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KAILI RESOURCES LIMITED

(Incorporated in Bermuda with limited liability)

ARBN 077 559 525

Annual Report – 2025

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CORPORATE DIRECTORY

Board of Directors

Jianzhong Yang – Chairman
Long Zhao
Patrick W V M Sam Yue

Company Secretary

Patrick W V M Sam Yue

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
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ASX Code: KLR

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Branch Share Registry and Transfer Office

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CHAIRMAN'S REPORT

Dear Shareholders,

I am pleased to present the 2025 Annual Report.

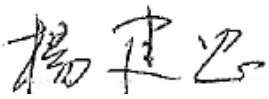
In August 2025, the Company experienced significant corporate changes when the controlling shareholder Yitai Group decided to divest its equity and financing interests in the Company followed by changes to the Board composition. In the process I have secured stability for the Company with my related entity Kaili Holdings Limited, assuming the controller role and continuing to provide a financial support facility of up to $1 million to ensure continued operations of the Company. However, Yitai Group had kept options until 31 December 2025 to reacquire its divested interests and this presented uncertainty for the new management to embark on new development plans. Therefore, the Company continued operations keeping the existing business plan.

As the options have lapsed without being exercised management is working on plans to reconstruct the balance sheet, recapitalize the Company and acquire new projects in base and precious metals to supplement our existing rare earth elements ("REEs") project in Limestone Coast in South Australia. As a first step to spur this process Kaili Holdings Limited has this month increased the financial support facility to up to $1.75 million until 1 October 2027.

During the year we continued drilling activities within our 3 tenements, Lameroo, Karte and Coodalya, over an area of 1,985 square kilometres with encouraging results on Total Rare Earth Elements Oxides. The Review of Operations in this Annual Report provides more details.

For 2026 we plan to conduct further drilling with the aim to obtain mineral resource estimates of REEs which may spur development of the resource. Other entities in the region who have begun their project earlier than us have reported success in their exploration for REEs. Their experience will help us in formulating our plans.

I thank all shareholders, service providers and Board members for their continued support which we need to ensure a successful Kaili Group.



Jianzhong Yang
Chairman

31 March 2026

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REVIEW OF OPERATIONS

SUMMARY OF EXPLORATION ACTIVITIES

During the year the Company focused on rare earths elements ("REEs") exploration considering the high economic potential in development of these critical minerals after having relinquished tenements of low potential for gold and base metals exploration in 2024 and early this year.

However, the Company continues to seek projects in Australia with potential for copper, gold, silver and base metals.

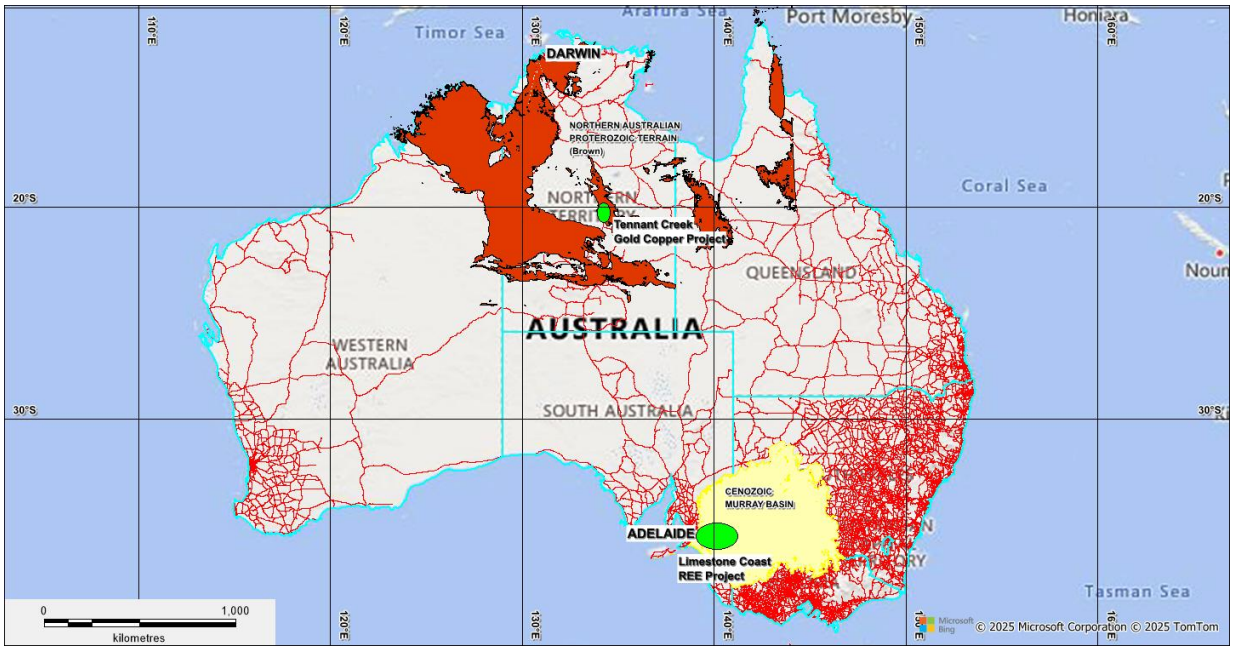

Figure 1: Kaili Resources Projects Location in green

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

The 3 tenements are approximately 200 kms east of Adelaide accessible by highway and close to infrastructure in the Murray Basin in South Australia (**Figure 2**) within deposited Loxton/Parilla Sands where REEs are reportedly contained within the fine clay fraction of Tertiary (65 to 2.5 million Years Ago) Strandlines (ionic clay style of deposit) in the basin.

Australian Rare Earths (ASX:AR3) has reported exploration success within their tenements in the region with estimated JORC 2012 resource of 236Mt @ 748ppm Total Rare Earth Oxides (TREO) (*see AR3 ASX Release of 30th September 2024*) and is conducting pre-feasibility studies for mining.

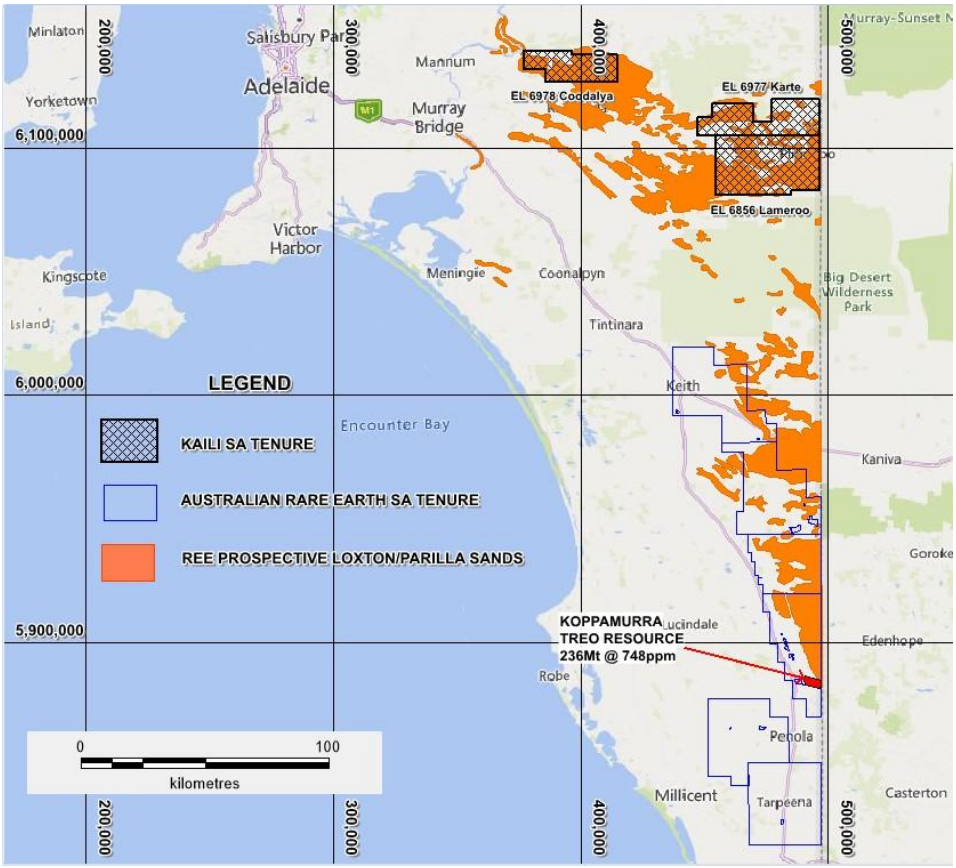

Figure 2: Location of Lameroo, Karte and Coodalya Rare Earth Exploration Tenements in Murray Basin, Limestone Coast, South Australia

During the year the Company completed roadside traverses across the Lameroo, Karte and Coodalya tenements for rare earths elements ("REE") exploration (**Figures 3 and 4**) with plans for drilling programs. Drill sites on council road verges were selected to minimise disruption to the public, private properties and flora. The sites were purposely widely spaced to cover a significantly large area across the target Loxton/Parilla Sands stratigraphy (**Figure 2**). Approvals from relevant local councils were obtained.

