KAILI RESOURCES LIMITED

(Incorporated in Bermuda with limited liability)

ARBN 077 559 525

Annual Report – 2024

Page

CORPORATE DIRECTORY

Board of Directors

Jialin Yang – Chairman
Rong Jin
Jing Li
Jianzhong Yang
Long Zhao

Company Secretary

Long Zhao

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Auditor

John Shute
Chartered Accountant
Suite 605,
321 Pitt Street,
Sydney NSW 2000
Australia

Home Stock Exchange

ASX Limited
20 Bridge St
Sydney NSW 2000
Australia

ASX Code: KLR

Principal Registry and Transfer Office

Butterfield Corporate Services Ltd
The Rosebank Centre
11 Bermudiana Road
Pembroke HM08
Bermuda

Telephone: +441 295 1111

Branch Share Registry and Transfer Office

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Australia

Telephone: +612 8234 5000

Representative Office in Australia

Suite 1312
87-89 Liverpool Street,
Sydney NSW 2000
Australia

Telephone: +612 9264 6288
Email: contact@kailigroup.com.au

Website

www.kailigroup.com.au

CHAIRMAN'S REPORT

Dear Shareholders,

I am pleased to present the 2024 Annual Report.

During 2024 we reviewed our exploration investment strategy to determine ongoing allocation of funds having regards to the impact of high interest rates on the global economic environment.

We conducted a critical review of our exploration for base metals and gold within the tenements in Western Australia where we have explored for several years and concluded that funds are better deployed to REE. We surrendered the tenements for reasons of prospectivity at the Gindalbie Project in the Yilgarn Craton and high costs of access to remote areas and to manage requirements of Traditional Owners at Halls Creek. Exploration for and eventually production of gold is still within our plans and hence we will seek new opportunities in that sector.

We have maintained a focus on exploration for critical minerals Rare Earth Elements (REE) which are in high demand worldwide while supply is tightly controlled by producers. The total surface area of our tenements doubled to 1,985 square kilometres when we were granted by the Government 2 new tenements by the Government in Limestone Coast in South Australia. Drilling in those areas during 2025 is our priority.

Yitai Group, the controlling shareholder, has supported the Company with interest free unsecured finance facilities for operations over the last few years to an accumulated total of $4.6 million at the end of financial year 2024. On 25 March 2025, Yitai decided to discontinue the ongoing operations financing but still agreed to extend the debt repayment date to 1 April 2026. Kaili Holdings Limited which owns 8.96% of the Company's issued capital and is controlled by Director Mr Jianzhong Yang has stepped in to provide financial support for the Company to continue normal operations for the next 12 months while the Company assesses the best course of actions in future financing.

I thank all shareholders, service providers and Board members for their support as the Company works to invigorate the Company.

Jialin Yang
Chairman

27th March 2025

REVIEW OF OPERATIONS

SUMMARY OF EXPLORATION ACTIVITIES

LIMESTONE COAST RARE EARTH ELEMENTS PROJECT IN SOUTH AUSTRALIA

Lameroo EL 6856, Karte EL 6977 and Coodalya EL 6978

- *Grant of 2 new tenements, Karte EL 6977 and Coodalya EL 6978, close to the existing Lameroo tenement EL 6856 doubles the Company's footprint in Limestone Coast.*
- *Completed drilling of 40 holes to an average depth of 17 m for 800 m at Lameroo.*
- *Planning for larger drill programs across all 3 tenements.*

YILGARN CRATON (GINDALBIE) CRITICAL METALS PROJECT IN WESTERN AUSTRALIA

Holey Dam E 27/550

- *pXRF scan 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.*
- *geochemical analysis at laboratory of samples from previously drilled holes indicated insufficient rare earth elements to warrant further exploration within the tenement and it was surrendered in March 2025.*

Canegrass E 31/1113

- *Surrendered in October 2024 as gold exploration results in last few years have not been encouraging to warrant further exploration expenditure.*

HALLS CREEK GOLD COBALT NICKEL AND COPPER PROJECT IN WESTERN AUSTRALIA

Black and Glidden E 80/5112, Carrington E 80/5113, Sandy Creek E 80/5514 and Wild Dog E 80/5115

- *Surrendered in October 2024 after an economic review concluded for discontinuation of exploration within the 4 tenements.*

TENNANT CREEK GOLD AND COPPER PROJECT IN NORTHERN TERRITORY

Kovacs ELA32666

- *Awaiting grant on the application submitted in February 2021*

REVIEW OF OPERATIONS (continued)

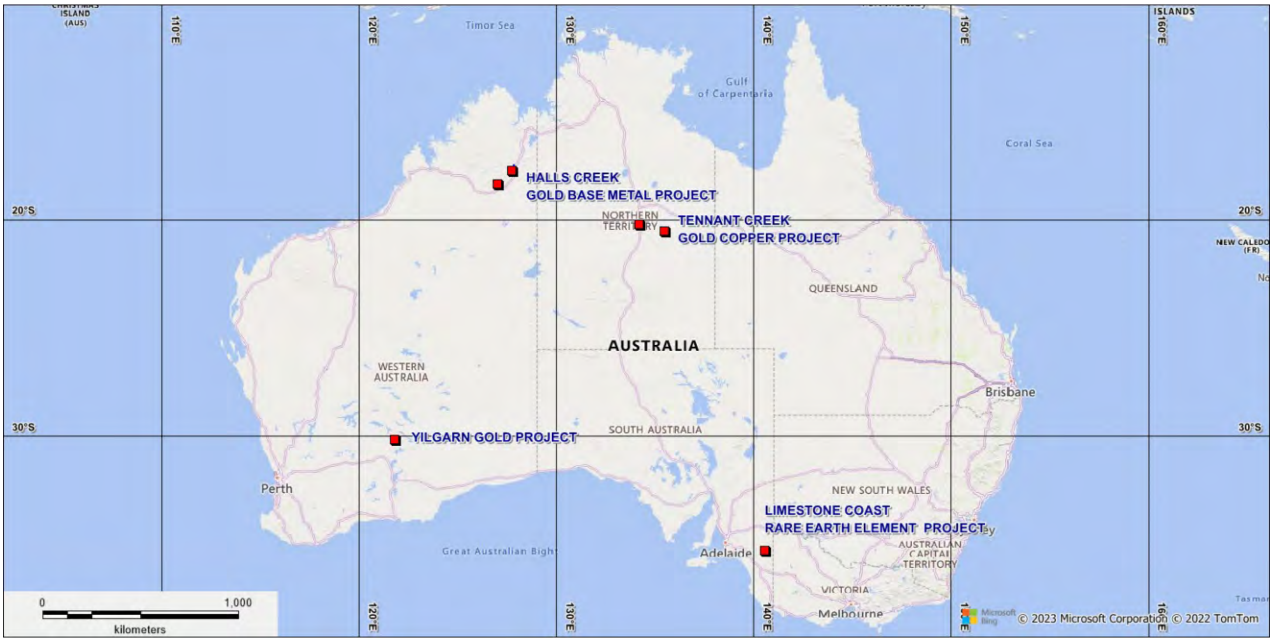

Figure 1: Kaili Resources Projects Location

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

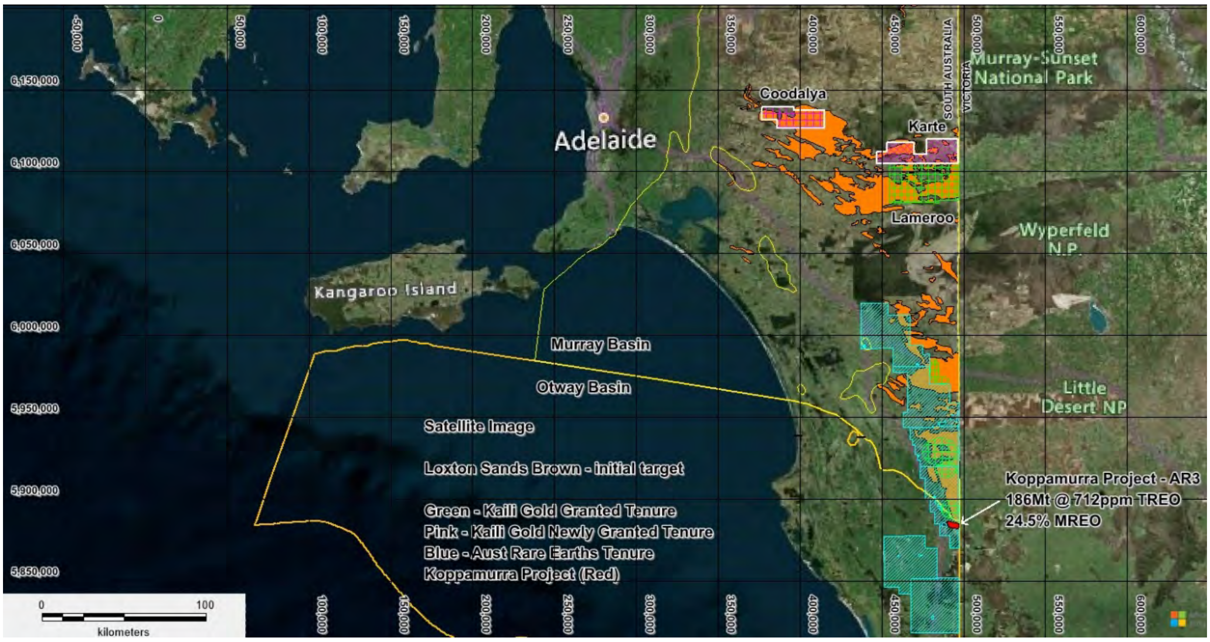

Figure 2: Location of Lameroo, Karte and Coodalya Rare Earth Exploration Tenements in Murray Basin, Limestone Coast, South Australia

REVIEW OF OPERATIONS (continued)

In February 2024, tenements Karte EL 6977 covering an area of 590 km^2 and Coodalya EL 6978 covering an area of 408 km^2 were granted to the Company following applications lodged with the South Australia government in November 2023 under ELA 2023/00060 and ELA 2023/00061 respectively. The 2 new tenements together with the already granted Lameroo EL 6856 doubled the Company's acreage to 1,985 km^2 for Rare Earth Elements ("REE") exploration within the Loxton/Parilla Sands in the Murray Basin in South Australia. Karte adjoins the north boundary of Lameroo and Coodalya is approximately 50 kms to the northwest (**Figure 2**).

The Company targets the Loxton/Parilla sands for REE mineralisation in a region where Australian Rare Earths has reported exploration success with estimated JORC 2012 resource of 236Mt @ 748 ppm Total Rare Earth Oxides (TREO) (*see AR3 ASX Release of 30th September 2024*) and are planning for a prefeasibility study. 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 region.

