprising four 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

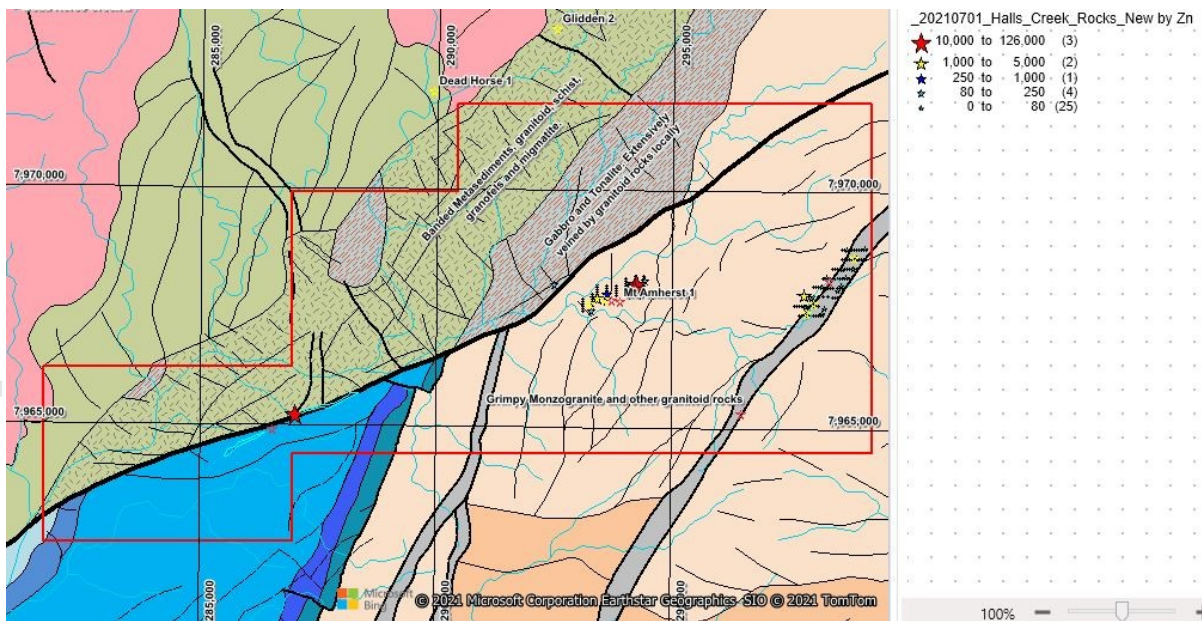


Figure 14: Black and Glidden Interpreted Geology and Structure

The Black and Glidden Tenement (**Figure 14**) 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 Amhurst5/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 14** and **15**.

The sampling was conducted within the Grumpy Monzogranite which is locally quartz veined and strongly epidote altered. A single sample (**Figure 15**) 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 15**). The soil geochemistry was not significantly elevated in gold or base metals apart from some elevated gold. This is 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 Q2/Q3 2023.

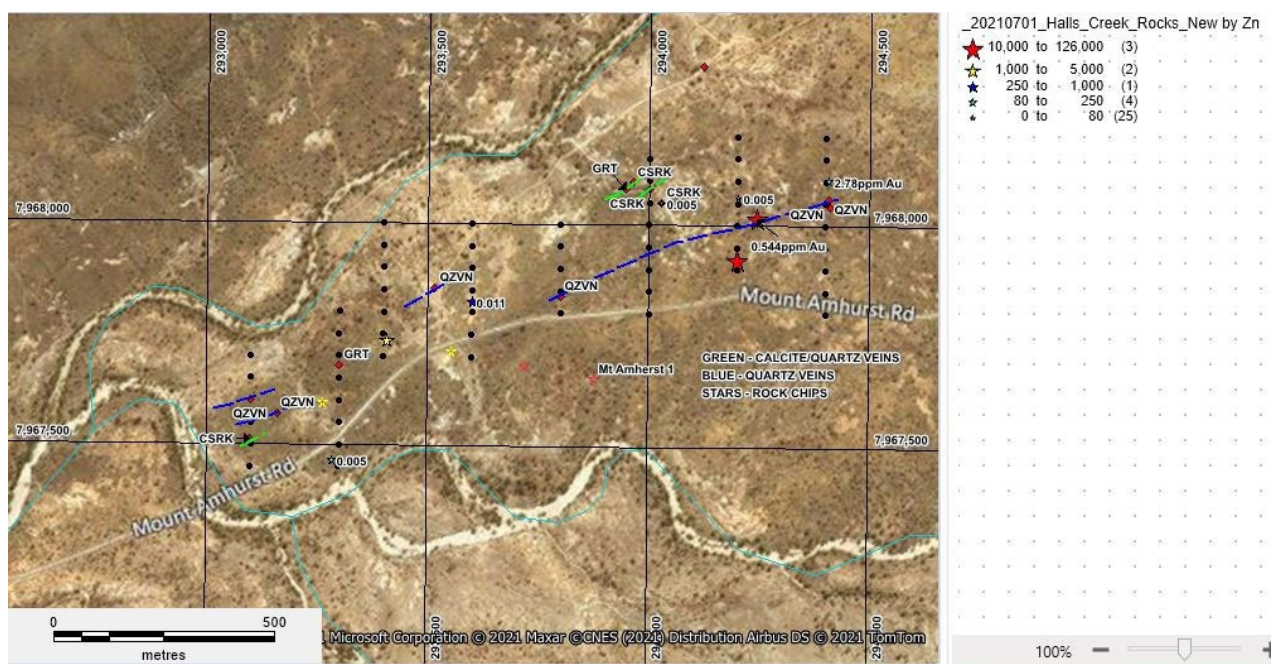


Figure 15: Black and Glidden western soil grid showing distribution of quartz and calcite veining in the Grumpy Monzogranite

CARRINGTON E80/5113

The Carrington tenement (**Figure 16**) has limited vehicular access, so the initial 2021 field-based exploration involved a series of E-W soil traverses as shown in **Figure 16** 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 Q2 / Q3 2023 including the EM conductor via helicopter traverses.

