

ACTIVITIES REPORT – MARCH 2025 QUARTER

Exploration Investment

The Company currently focuses on exploration for rare earths and precious metals which have positive outlook with investors because of the expected future demand for critical minerals and the price of gold.

The Company holds 100% interests in three tenements within the Limestone Coast in South Australia, namely Lameroo, Karte and Coodalya which are prospective for rare earths elements (“REE”) within ionic clay. They are in a region where ASX listed Australian Rare Earth (ASX:AR3) has been successful in REE exploration achieving significant resource estimates.

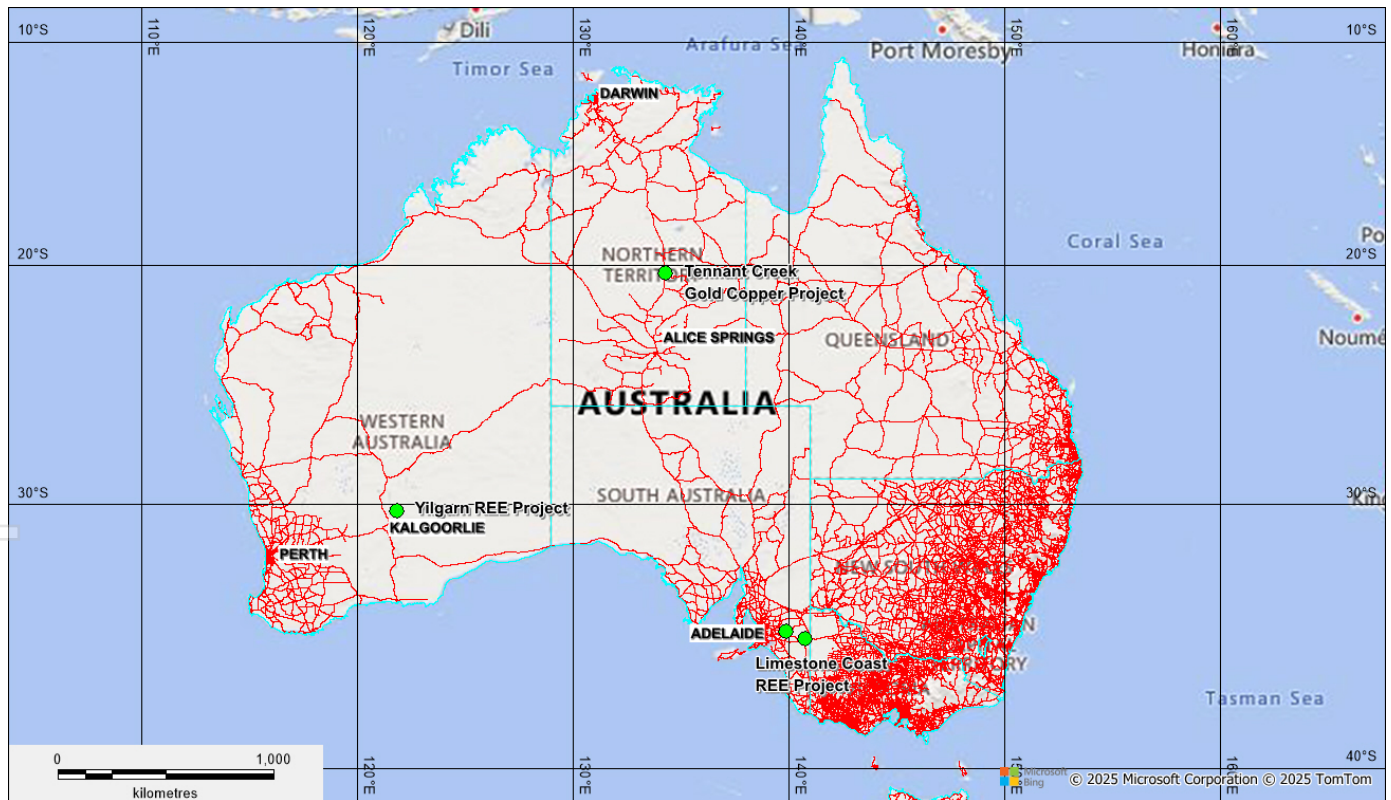


Figure 1: Kaili Resources Projects Locations

Limestone Coast – Rare Earth Element Projects – South Australia
Lameroo EL 6856, Karte EL 6977 and Coodalya EL 6978
Held 100% by wholly owned subsidiary Kaili Gold Pty Ltd

The 3 tenements with Coodalya within 50 kms NW of contiguous Lameroo and Karte cover a total area of 1,985 km² approximately 200 kms east of Adelaide within the Loxton/Parilla Sands in the Murray Basin in South Australia (**Figure 2**). REEs are reportedly contained within the fine clay fraction of Tertiary (65 to 2.5 Million Years Ago) Strandlines (ionic clay style of deposit) in the basin.