In prior periods, the Company had conducted pXRF scan of samples from selected historic drill hole held by the SA Government, and collected and assayed samples from fresh outcropping granite at Lameroo. This exercise provided directions on areas to focus for drill tests programs.

After receipt of all the necessary approvals for a drilling program, in January 2024 the Company engaged a driller and other service providers for the program to be undertaken. The drilling program was completed in early February 2024 and assay results were received in March 2024.

A summary of significant Total Rare Earth Oxides ("TREO") drilling intersections 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.)

In this initial program the Company aimed to identify areas of potential with minimum disruptions on private land and therefore the holes were drilled along roadside verges with local council approvals and purposely widely spaced to cover a significantly large area across the target Loxton/Parilla Sands stratigraphy (**Figure 3**). A total of 40 holes to an average depth of 17 m (maximum depth 20 m) for 800 m of drilling were completed.

REVIEW OF OPERATIONS (continued)

The results of this low-cost initial drilling at Lameroo assist in the design of further drilling programs across all 3 tenements including Karte and Coodalya targeting the REE enriched Loxton/Parilla Sands within the Murray Darling Basin.

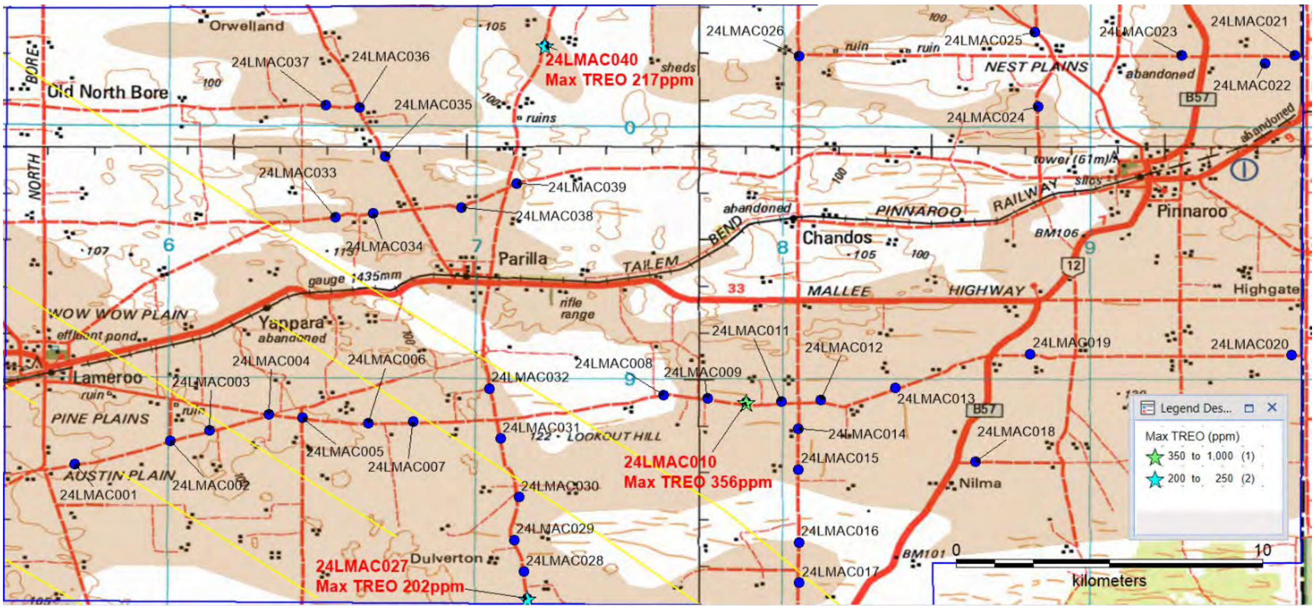

Figure 3: Location of Lameroo Aircore Drill Holes (LM series) within the target Loxton/Parill Sands (brown) and showing maximum ppm TREO in the hole

In February 2025, the Company completed roadside traverses across the Lameroo, Karte and Coodalya tenements to select drill sites on council road verges 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 20 m deep to test for potential REE mineralisation within the Loxton Parilla Sands. The Company is required to seek approval of PEPRs (program for environment protection and rehabilitation) by the Department of Energy and Mining of South Australia (DEM) prior to commencement of drilling in the selected locations (**Figures 4 and 5**).

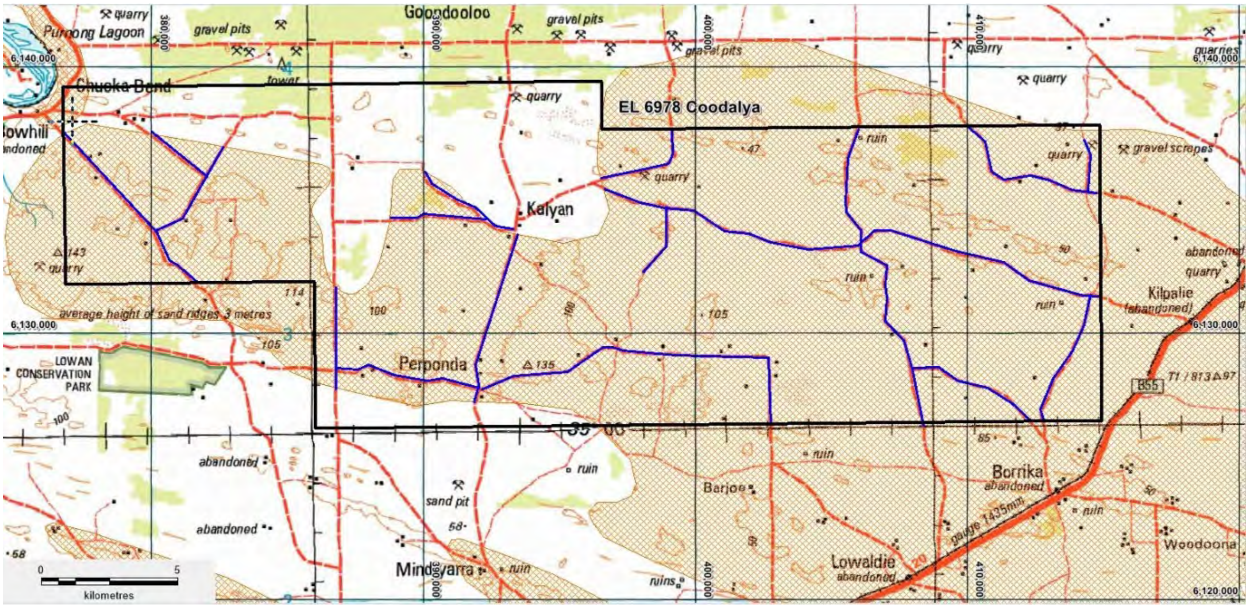

Figure 4: Vehicular traverses in blue targeting the Loxton/Parilla Sands in the Coodalya Tenement

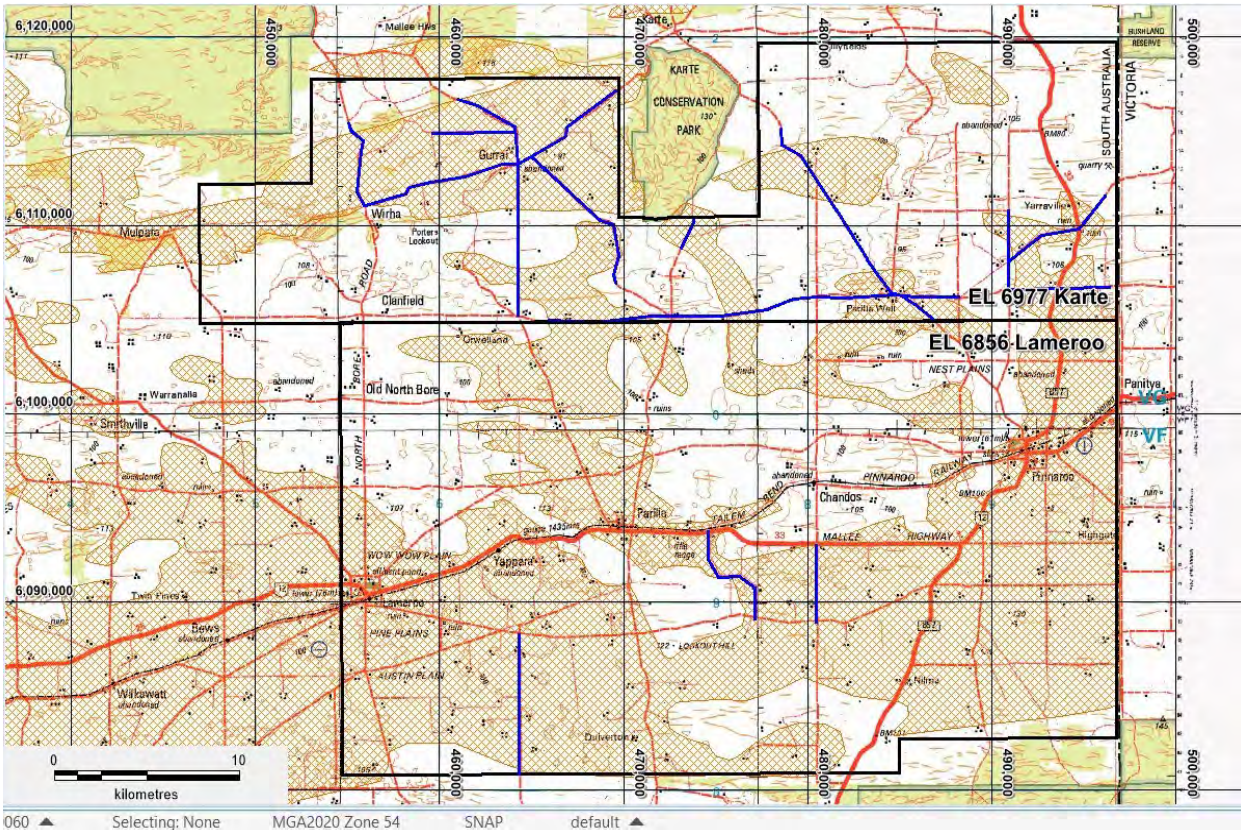

Figure 5: Vehicular traverses in blue targeting the Loxton/Parilla Sands in the Karte and Lameroo Tenement

REVIEW OF OPERATIONS (continued)

Yilgarn Craton (Gindalbie) Gold and Critical Metals Exploration Project in Western Australia
Canegrass E31/1113 and Holey Dam E27/550
Held 100% by wholly owned subsidiary Kaili Gold Pty Ltd