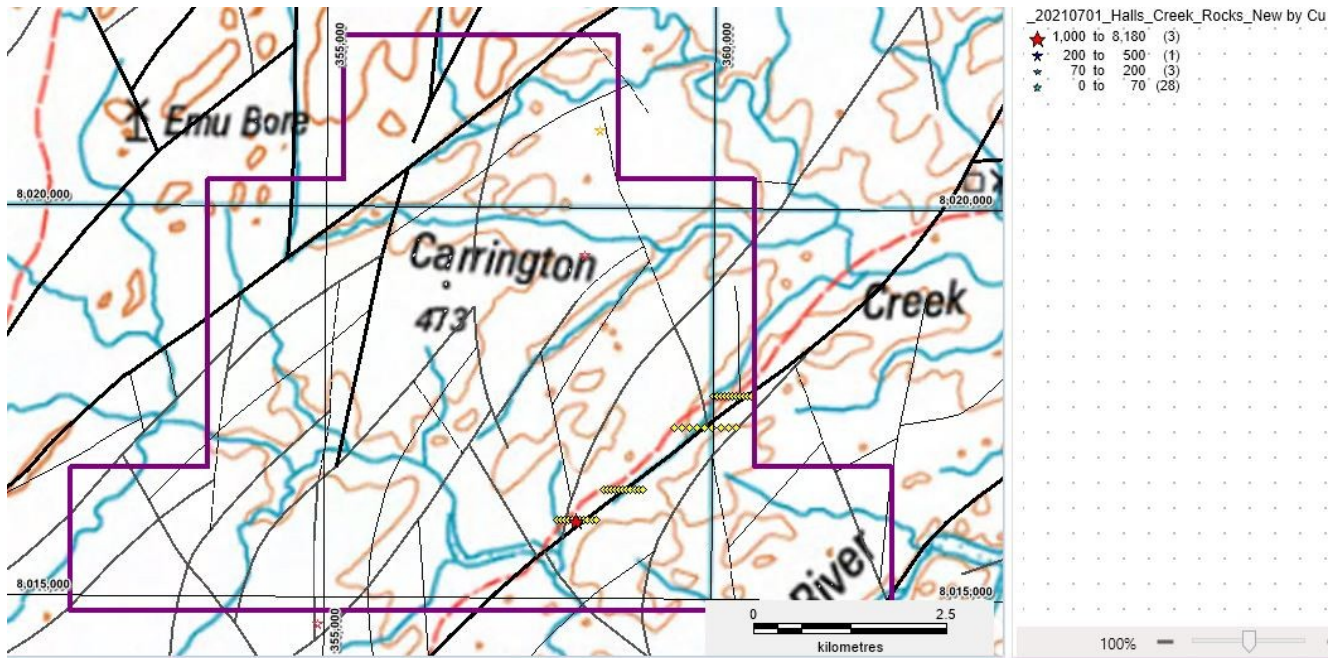


Figure 16: Carrington Soil Grids (Yellow) and structures in black

WILD DOG E80/5115

Surficial geochemical sampling at the Wild Dog tenement comprised two soil grids, Grids 1 and 2 (**Figure 17**). 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 Q2/Q3 2023.