Australian Rare Earths (ASX:AR3) has reported exploration success within their tenements in the region with estimated JORC 2012 resource of 236Mt @ 748ppm Total Rare Earth Oxides (TREO) (*see AR3 ASX Release of 30th September 2024*) and is planning for a prefeasibility study and construction of a demonstration plant.

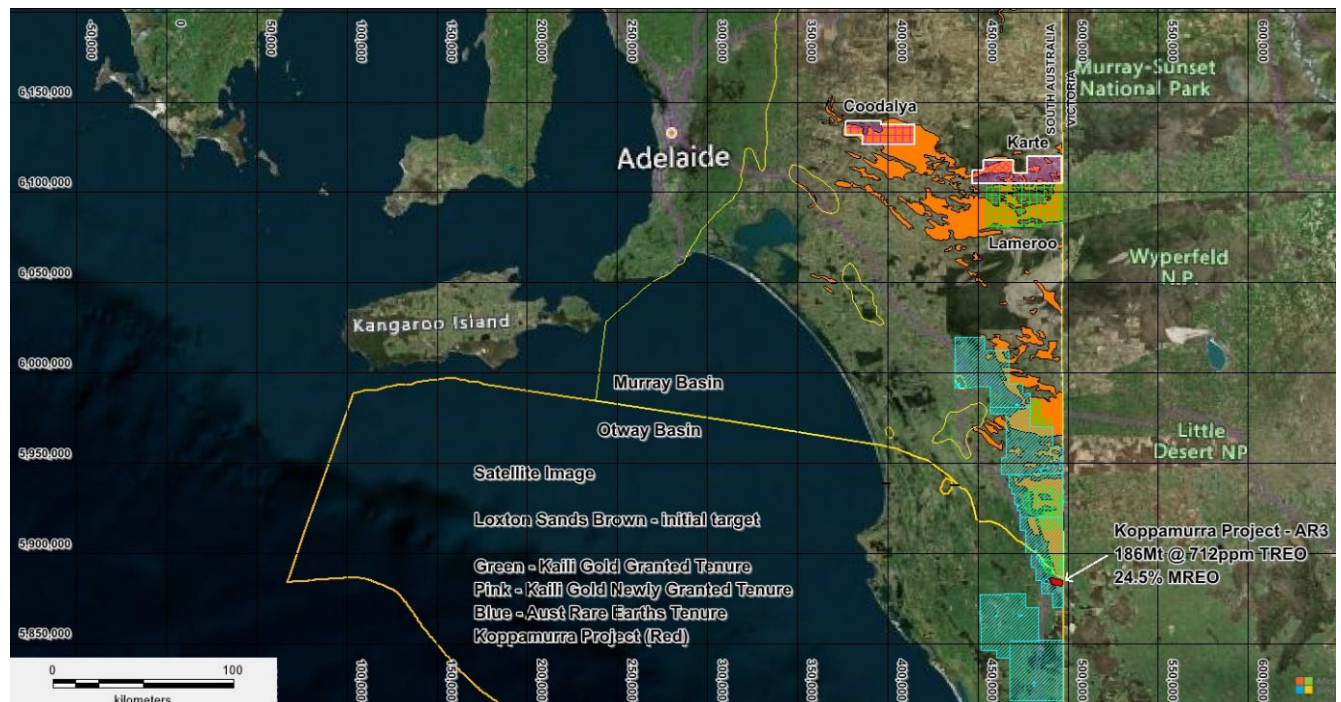


Figure 2: Location of Lameroo, Karte and Coodalya Rare Earth Exploration Tenements in Murray Basin, Limestone Coast, South Australia

In prior periods, the Company had conducted pXRF scan of samples from selected historic drill holes held by the SA Government and collected and assayed samples from fresh outcropping granite at Lameroo. Having regards to the information obtained the Company completed an initial widely spread drilling program along road verges at Lameroo (**Figure 3**) in February 2024 to identify areas for infill drilling.

