

Kaiser Reef Limited

**KAISER REEF LIMITED
QUARTERLY REPORT**

For the Period ending 30 June 2020

31st July 2020

Company Announcements

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

Quarterly Report for the Period Ending 30 June 2020

Kaiser Reef Limited (ASX: KAU) (**Kaiser** or the **Company**) is pleased to report on its quarterly activities for the period ending 30 June 2020. Stuart Town, our key project, is situated between Australia's largest gold mine, Cadia, and Alkane's recent significant gold discovery at Boda (further details in the 'About Kaiser' section).

Kaiser has been active in conducting high resolution geophysical surveys and working with the geophysical survey group Resource Potentials in the lead up to drilling. The data interpreted includes airborne magnetic and radiometric survey data as well as high resolution soil surveys and re-modelling of data from previously conducted gravity and IP survey. This detailed information has formed the basis of defining the first phase of drill targets with mapped and modelled intrusive units appearing to be more extensive and larger than previously thought. These modelled intrusive units encouragingly underly the extensive historic gold workings, providing a correlation with gold mineralisation.

Kaiser appointed a team of locally experienced geologists who had been conducting site mapping and drill planning. Local landowners have been met and further historic data has been acquired and incorporated into our database as we approach the commencement of drilling.

Landowner negotiations were held as well seeking industry standard Government access and drilling permits. The Company has faced the challenges of dealing with the Covid-19 virus and delays have been encountered on several fronts however Kaiser has managed to maintain strong forward momentum.

Kaiser is now focused on commencing drilling as soon as possible, subject to the necessary approvals and details around this will be released in due course.

Highlights

Airborne Geophysical Survey

Kaiser completed a high resolution airborne magnetic and radiometric survey of the Stuart Town Project area (Figure 1). This was an important first step towards rigorously evaluating the project areas for prospective gold mineralisation and for drill hole planning.

The 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 gold mineralisation (Figure 1 and 2).

Kaiser appointed the services of highly experienced Resource Potentials Pty Ltd to assess the project areas and target bulk tonnage gold mineralisation within Kaiser tenure. Resource Potentials is a leading consulting and contracting business specialising in geophysical survey design, acquisition, processing, modelling, inversion, data integration, interpretation and drill hole targeting.

Some of these initial prospects identified are set out below:

- 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 – intrusive hosted.
- Perseverance and Ginger Reef – North trending shear hosted gold mineralisation.
- Red Britton, Splitters Gully, Beehive, Horseshoe, Fitzsimmons, Mascotte, Iron Duke, Lady Carrington, Swallows Nest – Historic gold mines along a north west structural trend.

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 mineralised by gold that had migrated from underlying felsic intrusive and porphyry style mineralised bodies. Emplacement of these intrusive bodies is typically structurally controlled and emplaced in compromised host rocks on a district scale. Magnetic surveying is considered 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 Ilgarry 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 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. 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 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.