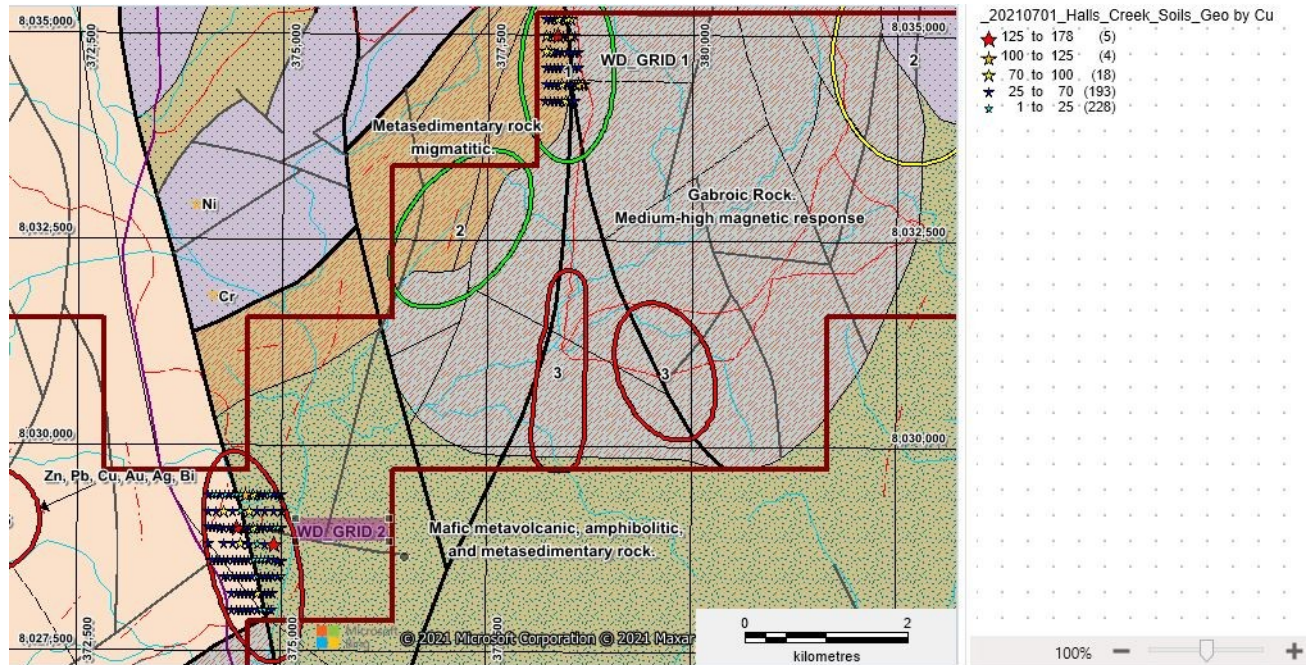


Figure 17: Wild Dog Cu ppm in Soils

SANDY CREEK E80/5114

In the limited sampling completed in 2021 there is evidence of 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 18**. The high priority base metal target shown as green zones in the centre of the tenement (**Figure 18 and 19**) and the high priority geophysical targets within gabbroic rocks will require helicopter supported geochemical and geological mapping traverses in Q2/Q3 2023.

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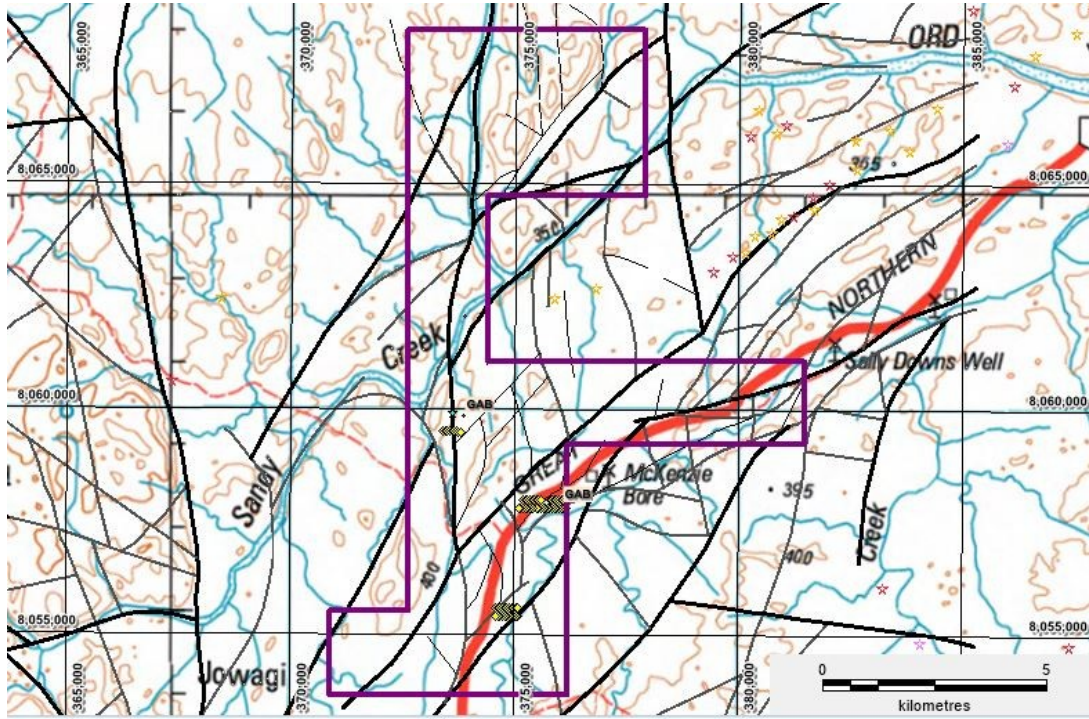


Figure 18: Sandy Creek Soil Grids (Yellow)

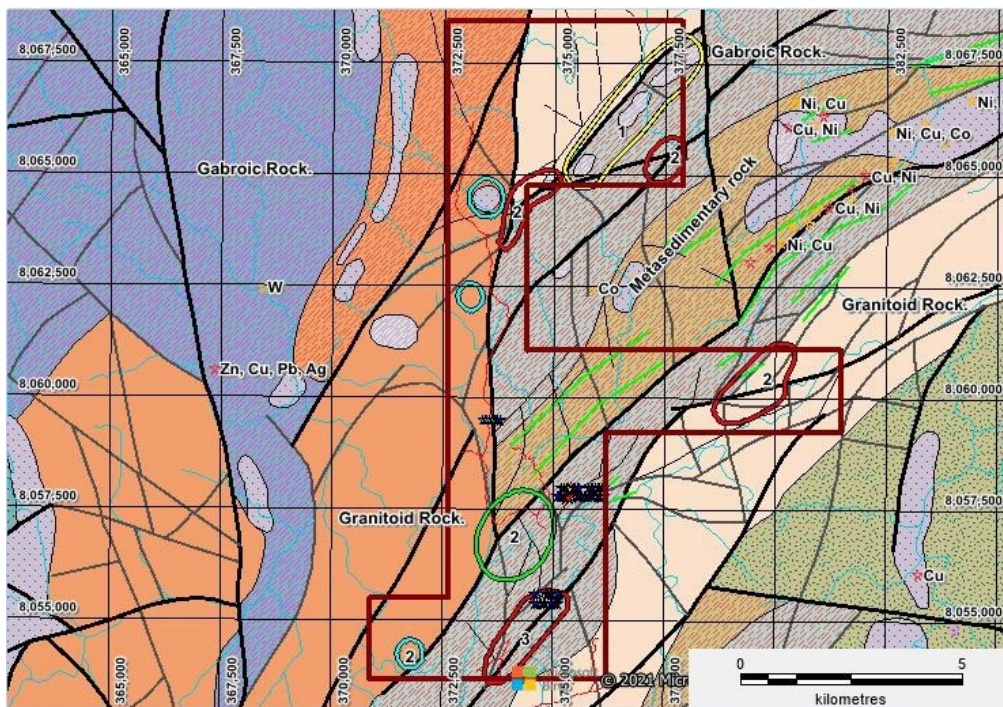


Figure 19: Sandy Creek target areas and soil sampling grids

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Tennant Creek – Gold and Copper Projects - Northern Territory