The Company has applied for approval of EPEPRs (exploration program for environment protection and rehabilitation) for all 3 tenements by the Department of Energy and Mining of South Australia (DEM) in the selected locations (**Figures 3 and 4)** to drill up to 1,000 metres of shallow Aircore holes each of up to 20 metres deep to test the potential of REEs mineralisation. The approval was received in mid-August 2025 and the Company conducted a drilling program in September 2025.

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REVIEW OF OPERATIONS (continued)

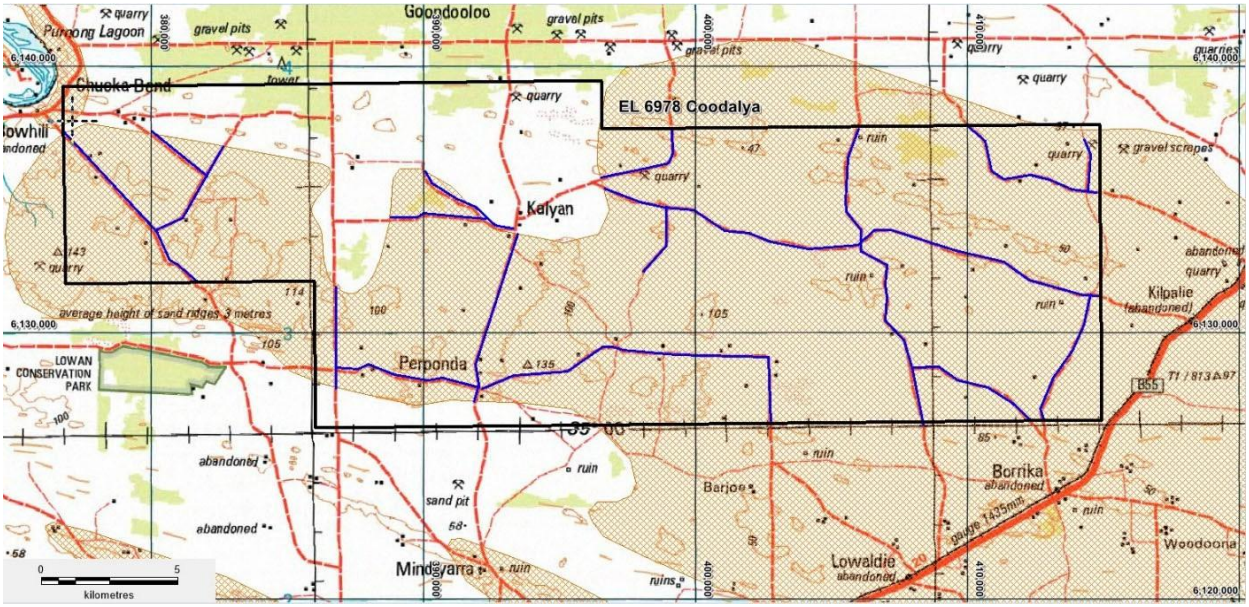

Figure 3: Vehicular traverses in blue targeting the Loxton/Parilla Sands in the Coodalya Tenement

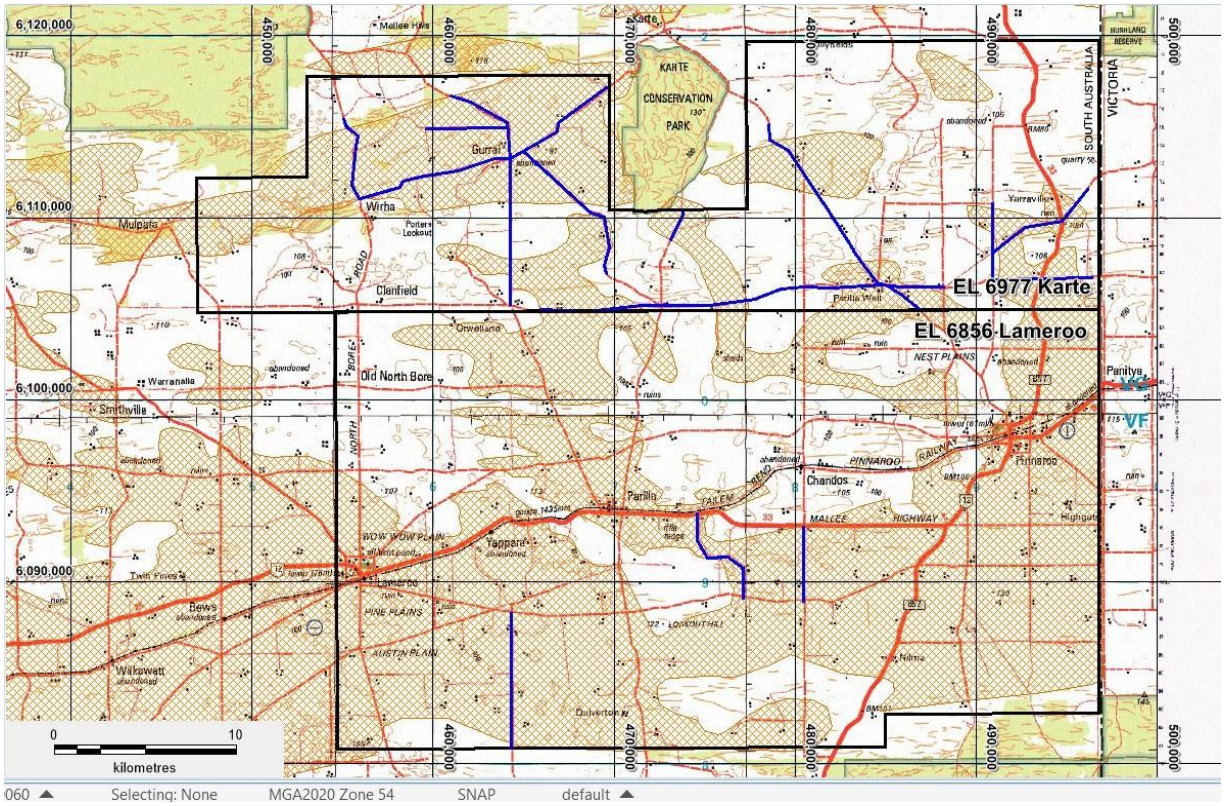

Figure 4: Vehicular traverses in blue targeting the Loxton/Parilla Sands in the Karte and Lameroo Tenement

REVIEW OF OPERATIONS (continued)

54 holes (**Figure 5**) each of up to 18 metres deep have been drilled for a total of 972 metres. The drill holes were purposely widely spaced to cover large areas across the 3 tenements at low cost to direct the focus for any subsequent infill drilling programs.

The holes have drilled into unconsolidated Murray Basin sediments comprising sand, silt and clay. The Murray Basin sediments lie unconformably on the Mt Gambier Limestone. The clay component of the Murray Basin sediments is the potential host to the REE minerals with the REE minerals being ionically bonded to the clays.

The predominantly local based crew who worked with the Company previously completed the program ahead of schedule and without incident.

972 samples have been scanned by Vanta pXRF equipment to identify the presence of REEs.

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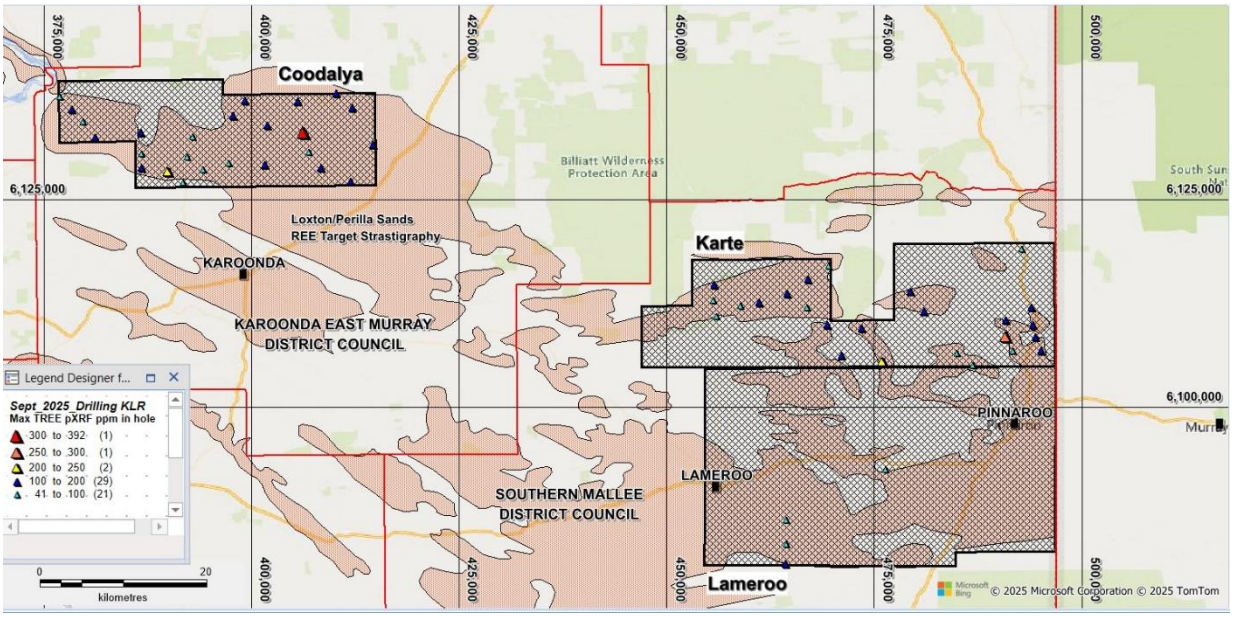

