Kaiser Reef Limited

28 May 2020

Company Announcements

Australian Securities Exchange
Level 40, Central Park,
152-158 St Georges Terrace
PERTH WA 6000

High Priority Gold Targets Identified to Support Upcoming Drilling Program

Kaiser Reef Limited (ASX: KAU) (**Kaiser** or the **Company**) is pleased to announce that it has, with the assistance of Resource Potentials Pty Ltd, refined known and identified new porphyry targets at Stuart Town utilising the recent completed airborne geophysical survey. The Company has now prioritised a series of compelling gold targets for drilling. The targets including several considered prospective for bulk tonnage gold mineralisation within the wholly owned Kaiser tenure within the Lachlan Fold Belt at Stuart Town. This project is situated between Australia's largest gold mine, Cadia and Alkane's recent significant gold discovery at Boda, (see 'About Kaiser' section).

Kaiser recently completed a high resolution airborne magnetic and radiometric survey of the project areas (ASX release 6 April 2020) and after processing and interpretation of the data, has defined a series of high priority gold prospects representing different styles of potential mineralisation including structurally controlled lode-gold and intrusive hosted (Figure 1 and 2). This important step prioritises the project areas for initial drill hole targeting.

Some of these initial prospects are identified and set out below with supporting commentary:

- Kaiser Wilhelm – Intrusive target with large associated surface gold mineralisation and anomalous rim of copper mineralisation over a magnetic anomaly, interpreted to have an intrusive source.
- Specimen Hill – Rhyolite hosted, sulphide gold mineralisation.
- Perseverance and Ginger Reef – North trending Shear hosted gold mineralisation.

Kaiser Reef Limited

ASX: KAU

Shares on Issue
33,450,001

Directors & Management

Chairman
Adrian Byass

Executive Director
Jonathan Downes

Non Executive Director & Company Secretary
David Palumbo

Principal Place of Business
Unit 3, Churchill Court
335 Hay Street
Subiaco WA 6008

Registered Office
Level 11
216 St Georges Terrace
Perth WA 6000

T 08 9481 0389
E admin@kaiserreef.com.au
W kaiserreef.com.au

- Red Britton, Splitters Gully, Beehive, Horseshoe, Fitzsimmones, Mascotte, Iron Duke, Lady Carrington, Swallows Nest – Historic gold mines along a North West Structural trend.

An example of the more detailed modelling work that has been undertaken is shown at the Kaiser Wilhelm prospect in Figure 3.

Background

Prior exploration modelling was based on limited geophysical data and field observations. The interpretations suggested the large number of historic gold mines at Stuart Town were hosted from gold that migrated from underlying felsic intrusive and porphyry style mineralised bodies. These intrusive bodies are typically structurally controlled and emplaced in compromised host rocks. Magnetic surveying is considered to be the best tool to identify the underlying structures. This recent survey completed by Kaiser has been very successful in defining the regional and local structures and has allowed the position of the significant regional Ilgingarry Fault, known to be associated with gold mineralisation, as well as other sympathetic gold bearing structure to be reinterpreted. This has increased the prospective area at Stuart Town.

In addition, the airborne radiometric survey also completed by Kaiser has assisted in defining variations in rock types and changes potentially caused by hydrothermal alteration which will also assist in targeting mineralisation. For example, as certain hot intrusive rocks force themselves into surrounding host rocks, they can also alter the makeup or mineralogy of the surround rocks as the hot fluids may be chemically different. Radiometric information from this survey may assist in identifying these halos or evidence of alteration which could assist in targeting underlying intrusive units. The large number of historic gold mines (+170,000 oz Au historic recorded production) and the regional scale of gold, arsenic and antimony soil anomalism detailed in the previously released soil sampling results (ASX release 23 March 2020)and various ground mapping was invaluable in defining these prospects.

This radiometric survey has shown some of the alteration is associated with structural trends and orogenic gold mineralisation. These combinations are noted in the multi-million ounce McPhillamys gold deposit currently being developed by Regis Resources Limited, approximately 70 km to the South-South East of Stuart Town (see 'About Kaiser' section)..