Gidyea EL 32665 and Kovacs ELA 32666

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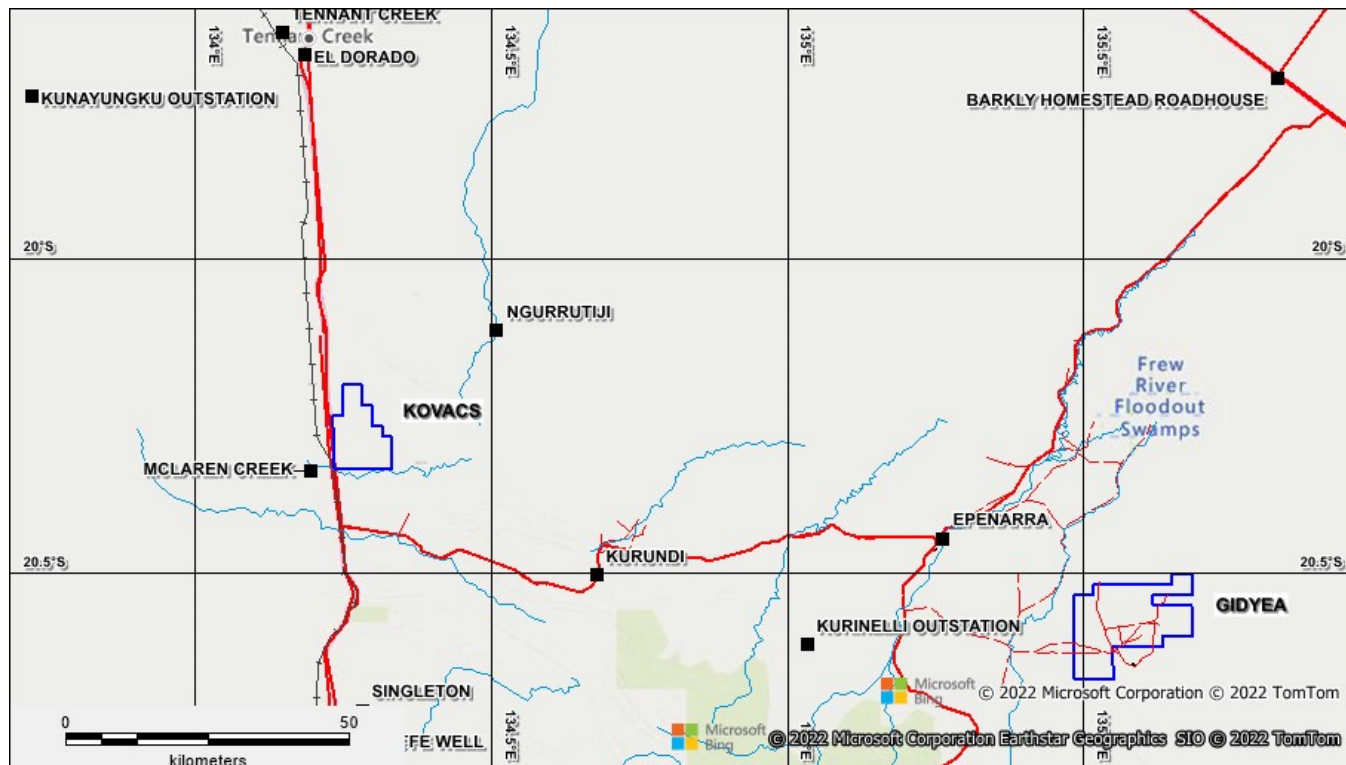


Figure 20: Regional Tenement Location SE of Tennant Creek – Kovacs and Gidyea

In February 2021, the Group applied for two Exploration Licences (ELs) registered as ELA 32666 and ELA 32665 located to the south and southeast of Tennant Creek (**Figure 20**). 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 Company presented its work program at a meeting of the Native Title Parties in Tennant Creek on 26 October 2022 whereby its exploration plans for Kovacs ELA 32666 were outlined in detail for consideration.