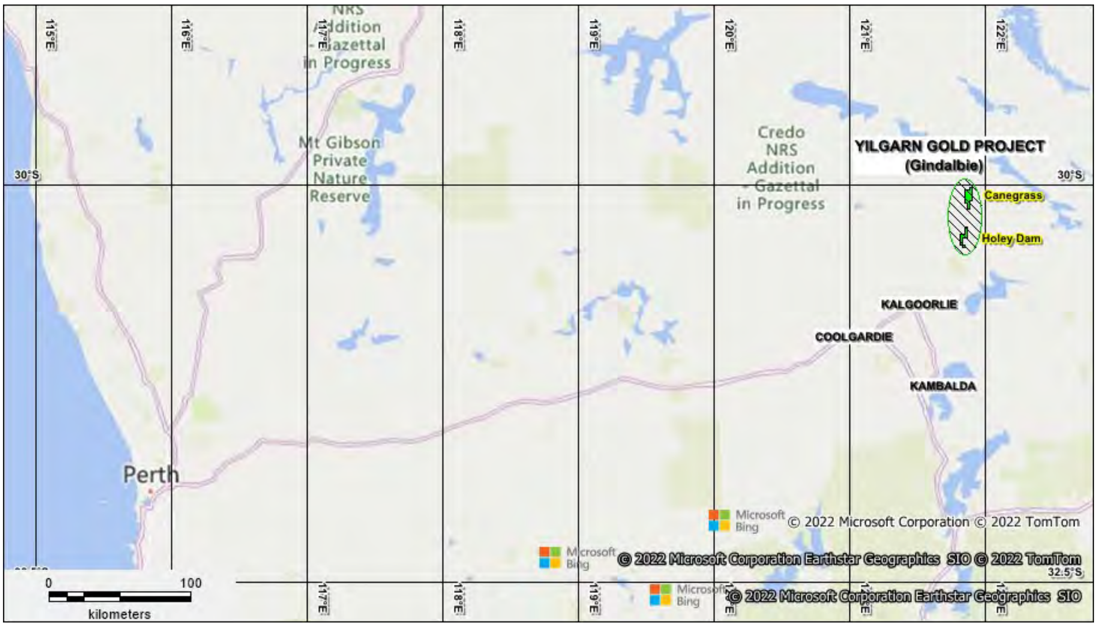

Figure 6: Kaili Resources Yilgarn Gold and Critical Metals Tenements Location

Since grant of the two tenements the original focus at the Gindalbie Project was gold exploration and the Company has conducted staged exploration involving geological mapping and soil sampling followed by Vacuum Aircore drilling and two RC holes in 2023 at Holey Dam. The gold results from both tenements have not been encouraging.

Holey Dam
In the 2023 RC drilling program there were elevated Total Rare Earth Oxides ("TREO") results from the saprolite zone overlying altered and veined mafic intrusive/extrusive rocks. The results indicated 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 (*see ASX Announcement of 12 October 2023*) were as follows:

HDRC001
- 4 m composite interval 24 m – 28 m returned 591.4 ppm TREO
- 12 m composite interval 52 m – 64 m returned 477.34 ppm including 1 m @ 609.38 ppm

HDRC002
- 4 m composite interval 48 m -52 m returned 451.6 ppm TREO
- 52 m – 56 m returned 453.7 ppm TREO
- 53 m – 54 m returned 757.3 ppm TREO

After resampling the 4 m composite intervals in single metre intervals to further delineate and identify any potentially higher-grade rare earth mineralisation the results received in November 2023 (*see ASX Announcement of 20 November 2023*) were as follows:

- HDRC001: 4 m @ 546 ppm TREO from 24 m - 28 m and 6 m @ 641 ppm TREO from 52 m - 58 m including 1 m @ 866 ppm from 54 m - 55 m.

- HDRC002: 1 m @586 ppm TREO from 20 m - 21 m and 5 m 628 ppm TREO from 48 m to 54 m including 1 m @ 709 ppm TREO from 50 m - 51 m and 1 m @ 850 ppm TREO from 53 m - 54 m.

High value Battery Metal Elements Pr, Nd, Dy and TB constitute between 20% and 30% of the individual sample assays.

During the year the Company conducted pXRF scans of samples stored from previously completed Aircore Holes in the Saprolite Zone for a multi element suite including REE minerals Nd, Pr, Ce, La and Y. In February 2025, selected 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.

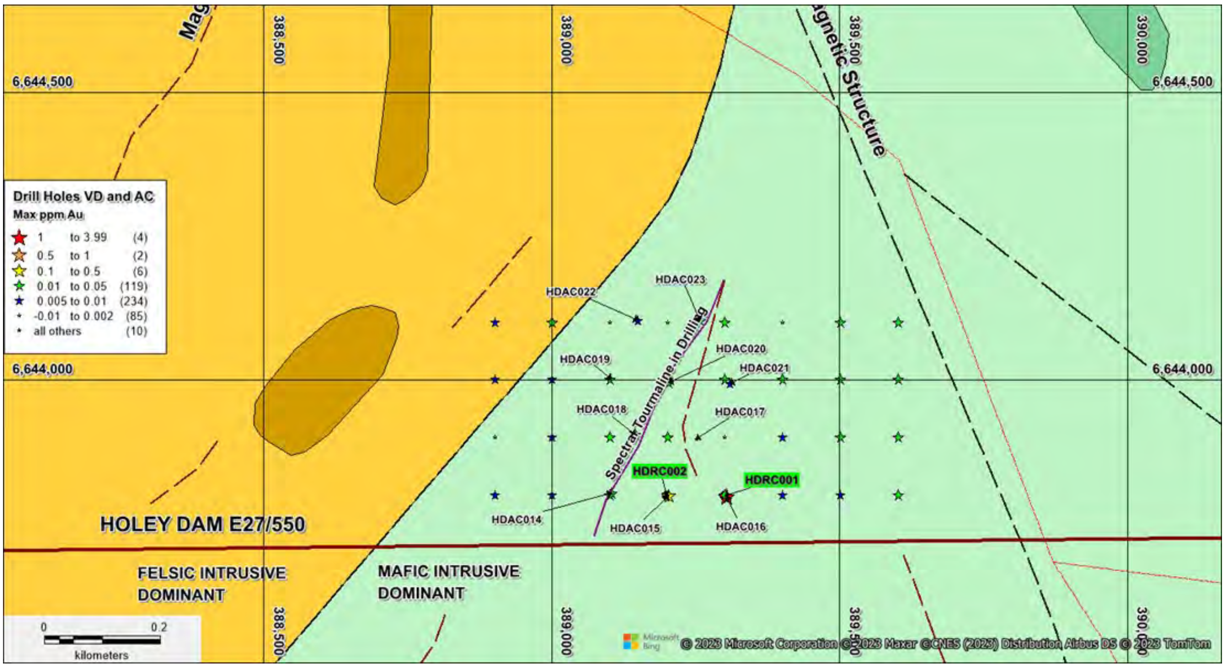

Figure 7: Holey Dam Drill Collar Locations and Interpreted Geology

Canegrass

In Canegrass E 31/1113 the exploration for gold conducted within that tenement during the last few years has not rendered encouraging results to warrant further exploration expenditure and it was surrendered in October 2024.

REVIEW OF OPERATIONS (continued)

Halls Creek – Gold/Cobalt/Copper/Nickel Exploration Projects - Western Australia
Black and Glidden E 80/5112, Carrington E 80/5113, Sandy Creek E 80/5114 and Wild Dog E 80/5115
Held 100% by wholly owned subsidiary Kaili Iron Pty Ltd

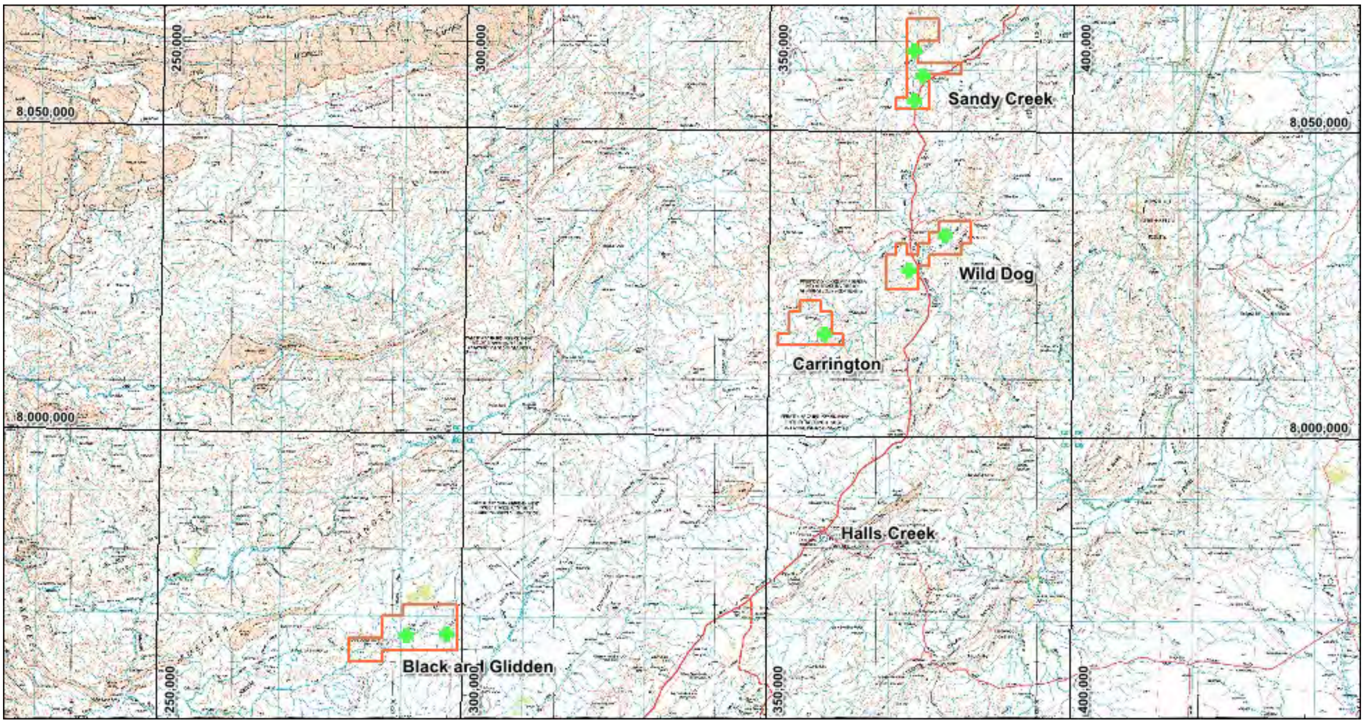

Figure 8: Halls Creek Project showing the 2021 soil sampling grids in green

The Halls Creek Project comprises four granted tenements Black and Glidden E 80/5112, Carrington E 80/5113, Sandy Creek E 80/5114 and Wild Dog E 80/5115 **(Figure 8)** situated within the NE-SW trending Lamboo Province comprising four tectonostratigraphic terranes – Western, Central and Eastern.