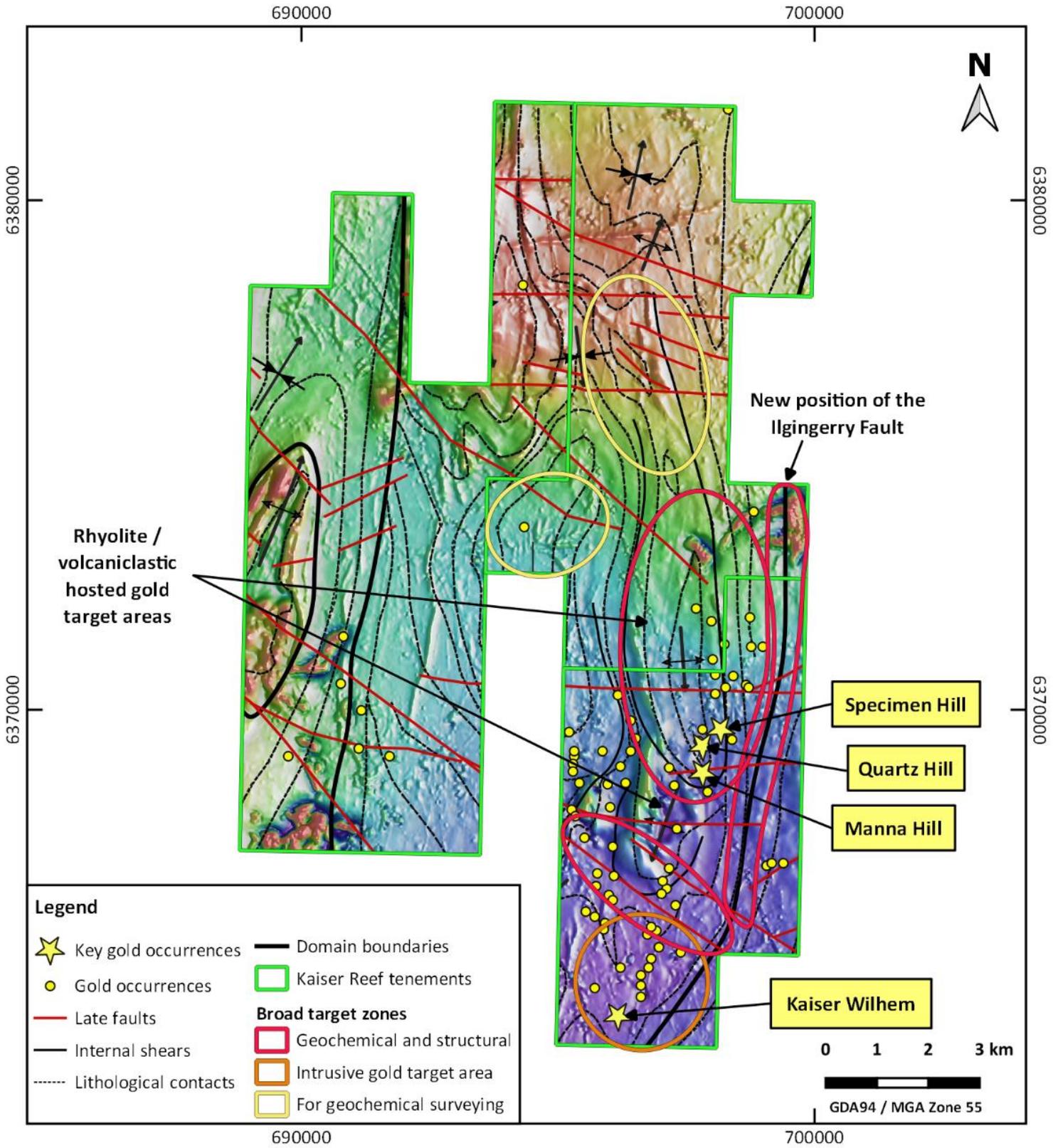


Figure 1: Total Magnetic Intensity image and prospects over the project area.