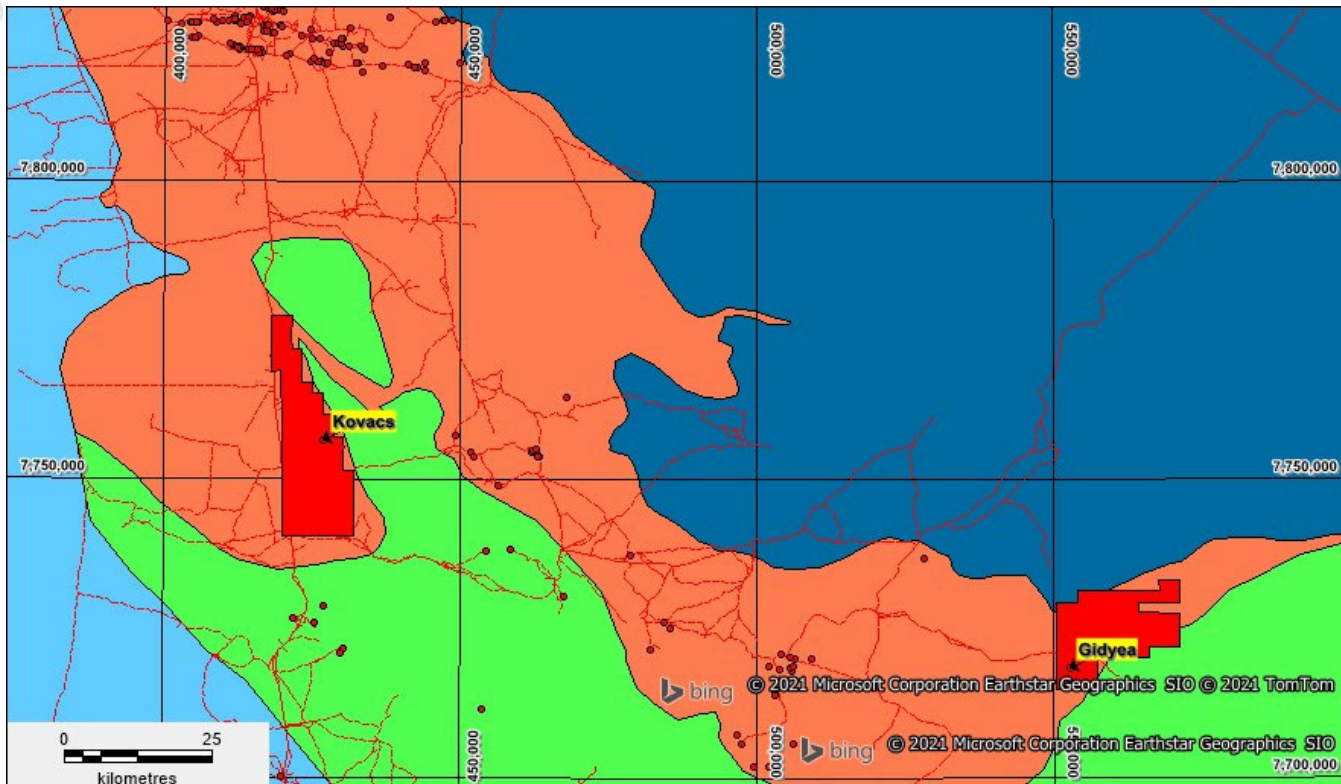


Figure 21: Regional Geological Location SE of Tennant Creek – Kovacs and Gidyea

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 more than 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.

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Geology of the Region

The tenements are in the mineral rich Paleoproterozoic Warramunga Province (shaded brown) and flanked by the younger Palaeoproterozoic Davenport Province (shaded green) (**Figure 21**). 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 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 22** 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 23** shows a uranium radiometric image which clearly outlines the Warramunga Province.

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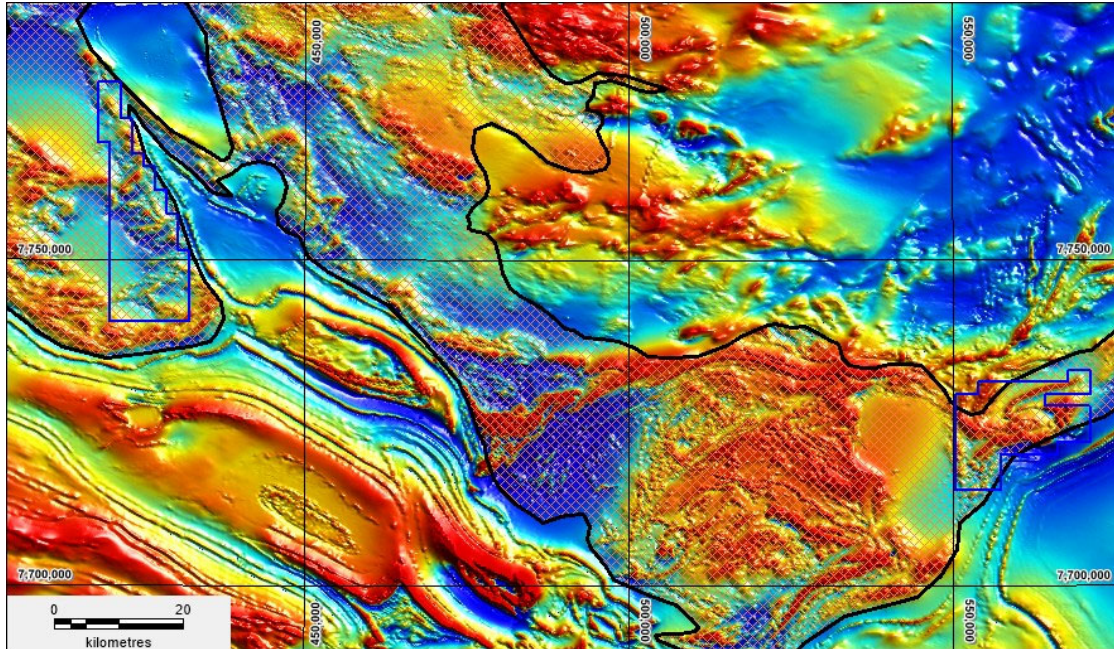


Figure 22: Gidyea (east) and Kovac (west) are shown on regional TMI magnetics with the Warramunga Province shown as a light hatching over the magnetics.