Field activities may only be carried out at Halls Creek for 6 months in a year during the annual dry season, usually April to October, in that northern part of Western Australia. The tenements are located in remote areas and some areas are not accessible by road requiring helicopter support. Traditional Owners have required site surveys prior to their considering approvals for the conduct of soil and rock sampling programs within the remote areas. The costs of these surveys are expected to be high because of the several groups to be transported by helicopter to the sites for this initial phase of exploration. These costs for later programs are likely to be similarly high. The Company reviewed the economics of exploring in these greenfield areas and decided to surrender all four tenements in October 2024 after there was no interest from potential joint venture partners or buyers.

REVIEW OF OPERATIONS (continued)

Tennant Creek – Gold and Copper Exploration Project - Northern Territory
Kovacs *ELA 32666*

Held 100% by wholly owned subsidiary Kaili Gold Pty Ltd

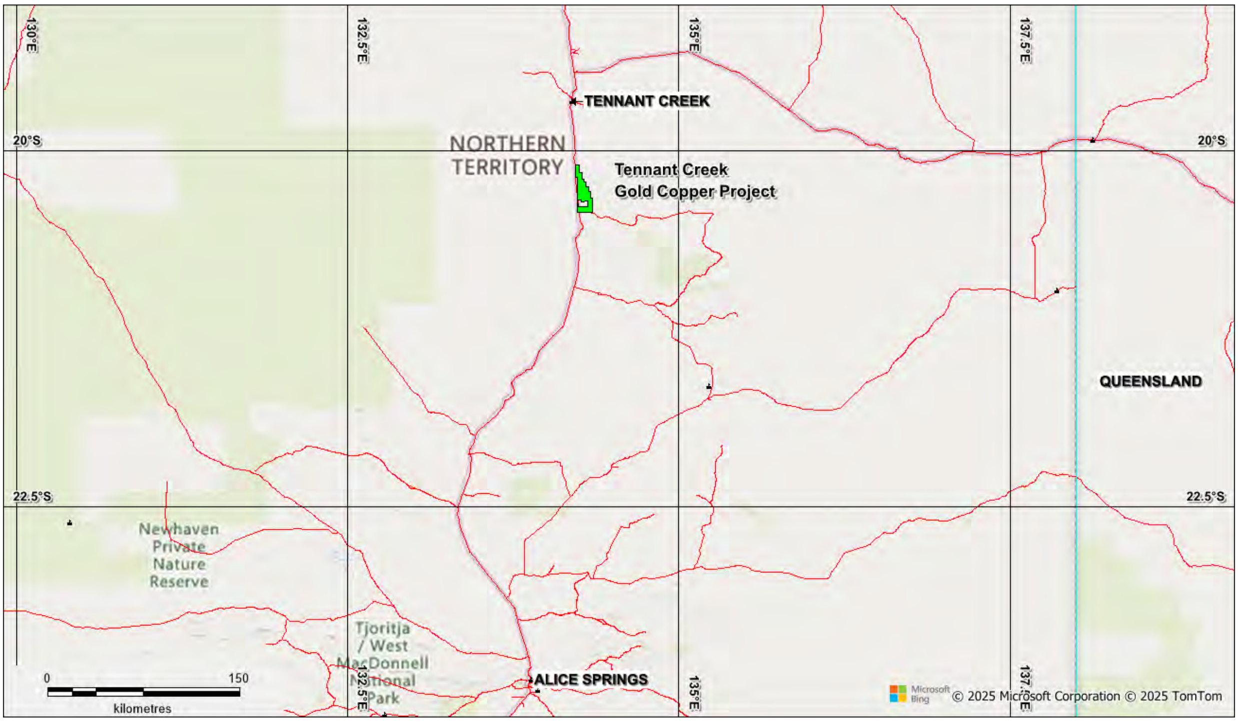

Figure 9: Regional Tenement Location SE of Tennant Creek – Kovacs

In February 2021, the Company applied for the Exploration Licence (ELs) registered as ELA 32666 located to the south of Tennant Creek (**Figure 9**). The Company awaits the grant of the exploration licence.

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.

REVIEW OF OPERATIONS (continued)

LICENCES STATUS

Minerals tenements and applications for tenements held at 31 December 2024 and their locations are set out below:

Granted	Tenement	Name	Commodity	Region	Registered Holder	Beneficial Interest	Area Km²	Status
01/07/2016	E27/550	Holey Dam	Gold	WA - Yilgarn Craton	Kaili Gold Pty Ltd	100%	26.6	Expiry on 30/06/2026 Surrendered in March 2025
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	

During the year the tenements Karte EL 6977 and Coodalya EL 6978 in South Australia were granted and, the tenements Black and Glidden E 80/5112, Carrington E 80/5113, Sandy Creek E 80/5114, Wild Dog E 80/5115 and Canegrass E31/1113 in Western Australia were surrendered.

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 report 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.

EXTERNAL FACTORS AND MATERIAL RISKS ON OPERATIONS

Key risks in addition to financial and funding risks described elsewhere in this Annual report to which the Group is exposed in its current business and operations are summarized as flows:

Exploration and evaluation	Exploration for minerals is a speculative endeavour and involves a high degree of risk. The Group's projects are at exploration stage and there can be no assurance that exploration of its tenements can result in the discovery of an economic mineral deposit for production in the future.
Title of licences	All Group's licences allow the Group to undertake only exploration on the tenements. Failure to satisfy minimum work commitments under a licence may render the licence liable to be cancelled or not renewed unless successfully renegotiated. There is no guarantee that renewal of a licence when periodically due will be granted. The Group has not breached terms of the licences during the year.
Environmental	The Group's operations are subject to the environmental laws and regulations which may be subject to change and risks inherent in the mining industry that could subject the Group to extensive expenses and liabilities. The Group has not experienced adverse effects on its business during the year.
Land access and Native Title	Access to tenements for exploration activities is subject to certain regulations and restrictions. Negotiations for access are generally required with indigenous parties on Native Title and cultural heritage, if any, and with landowners/occupiers. The Group has not experienced adverse effects during the year.
General industry risks	• *Changes in global economic and geopolitical conditions:* The Group's business is dependent on economic conditions including inflation, interest rates, consumer confidence, access to funds and government fiscal, monetary and regulatory policies. The Group has experienced some impact on its operations during the year due to rising inflation rate. • *Health and safety:* The Group's operations expose its personnel and contractors to health and safety risks inherent in minerals exploration that could subject the Group to extensive liability under health and safety laws and regulations. There has been no adverse event in that respect during the year. • *Climatic*: Adverse climatic conditions e.g. rain during the period have restricted access to some tenements and requiring deferral exploration. • *Information technology and cyber security:* The Group's information technology systems are protected by security measures but unauthorised third-party access to these systems for theft of information or disruption of the operations could adversely impact business performance. There has been no event of security breaches during the year.

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial statements of Kaili Resources Limited ("the Company") and its controlled entities ("the Group") for the year ended 31 December 2024.

DIRECTORS

The following persons were Directors of the Company during the year and up to the date of this report:

Jialin Yang (Appointed on 5 December 2024)
Rong Jin (Appointed on 5 December 2024)
Jing Li
Jianzhong Yang
Long Zhao
Donghai Zhang (Resigned on 5 December 2024)
Chunlin Liu (Resigned on 5 December 2024)

DIRECTORS' INFORMATION

Jialin Yang – Appointed on 5 December 2024
Non-Executive Chairman

Mr. Jialin Yang holds a Master degree and economics qualifications. He has served in various leadership and managerial roles across different departments within the Yitai Group. He is presently a director of Yitai Group and is also a director and general manager of Inner Mongolia Yitai Coal Ltd which is listed on the Shanghai Stock Exchange.

Rong Jin – Appointed on 5 December 2024
Non-Executive Director

Mr. Rong Jin has over 25 years' experience in financial management roles within Yitai Group. He is presently Chief Accountant of Yitai Group.

Jing Li
Non-Executive Director

Miss Jing Li holds a Master of Arts degree from University of Greenwich of UK. She is a senior executive of the Yitai Group.

Jianzhong Yang
Non-Executive Director

Mr Jianzhong Yang holds a Master degree from Huazhong University of Science and Technology in China and a Diploma in Coalfield Geology and Exploration and Mining Geology from the Inner Mongolia Coal Engineering School. He has extensive experience in coal and energy industry from his home province of Inner Mongolia, China. Since 2011 he is Vice Chairman, after five years as the General Manager, of the Inner Mongolia Hengdong Energy Group Co., Ltd. He has previously held positions in Inner Mongolia as Office Director at The Office of Railway Construction Supporting Project of Zhungeer Banner, Township Head of the Township Government of Hadai Gaole Township of Zhungeer County, Deputy Director of the Bureau State Land and Resources Bureau of Zhungeer County, teacher in Coalfield Geology and Exploration & Mining Geology at a vocational school.

Long Zhao
Executive Director

Mr. Long Zhao holds a Bachelor degree of Commerce and Accounting from Macquarie University, Australia and has several years' experience in property investment and development since his graduation. He has been the Company Secretary of the Company since 28 June 2016.

Donghai Zhang – Resigned on 5 December 2024
Non-Executive Chairman

Mr Donghai Zhang holds a Master of Business Administration degree from Fordham University of New York. He also graduated from the Beijing International MBA Program of Peking University. He is a Director of Inner Mongolia Yitai Investment Co., Ltd which is a substantial shareholder with relevant interests in 51.38% of the Company.

Chunlin Liu – Resigned on 5 December 2024
Non-Executive Director

Mr Chunlin Liu holds a Master of Senior Business Administration degree from Tsinghua University of China. He is a Director and Chief Financial Officer of Yitai Group and of Inner Mongolia Yitai Investment Co., Ltd. He is also a director of Inner Mongolia Yitai Coal Co., Ltd.

COMPANY SECRETARY

Mr. Long Zhao is the Company Secretary of the Company during the year and up to the date of this report.

PRINCIPAL ACTIVITIES

During the year the Group has been active in exploration for base metals, cobalt and gold and rare earth elements.

OPERATING AND FINANCIAL REVIEW

Review of operations

A Review of Operations for the financial year, together with future prospects, is set out on pages 3 to 13.

Performance

The Group's loss after income tax for the year was $2,651,864 (2023: $311,245) which included impairment of $1,623,108 (2023: 35,158) on exploration and evaluation expenditure on licences and adjustment to borrowings at amortised cost of $579,645 (2023: gain on amortization of interest free borrowings: $154,148) .