The assay results of the initial drilling program were encouraging. They have been used as reference in the design, planning and budgeting of larger drill programs across all 3 tenements to be conducted in this financial year.

A summary of significant Total Rare Earth Oxides (“TREO”) drilling intersections in February 2024 are as follows:

- 1m @ 356 ppm from 18 m - 19 m LMAC046
- 1m @ 271 ppm from 2 m - 3 m LMAC032
- 1m @ 228 ppm from 19 m - 20 m LMAC047

Magnetic (Battery) Rare Earth Oxides - MREO (Tb+ Dy+ Pr+ Nd) comprise on average 17% of the TREO. (See the Company’s ASX Announcement on 25th March 2024 for the JORC table and list of results for each hole.)

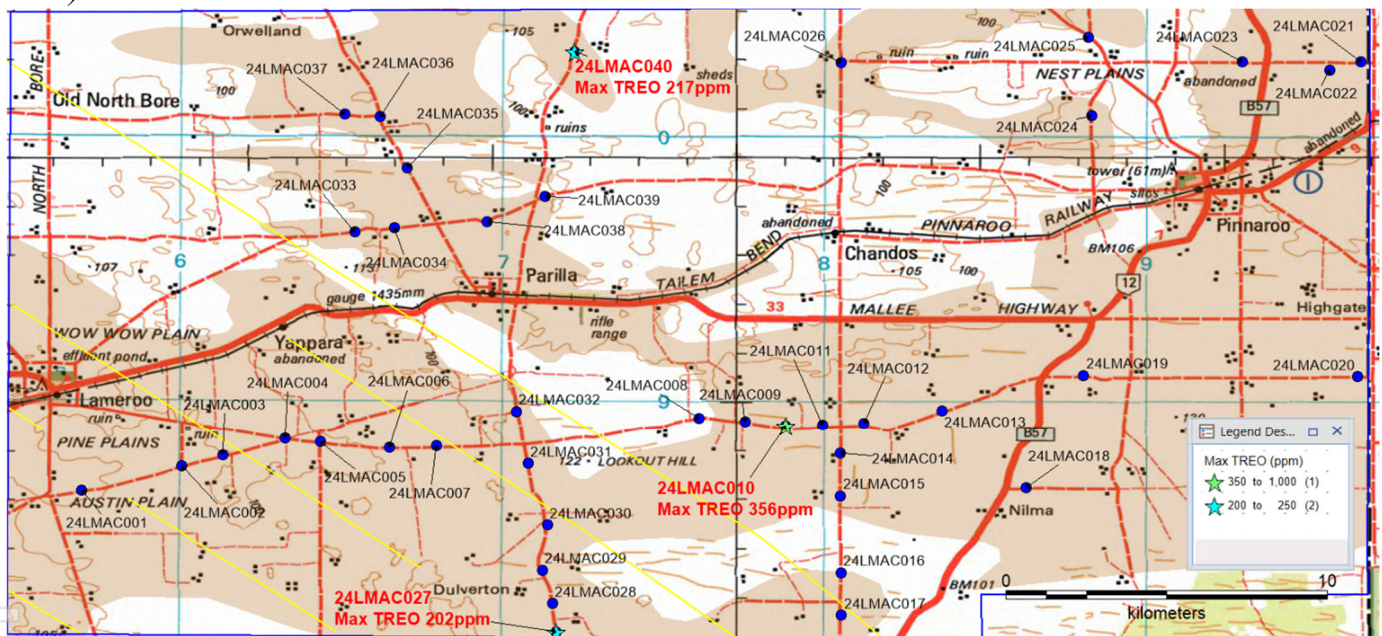


Figure 3: Location of Lameroo Aircore Drill Holes (LM series) within the target Loxton/Parill Sands (brown) and showing maximum ppm TREO in the hole

During the quarter the Company completed roadside traverses across the Lameroo, Karte and Coodalya tenements for rare earths elements (“REE”) exploration (**Figures 4 and 5**).

Drill sites on council road verges have been selected for the forthcoming drilling program to minimise disruption to the public, private properties and flora. Discussions have also been held with relevant local councils in preparation of the proposed exploration activities. The plan is to Aircore drill shallow holes of up to 20m deep to test for potential REE mineralisation.