Kaiser also notes that mineralisation at Stuart Town is recorded as being very similar to the characteristics of the high-grade Bodangora Gold Mine, located 3 km southwest of Alkanes Boda project. The gold mineralisation and associated sulphides within the rhyolite units are believed to derived from an underlying acid igneous intrusion.

Kaiser notes that the COVID-19 Pandemic has slowed down some exploration activities due to travel restrictions. At this stage it appears that the planned relaxing of some restrictions will see our work accelerate. Kaiser maintains a priority to ensure the health and safety of its employees, agents and other contractors and the wider community.

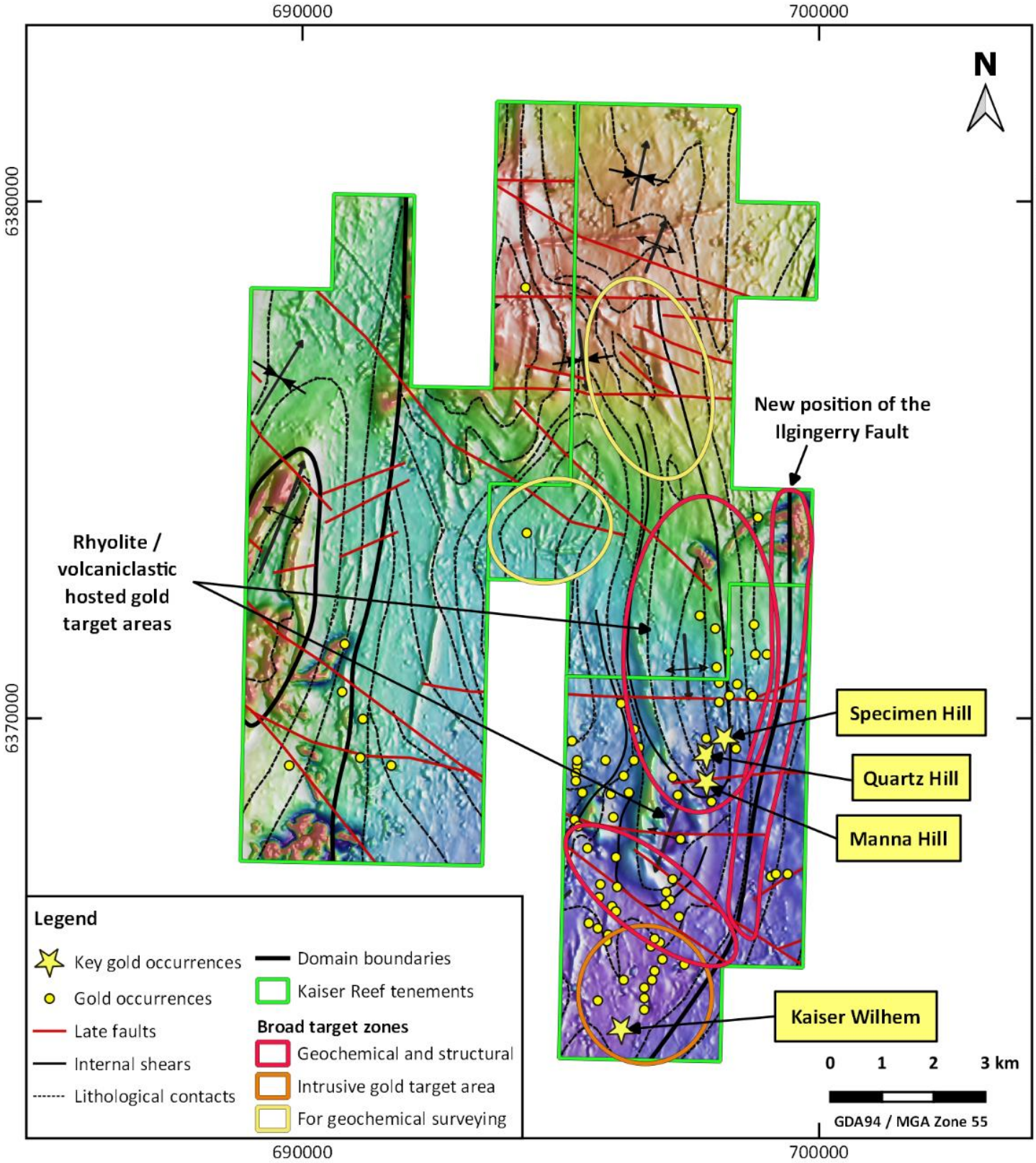


Figure 1: Total Magnetic Intensity image and prospects over the project area

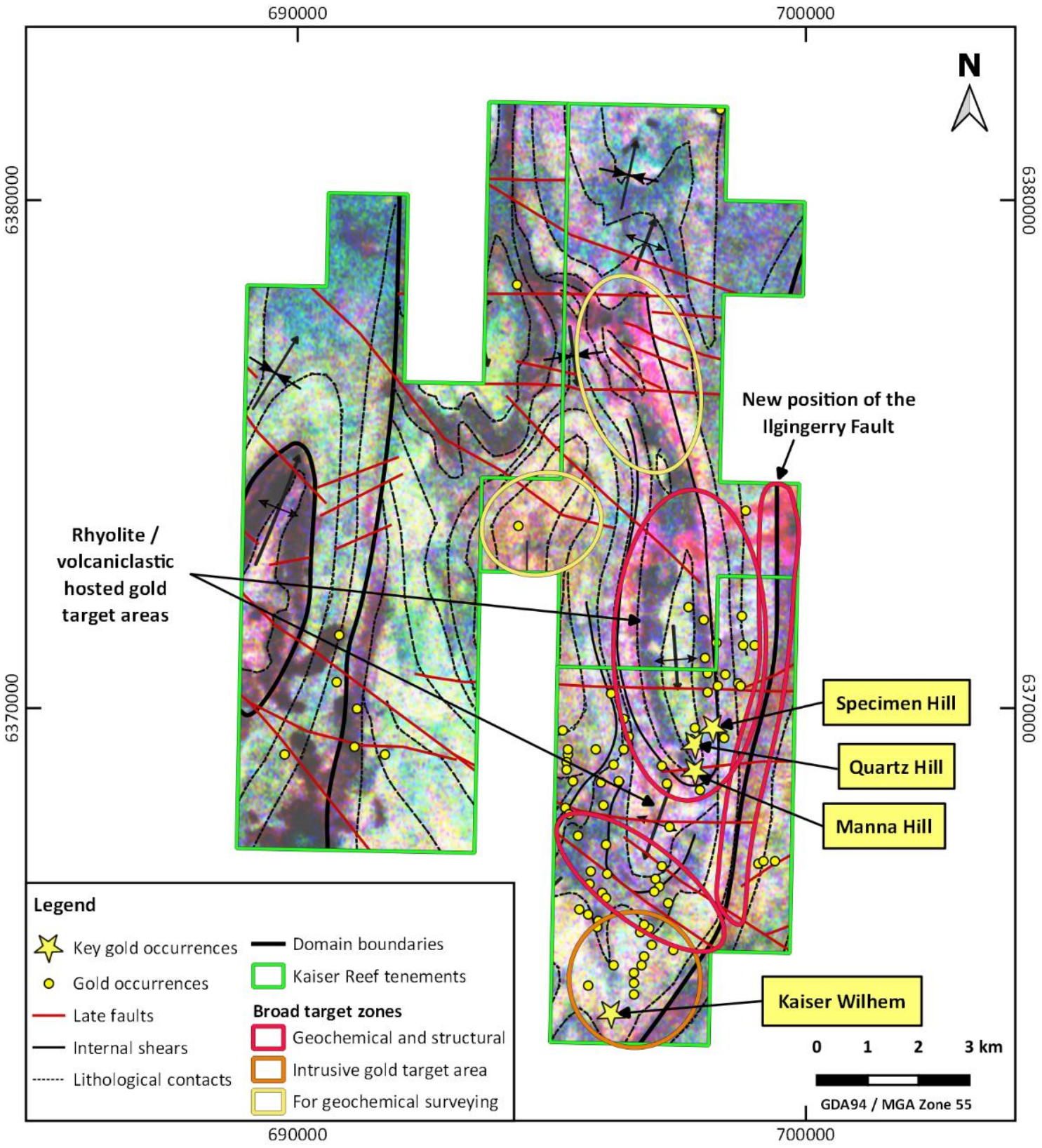


Figure 2: Potassium alteration and prospects over the project area. There are clear potassium anomalies associated with the modelled shear zones and historic gold mines. These represent exploration targets.