Financial position

At 31 December 2024 the Group was in a net liability position of $4,499,711 (2023: net liability $1,847,847). Total assets decreased to $533,717 (2023: $2,126,594), mainly as a result of impairment of exploration licences during the year, with cash and cash equivalents of $211,286 (2023: $425,401). Total liabilities increased from $3,974,441 at 31 December 2023 to $5,033,428 at 31 December 2024.

Yitai Group (Hongkong) Co., Limited ("Yitai HK") has provided financial support to the Group by making available funds of up to $2.5 million until 1 April 2025, in addition to the fully drawn loan facility of $2.4 million maturing on 1 April 2025 to ensure that the Group has working capital to be able to pay its debts as and when they fall due, meet its work commitments for the exploration licences and continue as a going concern. The funds provided are unsecured and interest free. At balance date, the Group has drawn $2,199,506 under that additional financial support facility. On 25 March 2025 the Company agreed with Yitai HK not to draw the $300,494 remaining under the facility and Yitai HK agreed to extend the repayment date of the total amounts owing under the loan and financial support to 1 April 2026.

On 25 March 2025, Kaili Holdings Limited, a substantial shareholder of the Company and controlled by Director Mr Jianzhong Yang, agreed to provide financial support of up to $1 million to the Company until 31 March 2026 to ensure that the Group has working capital to continue to be able to pay its debts as and when they fall due, meet its work commitments for its exploration licences and continue to operate as a going concern.

Cash flows

Operating activities resulted in net outflow of $265,123 (2023: $497,627) as the Group is still in the exploration phase with no income. A total of $160,068 (2023: $519,744) was spent on exploration activities.

State of affairs

There were no significant changes in the state of affairs of the Group during the year other than as described in the Review of Operations.

Dividends

The Directors recommend that no dividend be declared or paid.

Likely developments

During the subsequent financial year the likely developments of the Group will be continuation of exploration in its tenements in South Australia and Northern Territory when the application for a licence is granted.

DIRECTORS’ BENEFITS

No Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as detailed in the Remuneration Report) by reason of a contract made by the consolidated entity or a controlled entity with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial interest, except for any benefit that may be deemed to have arisen as disclosed in Note 26 of the financial statements.

DIRECTORS’ INTERESTS IN CONTRACTS

No contracts involving Directors’ interests were entered into during the financial year except as disclosed in Note 26 of the financial statements.

DIRECTORS’ MEETINGS

During the year Board business was carried out by execution of circulated resolutions and no in-person meeting of directors was held.

REMUNERATION REPORT

The information provided in this remuneration report has been audited.

A. Principles Used to Determine Amount and Nature of Remuneration

The objective of the Group’s executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Transparency

The maximum aggregate annual remuneration for Directors’ services as Directors is subject to approval by the shareholders in general meeting to be divided between the Directors as the Board determines.

The Group’s policy regarding executive remuneration is that the executives are paid commercial salary and benefits based on the Group’s performance, market rate and individual experience.

B. Details of Remuneration of Key Management Personnel of the Group

I. Remuneration of Directors

	Short-term benefits	Post-Employment benefits	Other long-term benefits	Termination benefits	Total
	Cash salary and leave	Superannuation	Long Service leave		
	$	$	$	$	$
2024					
Jialin Yang[1]	-	-	-	-	-
Rong Jin[1]	-	-	-	-	-
Donghai Zhang[2]	-	-	-	-	-
Chunlin Liu[2]	-	-	-	-	-
Jing Li	-	-	-	-	-
Jianzhong Yang	-	-	-	-	-
Long Zhao	70,632	8,193	1,131	-	79,956
	70,632	8,193	1,131	-	79,956

[1] Appointed on 5 December 2024
[2] Resigned on 5 December 2024

2023					
Donghai Zhang	-	-	-	-	-
Chunlin Liu	-	-	-	-	-
Jing Li	-	-	-	-	-
Jianzhong Yang	-	-	-	-	-
Long Zhao	71,940	8,002	1,604	-	81,546
	71,940	8,002	1,604	-	81,546

None of the remuneration was performance based.

II. Remuneration of Key Management Personnel of the Group

There were no other key management personnel employed by the Company and Group during the year for which disclosure of remuneration is required, apart from the remuneration details disclosed above.

III Service agreement

There are no service agreements with Directors.

IV. Share-based compensation

There was no share-based compensation granted during the year.

C. Directors' securities holdings

The number of shares in the Company held in the financial year by each Director of the Company, including their personally related parties are as follows:

	Balance at the beginning of the year	Acquired	Disposed	Balance at the end of the year
2024				
Jialin Yang[1]	-	-	-	-
Rong Jin[1]	-	-	-	-
Donghai Zhang[2]	-	-	-	-
Chunlin Liu[2]	-	-	-	-
Jing Li	-	-	-	-
Jianzhong Yang[3]	13,200,000	-	-	13,200,000
Long Zhao	20,000	-	-	20,000
	13,220,000	-	-	13,220,000

[1] Appointed on 5 December 2024
[2] Resigned on 5 December 2024
[3] Shares held by Kaili Holdings Limited, a company controlled by Director Jianzhong Yang

2023				
Donghai Zhang	-	-	-	-
Chunlin Liu	-	-	-	-
Jing Li	-	-	-	-
Jianzhong Yang[3]	13,200,000	-	-	13,200,000[1]
Long Zhao	20,000	-	-	20,000
	13,220,000	-	-	13,220,000

ENVIRONMENTAL REGULATION

The Group is required to carry out its activities in accordance with applicable regulations in each of the jurisdictions in which it undertakes its exploration activities. The Group is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

NON-AUDIT SERVICES

No non-audit services were performed by the auditor of the Company during the year.

EVENTS AFTER THE REPORTING DATE

Subsequent to the reporting date, there were no matters or circumstances which have arisen since the end of the year which significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future years other than following:

a) On 25 March 2025 Yitai HK has extended the repayment date of the total amount owing to them of $4,599,506 from 1 April 2025 to 1 April 2026 and the Company agreed not to draw additional funds under the financial facility provided by Yitai until 1 April 2025.

b) On 25 March 2025 Kaili Holdings Limited, a holder of 8.96% of the issued capital of the Company and controlled by Director Jianzhong Yang, has provided a letter of financial support of up to $1 million to the Company until 31 March 2026 to ensure that the Company and its controlled entities have working capital to continue to be able to pay their debts as and when they fall due, meet their work commitments for their exploration licences and continue to operate as a going concern.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration is included on page 20 of the Annual Report and forms part of this report.

Signed in accordance with a resolution of the Board of Directors.

Jialin Yang
Chairman

Sydney
27 March 2025

John Shute
Chartered Accountant

Kaili Resources Limited

AUDITORS INDEPENDENCE DECLARATION
UNDER INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

To the Directors of Kaili Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Kaili Resources Limited for the year ended 31 December 2024 there has been:

a) no contraventions of the auditor independence requirements of the International Financial Reporting Standards (IFRS) in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

J F Shute

John F Shute Chartered Accountant
Suite 605, Level 6
321 Pitt Street
Sydney, NSW 2000

Dated this 27 March 2025

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. As such, Kaili Resources Limited and its controlled entities (‘the Group’) have adopted a corporate governance framework and practices to ensure they meet the interests of shareholders.

The Group has adopted the 4th edition of the Corporate Governance Principles and Recommendations.

The Group has chosen to publish its Corporate Governance Statement on its website rather than in this Annual Report. The Corporate Governance Statement and governance policies and practices can be found in the corporate governance section of the Company’s website at www.kailigroup.com.au/corporate-governance-policy and http://www.kailigroup.com.au/compliance-to-corporate-governance-recommendations.

The Group’s Corporate Governance Statement incorporates the disclosures required by the ASX Principles under the headings of the eight core principles. All of these practices, unless otherwise stated, were in place for the full reporting period.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTE	2024	2023
		$	$
Revenue			
Other income	4	4,911	-
Expenses			
Depreciation expense	14	(14,712)	(16,737)
Employee benefits expense		(79,956)	(81,546)
Impairment of exploration and evaluation expenditure	12	(1,623,108)	(35,158)
(Loss)/Gain on borrowings at amortised cost	15	(579,645)	154,148
Project costs		(3,990)	(7,878)
Other expenses	5	(355,364)	(324,074)
Loss before income tax		(2,651,864)	(311,245)
Income tax	11	-	-
Loss after income tax		(2,651,864)	(311,245)
Other comprehensive income (loss) for the year, net of tax		**-**	**-**
Total comprehensive loss for the year attributable to members of the Parent Entity		**(2,651,864)**	**(311,245)**
		Cents	**Cents**
Loss per share			
Basic and diluted loss per share	22	(1.80)	(0.21)

The accompanying notes form part of these financial statements.

CONSLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2024

	NOTE	2024	2023
		$	$
Current Assets			
Cash and cash equivalents	6	211,286	425,401
Trade and other receivables	7	53,255	10,213
Prepayments	8	35,482	48,201
Total Current Assets		300,023	483,815
Non-Current Assets			
Property, plant and equipment	14	34,500	49,212
Financial assets	9	10,000	10,000
Exploration and evaluation expenditure	12	189,194	1,583,567
Total Non-Current Assets		233,694	1,642,779
Total Assets		533,717	2,126,594
Current Liabilities			
Trade and other payables	10	405,243	141,255
Provisions	13	28,679	13,067
Borrowings	15	4,599,506	-
Total Current Liabilities		5,033,428	154,322
Non-Current Liabilities			
Provisions	13	-	11,324
Borrowings	15	-	3,808,795
Total Non-Current Liabilities		-	3,820,119
Total Liabilities		5,033,428	3,974,441
Net (Liabilities)/Assets		(4,499,711)	(1,847,847)
Shareholders' Equity			
Share capital	16 (b)	1,474,004	1,474,004
Reserves	16 (c)	(5,973,715)	(3,321,851)
Total (Deficit)/Equity		(4,499,711)	(1,847,847)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTE	2024	2023
		$	$
Cash flows from operating activities			
Payments to suppliers and employees		(265,123)	(497,627)
Net cash used in operating activities	23(b)	(265,123)	(497,627)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(160,068)	(519,744)
Payments for security deposits		-	(10,000)
Interests received		1	-
Net cash (used)/ from in investing activities		(160,067)	(529,744)
Cash flows from financing activities			
Proceeds from borrowings		211,066	600,000
Net cash from financing activities		211,066	600,000
Net decrease in cash and cash equivalents		(214,124)	(427,371)
Cash and cash equivalents at beginning of year		425,401	852,770
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		9	2
Cash and cash equivalents at end of year	6	211,286	425,401

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital	Share premium	Accumulated losses	Total
	$	$	$	$
Balance as at 1 January 2023	1,474,004	24,475,363	(27,485,969)	(1,536,602)
Loss and total comprehensive loss for the year	-	-	(311,245)	(311,245)
Balance as at 31 December 2023	1,474,004	24,475,363	(27,797,214)	(1,847,847)
Loss and total comprehensive loss for the year	-	-	(2,651,864)	(2,651,864)
Balance as at 31 December 2024	1,474,004	24,475,363	(30,449,078)	(4,499,711)

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

Note 1 – Nature of Operations

Kaili Resources Limited and its subsidiaries' ("the Group") principal activities are investment in the resources industry and exploration for minerals, including gold, base metals and rare earth elements. Details of subsidiaries are set out in Note 17 to the financial statements.