Figure 5: Drill collar location in Lameroo, Karte and Coodalya showing pXRF maximum TREE result per drill hole

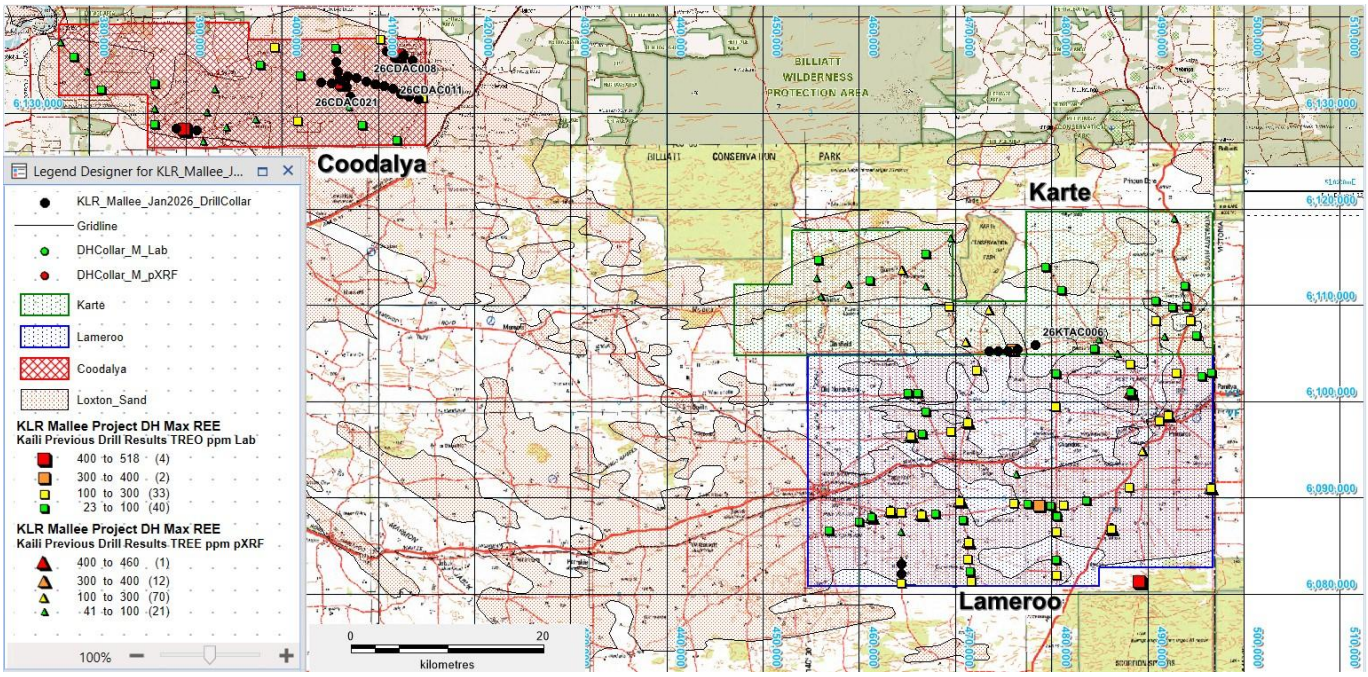

Figure 6: Drill collar location in Lameroo, Karte and Coodalya and previous drill results

Significant Total Rare Earth Elements (TREE) Results (*See ASX release of 20 October 2025*):

25 CDAC019 7m-9m, 2m@279ppm (incl 1m@392ppm)
25 CDAC005 16m-17m, 1m@219ppm and 0-1m@148ppm
25 KTAC022 1m-2m, 1m@266ppm
25 KTAC013 13m-14m, 1m@241ppm

TREE – pXRF elements (Ce+La+Y+Pr+Nd).

The results are indicative only as pXRF reading is a partial analysis of 5 of the 14 REEs. Complete reliance may not be placed on the p-XRF readings as they do not substitute the quantitative analysis performed and the results produced by the laboratory. Laboratory assay of the samples is therefore required to plan grid-based drilling.

47 samples presenting indicative high grade of mineralisation were sent to ALS Laboratory in Adelaide for assay to confirm the grade of Total Rare Earth Oxide.

In November 2025 the Company received the laboratory assay results for the full suite of REEs by Method ME MS81.

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REVIEW OF OPERATIONS (continued)

Significant Total Rare Earth Oxide ("TREO") Results(See ASX release of 20 November 2025)**:**
25 CDAC004 16m-17m 1m@445.74ppm
25 CDAC019 8m9m 1m@517.02ppm
25 CDAC024 5m-6m 1m@467.64ppm
25 KTAC013 13m-14m 1m@321.31ppm

TREO – elements converted to oxides with oxides conversions in brackets *Ce(1.1713), Dy(1.1477), Er(1.1435), Eu(1.1579), Gd(1.1526), Ho(1.1455), La(1.1728), Lu(1.1371), Pr(1.2082) ,Nd(1.1664), Sc(1.5338), Sm(1.1596), Tb(1.1510), Y(1.2699) and Yb(1.1387)*

The TREO is obtained in multiplying the individual element assay by the sum of the calculated oxide numbers.

The results identified an area for further focused exploration, named the Mallee Project, within the Coodalya EL 6978 tenement.

To implement this focus, a program was conducted in January 2026. A total of 24 holes to a depth 18 metres for 432 metres of drilling was completed for this program and focused predominantly on the Coodalya tenement having regards to the results for the drilling program of September 2025 **(Figure 7)**.

Significant pXRF Drilling Results (TREE – Total Rare Earth Elements):

26CDAC021 13m-14m, 1m@749.0ppm
26CDAC022 3m-4m, 1m@413.0ppm
26CDAC006 6m-8m, 2m@335.1ppm
26CDAC003 17m-18m, 1m@389.0ppm
26CDAC002 0-1m, 1m@359.0ppm

Note: The pXRF scan results are partial results of TREE for only 5 of the 14 Rare Earth Elements (Ce, Pr, La, Nd and Y). Complete reliance may not be placed on the p-XRF readings as they do not substitute the quantitative analysis performed and the results produced by the laboratory.

52 samples of > 200ppm TREE were submitted to ALS laboratory in Adelaide for the analysis of full suite of REE elements by Method ME MS 81 to provide the Total Rare Earth Oxide (TREO) results.

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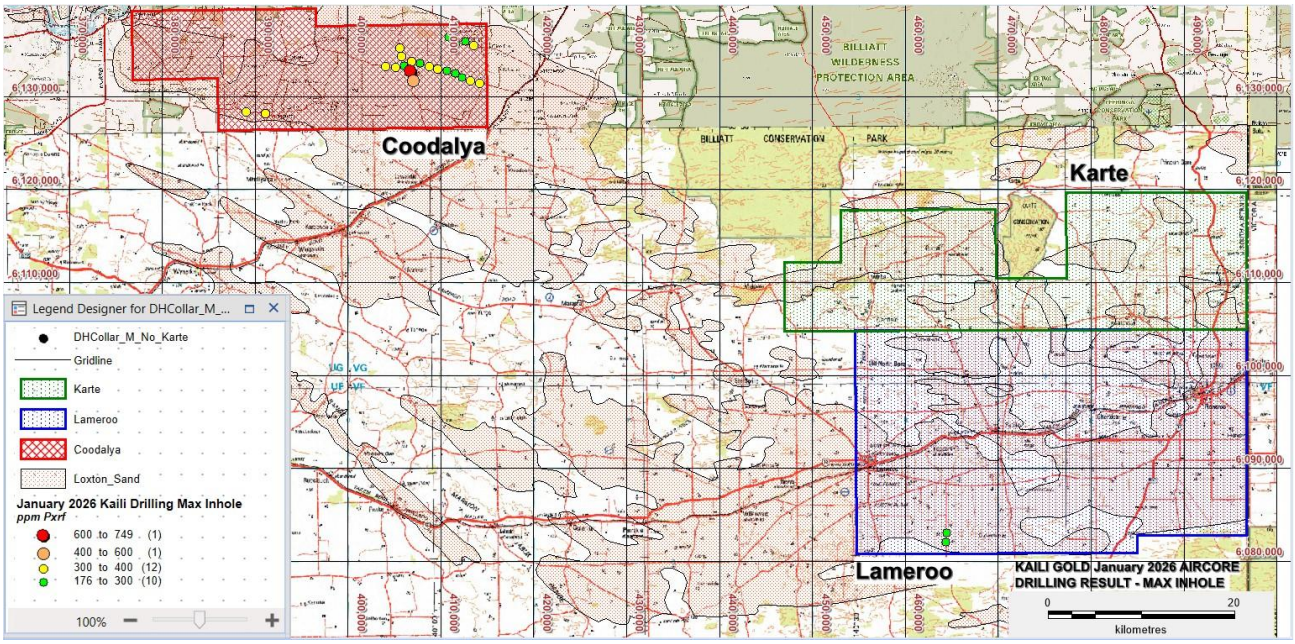

