

28 November 2018

Dear Shareholder

Kaili Resources Limited (Company) – 1 for 2 Underwritten Non-Renounceable Entitlement Offer

The Company announced on 27 November 2018 a 1 for 2 underwritten non-renounceable Entitlement Offer at an issue price of \$0.036 per share to raise approximately \$1.769 m (before transaction costs) (**Entitlement Offer**).

The Entitlement Offer is fully underwritten by Treasure Unicorn Limited, a company controlled by Inner Mongolia Yitai Investment Co. Limited, the Company's largest shareholder. Details of the impact of the underwriting on the Company, as well as the underwriting agreement itself, are set out in the offer document.

The net proceeds of the Entitlement Offer will be applied to exploration within the licences that the Company holds, repayment of debt, general working capital and costs related to this Offer.

You will receive a copy of the offer document shortly. In accordance with section 708AA of the *Corporations Act 2001*, a prospectus is not required for this Entitlement Offer.

Details of the Entitlement Offer are set out in the offer document and Appendix 3B lodged with ASX and are available on the Company's website (www.kailigroup.com.au).

Summary of Key Information

Type of offer	Underwritten non-renounceable 1 for 2 entitlement offer of approximately 49,133,457 ordinary shares to shareholders that are on the share register of the Company as at the record date
Offer price	\$0.036 per new share
Offer ratio	1 new share for every 2 existing shares held at the record date
Trading of entitlements	Your entitlements may not be sold on ASX or otherwise transferred off market
Ranking of new shares	The new shares will be fully paid and will rank equally in all respects with the Company's existing issued ordinary shares
Number of shares quoted on ASX	The number of ordinary shares to be quoted on ASX on completion of the Entitlement Offer will be approximately 147,400,372

Please note that the Company's shares will be quoted on an 'ex' basis from 29 November 2018. Any shares bought after this date will not be able to participate in the Entitlement Offer.

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Indicative Timetable

Event	Date
Notice of Entitlement Offer sent to all Shareholders	28 November 2018
Ex-Date: the date on which Shares commence trading without entitlement to participate in the Entitlement Offer	29 November 2018
Record date (7pm Sydney time)	30 November 2018
Dispatch of offer document and application form to Shareholders	5 December 2018
Entitlement Offer closes	17 December 2018
New shares quoted on deferred settlement basis	18 December 2018
Shortfall shares notified to ASX and underwriter	20 December 2018
Issue and allotment of new Shares (deferred settlement ends)	20 December 2018
Normal trading of Shares expected to commence	21 December 2018
Dispatch of holding statements	24 December 2018

Note: dates and times are indicative only and subject to change. Subject to compliance with the ASX Listing Rules, and in consultation with the Underwriter, the Company reserves the right to: (i) not proceed with the Entitlement Offer and return any applications moneys received without interest; or (ii) vary the dates and times above including closing the offer earlier or later.

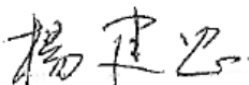
For further information of your entitlement or how to deal with your rights please refer to the offer document (which you will receive shortly) or contact the Company:

Suite 1612, Level 16
World Tower
87-89 Liverpool Street
Sydney NSW 2000

Telephone: 61 2 98386 5713
Fax: 61 2 9283 7166
Email: contact@kailigroup.com.au

Taking up your entitlements may have taxation, financial and social security implications. If you are in any doubt as to how to deal with your rights, you should contact your stockbroker or other professional adviser.

Yours sincerely



Jianzhong Yang
Director
Kaili Resources Limited

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