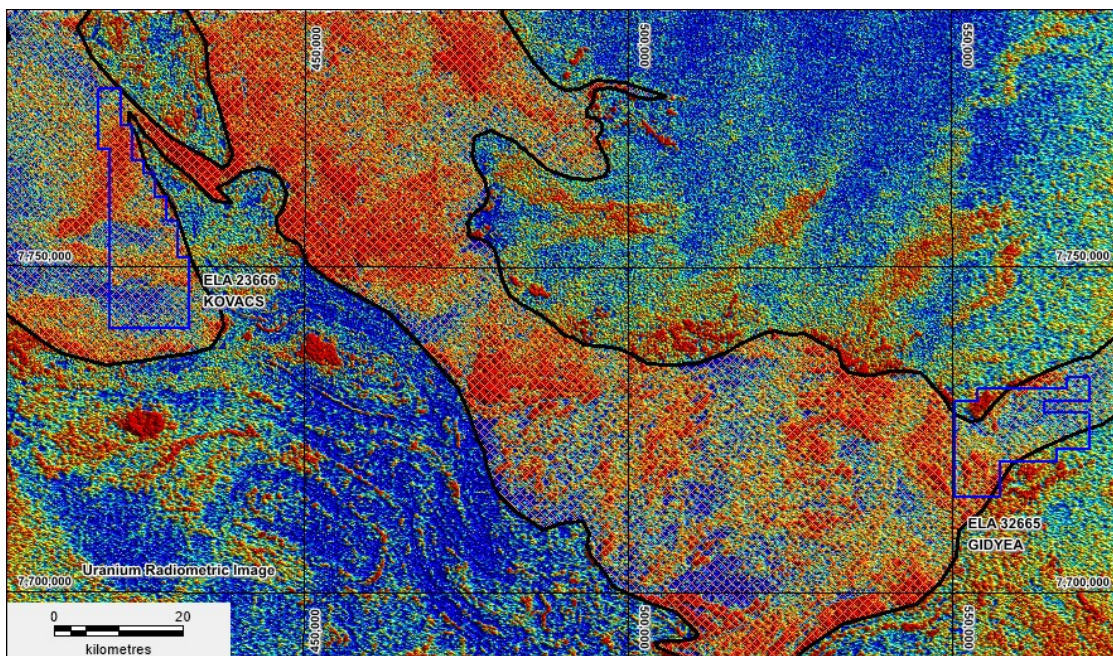


Figure 23: Gidyea and Kovac projects are shown on regional Uranium radiometrics with the Warramunga Province shown as a light hatching over the radiometrics.

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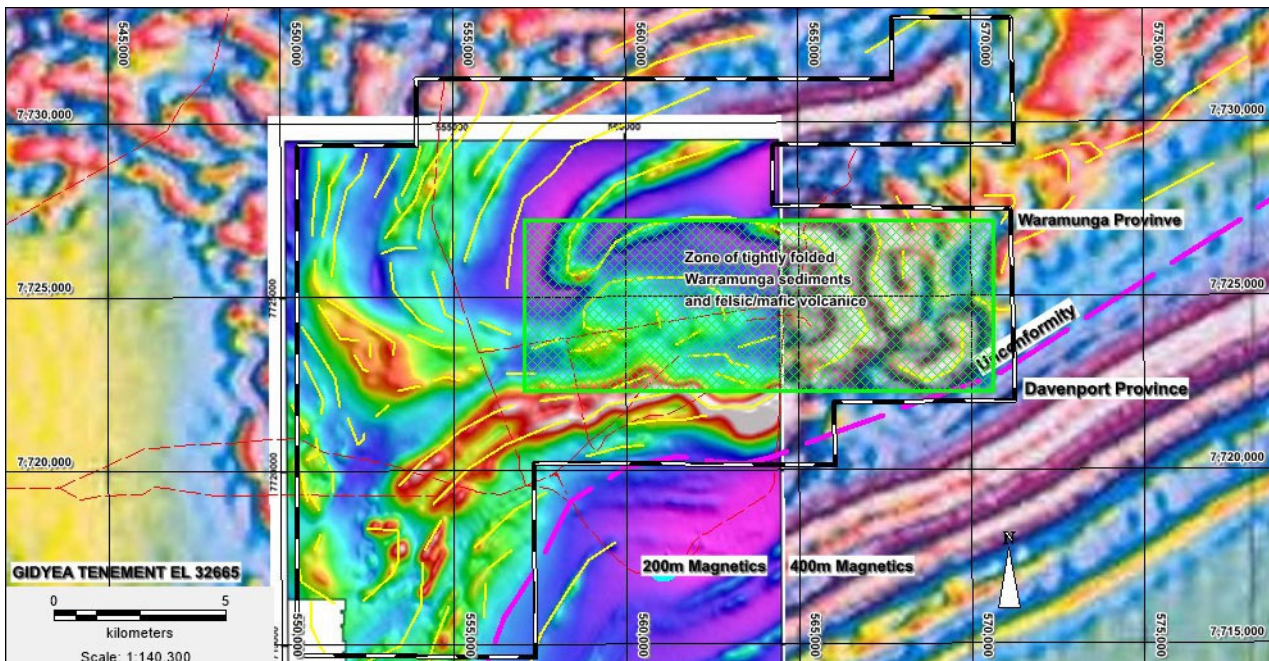


Figure 24: Gidyea Project showing two generations of magnetic image with vastly different resolution and the proposed initial work area in green.