Figure 7: pXRF Results (Max Inhole) for the February 2026 Aircore Drilling Program

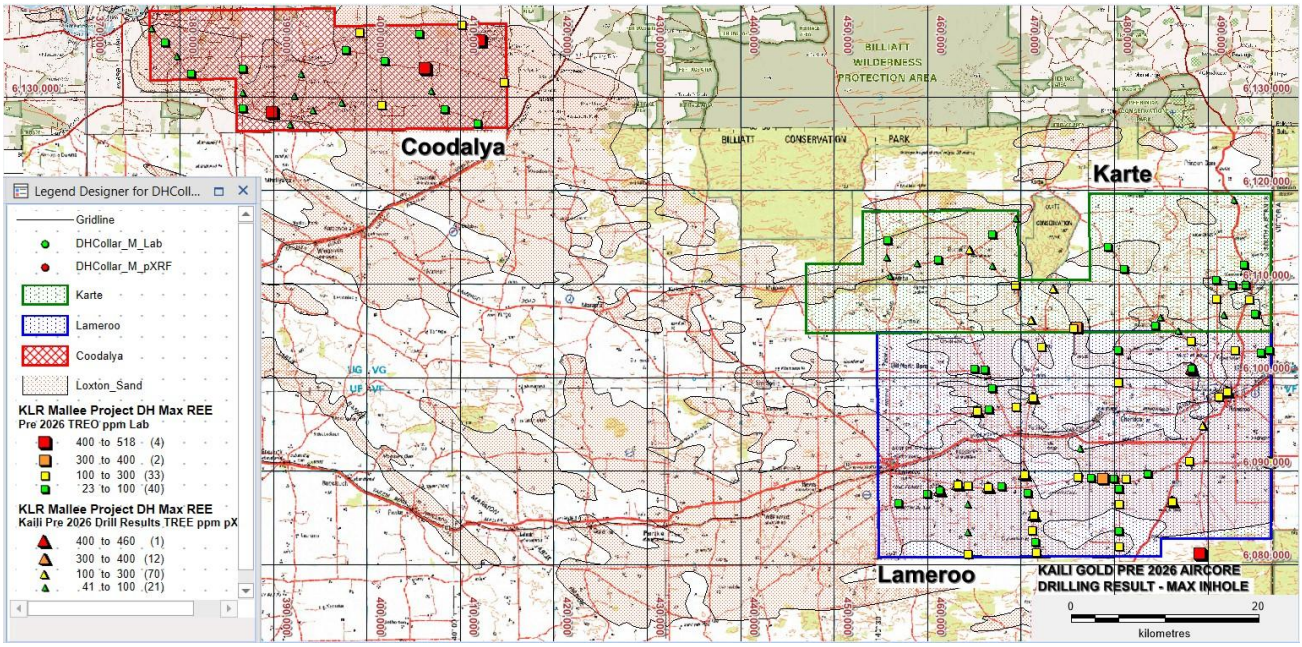

Figure 8: pXRF Results (Max Inhole) for all Aircore Drilling Programs to date

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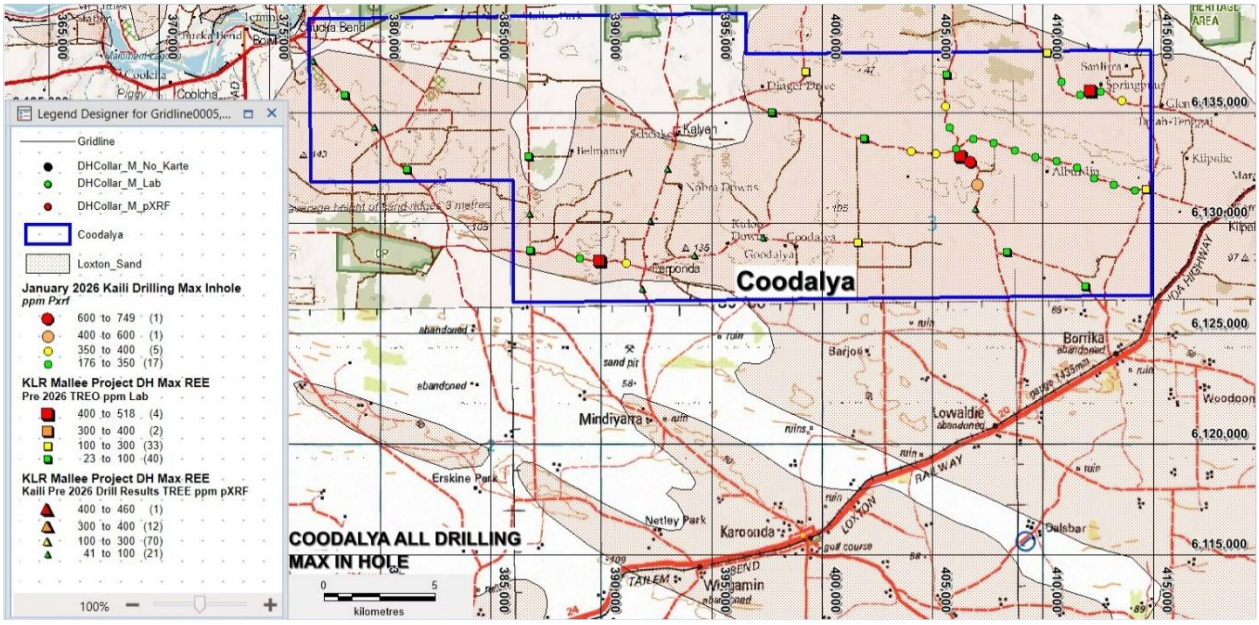

Figure 9: pXRF Results (Max Inhole) for all Aircore Drilling Programs to date-Coodalya Tenement

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An ASX release on 6 March 2026 announced the laboratory results of the February 2026 drilling program as follows:

Significant laboratory assay results by Method ME MS 81 that targets the full suite of REEs (TREO – Total Rare Earth Oxides):

26CDAC021: 13m-14m, 1m@812.5ppm
26CDAC018: 5m-6m, 1m@431.5ppm
26CDAC019: 2m-4m, 2m@341.8ppm (incl 1m@418.9ppm)
26CDAC013: 13m-15m, 2m@264.5ppm

Note:
The Total Rare Earth Oxide (TREO) is obtained in multiplying the individual element assay by the conversion factor to obtain an oxide value of individual element then adding all oxide values to get the TREO number.

TREO – elements converted to oxides with oxides conversions in brackets Ce(1.1713), Dy(1.1477), Er(1.1435), Eu(1.1579), Gd(1.1526), Ho(1.1455), La(1.1728), Lu(1.1371), Pr(1.2082) ,Nd(1.1664), Sc(1.5338), Sm(1.1596), Tb(1.1510), Y(1.2699) and Yb(1.1387) from element assays by ALS Laboratory in Adelaide for the full suite of REEs by Method ME MS 81.

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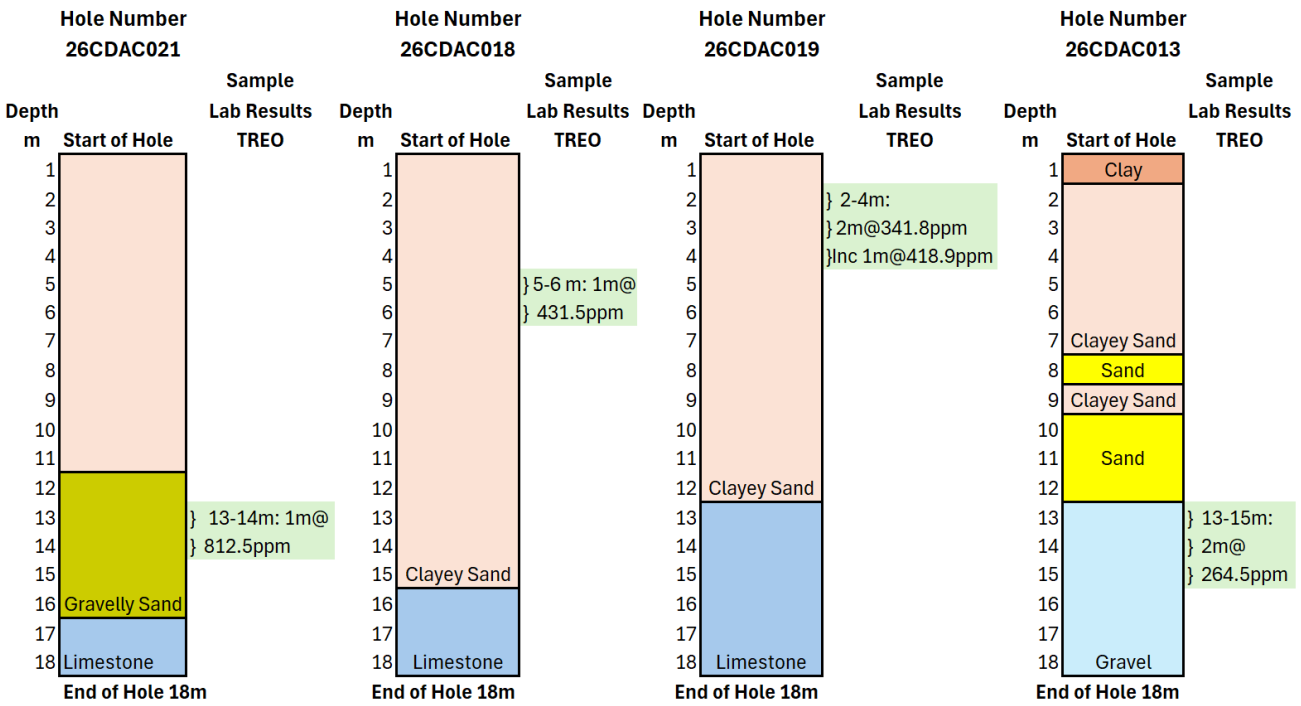
REVIEW OF OPERATIONS (continued)