Note 2 – General information and statement of compliance

The consolidated financial statements of the Group for the year ended 31 December 2024 have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Inner Mongolia Yitai Investment Co., Limited is the ultimate parent company of the Group. Kaili Resources Limited ("the Company") is a public limited company incorporated in Bermuda with its shares listed on the Australian Securities Exchange ("ASX"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal office is at Suite 1312, 87-89 Liverpool Street, Sydney NSW 2000, Australia.

The consolidated financial statements for the year ended 31 December 2024 were approved and authorised for issue by the Board on 27 March 2025.

Note 3 – Summary of accounting policies

(a) Basis of Preparation

These financial statements have been prepared on a going concern basis.

These financial statements are presented in Australian dollars.

These financial statements have been prepared on the basis of historical costs and, except where stated, do not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The principal accounting policies and methods of computation used by the Group in the preparation of the financial statements for the year ended 31 December 2024 are consistent with those adopted in the financial statements for the year ended 31 December 2024.

<u>Judgments</u>

The preparation of financial statements in conformity with IFRSs requires the Directors of the Company to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In calculating the net present values of interest-free non-current borrowings the Group had used an effective interest rate of 12% pa applied to the gross carrying amount of the financial liabilities.

The Directors have considered the development, selection and disclosure of the Group's critical accounting policies and estimates. There are no critical accounting judgments and estimates in applying the Group's accounting policies other than the assessments of going concern, effective interest rate used in calculation of amortised cost and impairment of exploration and evaluation expenditure.

(b) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

The interests in the controlled entities are disclosed in Note 17.

(c) Going concern

In the financial year the Group has incurred a net loss of $2,651,864 (2023: loss $311,245), including impairment of accumulated exploration expenditure of $1,623,108 and adjustment to borrowings at amortised cost of $579,645. At balance date the Group has current assets of $300,023 (2023: $483,815) including cash and cash equivalents of $211,286 (2023: $425,401), current liabilities of $5,033,428 (2023: $154,322) including $4,599,506 of unsecured and interest free borrowings payable by 1 April 2025 to Yitai Group (Hongkong) Co., Limited (“Yitai HK”), a related party of the ultimate parent company Inner Mongolia Yitai Investment Co., Limited.

On 25 March 2025 the Company has agreed not to draw additional amounts under the financial facility provided by Yitai HK and Yitai HK has extended the repayment date of the total amount owing to them of $4,599,506 at the date of this report from 1 April 2025 to 1 April 2026. Prior to maturity date the Company may negotiate a further extension of the repayment date or secure other forms of funding including conversion of all or part of the debt to equity subject to applicable laws and rules.

To continue as a going concern, the Group requires additional funding to be secured from sources including but not limited to:

- New equity or debt capital raising;
- Successful development of its current and future projects;
- the sale of its interest in current exploration projects.

On 25 March 2025 Kaili Holdings Limited, a holder of 8.96% of the issued capital of the Company and controlled by Director Jianzhong Yang, has provided a letter of financial support of up to $1 million until 31 March 2026 to the Company to ensure that the Company and its controlled entities have working capital to continue to be able to pay their debts as and when they fall due, meet their work commitments for their exploration licences and continue to operate as a going concern.

Having carefully assessed the uncertainties relating to the likelihood of securing additional funding, the Group’s ability to effectively manage their expenditures and cash flows from operations, the opportunity to sell or farm out interests in existing permits and financial support confirmed by Kaili Holdings Limited, the Directors believe that the Group will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In the event that the assumptions underpinning the basis of preparation do not occur as anticipated, there is material uncertainty whether the Group will continue to operate as a going concern. If the Group is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

(d) Investments

Controlled Entities

Investments in controlled entities are carried in the Company’s financial statements at the lower of cost and their recoverable amount.

Dividends and distributions are brought to account in profit or loss when they are proposed by the controlled entities.

(e) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less provision for depreciation and impairment losses, if any. Details are set out in Note 14.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the item has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the consolidated income statement in the year in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in future economic benefits expected to be obtained from the use of the item, the expenditure is capitalised as an additional cost of the item. When an item of property, plant and equipment is sold, its cost and accumulated depreciation are removed from the consolidated financial statements and any gain or loss resulting from the disposal, being the difference between the net disposal proceeds and the carrying amount of the asset, is included in the consolidated income statement.

	Depreciation Method	Depreciation Rate
Office Equipment	Prime Cost	5%-20%
Computers	Prime Cost	33%
Motor Vehicle	Prime Cost	12.5%

(f) Foreign Currency

Translation of foreign currency transactions

Foreign currency transactions are translated into Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the end of the reporting period are translated at the rates of exchange applicable on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account in the statement of profit and loss account in the financial year, as exchange gains or losses.

(g) Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognized only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilized.

(h) Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

(i) Exploration and Evaluation Expenditure

Exploration and evaluation expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalize costs in relation to that area of interest.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits, such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding their nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(j) Provisions

Employee Entitlements

The provision for employee entitlements relates to amounts expected to be paid to employees for long service and annual leaves and is based on legal and contractual entitlements and assessments having regard to prior experience of staff departures and leave utilization.

Current wage rates are used in the calculation of the provisions.

(k) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

Interest income is recognised as interest accrues using the effective interest method.

(l) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required other than financial assets, goodwill and non-current assets or a disposal group classified as held for sale, the recoverable amount of the asset is estimated. An asset's recoverable amount is the higher of the value in use of the asset or cash-generating unit to which it belongs and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued assets.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

(m) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial assets

Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;

- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.
The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Financial liabilities

Financial instruments are subsequently measured at:
- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;- held for trading; or
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:
- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.
The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:
- the general approach
- the simplified approach
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

(n) Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.
An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged to pro-rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

(o) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

(p) Earnings per share

Basic loss per share is determined by dividing the operating loss after income tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

When the Group has an operating loss after income tax and the conversion of ordinary share capital in respect of potential ordinary shares does not lead to a diluted earnings per share that shows an inferior view of the earnings performance of the Group, than is shown by basic loss per share, the diluted loss per share is reported as the same as basic earnings per share.

(q) Segment reporting

Operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker which, for the Group, is the Board of Directors. In this regard, such information may be provided using different measures to those used in preparing the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the financial statements have been included, where applicable.

(r) Parent Entity financial information

The financial information for the Parent Entity, Kaili Resources Limited, disclosed in Note 27 has been prepared on the same basis as the consolidated financial statements.

(s) Comparative information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(t) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group.
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(u) New and amended standards and interpretations

The Group has adopted all new and amended Australian Accounting Standards and AASB interpretations effective that are mandatory for the current reporting period and has not adopted early those which are not yet effective. The adoption of these Accounting Standards and interpretations did not have and is not expected to have any significant impact on the financial performance and position of the current period or any prior period and is not likely to affect future periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	$	$

4. OTHER INCOME

	2024 $	2023 $
Interest income	1	-
Tenement rate refunds	4,910	-
	4,911	-

5. OTHER EXPENSES

	2024 $	2023 $
Audit fees	25,300	26,350
Consulting fees	75,490	60,727
Contractor payments	62,400	53,720
Registration fees and charges	37,249	35,780
Legal and professional fees	66,986	79,332
Listing fees	17,077	16,263
Share registry	10,490	10,677
Internet and website	3,075	3,010
Motor vehicle expense	25,854	7,819
Travel and accommodation	12,662	3,646
Other costs	18,781	26,750
	355,364	324,074

6. CASH AND CASH EQUIVALENTS

	2024 $	2023 $
Cash at bank	211,286	425,401

7. TRADE AND OTHER RECEIVABLES

	2024 $	2023 $
GST receivable	6,740	10,213
Other receivable	46,515	-
	53,255	10,213

8. PREPAYMENTS

	2024 $	2023 $
Prepayments	35,482	48,201

9. FINANCIAL ASSETS

	2024 $	2023 $
Non-Current		
Security deposit for exploration licences held	10,000	10,000

10. TRADE AND OTHER PAYABLES

	2024 $	2023 $
Trade and other payables	382,347	120,402
Accrued expenses	22,896	20,853
	405,243	141,255

	2024	2023
	$	$

11. INCOME TAX

No provision for income tax has been provided in the financial statements.

The prima facie tax is reconciled to the loss before income tax in the statement of profit or loss and other comprehensive income as follows:

	2024 $	2023 $
Loss before income tax	(2,651,864)	(311,245)
Tax at the Australian domestic income tax rate 25% (2023:25%)	(662,966)	(77,811)
Tax losses not recognised	662,966	77,811
Income tax expense	-	-

At the reporting date, the Group has estimated tax losses of $11,800,000 (2023: $11,150,000). A deferred tax asset has not been recognised for these losses because it is not probable that future taxable income will be available to use against such losses.

12. EXPLORATION AND EVALUATION EXPENDITURE

	2024 $	2023 $
At cost:		
Balance at beginning of year	1,583,567	1,157,658
Additions	228,735	461,067
Impairment[1]	(1,623,108)	(35,158)
Balance at end of year	189,194	1,583,567

[1] Includes EL 80/5112, EL 80/5113, EL 80/5114, E 80/5115 and EL 31/1113 relinquished during the year.

Exploration and evaluation expenditures are capitalised in respect of each identifiable area of interest. Ultimate recoupment of the carrying value of the exploration areas is dependent on successful development and commercial exploitation, or alternatively sale of the respective areas of interest. The areas of interest are exploration licences held by the Group and are detailed in the schedule contained in the Licence Status shown on page 12.

Impairment indicators in AASB 6 are considered on a project by project basis.