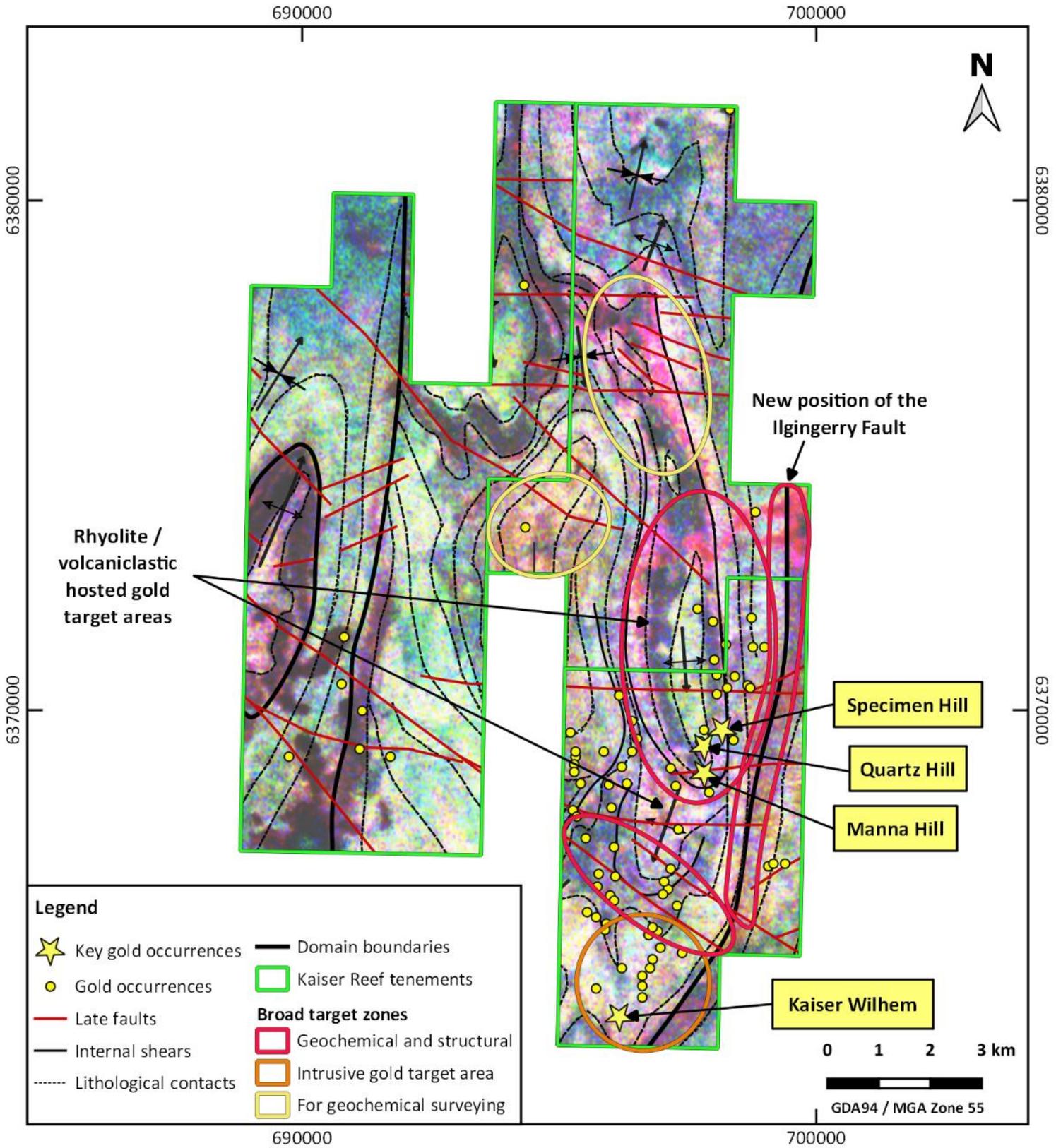


Figure 2: Potassium alteration and prospects over the project area. There are clear potassium anomalies associated with the modelled shear zones and historic gold mines. These represent exploration targets.

Processing of the magnetic and gravity data has generated an image showing that the extensive gravity low is coincident with a magnetic inversion anomaly which is interpreted to represent a large intrusion. This intrusion lies directly below a prolific group of clustered gold workings and is interpreted to be the source of the gold mineralisation (Figure 3).

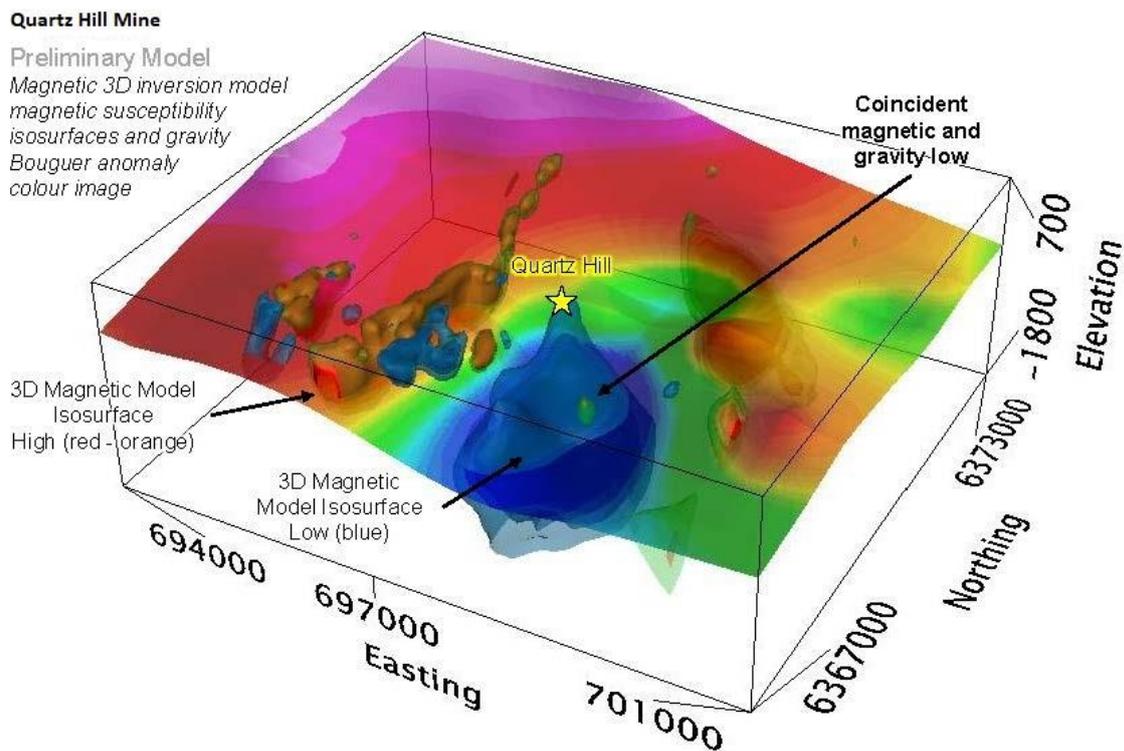


Figure 3: Preliminary model of the Quartz Hill Mine showing coloured gravity survey over magnetic inversion model survey (large blue shape).

Preliminary Drill Targets

The initial drilling target areas are set amongst prolific historic gold workings. Examples of these workings are shown in Figure 4. These workings are coincidentally located over the large geophysical target with associated potassium anomalism which is encouraging. The interpreted intrusion may represent the source of the extensive surface rhyolite-hosted gold veins and historic mines in the region, particularly the gold mineralisation mined in the volcanic rhyolitic breccia in the Specimen Hill, Quartz Hill and Manna Hill historic underground mines (Figure 5 and 6). Historic adit channel sampling from the Specimen Hill No. 2 adit returned a 15m wide section averaging 36g/t gold (Au), which included individual samples up to 120g/t Au, (ASX release dated 17th June 2020). The samples were taken from a highly sheared rock with associated quartz veins.



Figure 4 Left; Manna Hill Rhyolite breccia line of workings. Right; Un-named brecciated rhyolite line of workings.

Kaiser has 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. The geologists have assessed the drill sites in preparation for a RC and diamond drilling campaign. The commencement of drilling will be made once all the relevant permits have been secured and is expected to be made in the near term.