KLR COODALYA EL 6978- LIMESTONE COAST, SA
Diagram of drill holes cross sections based on ALS Laboratory assays of February 2026 program for selected samples with reported significant results
Horizontal not to scale



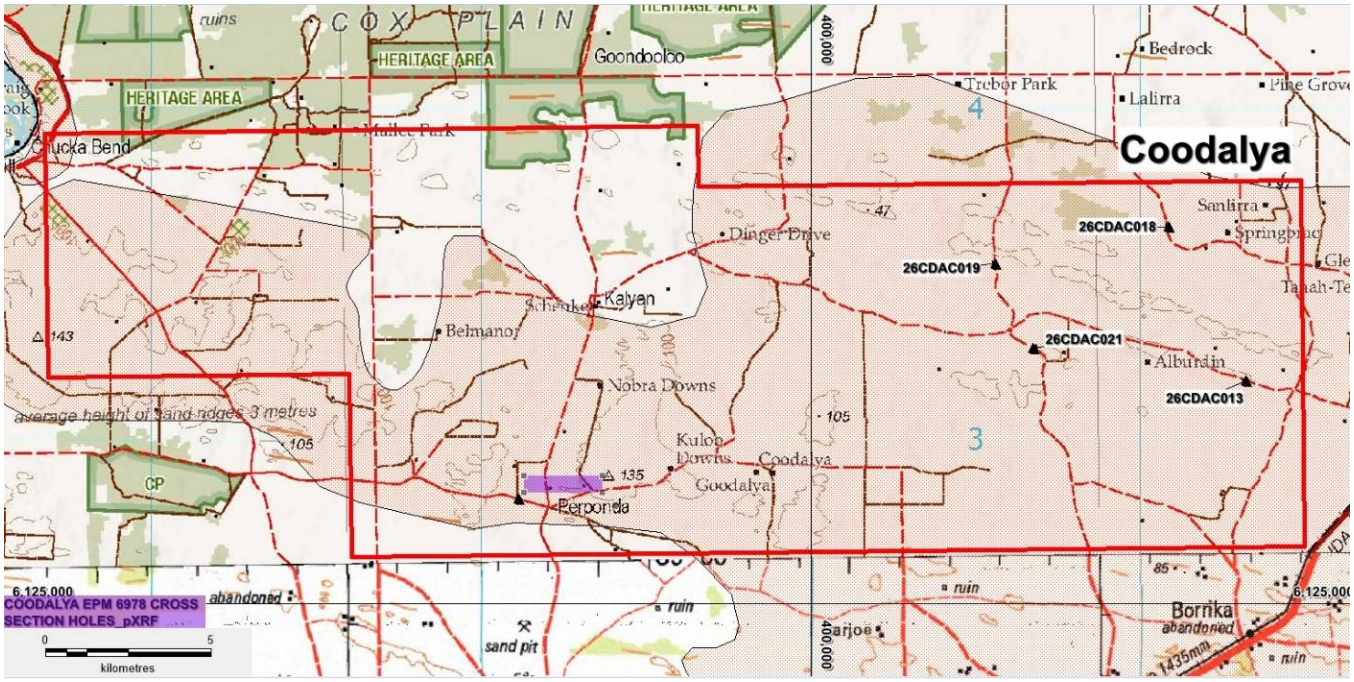


Figure 10: Locations of Drill Holes for the Cross Sections displayed above

REVIEW OF OPERATIONS (continued)

Yilgarn Craton (Gindalbie) Gold and Critical Metals Exploration Project - Western Australia

Holey Dam E27/550

Held 100% by wholly owned subsidiary Kaili Gold Pty Ltd

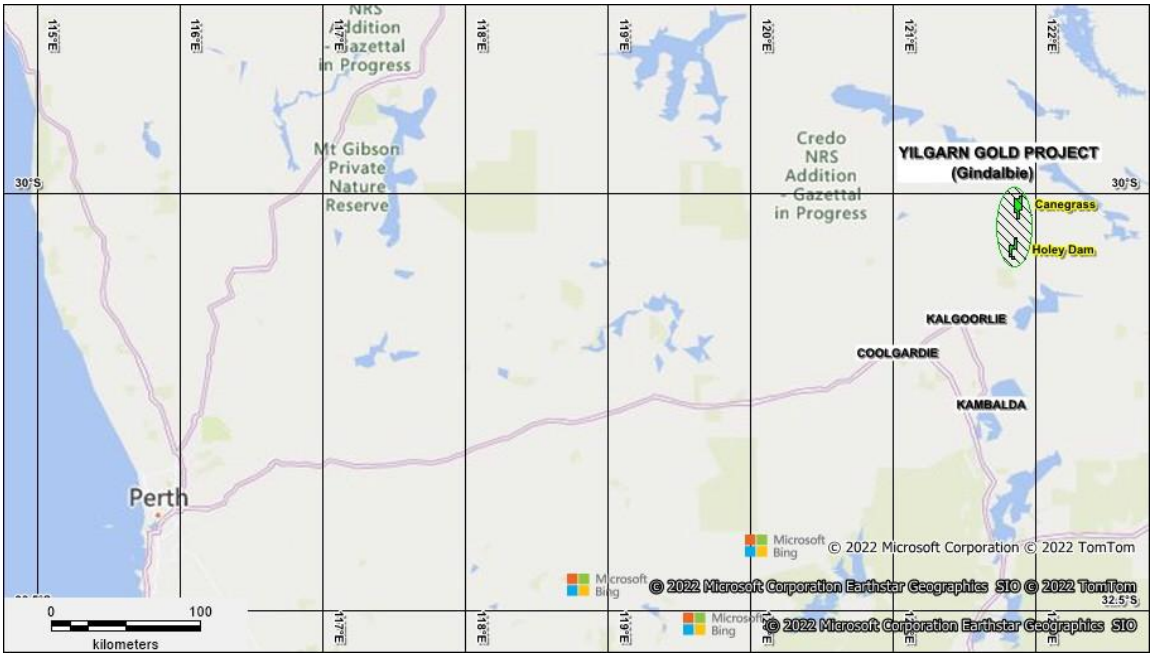


Figure 11: Kaili Resources Yilgarn Gold and Critical Metals Tenements Location

Since grant of the tenement in 2016 the aim has been 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 have not been encouraging.

The two holes in 2023 returned 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" (*see ASX Announcement of 12 October 2023 and 20 November 2023).*

In 2024 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 and the results indicated insufficient presence of rare earth elements to warrant further exploration within the tenement. Holey Dam E 27/550 was surrendered in March 2025 for lack of minerals prospectivity.