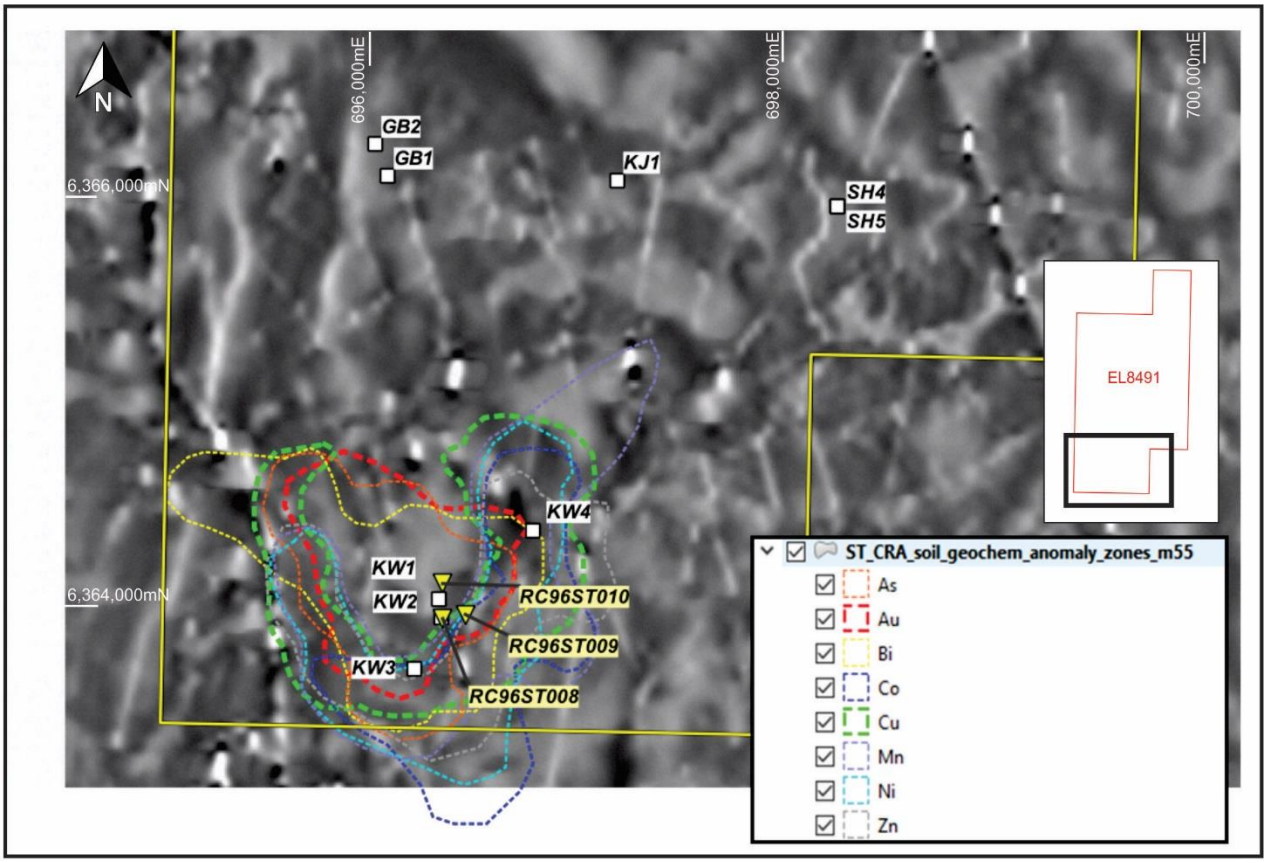


Figure 3: The Kaiser Wilhelm prospect is an exciting target showing coincident geochemical and magnetic anomalism with recorded stockwork gold mineralisation and historic gold workings reaching 228 metres in depth.