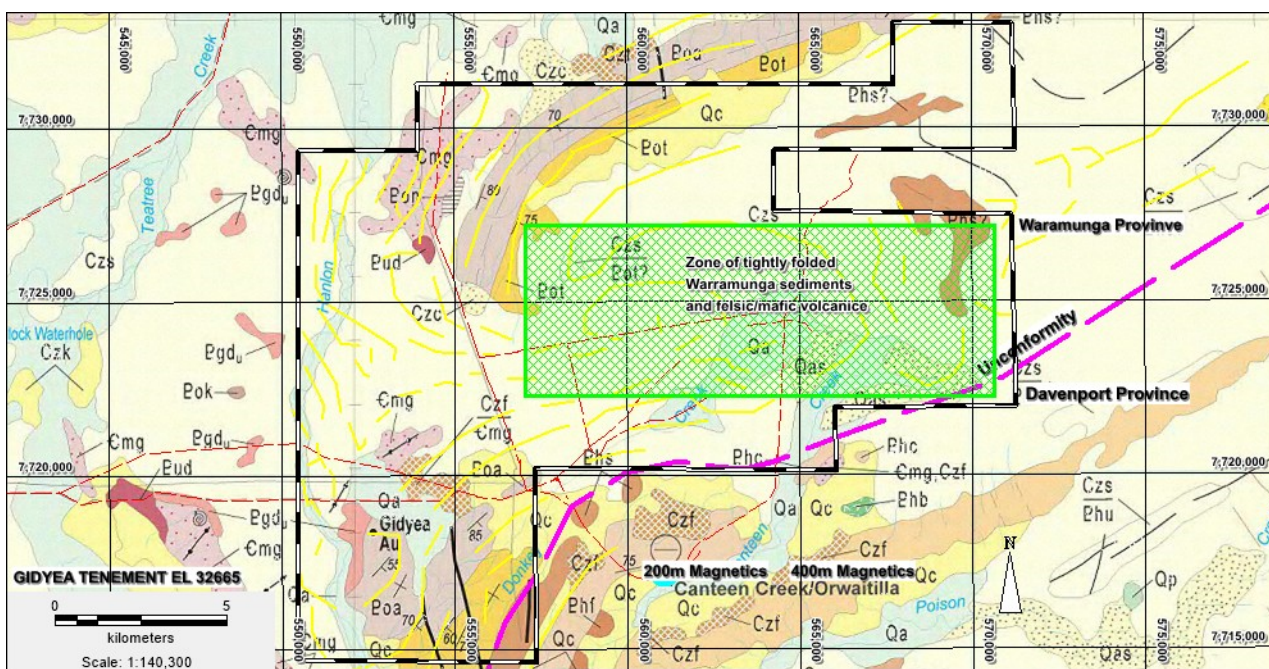


Figure 25: Gidyea Project showing the initial work area on the Frew River 1:250,000 outcrop geology map

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When an Authority Certificate 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 25** 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 24 and 25**.

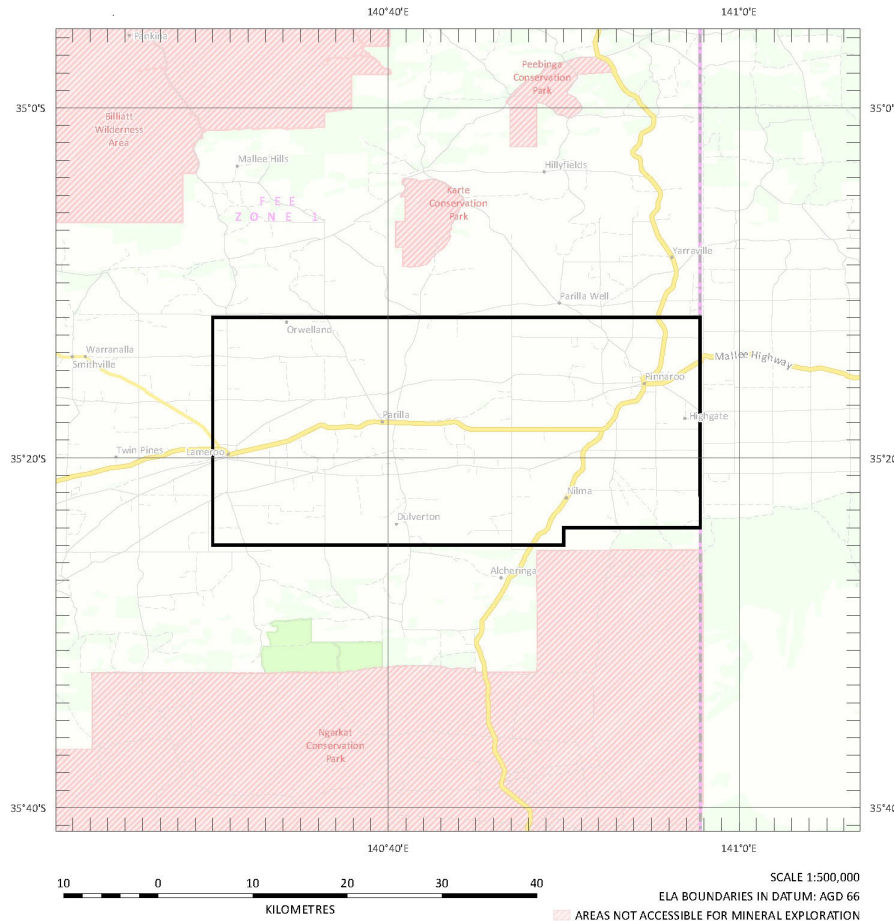
Planned Exploration:

- 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.

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Limestone Coast – Rare Earth Element Projects - South Australia
Lameroo EL 6856 (granted from application ELA 2022/00075)
Held 100% by wholly owned subsidiary Kaili Gold Pty Ltd.