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REVIEW OF OPERATIONS (continued)

Tennant Creek – Gold and Copper Exploration Project – Northern Territory

Kovacs ELA 32666 Application

Held 100% by wholly owned subsidiary Kaili Gold Pty Ltd

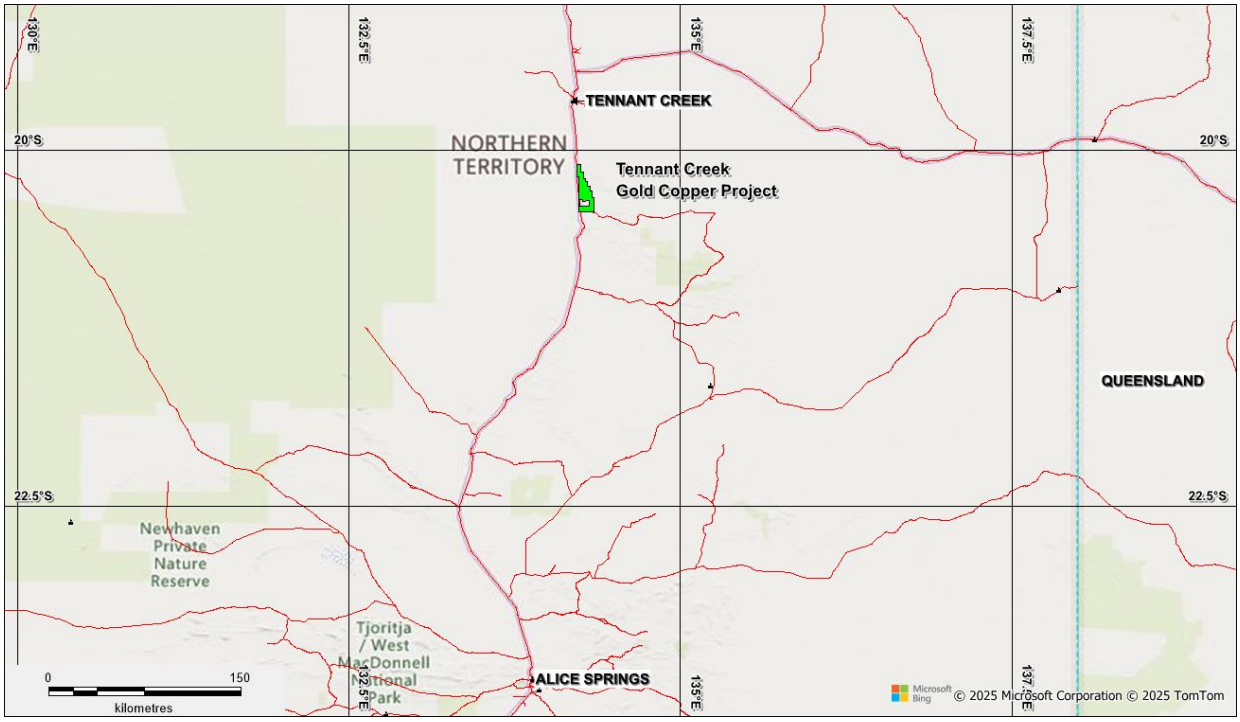

Figure 12: Regional Tenement Location SE of Tennant Creek – Kovacs

In February 2021, the Company applied for the exploration licence registered as ELA 32666 located to the south of Tennant Creek (**Figure 12**). The Company awaits on Native Title management process for 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 application for tenements held at 31 December 2025 and their locations are set out below:

Granted	Tenement	Name	Commodity	Region	Registered Holder	Beneficial Interest	Area	Status
							Km²	
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	2,260.7	

During the year the tenement Holey Dam E27/550 in Western Australia was 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 .

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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 and authorities as applicable. 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 certain areas and requiring deferral of exploration activities. • *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.

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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 2025.

DIRECTORS

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

Jianzhong Yang
Long Zhao
Patrick W V M Sam Yue (Appointed on 6 August 2025)
Jialin Yang (Resigned on 5 August 2025)
Rong Jin (Resigned on 5 August 2025)
Jing Li (Resigned on 6 August 2025)

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DIRECTORS' INFORMATION

Jianzhong Yang
Non-Executive Chairman
Appointed Director in April 2014, Chairman 2014 to 2018 and from August 2025

Mr Jianzhong Yang holds a Master degree from Hutazhong 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. He was 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
Appointed Director in August 2019

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 from 28 June 2016 to 6 August 2026.

Patrick W V M Sam Yue
Non-Executive Director
Appointed Director on 6 August 2025

Mr Patrick Sam Yue is a Member of Institute of Chartered Accountant in Australia and New Zealand, Fellow of the Governance Institute of Australia, Fellow of the Chartered Institute of Secretaries and Administrators, Fellow of the Financial Services Institute of Australasia, and Fellow of Chartered Institute for Securities and Investment. He has over 35 years' experience in financial and corporate management in Australia having held director, senior executive and company secretary positions with ASX listed entities in the oil and gas and minerals industry.

Jialin Yang
Non-Executive Chairman
Appointed Director in December 2024 and resigned on 5 August 2025

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 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
Non-Executive Director
Appointed Director in December 2024 and resigned on 5 August 2025

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

Jing Li
Non-Executive Director
Appointed Director in November 2018 and resigned on 6 August 2025

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

COMPANY SECRETARY

The Company Secretary until 6 August 2025 was Mr Long Xhao and since 6 August 2025 is Mr. Patrick W V M Sam Yue, a Chartered Accountant, Fellow of the Governance of Institute of Australia, Fellow of the Chartered Institute of Secretaries and Administrators, Fellow of the Financial Services Institute of Australasia and Fellow of Chartered Institute for Securities and Investment.

PRINCIPAL ACTIVITIES

During the year the Group has been active in exploration for base and precious metals, 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 15.

Performance

The Group's loss after income tax for the year is $423,867 (2024: $2,651,864) which includes impairment of $10,650 (2024: $1,623,108) on exploration and evaluation expenditure on licences.

Financial position

At 31 December 2025 the Group was in a net liability position of $4,923,578 (2024: net liability $4,499,711). Total assets decreased to $462,414 (2024: $533,717), with cash and cash equivalents of $15,855 (2024: $211,286). Total liabilities increased to $5,385,992 (2024: $5,033,428) which included a total amount of $4,809,506 owing to Chairman Mr Jianzhong Yang and his controlled entity Kaili Holdings Limited under unsecured and interest free financing facilities available until 1 October 2027.

The amounts owing to Mr Jianzhong Yang arose primarily from an assignment to him in August 2025 by Yitai Group (Hongkong) Co., Limited ("Yitai HK") of a total amount of $4,599,506 the Company owed to Yitai HK under an unsecured and interest free loan and financial facility due for repayment on 1 April 2026. In September 2025 Mr. Jianzhong Yang agreed to extend the repayment date of the amounts owing to him to 1 October 2026. On 28 January 2026 the repayment date was extended to 1 April 2027. On 26 March 2026 the repayment date was further extended to 1 October 2027.

In March 2025, Kaili Holdings Limited, a substantial shareholder of the Company and controlled by 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. In September 2025, Kaili Holdings Limited extended the repayment date of its financial support to 1 October 2026. On 28 January 2026 the repayment date was further extended to 1 April 2027. On 23 March 2026 Kaili Holdings Limited increased its existing financial support facility to up to $1.75 million and on 26 March 2026 further extended the repayment date to 1 October 2027. At balance date the Company has drawn $210,000 under the financial support facility and at the date of this report the Company has drawn a total $320,000 and leaving up to $1,430,000 available for future drawdown.

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Cash flows

Operating activities resulted in net outflow of $192,495 (2024: $265,123) as the Group is still in the exploration phase with no income. A total of $200,376 (2024: $160,068) 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 and the Financial Position section.

Dividends

The Directors recommend that no dividend be declared or paid.

Likely developments

During the subsequent financial year the likely developments of the Group, subject to identifying new ventures for investment, will be continuation of exploration in its tenements in South Australia and Northern Territory when the licence under application 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.

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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
	Fees, cash salary and leave	Superannuation	Long Service leave		
	$	$	$	$	$
2025					
Jianzhong Yang	-	-	-	-	-
Long Zhao	69,324	8,414	1,134	-	78,872
Patrick W V M Sam Yue[1]	44,320	-	-	-	44,320
Jialin Yang[2]	-	-	-	-	-
Rong Jin[2]	-	-	-	-	-
Jing Li[3]	-	-	-	-	-
	113,644	8,414	1,134	-	123,192

[1] Appointed 6 August 2025
[2] Resigned 5 August 2025
[3] Resigned 6 August 2025

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

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

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.

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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
2025				
Jianzhong Yang[4]	13,200,000	75,734,441	-	88,934,441
Long Zhao	20,000	-	-	20,000
Patrick W V M Sam Yue[1]	-	-	-	-
Jialin Yang[2]	-	-	-	-
Rong Jin[2]	-	-	-	-
Jing Li[3]	-	-	-	-
	13,220,000	-	-	13,220,000

[1] Appointed on 6 August 2025
[2] Resigned on 5 August 2025
[3] Resigned on 6 August 2025
[4] 13,200,000 shares held by Kaili Holdings Limited and 75,734,441 shares held by Treasure Unicorn Limited, companies controlled by Director Jianzhong Yang

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

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.

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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 28 January 2026, Mr Jianzhong Yang extended the repayment date of the total amount owing to him of $4,599,506 from 1 October 2026 to 1 April 2027 and on 26 March 2026 further extended the repayment date to 1 October 2027.

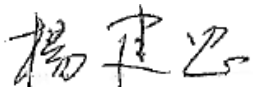
b) On 28 January 2026, Kaili Holdings Limited, related entity of Mr Jianzhong Yang, extended the maturity of its financial support facility of up to $1 million to the Company from 1 October 2026 to 1 April 2027 and on 26 March 2026 further extended the repayment date to 1 October 2027. On 23 March 2026 Kaili Holdings Limited increased the existing financial support facility to up to $1.75 million.

c) Kaili Holdings Limited has further advanced $110,000 to the Company under the financial support facility leaving up to $1,430,000 available for drawdown at the date of this report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration is included on page 22 of the Annual Report and forms part of this report.