One of the initial drill targets will be the Specimen Hill mine (Figure 5 and 6).



Figure 5: Left; Rhyolite breccia taken from the Specimen Hill Mine. Right; View from inside the Specimen Hill Mine; the walls are sulphide rich brecciated rhyolite and gold bearing quartz veins.

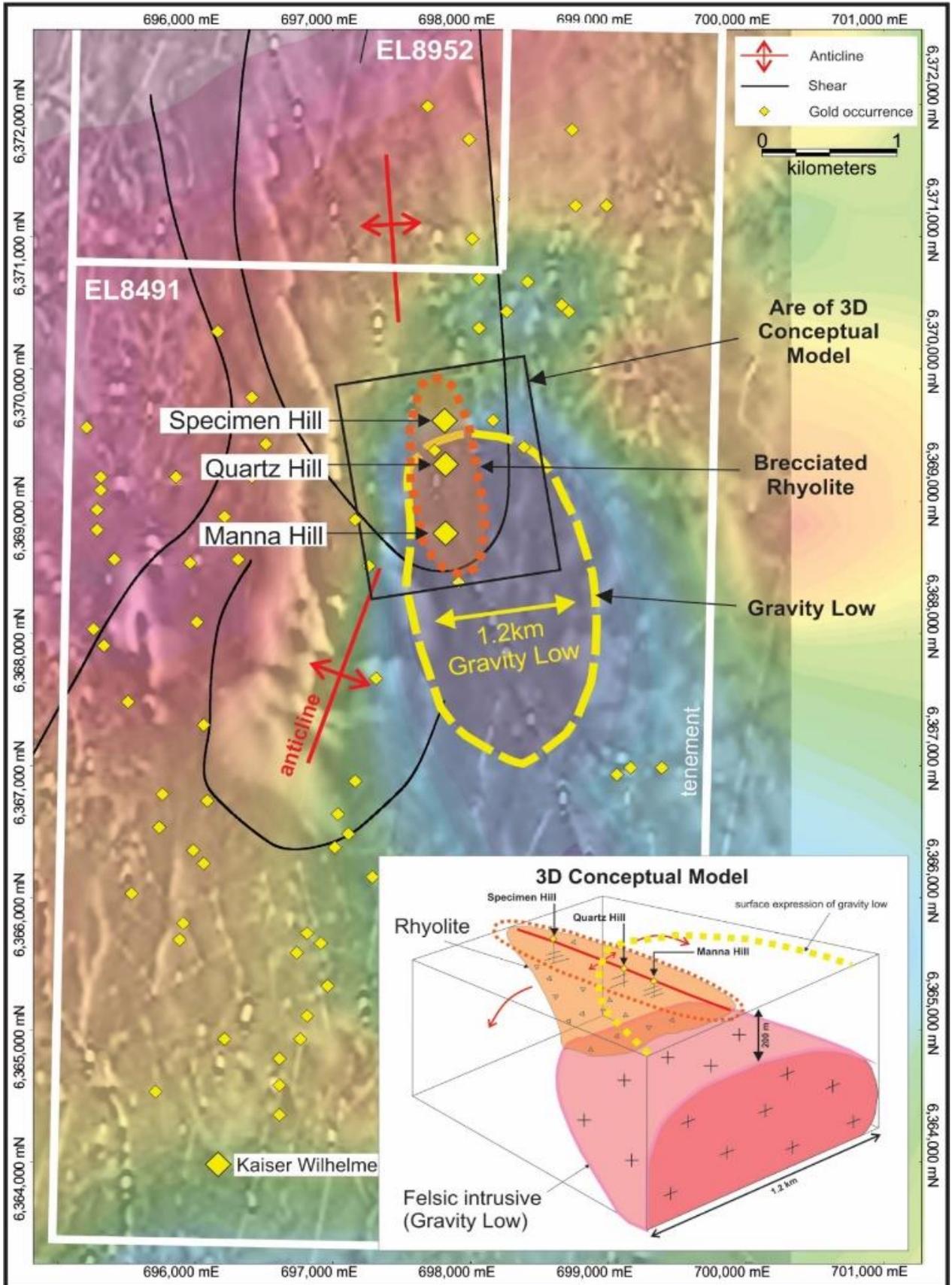


Figure 6: Coloured gravity survey over grey scale magnetic survey (1VD) with gold workings and anticlines marked.

Soil sampling

Kaiser completed importing, auditing and interpreting a large portion of earlier CRA* exploration work and ensured that the QA/QC work meets the JORC 2012 reporting guidelines. The results show extensive and high order soil anomalism of gold and other indicator elements over areas of the Stuart Town project (Figure 7). Kaiser considers that the sheer scale and high tenor of the gold anomalism is exciting and in conjunction with the large number and extensive distribution of historic gold workings is a very encouraging basis to target bulk tonnage gold mineralisation. The soil sampling highlights show:

- Very extensive gold in soil anomalism, up to (4,000m x 1,000m)
- High order of anomalism
- Coincident with extensive arsenic and antimony anomalism (up to 2146 ppm arsenic & 205 ppm antimony)
- Coincident anomalism over a high priority target area mapped as inner propylitic alteration within sulphidic rhyolite intrusives hosting historic gold workings.