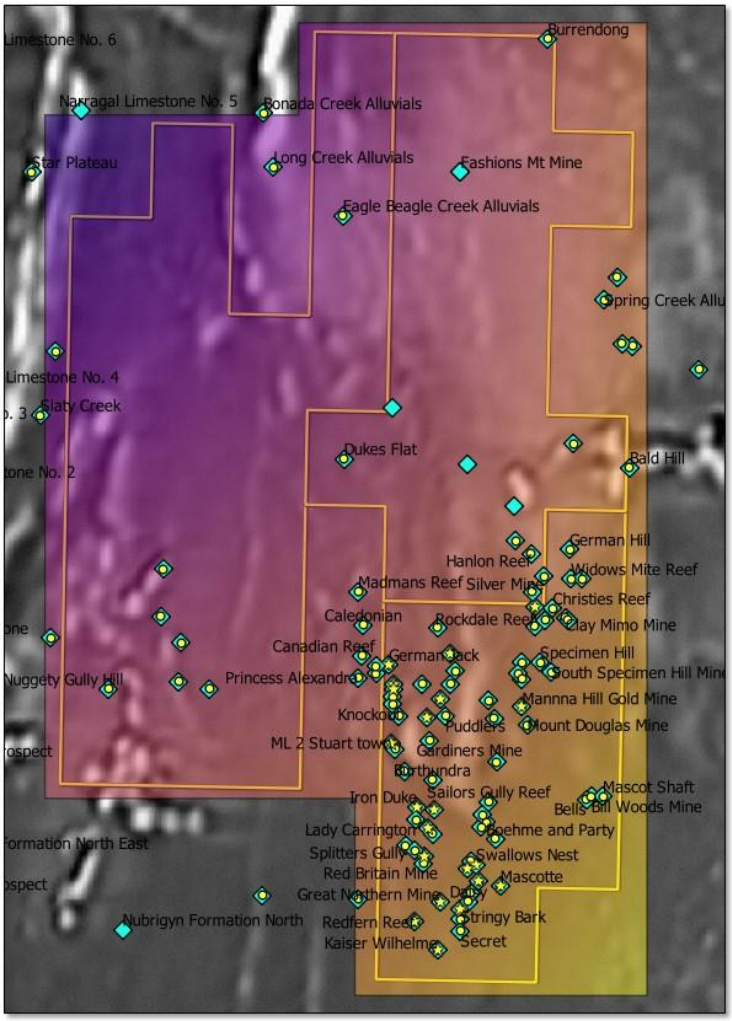


Figure 4: Area covered by the airborne survey (coloured polygon), Kaiser licences (yellow outlines) and historic gold mines over historic low-resolution airborne magnetic image.

Next Steps

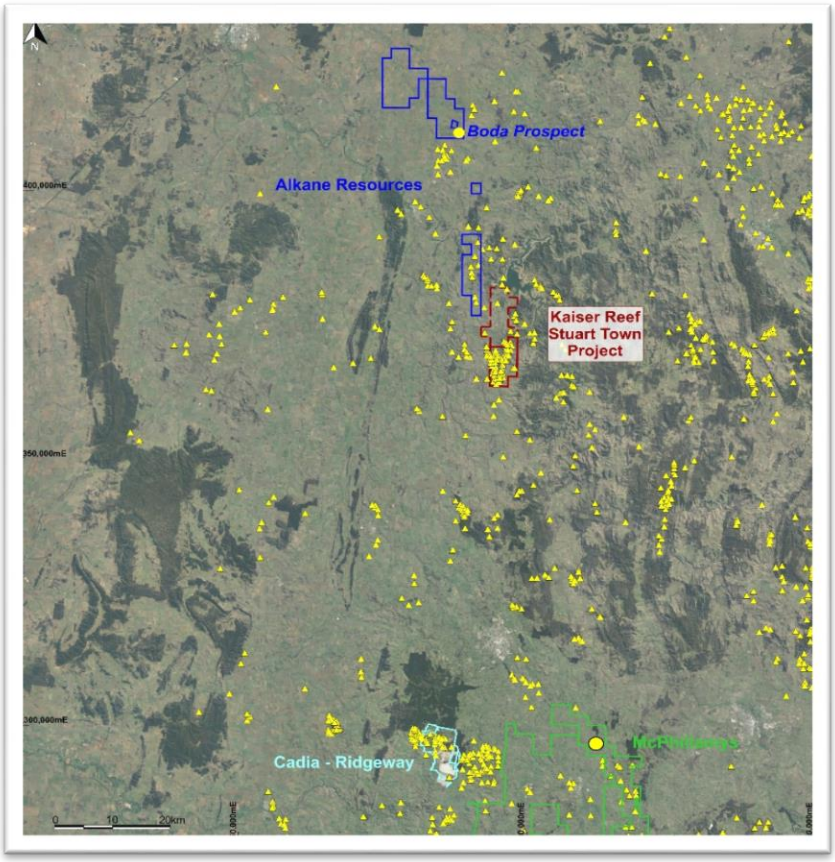
Kaiser has conducted some field mapping and now that the target areas have been defined, a drilling programme is being prepared and discussions with drilling contractors have commenced. There remain some permitting requirements to complete. Kaiser will commence drilling as soon as possible and will notify the market in due course.