13. PROVISIONS

	2024 $	2023 $
Current:		
Annual leave entitlements	16,043	13,067
Long service leave entitlements	12,636	-
	28,679	13,067
Non-Current:		
Long service leave entitlements	-	11,324

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture & office equipment	Motor vehicle	Total
2024	$	$	$
At cost:			
Balance at beginning and end of year	29,368	103,498	132,866
Depreciation:			
Balance at beginning of year	(18,331)	(65,323)	(83,654)
Depreciation charge	(1,775)	(12,937)	(14,712)
Balance at end of year	(20,106)	(78,260)	(98,366)
Carrying amount at 31 December 2024	9,262	25,238	34,500

	Furniture & office equipment	Motor vehicle	Total
2023	$	$	$
At cost:			
Balance at beginning of year	61,152	103,498	164,650
Disposal	(31,784)	-	(31,784)
Balance at end of year	29,368	103,498	132,866
Depreciation:			
Balance at beginning of year	(46,315)	(52,386)	(98,701)
Depreciation charge	(3,800)	(12,937)	(16,737)
Disposal	31,784	-	31,784
Balance at end of year	(18,331)	(65,323)	(83,654)
Carrying amount at 31 December 2023	11,037	38,175	49,212

15. BORROWINGS

	2024	2023
	$	$
Current		
Unsecured borrowings from a related party at beginning of year	3,808,795	-
Add: Adjustment to borrowings at amortised cost[1]	579,645	-
Add: Borrowings	211,066	-
	4,599,506	-

[1]The adjustment to borrowings at amortised cost arose on reclassification of the borrowings to current liabilities at the contractual settlement amount being due within 12 months of balance date. On 25 March 2025 the borrowings repayment date has been extended from 1 April 2025 to 1 April 2026 (see Note 3c and 28).

	2024 $	2023 $
Non-Current		
Unsecured borrowings from a related party:		
At beginning of year	-	4,388,440
Less:		
Gain on borrowings at amortised cost[1] at beginning of year	-	(425,497)
Gain on borrowings at amortised cost during the year	-	(154,148)
Movement during the year	-	(579,645)
At end of year	-	3,808,795

[1]The gain on borrowings at amortised cost arose from the difference between the net present value of the interest-free borrowings at balance date and the contractual settlement amount on 1 April 2025. A discount rate of 12% was applied to the future cash flows to determine their net present value. The gain at amortised cost increased by $154,148 for the financial year 2023 as a result of extension to the repayment date of borrowings and higher discount rate.

Yitai Group (Hongkong) Co., Ltd, a related party of the ultimate parent company Inner Mongolia Yitai Investment Co., Limited had provided the Group a loan of $2.4 million due for repayment on 1 April 2025 and had confirmed financial support to the Group to provide funds of up to $2.5 million until 1 April 2025. The funds advanced under the loan and under the financial support are unsecured and interest free. At balance date the Group has drawn $2,199,506 under the financial support facility and on 25 March 2025 the Company agreed not to draw additional funds under the facility (see Note 3c and 28).

16. SHARE CAPITAL

		2024 Number of shares	2024 $	2023 Number of shares	2023 $
(a)	**Authorised capital:**				
	Authorised ordinary shares: Par value $0.01	5,000,000,000	50,000,000	5,000,000,000	50,000,000
(b)	**Issued and paid up capital:**				
	Fully paid ordinary shares: Par value $0.01	147,400,363	1,474,004	147,400,363	1,474,004

		2024 $	2023 $
(c)	**Reserves**		
	Share premium account	24,475,363	24,475,363
	Accumulated losses	(30,449,078)	(27,797,214)
		(5,973,715)	(3,321,851)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

17. CONTROLLED ENTITIES

Investments in controlled entities comprise:

Name of subsidiary	Place of incorporation/operation	Principal activities	Beneficial percentage held by economic entity 2024 %	2023 %
Kaili Corporation Pty Ltd	Australia/Australia	Investment holding	100	100
APEC Coal Pty Ltd	Australia/Australia	Coal exploration	100	100
Kaili Minerals Management Pty Ltd	Australia/Australia	Administration	100	100
Kaili Gold Pty Ltd	Australia/Australia	Gold/rare earth exploration	100	100
Kaili Iron Pty Ltd	Australia/Australia	Iron ore/base metals exploration	100	100

18. REMUNERATION OF AUDITOR

	2024 $	2023 $
Amounts received or due and receivable by the auditor for audit and review of financial statements	25,300	26,350

19. SEGMENT INFORMATION

Business segments

The Group has identified its operating segment as the Mining Sector in Australia.

20. COMMITMENTS

Exploration expenditure commitments

At balance date, the Group holds four granted tenements in Australia. A condition of the tenements is that the Group is required to meet minimum committed expenditure requirements to maintain current rights of tenure. These commitments may be subject to renegotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements and are due as follows from balance date:

	2024 $	2023 $
Within twelve months	57,000*	209,000
Twelve months or longer and not longer than five years	349,500	1,320,000
	406,500	1,529,000

*Exploration licence EL 27/550 Holey Dam was surrendered in March 2025, and therefore the commitments at balance date is reduced from $406,500 to $279,500 with nil commitments within twelve months as follows:

Within twelve months	-*
Twelve months or longer and not longer than five years	279,500
	279,500

The Group has obligations to restore and rehabilitate areas disturbed during exploration.

21. CONTIGENT LIABILITIES

At balance date, the Group has given guarantees totaling $30,000 (2023: $30,000) for compliance with the conditions of the exploration licences granted in Western Australia.

22. LOSS PER SHARE

	2024 $	2023 $
Loss for the purposes of basic and diluted loss calculations per share	(2,651,864)	(311,245)
Number of shares	**Number**	**Number**
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	147,400,363	147,400,363
Loss per share	**Cents**	**Cents**
Basic and diluted loss per share	(1.80)	(0.21)

23. CASH FLOW INFORMATION

(a) Reconciliation of Cash

Cash and cash equivalents include cash and bank balances.

(b) Reconciliation of loss before income tax to cash flows from operating activities

	2024 $	2023 $
Loss before income tax	(2,651,864)	(311,245)
Depreciation	14,712	16,737
Foreign exchange differences	(9)	(2)
Interest income	(1)	-
Tenement rental refunds	(4,910)	-
Loss/(gain) on borrowings at amortised cost	579,645	(154,148)
Impairment of exploration and evaluation expenditure	1,623,108	35,158
Operating cash (outflows) before movements in working capital	(439,319)	(413,500)
Changes in assets and liabilities relating to operations:		
Decrease in trade and other receivables	3,473	3,807
(Increase) in prepayments	(2,233)	(5,349)
Increase/(decrease) in trade and other payables	168,668	(88,803)
Increase in provisions	4,288	6,218
Net cash used in operating activities	(265,123)	(497,627)

24. FINANCIAL RISK MANAGEMENT OBJECTIVE AND POLICIES

The Group's principal financial instruments comprise of cash and bank balances, accounts receivable and payables, security deposits, borrowings, lease liabilities and loans to and from subsidiaries.

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

	2024	2023
	$	$
Financial assets		
Cash and cash equivalents	211,286	425,401
Trade and other receivables	53,255	10,213
Financial assets – non-current	10,000	10,000
Total financial assets	274,541	445,614
Financial liabilities at amortised cost		
Trade and other payables	405,243	141,255
Borrowings - current	4,599,506	-
Borrowings - non-current	-	3,808,795
Total financial liabilities	5,004,749	3,950,050

(a) Financial risk management policies

The Board of Directors is responsible for, amongst other issues, monitoring and managing financial risk exposures of the Group. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, financing risk and interest rate risk. Management, in conjunction with the Board, reviews and agrees policies for managing each of these risks.

The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. This also includes the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and commodity and equity price risk. The Board reviews and agrees policies for managing each of these risks and they are summarized below.

i. Interest rate risk

The Group has cash at bank and its income and operating cash flows are exposed to changes in market interest rates.
Its borrowings are interest free.

At balance date the Group had the following financial assets exposed to variable interest rate risk:

Cash and cash equivalents	211,286	425,401

ii. Foreign currency risk

Most of the Group's monetary assets and liabilities are denominated in Australian dollars, and the Group conducted its business transactions principally in Australian dollars. The exchange rate risk of the Group is not significant.

iii. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

iv. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

The Group relies on financial support from its ultimate parent and raising of new debt or equity capital to fund its operations.

v. Price risk

As the Group does not derive revenue from sale of products, the effect on profit and equity capital as a result of changes in the price risk is not considered material. The fair value of the exploration projects will be impacted by commodity price changes and could impact future revenues once operational.

(b) Net fair values

The net fair value of financial assets and liabilities at balance date approximates their carrying value.

(c) Financial instruments

Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities, is as follows:

		Fixed interest rate maturing		Non-interest bearing		
	Variable interest rate	Within 1 year	1 to 5 years	Within 1 year	1 to 5 years	Total
2024	$	$	$	$	$	$
Financial assets						
Cash and cash equivalents	211,286	-	-	-	-	211,286
Trade and other receivables	-	-	-	53,255	-	53,255
Financial assets	-	-	-	-	10,000	10,000
	211,286	-	-	53,255	10,000	274,541
Financial liabilities						
Trade and other payables	-	-	-	405,243	-	405,243
Borrowings-current	-	-	-	4,599,506	-	4,599,506
	-	-	-	5,004,749	-	5,004,749

		Fixed interest rate maturing		Non-interest bearing		
	Variable interest rate	Within 1 year	1 to 5 years	Within 1 year	1 to 5 years	Total
2023	$	$	$	$	$	$
Financial assets						
Cash and cash equivalents	425,401	-	-	-	-	425,401
Trade and other receivables	-	-	-	10,213	-	10,213
Financial assets	-	-	-	-	10,000	10,000
	425,401	-	-	10,213	10,000	445,614
Financial liabilities						
Trade and other payables	-	-	-	141,255	-	141,255
Borrowings-non-current	-	-	-	-	3,808,795	3,808,795
	-	-	-	141,255	3,808,795	3,950,050

(d) Sensitivity analysis

The Group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. A 1% increase in interest rate would result in an increase of $2,113 (2023: $4,254) in interest income for the year based on financial instruments held at each reporting date that are sensitive to changes in interest rate, with all other variables remaining unchanged. A 1% decrease in interest rate would have the opposite effect.

25. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain optimal returns to shareholders and benefits for other stakeholders. Moreover, the Group aims to maintain a capital structure that ensures minimal cost of capital available. Management adjusts the capital structure to the extent possible to take advantage of favorable costs or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the year ended 31 December 2024.

26. RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2024	2023
	$	$
Compensation of KMP of the Group:		
Short-term employee benefits	70,632	71,940
Post-employment benefits	8,193	8,002
Other long-term benefits	1,131	1,604
Termination benefits	-	-
Share-based payments	-	-
	79,956	81,546

Other transactions with Key Management Personnel

The Group engaged Vincerek Pty Ltd, an associate of Director Mr. Long Zhao, to provide general administration services for compensation of $1,200 per week. The engagement may be terminated by either party with one month's notice. For the year ended 31 December 2024, a total charge of $62,400 (2023: $53,720) for the services was recognised and $41,920 has been paid for the services provided in current and prior periods with the amount of $31,200 owing at balance date.