KLR is seeking approval of EPEPRs (exploration program for environment protection and rehabilitation) for all 3 tenements by the Department of Energy and Mining of South Australia (DEM) prior to commencement of drilling in the selected locations (**Figures 4 and 5**) in June quarter.

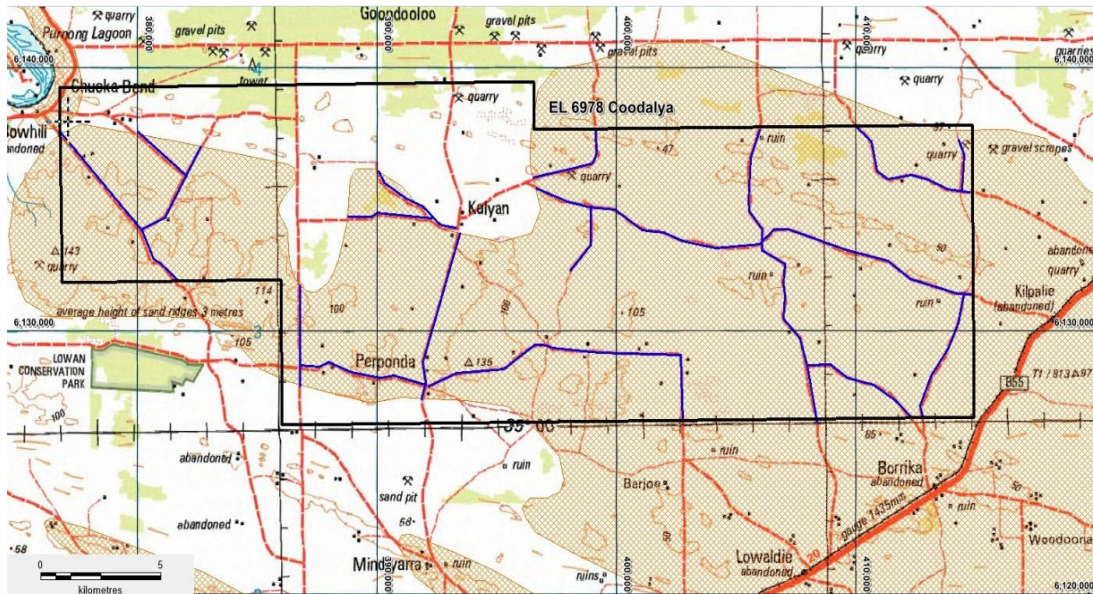


Figure 4: Vehicular traverses in blue targeting the Loxton/Parilla Sands in the Coodaly Tenement