In conjunction with mapping/core logging showing regional argillic and advanced argillic alteration the work will assist in defining drill targets for copper-gold porphyry mineralisation.

The gold anomalism is coincident with arsenic (As) and antimony (Sb) anomalism which is considered to be highly significant in the context of targeting bulk tonnage gold styles of mineralisation. Using the fact that porphyry mineral systems often display characteristic metal zonation, from the deep central regions typically having Cu-(Au)-(Mo) enrichment through to distal and higher level regions showing As-Sb anomalism and in conjunction with careful mapping we can identify prospective drill targets.

In addition, a tight (25m x 50m) soil survey, shown on Figure 8, returned grades up to 7.15 g/t Au and the Specimen Hill line of mines also have an associated and coincident arsenic and potassium anomalism.

*CRA was a subsidiary of a Rio Tinto-RTZ that later became Rio Tinto Group

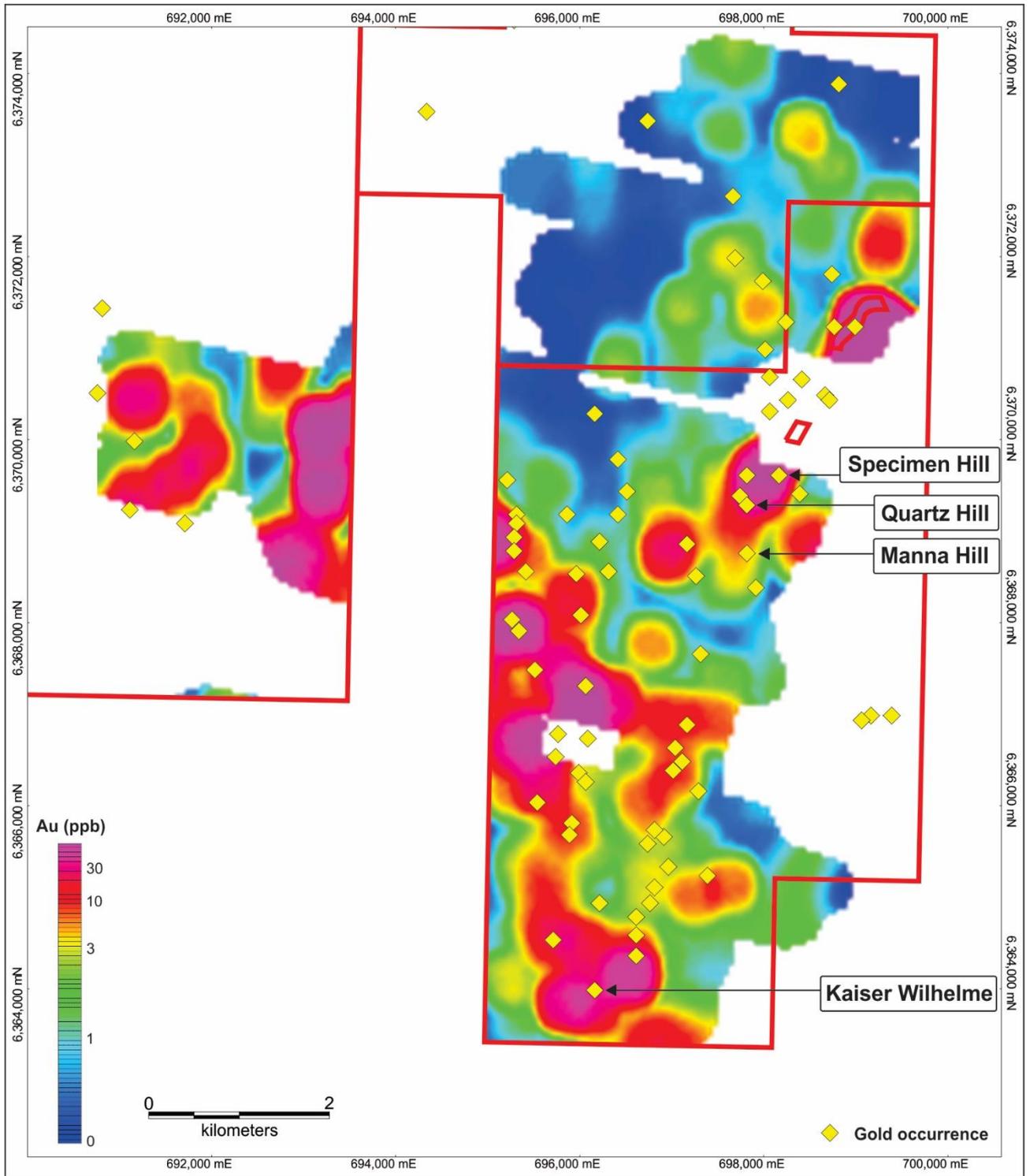


Figure 7: Stuart Town Project exploration licences, historic gold workings and CRA's soil sampling program showing gold anomalism.

