

20th August, 2025

ASX Limited
Listings Compliance (Sydney)

Your Reference: 111827

By email: ListingsComplianceSydney@asx.com.au

Attention: Alan Zhao – Senior Adviser

Dear Alan,

Kaili Resources Limited (“KLR”): ASX Query Letter

We refer to your letter dated 19th August, 2025 and provide answers to the questions as numbered in the letter.

1. Yes.
2. Yes.
3. In reference to:
 - (a) Question 1, the notices of Change in Substantial Holding were released soon after they were received by KLR:
 - On 7 August 2025 prior to commencement of trading, KLR has lodged to the ASX announcement platform the Form 605 received from Inner Mongolia Yitai Investment Co., Limited received after close of business on 6 August 2025.
 - On 7 August 2025 prior to commencement of trading, KLR has released to the ASX announcement platform the Form 604 received from Mr Jianzhong Yang received after close of business on 6 August 2025.

The changes reported in the notices have resulted in Mr Jianzhong Yang controlling 60.34% of KLR’s issued capital. Mr Yang is a long term shareholder and has been a director of KLR since April 2014.

On 7 August 2025 an Appendix 3Y Change of Director’s Interest Notice was also released with respect to changes of Mr Yang’s interests related to KLR.

As reported in the 2024 Annual Report (*released on ASX platform on 27 March 2025*) in March 2025 Mr Yang's related entity Kaili Holdings Limited has agreed to provide interest-free and unsecured funds of up to \$1 million until 31 March 2026 for working capital.

The present intention of KLR is to continue Rare Earths Elements ("REE") exploration with the aim to eventually mining as described in the Activities Report for the quarter ended 30 June 2025 (*see KLR ASX release of 27 July 2025*) recognising REE to be the minerals most in demand by global industries in the near and long term. The EPEPR approval received from the Department of Energy and Mining of South Australia for drilling within 3 tenements Lameroo, Karte and Coodalya provides KLR the ability to implement its REE exploration plan (*see KLR ASX Release 15 August 2025*).

- (b) Question 2, the changes in Board composition were released to the ASX announcement platform the same day that the Board has received the relevant resignation of each Director and the Board has resolved on the appointment of the new director.

The 3 Board members who resigned on 5 and 6 August 2025 (*see KLR ASX Releases of 5 August 2025 and 6 August 2025*) are officers of the former controlling shareholder Yitai Group based in China. The present 3 Board members are based in Sydney and experienced in operating ASX listed entities, financing and corporate governance and are independent from each other. KLR believes it currently has an appropriate team to take KLR forward in its endeavour.

4. Not applicable.
5. The Board resolved unanimously to approve the information provided to ASX with respect to items F and G in the ASX Query Letter after confirmation by each Director on the correctness of the information to the extent that they are aware and in particular with respect to:
 - 5.1 Each Director is not aware of any information concerning KLR that had not been announced to the market which could explain the recent trading in its securities.
 - 5.2 Each Director is not aware of any other explanation for the recent trading in KLR's securities other than the assumption in answer to question 3 of the price query letters referred to at the items F and G of the ASX Query Letter 19 August 2025.
6. KLR confirms that it is not aware of any change in the notifiable interests of any current and former director of KLR that has not been notified to ASX in accordance with Listing Rule 3.19A.

7. KLR confirms it is in compliance with the Listing Rules, in particular, Listing Rule 3.1.
8. The responses in this letter have been approved and authorised by the Board of Directors.

Patrick Sam Yue
Company Secretary
On behalf of the Board of Directors



19 August 2025

Reference: 111827

Mr Patrick Sam Yue
Company Secretary and Director
Kaili Resources Limited
Suite 1312 87-89 Liverpool Street
Sydney, NSW 2000

By email only.

Dear Mr Sam Yue

Kaili Resources Limited ('KLR'): ASX Query Letter

ASX refers to the following:

- A. KLR's announcement titled 'Directors Resignation' released on the ASX Market Announcements Platform ('MAP') at 7:27 PM AEST on 5 August 2025, which disclosed the following:

Kaili Resources Limited ("KLR") advises the resignations of Mr Jialin Yang as Chairman and Director and of Mr Rong Jin as director of KLR with effect after close of business today.