27. PARENT ENTITY INFORMATION

Assets		
Current assets	293,364	449,833
Non-current assets	2,971,900	2,923,487
Total assets	3,265,264	3,373,320
Liabilities		
Current liabilities	4,826,111	96,781
Non-current liabilities	-	3,808,795
Total liabilities	4,826,111	3,905,576
Equity		
Issued capital	1,474,004	1,474,004
Share premium account	24,475,363	24,475,363
Accumulated losses	(27,510,214)	(26,481,623)
	(1,560,847)	(532,256)
Financial performance		
Loss for the year	(1,028,591)	(267,144)
Other comprehensive income	-	-
Total comprehensive loss	(1,028,591)	(267,144)

28. EVENTS AFTER BALANCE DATE

In the opinion of the Directors, no items, transactions or events of a material or unusual nature have arisen in the interval between the end of the financial year and the date of this report which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years other than the following:

a) On 25 March 2025 Yitai HK has extended the repayment date of the total amount owing to them of $4,599,506 from 1 April 2025 to 1 April 2026 and the Company agreed not to draw additional funds under the financial facility provided by Yitai until 1 April 2025.

b) On 25 March 2025 Kaili Holdings Limited, a holder of 8.96% of the issued capital of the Company and controlled by Director Jianzhong Yang, has provided a letter of financial support of up to $1 million to the Company until 31 March 2026 to ensure that the Company and its controlled entities have working capital to continue to be able to pay their debts as and when they fall due, meet their work commitments for their exploration licences and continue to operate as a going concern.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 27 March 2025.

DIRECTORS' DECLARATION

In the Directors' opinion:

(a) the financial statements and notes set out on pages 22 to 45:

- (i) are in accordance with International Accounting Standards; and
- (ii) give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the year then ended; and

(b) there are reasonable grounds to believe that Kaili Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Jialin Yang
Chairman

Sydney
27 March 2025

INDEPENDENT AUDIT REPORT
TO THE SHAREHOLDERS OF KAILI RESOURCES LIMITED
(Incorporated in Bermuda with a limited liability)

We have audited the accompanying Consolidated Financial Statements of Kaili Resources Limited (the "Company") and the subsidiaries (together "the Group") set out on pages **22 to 45,** which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors declaration.

Directors' responsibilities for the Consolidated Financial Statements

The Directors of the Company are responsible for the preparation of Consolidated Financial Statements that gives a true and fair view in accordance with International Financial Reporting Standards ("IFRS's"), and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards ("IFRS's").

Auditor's responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We have conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Report are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA's) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

ABN: 73 118 831 624
Suite 605, Level 6, 321 Pitt Street, Sydney NSW 2000
Postal Address: PO Box A608, Sydney South NSW 1235
Telephone +61 2 8021 2645; Facsimile +61 2 8021 2745

Key Audit Matter	How our audit addressed this matter
Impairment of Exploration Assets Refer to Note 3 and Note 12 in the Consolidated Financial Statements	
The Consolidated Entity has capitalised exploration and evaluation expenditure, with a carrying value of $189,194, after impairment of $1,623,108 as at 31 December 2024. Under AASB 6 Exploration for and Evaluation of Mineral Resources, the Consolidated Entity is required to test the exploration and evaluation asset for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount. We determined this to be a key audit matter due to the significant management judgement involved in assessing the carrying value of the asset. In accordance with AASB *6 Exploration for and Evaluation of Mineral Resources*, the Group is required to assess whether there are any triggers for impairment, or reversal of impairment. The determination as to whether there are any indicators to require the capitalised exploration and evaluation expenditure to be assessed for impairment involves a number of judgements including but not limited to: • Whether the Group has tenure of the relevant area of interest; • Whether the Group has sufficient funds to meet the relevant area of interest minimum expenditure requirements; and • Whether there is sufficient information for a decision to be made that the relevant area of interest is not commercially viable. Given the size of the balance and the judgemental nature of the impairment indicator assessments associated with exploration and evaluation assets, we consider this is a key audit matter.	Our audit procedures in relation to the carrying value of exploration and evaluation expenditure included: Obtaining an understating of and evaluating the design and implementation of the processes and controls associated with the capitalisation of exploration and evaluation expenditure, and those associated with the assessment of impairment, and reversal of impairment, indicators. Assessing and evaluating management's assessment of trigger events prepared in accordance with AASB 6 including: • Obtaining evidence that the Consolidated Entity has valid rights to ongoing exploration and activities in the relevant areas of interest to support the continued capitalisation of these assets • Reviewing with management the basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage where it can be concluded that no commercially viable quantities of mineral resources exist; • Enquiring with management and reviewing budgets to determine that the Consolidated Entity will incur expenditure on further exploration and evaluation of mineral resources in the specific areas of interest; • Testing on a sample basis the exploration costs incurred in the period to ensure that they meet the capitalisation criteria under AASB 6. Assessing the adequacy of the disclosures included within Note 3 and Note 12 of the financial report.

Other Information

Other Information is financial and non-financial information in Kaili Resources Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Independence

In conducting our audit, we have complied with the independence requirements of the International Financial Reporting Standards (IFRS's). We confirm that the independence declaration required by the IFRS's, which has been given to the directors of Kaili Resources Limited, would be the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

a) the Consolidated Financial Statements of Kaili Resources Limited is in accordance with International Financial Reporting Standards (IFRS's), including:

   i. giving a true and fair view of the Company's financial position as at 31 December 2024 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and International Financial Reporting Standards ("IFRS's") as disclosed in Note 2.

Emphasis of Matter

We draw attention to Note 3 (c) and Note 15 to the financial statements which describes the undertaking by Yitai Group (Hongkong) Co., Ltd, a related company of Inner Mongolia Yitai Investment Co., Limited, the ultimate parent company of the Group to provide financial support to the group.

The undertaking is to provide funding up to $4.9 million until 1 April 2025 to ensure the Group has working capital to be able to meet its debts as and when they fall due and continue as a going concern. On 25 March 2025 the Company has agreed not to draw additional amounts under the financial facility provided by Yitai HK and Yitai HK has extended the repayment date of the total amount owing to them of $4,599,506 at the date of this report from 1 April 2025 to 1 April 2026

On 25 March 2025 Kaili Holdings Limited, a holder of 8.96% of the issued capital of the Company and controlled by Director Jianzhong Yang, has provided a letter of financial support of up to $1 million until 31 March 2026 to the Company to ensure that the Company and its controlled entities have working capital to continue to be able to pay their debts as and when they fall due, meet their work commitments for their exploration licences and continue to operate as a going concern.

John Shute
Chartered Accountant

We draw attention to Note 12 Exploration and Evaluation Expenditures. Expenditures are capitalised in respect of each identifiable area of interest. Ultimate recoupment of the carrying value of the exploration areas is dependent on successful development and commercial exploitation, or alternatively sale of the respective areas of interest.

Our opinion is not modified in respect of these matters.

Report on the Remuneration Report

We have audited the Remuneration Report included in paragraph **A** and **B** of the directors' report for the year ended 31 December 2024. The directors of the company are responsible for the preparation and presentation of the Remuneration Report. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with International Financial Reporting Standards ("IFRS's").

Opinion

In our opinion the Remuneration Report of Kaili Resources Limited for the year ended 31 December 2024, complies with International Financial Reporting Standards ("IFRS's").

JOHN F SHUTE
Chartered Accountant

Sydney
27 March 2025

ADDITIONAL INFORMATION

Additional information included in accordance with Listing Rules of the ASX Limited as at 20th March 2025

SHAREHOLDINGS

1. Substantial shareholders

Substantial shareholders in the Company: -

Name	Number of ordinary shares held (directly and indirectly)	Percentage of issued capital
Treasure Unicorn Limited	75,734,441	51.38
Weicheng He	16,532,222	11.22
Kaili Holdings Limited*	13,200,000	8.96
Jin He	9,361,788	6.35

* Director Jianzhong Yang has relevant interests in this entity.

2. Distribution of fully paid ordinary shares:-

Range of shareholdings			Number of shareholders	Number of shares	Percentage of issued capital
1	—	1,000	25	7,425	0.01
1,001	—	5,000	8	23,406	0.02
5,001	—	10,000	229	2,283,749	1.55
10,001	—	100,000	110	4,688,534	3.18
100,001	and	over	33	140,397,249	95.24
			405	147,400,363	100.00

356 shareholders held less than a marketable parcel.

3. Voting rights

Each shareholder is entitled to one vote per ordinary share.

4. The Company is incorporated in Bermuda and is not regulated in respect of Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 (Cth). There is no limitation on the acquisition of securities imposed by the jurisdiction in which the Company is incorporated.

ADDITIONAL INFORMATION

5. Top twenty shareholders as at 20th March 2025

Name		Number of fully paid ordinary shares held	Percentage of issued capital
1.	TREASURE UNICORN LIMITED	75,734,441	51.38
2.	MR WEICHENG HE	16,532,222	11.22
3.	KAILI HOLDINGS LIMITED	13,200,000	8.96
4.	JIN HE	9,361,788	6.35
5.	MR YUTIAN BAI	3,999,999	2.71
6.	MS JUNLAN WANG	3,166,666	2.15
7.	MR SHUJUN LIU	2,666,666	1.81
8.	ASF GROUP LIMITED	2,200,000	1.49
9.	MR HAIYU HE	1,999,999	1.36
10.	MR GUIYING JIA	1,999,999	1.36
11.	MR QIUSHENG LI	1,666,666	1.13
12.	MS YONGJUN LIU	1,666,666	1.13
13.	WUJIANG INVESTMENT PTY LTD	1,100,000	0.75
14.	SMART STEP LIMITED	1,000,000	0.68
15.	MRS MAN SUN NG	974,000	0.66
16.	SUO ZHANG	430,000	0.29
17.	MR CALVIN AU	322,000	0.22
18.	PING GAO	250,000	0.17
19.	GUICHENG QIAO	230,000	0.16
20.	MR SIU WAI YAN	217,800	0.15
Twenty largest shareholders		138,718,912	94.13
Others		8,681,451	5.87
		147,400,363	100.00

6. Register of securities are kept at the following addresses:

Australia

Computershare Investor Services Pty Ltd

Level 3, 60 Carrington Street

Sydney, NSW 2000

Australia

Bermuda

Butterfield Corporate Services Ltd

The Rosebank Centre

11 Bermudiana Road

Pembroke HM08

Bermuda

7. Ordinary shareholders - enquiries

Ordinary shareholders with enquiries about their shareholdings should contact Kaili Resources Limited ordinary shares register, Computershare Investor Services Pty Limited by telephone on 1300 850 505 (within Australia) or (613) 9415 4000 (outside Australia).

8. Trading symbol

The trading symbol for the ordinary shares listed on the Australian Securities Exchange is “KLR”.