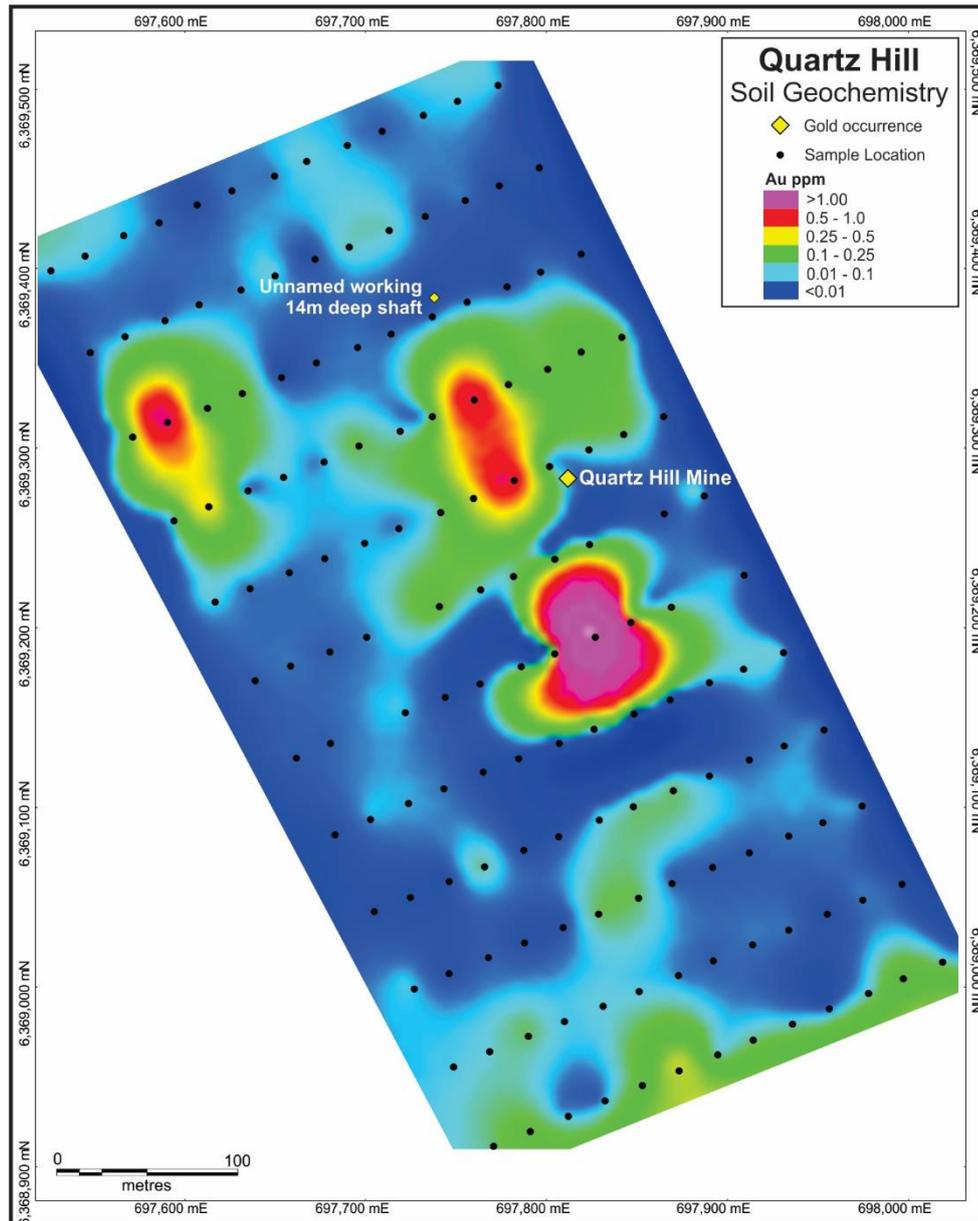


Figure 8: Focused soil sampling grid over the Quartz Hill historic mine area.

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.

Project Expansion

During the quarter Kaiser announced that Exploration Licence Application 5854, located to the north of Stuart Town was granted and is now Exploration Licence 8952 (Stuart Town North).

Kaiser also announced that it secured further exploration tenure, the “Macquarie North” project, over the northern extent of the highly endowed and prospective Macquarie Arc. The Macquarie Arc is located within the Lachlan Fold Belt, New South Wales.

The licence applications, ELA 5948 and ELA 5949, are considered prospective for porphyry copper gold styles of mineralisation and are considered by the Board to be highly prospective (Figure 9).

The licences cover 80 kilometres of interpreted¹ 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.

*"The Macquarie permissive tract comprises volcanic, volcanoclastic, and minor exposed intrusive igneous rocks of the Macquarie Arc. The nine known deposits in this tract are now estimated to contain a total of about 13.5 million metric tons of copper and 1,700 metric tons of gold. This tract is estimated to contain 6.9±3.5 undiscovered deposits for a total of about 16 deposits in an area of about 41,500 km."*²

Kaiser believes it is extraordinary that a mineral terrain of this potential within Australia, one of the premier mining districts in the world, remains so untested. While the Company's focus remains at the gold endowed district of Stuart Town, Kaiser is excited to have secured this greenfield project and will work towards exploration as soon as practical.