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



Jianzhong Yang
Chairman

Sydney
31 March 2026

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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 2025 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 31 March 2026

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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.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	NOTE	2025	2024
		$	$
Revenue			
Other income	4	-	4,911
Expenses			
Depreciation expense	14	(14,223)	(14,712)
Employee benefits expense		(123,192)	(79,956)
Impairment of exploration and evaluation expenditure	12	(10,650)	(1,623,108)
Loss on borrowings at amortised cost		-	(579,645)
Project costs		(1,234)	(3,990)
Other expenses	5	(274,568)	(355,364)
Loss before income tax		(423,867)	(2,651,864)
Income tax	11	-	-
Loss after income tax		(423,867)	(2,651,864)
Other comprehensive income (loss) for the year, net of tax		-	-
Total comprehensive loss for the year attributable to members of the Parent Entity		**(423,867)**	**(2,651,864)**
		Cents	**Cents**
Loss per share			
Basic and diluted loss per share	22	(0.29)	(1.80)

The accompanying notes form part of these financial statements.

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CONSLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2025

	NOTE	2025	2024
		$	$
Current Assets			
Cash and cash equivalents	6	15,855	211,286
Trade and other receivables	7	70,194	53,255
Prepayments	8	33,389	35,482
Total Current Assets		119,438	300,023
Non-Current Assets			
Property, plant and equipment	14	20,277	34,500
Financial assets	9	10,000	10,000
Exploration and evaluation expenditure	12	312,699	189,194
Total Non-Current Assets		342,976	233,694
Total Assets		462,414	533,717
Current Liabilities			
Trade and other payables	10	544,943	405,243
Provisions	13	31,543	28,679
Borrowings	15	4,809,506	4,599,506
Total Current Liabilities		5,385,992	5,033,428
Total Non-Current Liabilities		-	-
Total Liabilities		5,385,992	5,033,428
Net (Liabilities)/Assets		(4,923,578)	(4,499,711)
Shareholders' Equity			
Share capital	16 (b)	1,474,004	1,474,004
Reserves	16 (c)	(6,397,582)	(5,973,715)
Total (Deficit)/Equity		(4,923,578)	(4,499,711)

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	NOTE	2025	2024
		$	$
Cash flows from operating activities			
Payments to suppliers and employees		(192,495)	(265,123)
Net cash used in operating activities	23(b)	(192,495)	(265,123)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(200,376)	(160,068)
Interests received		-	1
Net cash used in investing activities		(200,376)	(160,067)
Cash flows from financing activities			
Proceeds from borrowings		210,000	211,066
Others		(12,554)	-
Net cash from financing activities		197,446	211,066
Net decrease in cash and cash equivalents		(195,425)	(214,124)
Cash and cash equivalents at beginning of year		211,286	425,401
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		(6)	9
Cash and cash equivalents at end of year	6	15,855	211,286

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital	Share premium	Accumulated losses	Total
	$	$	$	$
Balance as at 1 January 2024	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)
Loss and total comprehensive loss for the year	-	-	(423,867)	(423,867)
Balance as at 31 December 2025	1,474,004	24,475,363	(30,872,945)	(4,923,578)

The accompanying notes form part of these financial statements.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

Note 1 – Nature of Operations

Kaili Resources Limited and its subsidiaries' ("the Group") principal activities are investment in the resources industry and exploration for base and precious 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 2025 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).

Kaili Holdings Limited became the ultimate parent company of the Group on 5 August 2025 when it acquired all the shares held by former ultimate parent company Inner Mongolia Yitai Investment Co., Limited in the Company.

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 2025 were approved and authorised for issue by the Board on 31 March 2026.

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 2025 are consistent with those adopted in the financial statements for the year ended 31 December 2025.

Judgments

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 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.

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(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 $423,867 (2024: loss $2,651,864), including impairment of accumulated exploration expenditure of $10,650 (2024: $1,623,108). At balance date the Group has current assets of $119,438 (2024: $300,023) including cash and cash equivalents of $15,855 (2024: $211,286), current liabilities of $5,385,992 (2024: $5,033,428) including unsecured and interest free borrowings of $4,599,506 owing to Chairman Mr Jianzhong Yang and $210,000 owing to his related company Kaili Holdings Limited under total finance facilities of $5,509,506 maturing on 1 October 2026. The Group has also an unfulfilled expenditure requirement under its exploration licences of $168,000 for the next 12 months.

After balance date the Company has drawn an additional $110,000 under the Kaili Holdings Limited facility and in March 2026 this facility has been increased to $1,750,000 leaving $1,430,000 available for future drawdowns. In March 2026 Mr Jianzhong Yang and Kaili Holdings Limited also extended the maturity date of their finance facilities to 1 October 2027.

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

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

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 and Mr Jianzhong Yang, 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.

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(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.

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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.

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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

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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;

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(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.

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	2025 $	2024 $
4. OTHER INCOME		
Interest income	-	1
Tenement rate refunds	-	4,910
	-	4,911
5. OTHER EXPENSES		
Audit fees	26,050	25,300
Consulting fees	41,784	75,490
Contractor payments	62,400	62,400
Registration fees and charges	40,099	37,249
Legal and professional fees	45,135	66,986
Listing fees	19,501	17,077
Share registry	15,974	10,490
Motor vehicle expense	9,567	25,854
Other costs	14,058	34,518
	274,568	355,364
6. CASH AND CASH EQUIVALENTS		
Cash at bank	15,855	211,286
7. TRADE AND OTHER RECEIVABLES		
GST receivable	11,125	6,740
Other receivables	59,069	46,515
	70,194	53,255
8. PREPAYMENTS		
Prepayments	33,389	35,482
9. FINANCIAL ASSETS		
Non-Current		
Security deposit for exploration licences held	10,000	10,000
10. TRADE AND OTHER PAYABLES		
Amounts payable to Directors and their associates	318,474	67,086
Amounts payable to Director for reimbursement of expenses	72,749	72,749
Other trade creditors	124,074	242,512
Accrued expenses	29,646	22,896
	544,943	405,243

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	2025 $	2024 $

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:

Loss before income tax	(423,867)	(2,651,864)
Tax at the Australian domestic income tax rate 25% (2024:25%)	(105,967)	(662,966)
Tax losses not recognised	105,967	662,966
Income tax expense	-	-

At balance date, the Group has estimated tax losses of $12,330,000 (2024: $11,800,000). 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

At cost:		
Balance at beginning of year	189,194	1,583,567
Additions	134,155	228,735
Impairment[1]	(10,650)	(1,623,108)
Balance at end of year	312,699	189,194

[1] Includes EL 27/550 Holey Dam 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 14.

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

13. PROVISIONS

Current:		
Annual leave entitlements	17,580	16,043
Long service leave entitlements	13,963	12,636
	31,543	28,679

The annual leave and long service leave provisions are entitlements of Director Long Zhao.

14. PROPERTY, PLANT AND EQUIPMENT

2025	Furniture & office equipment $	Motor vehicle $	Total $
At cost:			
Balance at beginning and end of year	29,368	103,498	132,866
Depreciation:			
Balance at beginning of year	(20,106)	(78,260)	(98,366)
Depreciation charge	(1,286)	(12,937)	(14,223)
Balance at end of year	(21,392)	(91,197)	(112,589)
Carrying amount at 31 December 2025	7,976	12,301	20,277

2024	Furniture & office equipment $	Motor vehicle $	Total $
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

15. BORROWINGS

	2025 $	2024 $
Current		
Unsecured borrowings from a related party[1]	4,599,506	4,599,506
Unsecured borrowings from a related party[2]	210,000	-
	4,809,506	4,599,506

[1] Yitai Group (Hongkong) Co., Ltd, had provided the Group unsecured and interest free loan of $2,400,000 and advances of $2,199,506 under a financial facility of $2,500,000 both due for repayment on 1 April 2026. The Company has agreed that no further drawdown to be made under the facility. The funds advanced under the loan and under the financial support are unsecured and interest free. In August 2025 Yitai Group (Hongkong) Co., Ltd assigned total amount of $4,599,506 owing to Chairman Mr Jianzhong Yang without change to the terms and conditions. On 5 September 2025 Mr Jianzhong Yang has extended the repayment date of the borrowings to 1 October 2026. On 28 January 2026 Mr Jianzhong Yang agreed to extend the repayment date to 1 April 2027 and on 26 March 2026 further agreed to extend the repayment date to 1 October 2027.

[2] Kaili Holdings Limited, controlled by Mr Jianzhong Yang, had confirmed financial support to the Company to provide funds of up to $1 million until 31 March 2026. The funds advanced under the financial support are unsecured and interest free. On 5 September 2025, Kaili Holdings Limited extended the repayment date of its financial support to 1 October 2026. At balance date the Company has drawn $210,000 under the financial support facility. On 28 January 2026 Kaili Holdings Limited extended the repayment date to 1 April 2027 and on 26 March 2026 further extended the repayment date to 1 October 2027. On 23 March 2026 Kaili Holdings Limited increased the existing financial support facility to up to $1.75 million. Subsequent to the balance date, the Company has further drawn $110,000, leaving up to $1,430,000 available for future drawdowns.