SCHEDULE A



FILE REFERENCE 2022/00075
TYPE MINERALS ONLY
MAP SHEETS PINNAROO
AREA 991 km²
LOCATION PARILLA AREA
 Approximately 100 km east of Tailm Bend
FEE ZONE Zone 1
DATE RECEIVED 12/08/2022
APPLICANT KAILI GOLD PTY LTD



NOTE: There is no warranty that the boundary of this Exploration Licence Application is correct in relation to other features on the map. The boundary is to be ascertained by reference to the written description and the Australian Geodetic Datum 1966.



Figure 26: Lameroo EL Application located on the Limestone Coast of South Australia

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On the 19th October 2022, wholly owned subsidiary Kaili Gold Pty Ltd has been granted exploration licence EL 6856 for 6 years to 18 October 2028, following its application under ELA 2022/00075 in August 2022. EL 6856 covers an area of approximately 992 km² within the Loxton Sands in the Murray Basin in South Australia for exploration of Rare Earth Elements (“REE”)

The aim of the Company is to explore for REE contained within the fine clay fraction of Tertiary (65 to 2.5 Million Years Ago) Strandlines (“ionic clay style of deposit) reportedly existing in the region. Australian Rare Earth (ASX:AR3) has a large exploration area in the region and recently announced following a drilling program an increased JORC inferred mineral resource of 81.4 MT @ 785 ppm TREO (Total Rare Earth Oxides) at their Koppamurra project prospective for ionic clay REE deposit (see AR3’s ASX announcement of 4 July 2022). Several other entities are also exploring for REE in the region.

With the lowering of the overall levels, the Loxton Sands or equivalents of the Murray Basin were formed on the beach on the shore of the emergent land (Strandlines). Locally, heavy minerals were concentrated by wave action, including rutile zircon and ilmenite (Mineral Sands). In addition, Light and Heavy Rare Earth Elements have formed an ionic bond with the fine clay fraction (Ionic Clays) of the Loxton Sands at shallow depths.

REE have been designated critical minerals by Australia, EU, USGS and IEA and are used in rare earth permanent magnets for electric vehicles (EV), wind turbines and many electronic devices.

Technical Releases Since Commencement of December 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:

21/10/2022	Grant of EL 6856 Rare Earth Element Exploration in SA
26/10/2022	Quarterly Activities/Appendix 5B cash Flow Report
15/11/2022	IP Survey Commences at Canegrass Yilgarn Gold Project WA
9/12/2022	IP Survey Completed at Canegrass WA
22/12/2022	Presentation at AGM

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 December 2022 quarter and their locations. EL 6856 was granted in South Australia on the 19th of October 2022 for a period of 6 years.

Granted	Tenement	Name	Commodity	Region	Registered Holder	Beneficial Interest	Area Blocks	Area km2 Approx	Expiry	Comments
30/05/2016	E31/1113	Canegrass	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	17	54	29/05/2026	5 Year Renewal Granted
1/07/2016	E27/550	Holey Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	10	32	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	102	31/08/2023	
31/08/2018	E80/5113	Carrington	Cobalt/Gold/ Copper/Nickel	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	16	51	31/08/2023	
31/08/2018	E80/5114	Sandy Creek	Cobalt/Gold/ Copper/Nickel	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	20	64	31/08/2023	
31/08/2018	E80/5115	Wild Dog	Cobalt/Gold/ Copper/Nickel	WA - Lamboo Province	Kaili Iron Pty Ltd	100%	22	70	31/08/2023	
Application	EL 32666	Kovacs	Gold/Base Metals	NT - Warramunga Province	Kaili Gold Pty Ltd	100%	92	294		Application 23/02/2021
14/09/2021	ELA 32665	Gidyea	Gold/Base Metals	NT - Warramunga Province	Kaili Gold Pty Ltd	100%	65	208	14/09/2027	6 Year Granted
Application	EL 6856	Lameroo	Rare Earths	Murray Basin	Kaili Gold Pty Ltd	100%	310	992	18/10/2028	6 Year Granted
						Total	584	1869		
		Conversion Factor of 3.2 used to convert blocks to km2								

Table 2: Tenement schedule

Exploration Expenditure

The expenditure incurred for exploration in the tenements for the Quarter was \$137,000 as follows:

- Geology/geophysics	\$31,000
- Native title	\$14,000
- Geophysical survey	\$69,000
- Rent, rate and other project management costs	\$23,000

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 in the Quarter 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 \$19,000 for salary and superannuation contribution for the executive director.



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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

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30 January 2023

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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")

31 DECEMBER 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 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	(19)	(72)
(e) administration and corporate costs	(79)	(244)
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, projects and net of rent refunded by director per LR 10.1)	2	36
1.9 Net cash from / (used in) operating activities	(96)	(280)
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	(63)	(267)
(e) investments		
(f) other non-current assets		

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	(63)	(267)
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	800	1,300
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	800	1,300
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	212	100
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(96)	(280)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(63)	(267)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	800	1,300

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	853	853

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	853	212
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)	853	212

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	19
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<p><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></p>		

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	3,400
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	3,400	3,400
7.5 Unused financing facilities available at quarter end		-
7.6 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>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 interest free and unsecured funds up to \$1 million until 1 April 2024 in addition to the fully drawn loan facility of \$2.4 million maturing on 1 April 2024. The financial support was fully drawn down by the Company during the quarter.</p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(96)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(63)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(159)
8.4 Cash and cash equivalents at quarter end (item 4.6)	853
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	853
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.36
<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 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
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?	
Answer: N/A	
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?	
Answer: N/A	

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

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: 30 January 2023

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Authorised by: Jing Li, Director

Long Zhao, Director and Secretary

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(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.