Whilst the Company is not aware of any reason why the exploration licences will not be granted in due course (anticipated within three months), investors are cautioned that there is a risk the exploration licences will not be granted.

1. East Lachlan Porphyry Cu-Au mineral potential map. Based on nine predictive maps and probability modelling. Source www.geoscience.nsw.gov.au N.S.W Department of Planning, Industry and Environment
2. USGS, Global Mineral Resource Assessment, Porphyry Copper Assessment of Eastern Australia, Scientific Investigations Report 2010-5090-L

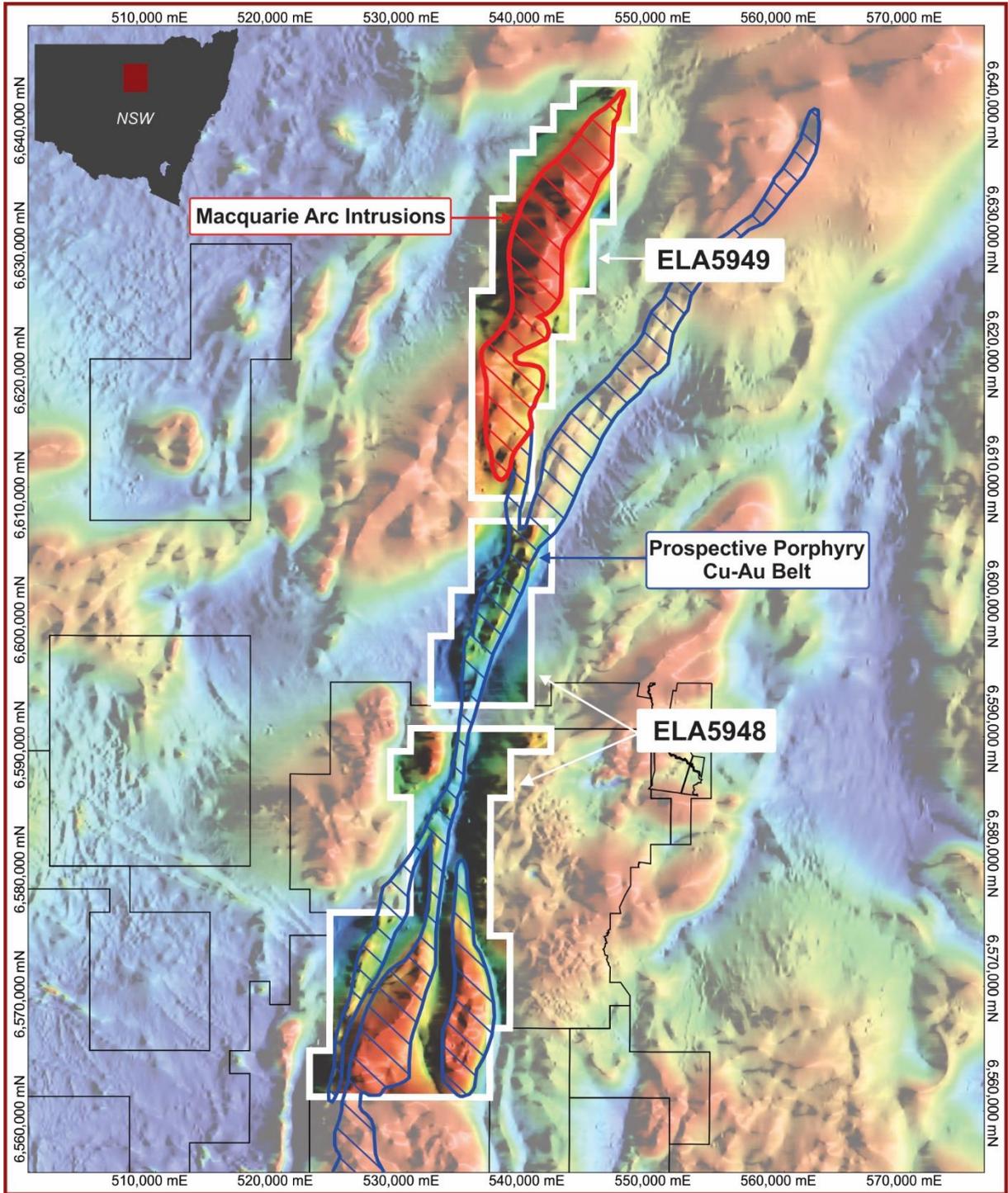


Figure 9: Kaiser Reef Limited tenement applications over total magnetic intensity with blue showing Government porphyry copper-gold potential predictive map, and with red Macquarie Arc intrusions.

Use of Funds

In line with obligations under ASX Listing Rule 5.3.4, Kaiser Reef Limited provides the following information with respect to its Use of Funds Statement set out in its Prospectus dated 5 December 2019 and its actual expenditure since ASX admission on 26 February 2020.