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16. SHARE CAPITAL

	2025 Number of shares	2025 $	2024 Number of shares	2024 $
(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

	2025 $	2024 $
(c) Reserves		
Share premium account	24,475,363	24,475,363
Accumulated losses	(30,872,945)	(30,449,078)
	(6,397,582)	(5,973,715)

17. CONTROLLED ENTITIES

Investments in controlled entities comprise:

Name of subsidiary	Place of incorporation/operation	Principal activities	Beneficial percentage held by economic entity 2025 %	2024 %
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

	2025 $	2024 $
Amounts received or due and receivable by the auditor for audit and review of financial statements	26,050	25,300

19. SEGMENT INFORMATION

Business segments

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

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20. COMMITMENTS

Exploration expenditure commitments

At balance date, the Group holds three 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:

	2025 $	2024 $
Within twelve months	168,000	57,000
Twelve months or longer and not longer than five years	-	349,500
	168,000	406,500

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

21. CONTIGENT LIABILITIES

At balance date, the Group has given guarantees totaling $5,000 (2024: $30,000) for compliance with the conditions of the exploration licences granted in Western Australia.

22. LOSS PER SHARE

	2025 $	2024 $
Loss for the purposes of basic and diluted loss calculations per share	(423,867)	(2,651,864)
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	(0.29)	(1.80)

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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

	2025 $	2024 $
Loss before income tax	(423,867)	(2,651,864)
Depreciation	14,223	14,712
Foreign exchange differences	6	(9)
Tenement rental refunds	(955)	(4,910)
Impairment of exploration and evaluation expenditure	10,650	1,623,108
Interest income	-	(1)
Loss on borrowings at amortised cost	-	579,645
Operating cash (outflows) before movements in working capital	(399,943)	(439,319)
Changes in assets and liabilities relating to operations:		
(Increase)/Decrease in trade and other receivables	(4,385)	3,473
(Increase)/Decrease in prepayments	2,093	(2,233)
Increase in trade and other payables	206,876	168,668
Increase in provisions	2,864	4,288
Net cash used in operating activities	(192,495)	(265,123)

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 and, borrowings.

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

Financial assets		
Cash and cash equivalents	15,855	211,286
Trade and other receivables	70,194	53,255
Financial assets – non-current	10,000	10,000
Total financial assets	96,049	274,541
Financial liabilities		
Trade and other payables	544,943	405,243
Borrowings - current	4,809,506	4,599,506
Total financial liabilities	5,354,449	5,004,749

(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.

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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:

	2025 $	2024 $
Cash and cash equivalents	15,855	211,286

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.

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(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
2025	$	$	$	$	$	$
Financial assets						
Cash and cash equivalents	15,855	-	-	-	-	15,855
Trade and other receivables	-	-	-	70,194	-	70,194
Financial assets	-	-	-	-	10,000	10,000
	15,855	-	-	70,194	10,000	96,049
Financial liabilities						
Trade and other payables	-	-	-	544,943	-	544,943
Borrowings-current	-	-	-	4,809,506	-	4,809,506
	-	-	-	5,354,449	-	5,354,449

		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

(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 $159 (2024: $2,113) 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 2025.

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.

	2025 $	2024 $
Compensation of KMP of the Group:		
Short-term employee benefits[1]	113,644	70,632
Post-employment benefits	8,414	8,193
Other long-term benefits	1,134	1,131
Termination benefits	-	-
Share-based payments	-	-
	123,192	79,956

[1]Include amounts owing to Directors and their controlled entities at balance date of $112,336 (2024: $29,246).

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 2025, a total charge of $62,400 (2024: $62,400) for the services was recognised with the amount of $102,960 owing at balance date.

27. PARENT ENTITY INFORMATION

Assets		
Current assets	111,822	293,364
Non-current assets	3,082,910	2,971,900
Total assets	3,194,732	3,265,264
Liabilities		
Current liabilities	5,167,416	4,826,111
Non-current liabilities	-	-
Total liabilities	5,167,416	4,826,111
Equity		
Issued capital	1,474,004	1,474,004
Share premium account	24,475,363	24,475,363
Accumulated losses	(27,922,051)	(27,510,214)
	(1,972,684)	(1,560,847)
Financial performance		
Loss for the year	(411,837)	(1,028,591)
Other comprehensive income	-	-
Total comprehensive loss	(411,836)	(1,028,591)

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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 28 January 2026, Mr Jianzhong Yang extended the repayment date of the total amount owing to him of $4,599,506 from 1 October 2026 to 1 April 2027 and on 26 March 2026 further extended the repayment date to 1 October 2027.

b) On 28 January 2026, Kaili Holdings Limited, related entity of Mr Jianzhong Yang, extended the maturity date of its financial support facility of up to $1 million to the Company from 1 October 2026 to 1 April 2027 and on 26 March 2026 further extended the repayment date to 1 October 2027. On 23 March 2026 Kaili Holdings Limited increased the existing financial support facility to up to $1.75 million.

c) Kaili Holdings Limited has further advanced $110,000 to the Company under the financial support facility leaving up to $1,430,000 available for drawdown at the date of this report.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 31 March 2026.

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DIRECTORS' DECLARATION

In the Directors' opinion:

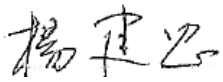
(a) the financial statements and notes set out on pages 24 to 46:

(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 2025 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.



Jianzhong Yang

Chairman

Sydney

31 March 2026

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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 **24 to 46,** which comprise the consolidated statement of financial position as at 31 December 2025, 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

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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 $312,699, after impairment of $10,650 as at 31 December 2025. 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.

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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 2025 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 relating to Going Concern.

Yitai Group (Hongkong) Co., Ltd, had provided the Group unsecured and interest free loan of $2,400,000 and advances of $2,199,506 both due for repayment on 1 April 2026. The funds advanced under the loan and under the financial support are unsecured and interest free.

In August 2025 Yitai Group (Hongkong) Co., Ltd assigned total amounts of $4,599,506 owing by the Group to Chairman Mr Jianzhong Yang without change to the terms and conditions. Mr Jianzhong Yang has extended the repayment date of the borrowings on 26 March 2026 to 1 October 2027.

Kaili Holdings Limited, controlled by Mr Jianzhong Yang, had confirmed financial support to the Company to provide funds of up to $1 million until 31 March 2026. The funds advanced under the financial support are unsecured and interest free. On 5 September 2025, Kaili Holdings Limited extended the repayment date of its financial support to 1 October 2026. On 23 March 2026 Kaili Holdings Limited increased existing financial support facility to up to $1.75 million and on the 26 March 2026 extended the repayment date to 1 October 2027 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.

At the date of this report the Company has drawn $320,000 under the financial support facility leaving up to $1,430,000 available for future drawdown.

The increased financial support is to enable the Group 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.

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 2025. 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 2025, complies with International Financial Reporting Standards ("IFRS's").

JOHN F SHUTE
Chartered Accountant

Sydney
31 March 2026

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ADDITIONAL INFORMATION

Additional information included in accordance with Listing Rules of the ASX Limited as at 23rd March 2026

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
KAILI HOLDINGS LIMITED*	13,200,000	8.96
JIN HE	9,301,788	6.31
BNP PARIBAS NOMS PTY LTD	8,266,111	5.61

* 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	115	60,601	0.04
1,001 — 5,000	250	670,275	0.45
5,001 — 10,000	314	2,954,909	2.00
10,001 — 100,000	249	9,078,794	6.16
100,001 and over	55	134,635,784	91.35
	983	147,400,363	100.00

345 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.

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ADDITIONAL INFORMATION

5. Top twenty shareholders as at 23rd March 2026

	Name	Number of fully paid ordinary shares held	Percentage of issued capital
1.	TREASURE UNICORN LIMITED	75,734,441	51.38
2.	KAILI HOLDINGS LIMITED	13,200,000	8.96
3.	JIN HE	9,301,788	6.31
4.	BNP PARIBAS NOMS PTY LTD	8,266,111	5.61
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.	MR HAIYU HE	1,999,999	1.36
9.	MR GUIYING JIA	1,999,999	1.36
10.	MR QIUSHENG LI	1,666,666	1.13
11.	MS YONGJUN LIU	1,666,666	1.13
12.	WUJIANG INVESTMENT PTY LTD	1,100,000	0.75
13.	SMART STEP LIMITED	1,000,000	0.68
14.	MR HUAN NGOC NGUYEN	765,973	0.52
15.	MR NATHAN JOHN LESSLIE	600,000	0.41
16.	SUO ZHANG	430,000	0.29
17.	MR ROBERT MARK BOSGRAAF	410,000	0.28
18.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	324,461	0.22
19.	FINCLEAR SERVICES PTY LTD <SUPERHERO SECURITIES A/C>	322,662	0.22
20.	MR CALVIN AU	322,000	0.22
	Twenty largest shareholders	128,944,097	87.31
	Others	18,456,266	12.52
		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”.

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