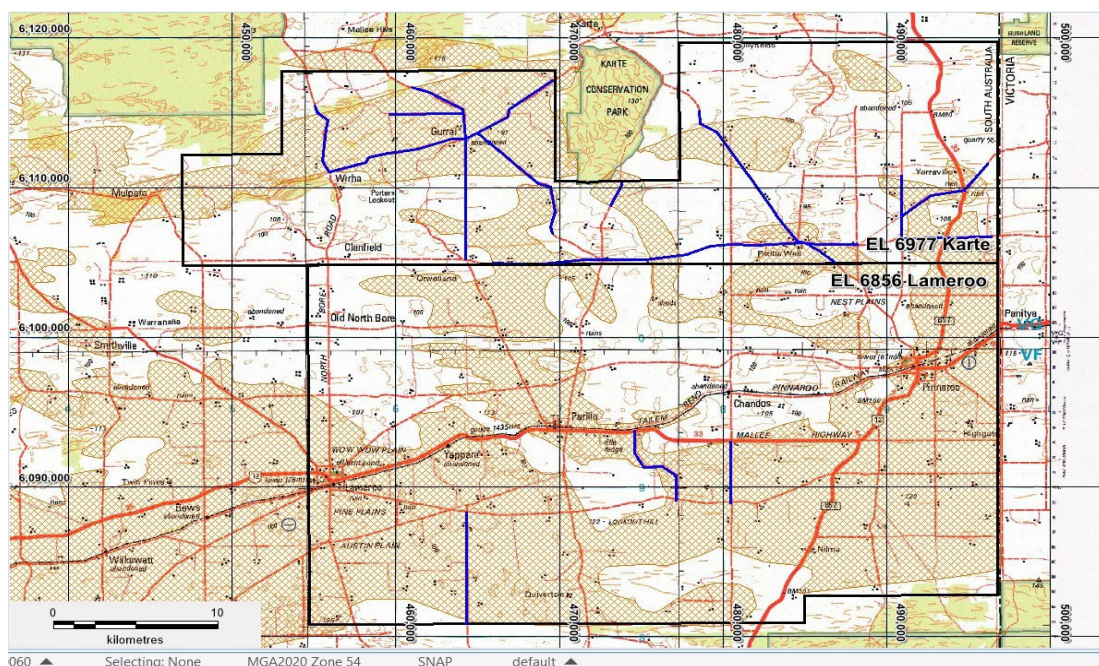


Figure 5: Vehicular traverses in blue targeting the Loxton/Parilla Sands in the Karte and Lameroo Tenements

Yilgarn Craton (Gindalbie) Critical Metals Project in Western Australia

Holey Dam E27/550

Held 100% by wholly owned subsidiary Kaili Gold Pty Ltd

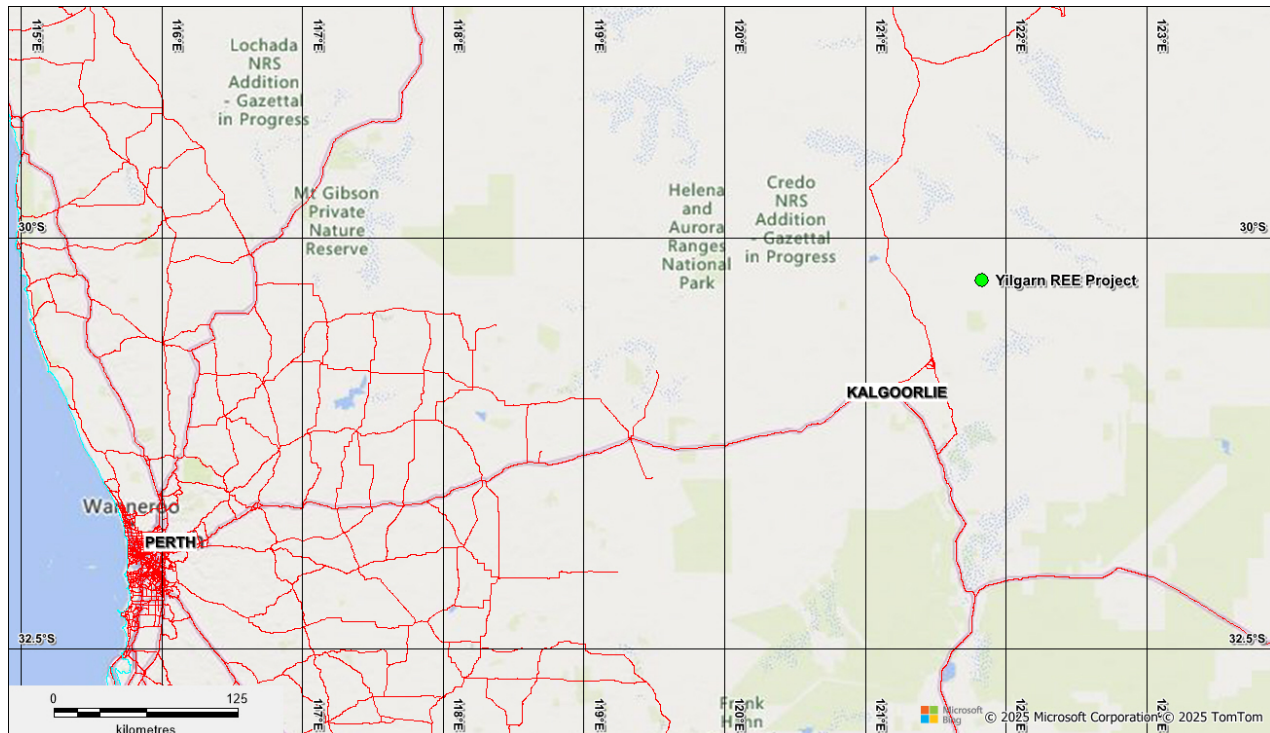


Figure 6: Kaili Resources Yilgarn REE Project

In 2023, 2 holes from an RC drilling within Holey Dam revealed elevated Total Rare Earth Oxides (“TREO”) in a zone of TREO enrichment at the base of the saprolite clays above partially weathered mafic rocks; a location termed BOCO (Base of Complete Oxidation) and is just above the partially altered basalt or “saprock.”