- B. KLR's announcement titled "Change of Board Composition and Secretary" released on MAP at 6:50 PM AEST on 6 August 2025, which disclosed the following:

Kaili Resources Limited ("KLR") advises the following changes to the Board with effect after close of business today:

1. *Appointment of Mr Patrick WVM Sam Yue as Non-Executive Director of KLR...*
2. *Resignation of Miss Jing Li as director of KLR*

Mr Patrick Sam Yue is also appointed Company Secretary with Mr Long Zhao resigning as Company Secretary and remaining as an Executive Director on the Board.

- C. The announcement in respect of KLR titled 'Ceasing to be a substantial holder' released on MAP at 8:22 AM AEST on 7 August 2025, which disclosed the disposal by Inner Mongolia Yitai Investment Co., Limited of relevant interests in voting securities of KLR representing 51.38% of votes affected.
- D. The announcement in respect of KLR titled 'Change in substantial holding' released on MAP at 8:22 AM AEST on 7 August 2025 (the 'Change in Substantial Holding Notice'), which disclosed the acquisition by Jianzhong Yang (the 'Substantial Holder') of relevant interests in voting securities in KLR resulting in an increase in the Substantial Holder's voting power (as defined in the *Corporations Act 2001* (Cth)) in KLR from 13.27% to 60.34%.
- E. KLR's announcement titled 'Appointment of Chairman' released on MAP at 4:09 PM AEST on 7 August 2025, which disclosed the following:
- Kaili Resources Limited ("KLR") advises the appointment of Mr Jianzhong Yang as Chairman of the Board of Directors with immediate effect.*
- F. KLR's response to ASX's price query letter dated 18 August 2025 released on MAP at 2:06 PM AEST on 18 August 2025.

G. KLR's response to ASX's second price query letter dated 18 August 2025 released on MAP at 7:13 PM AEST on 18 August 2025.

H. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

I. The definition of 'aware' in Chapter 19 of the Listing Rules, which states that:

an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.

J. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.

3.1A *Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

3.1A.1 *One or more of the following 5 situations applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed.*

Request for information

Having regard to the above, ASX asks KLR to respond separately to each of the following questions:

1. Noting the apparent change of control of KLR disclosed by the Substantial Holder in the Change in Substantial Holding Notice (the 'Change of Control'), has KLR disclosed to the market all information concerning the Change of Control and its ramifications for KLR that a reasonable person would expect to have a material effect on the price or value of KLR's securities, as required by Listing Rule 3.1?
2. Noting the significant changes to the composition of KLR's board disclosed in the announcements referred to in paragraphs A, B and E above (the 'Board Composition Changes'), has KLR disclosed to the market all information concerning the Board Composition Changes and their ramifications for KLR that a reasonable person would expect to have a material effect on the price or value of KLR's securities, as required by Listing Rule 3.1?
3. If the answer to question 1 or question 2 (or both) is 'yes', please advise the basis for that view.

Please answer separately for each of questions 1 and 2 above and provide details of any relevant prior announcement by KLR if applicable.

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4. If the answer to question 1 or question 2 (or both) is 'no', please provide all material information required for KLR to satisfy its disclosure obligations under Listing Rule 3.1 in relation to the Change of Control or Board Composition Changes (as the case may be).
 5. Please confirm what enquiries KLR made to inform its responses to each of the two price query letters sent by ASX to KLR on 18 August 2025 as referred to in paragraphs F and G above, including whether it obtained assurance from each of the directors of KLR that, at the time of responding to the relevant price query:
 - 5.1 the director was not aware of any information concerning KLR that had not been announced to the market which, if known by some in the market, could explain the recent trading in its securities; and
 - 5.2 the director was not aware of any other explanation for the recent trading in KLR's securities (other than as expressly disclosed in KLR's response to the relevant price query letter, as released to the market).
 6. Please confirm whether KLR is aware of any change in the notifiable interests of any current or former director of KLR that has not yet been notified to ASX in accordance with Listing Rule 3.19A. If there has been such a change, please provide details.
 7. Please confirm that KLR is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
 8. Please confirm that KLR's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KLR with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEST Friday, 22 August 2025**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KLR's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require KLR to request a trading halt immediately if trading in KLR's securities is not already halted or suspended.

Your response should be sent by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in KLR's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to KLR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that KLR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours faithfully

ASX Compliance