About Kaiser

The New South Wales Lachlan Fold Belt is an extensive and prospective geological unit that is currently enjoying an exploration renaissance. Kaiser considers that the wholly owned Stuart Town Project located between Cadia and Alkane's new gold discovery – the Boda project, and within the Lachlan Fold Belt is highly prospective. The view that the project is prospective for gold is supported by the extensive number of historic gold mines located in the region.

Kaiser also holds the "Macquarie North" project over the northern extent of the highly endowed and prospective Macquarie Arc. The Macquarie Arc is also located within the Lachlan Fold Belt.

The licences cover 80 kilometres of interpreted strike of the Macquarie Arc, identified as being prospective for copper-gold porphyry mineralisation. The project lies to the north of licences held by FMG Resources Pty Ltd and Kincora Copper Australia Pty Ltd. The prospective target rocks are intrusive igneous rocks associated with copper and gold mineralisation in the belt and are overlain by sediments of variable depth with negligible historic exploration, despite being located in a Tier 1 low sovereign risk terrain.



Stuart Town Gold Project location in New South Wales

Kaiser Reef Limited

Competent Persons Statement

The information included in this report that relates to Exploration Results & Mineral Resources is based on information compiled by Ms Elizabeth Clare Laursen (B. ESc Hons (Geol), GradDip App. Fin., MSEG, MAIG), an employee of Kaiser Reef Limited. Ms Laursen has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Ms Laursen consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Competent Persons Disclosure

Ms Laursen is a contractor of Kaiser Reef Limited and currently holds securities in the company.

For further information please contact: admin@kaiserreef.com.au

Authorised by:
Jonathan Downes
Executive Director

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• No samples taken – data from geophysical survey only.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling was conducted.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling was conducted.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• No drilling was conducted.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-*	• No drilling was conducted.

Criteria	JORC Code explanation	Commentary
	sampling stages to maximise representivity of samples. • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• No assay or laboratory tests were taken.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• No assay or laboratory tests were taken.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• A differential GPS mounted on the aircraft with an accuracy of 0.4m was used to record the locations.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Flight lines were spaced 50m apart with 500m spaced tie lines. • Flight height was 40m. • Total line kilometres was 4,293km.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Flight lines were flown east-west roughly perpendicular to the north-south trending geology.
Sample security	• *The measures taken to ensure sample security.*	• Data was collected and stored on MagSpec Airbonre Surveys database.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The data was reviewed internally and by Resource Potentials.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Stuart Town Prospect is located within Exploration Licence 8491, 8952 and Exploration Licence Application 5921 which are 40km south east of Wellington in NSW. • EL8491 and ELA5921 are held by Jonathan Charles Downes in agreement with Kaiser Reef Limited. EL8952 is held by Adrian Paul Byass in agreement with Kaiser Reef Limited. • The licences are in good standing.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The licence contains 80 historic gold occurrences and historic mines. • Limited drilling and surface sampling has been conducted by CRAE, LFB Resources Kratos Uranium & Waratah Gold.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Within the Lachlan Fold Belt and covers a north south trending belt of Devonian volcanics.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• No drilling was conducted.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No data aggregation was conducted.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	• No mineralisation widths are reported.

Criteria	JORC Code explanation	Commentary
	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Figure 4 shows the location of the survey.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• No mineralisation grades or widths are reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other data is reported.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Resource Potentials recommended detailed geological mapping, rock chips or soil sampling and drilling.