Expenditure Item	Use of Funds (5.12.19) '000	Actual Expenditure (26.02.20 – 30.06.20) '000	Variance '000	Note
Opening cash	410	195	(215)	1
Proceeds from the Offer	4,500	4,500	-	
Total	4,910	4,695	(215)	
Expenses of the Offer	420	316	104	2
Exploration expenditure	2,500	110	2,390	3
Administration costs	1,000	241	759	3
Working Capital	990	-	990	
Total	4,910	667	4,243	
Remaining Cash	-	4,028	4,028	

1. Cash balance on 5.12.19 varies to cash balance on 26.02.20 due to payments towards expenses of the Offer and administration costs over this period.
2. Expenses of the Offer paid for the period 26.02.20 – 30.06.20 totalled \$316k. Expenses of the Offer paid prior to 26.02.20 were \$132k giving a grand total of \$448k. Actual expenses of the Offer are materially consistent with the use of funds budget, with variances related to timing not quantum.
3. Variances in exploration expenditure and administration costs are due to timing with the Company being admitted on the ASX for approximately 4 months as at 30.6.20 as well as the impacts of COVID-19.

Exploration

ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the Quarter was \$66k. Exploration during the quarter largely comprised of geophysical surveys, historical data compilation and interpretation work - full details of activity during the Quarter are set out above.

ASX Listing Rule 5.3.2: There were no mining production and development activities during the Quarter.

Related Party Payments

Pursuant to item 6 in the Company's Appendix 5B – Quarterly Cashflow Report for the quarter ended 30 June 2020, the Company made payments of \$70k to related parties which relate to existing remuneration arrangements (director fees and superannuation).

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.

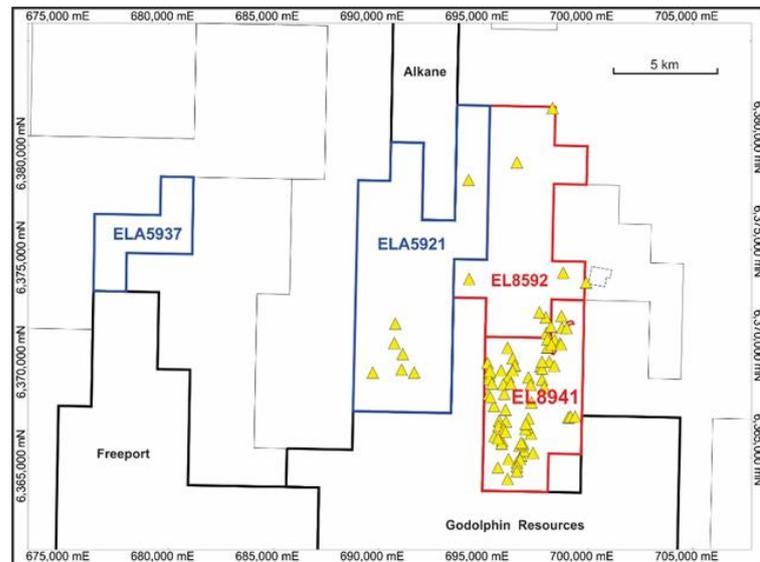
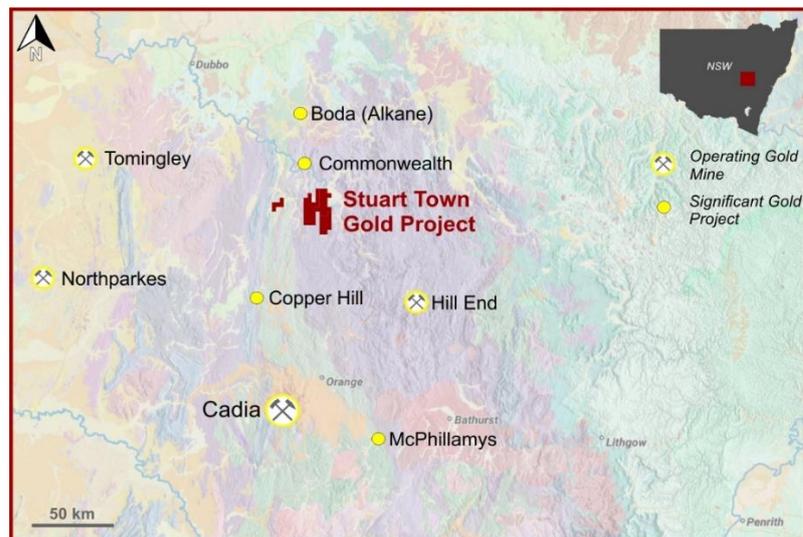


Figure 10: Kaiser Reef Limited tenement holding in red and Stuart Town licence applications in blue.

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

Authorised by:
Jonathan Downes
Executive Director



Stuart Town Gold Project location in New South Wales.

Schedule of Tenements

SCHEDULE OF INTEREST IN MINING TENEMENTS				
Project	Tenement Number	Location of Tenement	Beneficial interest at end of the quarter	Change in the quarter
Stuart Town	EL8491	New South Wales	100%	-
Stuart Town	EL8592	New South Wales	100%	-