The results were reported in *ASX Announcements of 12 October 2023 and 20 November 2023*.

The Company has conducted pXRF scans of samples from previously completed Aircore Holes in the Saprolite Zone for a multi element suite including REE minerals Nd, Pr, Ce, La and Y and selected samples for assay at the laboratory.

In February 2025, a selection of the samples have been assayed at the laboratory to assess whether further drilling for REE mineralisation is warranted. The assay results indicated insufficient presence of rare earth elements to warrant further exploration within the tenement and Holey Dam E 27/550 was surrendered in March 2025.

Tennant Creek – Gold and Copper Exploration Projects - Northern Territory

Kovacs ELA 32666

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

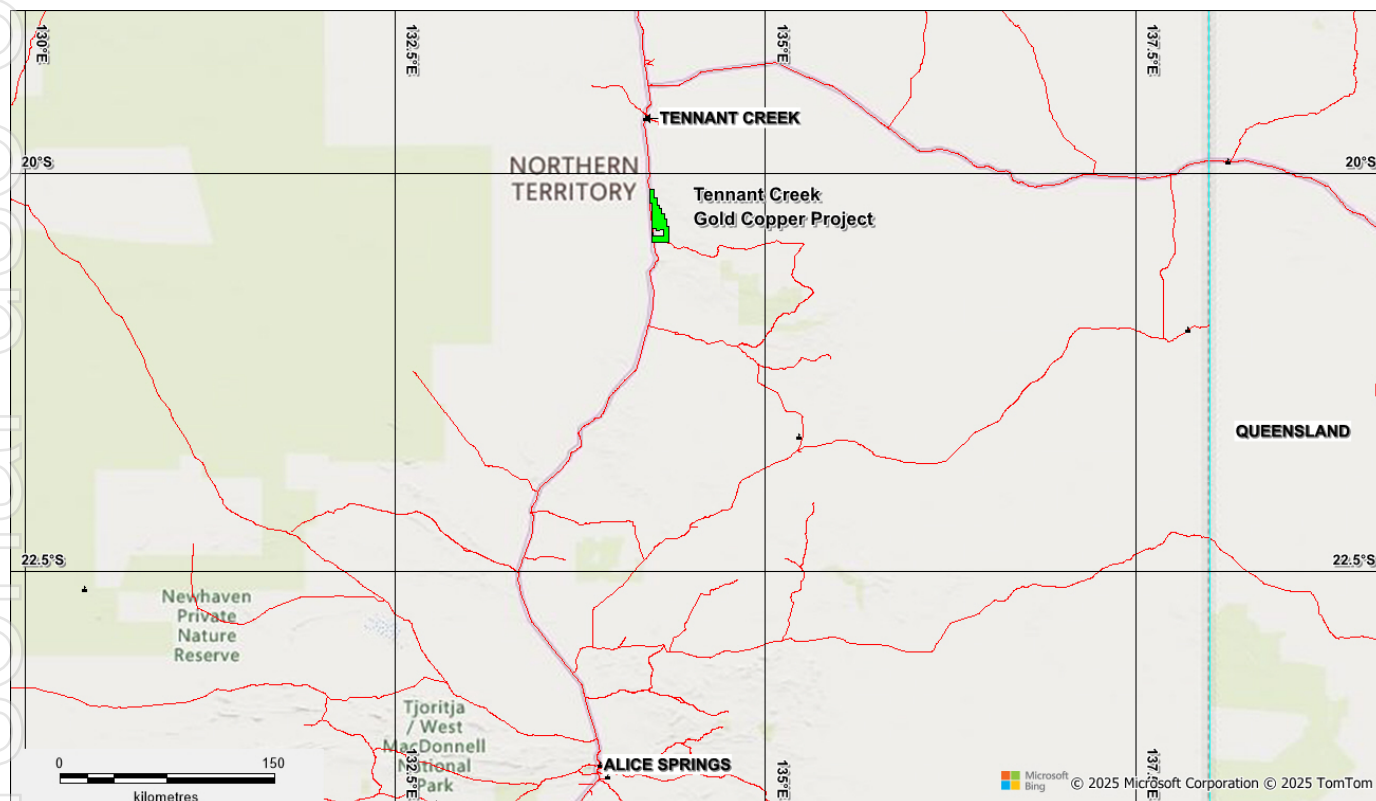


Figure 7: Regional Tenement Location SE of Tennant Creek – Kovacs

There has been no exploration activity during the quarter as the Company awaits the grant of the exploration licence under application ELA 32666 Kovacs south of Tennant Creek lodged in February 2021. Background information on the geology of the region and licence areas is contained in the Activities Report released to ASX on 30 January 2023.

