

5 June 2018

ASX ANNOUNCEMENT

SMALL SHAREHOLDING SALE FACILITY

Kaili Resources Limited ("Company") advises that it has established a sale facility for holders of less than marketable parcel of shares in the Company.

Under the Listing Rules of the Australian Securities Exchange a marketable parcel of shares is one that has a value not less than \$500. At the Record Date on 4 June 2018 on the Company's share register, there were 1,003 shareholders who held less than 14,285 shares with a market value of less \$500 ("Small Shareholding").

The Company is providing the sale facility to the holders of Small Shareholdings to sell their shares without incurring costs that could otherwise make a sale of their shares uneconomic. In reducing the size of the register, the Company expects to reduce administrative costs associated with maintaining a large number of Small Shareholdings.

The Small Shareholdings will be aggregated and sold shortly after the Closing Date and each shareholder will receive their proportionate share of the net sale proceeds for all shares sold under the facility.

Key Dates

Record Date to determine Small Shareholdings	5 pm on 4 June 2018
Announcement of sale facility	5 June 2018
Dispatch of letter to Small Shareholders	7 June 2018
Closing Date for receipt of Share Retention Form	5 pm on 24 July 2018
Payment of sale proceeds	27 July 2018

Attached is a copy of the letter and Share Retention Form that will be sent to all holders of Small Shareholdings.

A handwritten signature in black ink, appearing to be 'Long Zhao'.

Long Zhao
Company Secretary

5 June 2018

Dear Shareholder

NOTICE ON FACILITY FOR SALE OF SMALL SHAREHOLDING

I am writing to advise you that Kaili Resources Limited ("**Company**") has established a sale facility ("**Facility**") for holders of a parcel of shares with a market value of less than \$500 ("**Small Shareholding**") that is less than a marketable parcel under the Listing Rules of the Australian Securities Exchange ("**ASX**"). The Facility is established in accordance with the ASX Listing Rules and the Company's Bye-Laws.

The Company currently has approximately 1,135 shareholders of which 1,003 hold a Small Shareholding. By facilitating the sale of Small Shareholdings the Company may significantly reduce the number of shareholders on its register. This would reduce the administrative costs associated with maintaining a large number of Small Shareholdings.

The register of shareholders of the Company indicates that on 4 June 2018 you hold a Small Shareholding. The Company is offering the Facility to assist you, if you opt, in disposing your Small Shareholding without having to act through a broker.

You have 3 options in response to this letter:

- (a) **Sell your less than a marketable parcel of shares:** Do nothing and the Company will facilitate the sale of your shares under the Facility.
- (b) **Retain your less than a marketable parcel of shares:** Complete and return the Share Retention Form to be received by the Company by 5 pm Sydney time on 24 July 2018 ("**Closing Date**").
- (c) **Increase your shareholding:** Acquire additional shares which will result in you holding a parcel of shares with a value of more than \$500 by the Closing Date.

Shortly after the Closing Date, unless otherwise informed, the Company will sell your Small Shareholding. As soon as practicable after settlement the Company will forward you the proceeds of the sale.

Please note that a less than a marketable parcel of shares is not to be construed as an unmarketable or non-marketable parcel of shares.

You should consult your financial, legal and/or professional advisors on the Facility.

If you have any enquiries, you may contact me on telephone +61 2 8386 5713 or email contact@kailigroup.com.au

Yours faithfully

On behalf of the Board of Kaili Resources Limited



Long Zhao
Company Secretary



Kaili Resources Limited
ARBN 077 559 525
World Tower
Suite 1612, Level 16
87-89 Liverpool Street
Sydney NSW 2000, Australia

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001

Return your Form to the Company

By Mail:

Kaili Resources Limited
PO Box 20439
World Square,
Sydney NSW 2002, Australia

For all enquiries:

Phone:

(within Australia) 02 8386 5713
(outside Australia) +61 2 8386 5713

Email:

contact@kailigroup.com.au

Share Retention Form

 If you wish to retain your shares, your form must be received by 5:00pm (Sydney time) Tuesday, 24 July 2018

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

Step 1: Shareholding Details

Use this form if you wish to retain your shares in Kaili Resources Limited. If you have recently bought or sold shares your shareholding may differ from that shown. If you have already sold all your shares in Kaili Resources Limited, do not complete or return this form. If you have more than one shareholding on Kaili Resources Limited's register and you do not wish to sell your shares under the Small Shareholding Sale Facility, you should consider consolidating them. For further advice on how to do this, contact the Company on +61 2 8386 5713.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored shareholding, please contact your Controlling Participant to notify a change of address.

Step 2: Signing Instructions

Individual: Where the shareholding is in one name, the shareholder must sign.

Joint Shareholding: Where the shareholding is in more than one name, all of the shareholders must sign.

Power of Attorney: Where signing as Power of Attorney (POA), you must attach an original certified copy of the POA to this form.

Companies: Where the shareholding is in the name of a Company, this form must be signed in accordance with the Corporations Act, either as:

- a Sole Director and Sole Company Secretary **OR** a Sole Director (if no Company Secretary exists), **OR**
- two Directors, **OR**
- a Director and Secretary.

Overseas Companies: Where the shareholding is in the name of an Overseas company (companies incorporated outside Australia) the form must be signed as above, or documentation must be provided showing that the company can sign in an alternate manner.

Deceased Estate: Where the shareholding is in the name of a deceased estate, all executors must sign; and a certified copy or original, of the required documentation must accompany this form. Details of the documentation required can be found by searching "deceased estates" on our share registrar's website www.computershare.com or by calling Computershare Investor Services Pty Limited on 1300 850 505 or +61 3 9415 4000. If the shareholding is in more than one name the surviving shareholder may sign the form and return it together with a certified copy of the death certificate of the other joint shareholder.

Step 3: Contact Details

Entering contact details is not compulsory, but will assist us if we need to contact you.

Turn over to complete the form 



Kaili Resources Limited
ARBN 077 559 525

Share Retention Form

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STEP 1 Shareholding Details

For your security keep your SRN/
HIN confidential.

MR SAM SAMPLE
UNIT 123
SAMPLE STREET
SAMPLETOWN NSW 2001



Change of address. If incorrect, mark this box and make the correction in the space to the left. Shareholders sponsored by a broker (reference number commences with 'X') should advise their broker of any changes.

Shares held as at 5.00pm (Sydney time) on Monday, 4 June 2018
(Record Date):

STEP 2 Signature of Shareholder(s) *This section must be completed.*

By signing and returning this form, in accordance with the requirements set out in 'Step 2: Signing Instructions' overleaf, I/we confirm that I/we understand that my/our **SHARES WILL NOT BE SOLD** under the Small Shareholding Sale Facility.

Individual or Shareholder 1

Sole Director and Sole Company Secretary/
Sole Director (cross out titles as applicable)

Shareholder 2

Director

Shareholder 3

Director/Company Secretary
(cross out titles as applicable)

STEP 3 Contact Details

Contact
Name

Contact
Daytime
Telephone

Date / /

Email
Address

Privacy Notice

The personal information you provide on this form is collected by the Company and Computershare Investor Services Pty Limited (CIS), as registrar for the securities of the Company, for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the Company may authorise the registrar on its behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our and the registrar's related bodies corporate and to other individuals or companies who assist us and the registrar in supplying their services or who perform functions on their behalf, or to third parties upon our direction where related to the Company's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.