Technical Releases Applicable to the March 2025 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:

- 12th October 2023: Gindalbie RC Drilling Results
- 20th November 2023: Encouraging Rare Earth Assays at Holey Dam
- 25th March 2024: Drilling Results on REEs at Lameroo SA
- 31st January 2025: Quarterly Activities/Appendix 5B Cashflow Report
- 19th February 2025: Sites Selected for REE Drilling in SA
- 27 March 2025: Annual Report to Shareholders

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 the above announcements.

Exploration Expenditure

The expenditure incurred (adjusted for accrual basis of accounting to the cash payment reported in Appendix 5B item 2.1(d)) for exploration in the tenements for the Quarter was as follows:

- Geology/geophysics	\$10,000
- Project management costs	\$3,000
- Tenement rent & rates	19,000
Total	<u>\$32,000</u>

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

LICENCES STATUS

Pursuant to ASX Listing Rule 5.3.3 the Company reports in the Table 2 below in relation to minerals tenements held at the end of the March 2025 quarter and their locations. During the quarter the tenement Holey Dam E 27/550 was surrendered.

Granted	Tenement	Name	Commodity	Region	Registered Holder	Beneficial Interest	Area	Status
							Km ²	
19/10/2022	EL6856	Lameroo	Rare Earth	SA - Murray Basin	Kaili Gold Pty Ltd	100%	991.0	Expiry on 18/10/2028
15/02/2024	EL 6977	Karte	Rare Earth	SA - Murray Basin	Kaili Gold Pty Ltd	100%	590.0	Expiry on 14/02/2030
15/02/2024	EL 6978	Coodalya	Rare Earth	SA - Murray Basin	Kaili Gold Pty Ltd	100%	408.0	Expiry on 14/02/2030
Under application	ELA32666	Kovacs	Gold/Base Metals	NT-Warramunga Province	Kaili Gold Pty Ltd	100%	271.7	Application submitted 23/02/2021
Total							2,630.2	

Table 2: Tenement schedule

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 \$7,000 for salary and superannuation contribution of the executive director Long Zhao.

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.

30 April 2025

Authorised by:

Jing Li - Director

Long Zhao - Director/Secretary

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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 MARCH 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(7)	(7)
(e) administration and corporate costs	(109)	(109)
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)	(7)	(7)
1.9 Net cash from / (used in) operating activities	(123)	(123)
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	(51)	(51)
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(51)	(51)

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		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other	(12)	(12)
3.10 Net cash from / (used in) financing activities	(12)	(12)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	211	211
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(123)	(123)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(51)	(51)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(12)	(12)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	25	25

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	25	211
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)	25	211

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	7
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	5,599	4,599
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	5,599	4,599
7.5 Unused financing facilities available at quarter end		1,000
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>In March 2025:</p> <ul style="list-style-type: none"> - Yitai Group (Hongkong) Co., Ltd, a related company of the ultimate parent company Inner Mongolia Yitai Investment Co., Limited extended the repayment date from 1 April 2025 to 1 April 2026 of the fully drawn interest-free and unsecured loan and advances facility totalling \$4.599 million. No further advances may be drawn under the loan and facility. - Kaili Holdings Limited, a related company of Director Jianzhong Yang, agreed to provide interest-free and unsecured funds of up to \$1 million until 31 March 2026 for working capital. 		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	123
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	51
8.3 Total relevant outgoings (item 8.1 + item 8.2)	174
8.4 Cash and cash equivalents at quarter end (item 4.6)	25
8.5 Unused finance facilities available at quarter end (item 7.5)	1,000
8.6 Total available funding (item 8.4 + item 8.5)	1,025
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.89
<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>	
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	

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 April 2025

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.