

Kaiser Reef Limited

ASX: KAU

Shares on Issue
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Inaugural Drilling Results at Stuart Town

Kaiser Reef Limited (ASX: KAU) (**Kaiser** or the **Company**) is pleased to announce that it has received results from the company's reconnaissance drilling programme at the Stuart Town gold project (Figure 1).

Highlights

- Gold mineralisation encountered in all three drill holes at Specimen Hill:
 - KRRC004: 2m @ 0.99 g/t gold from 53m
 - KRRC005: 2m @ 0.80 g/t gold from 59m
 - KRRC006: 13m @ 1.1 g/t gold from 25m
- Ongoing deep drilling at Quartz Hill



Figure 1: Drilling rig in operation testing mineralisation the historic Specimen Hill Mine.

The drilling, shown in Figure 2, consists of six reverse circulation (RC) drill holes for a total of 776 metres. The first RC hole, KRRC001, was directed beneath the historic Rockdale mine. The drillhole KRRC001 returned an anomalous gold result of 0.53 g/t gold over a 3-metre interval in a composite sample from 24m downhole. This intercept will be resampled as single metre intervals.

Holes KRRC002 and KRRC003 tested a North-South trending structure identified in the geophysical survey. The structure was intercepted in the drilling and returned an anomalous result of 0.25 g/t gold in KRRC003 over a 3-metre interval in a composite sample from 97m downhole. This intercept will be resampled as single metre intervals.

A further three RC drillholes were directed deep beneath the workings at the Specimen Hill historic gold mine. Encouragingly, each hole returned mineralisation. The assay results are provided in Table 1 below. Further information on the drilling campaign is contained in the accompanying JORC Table 1. The geological host has been mapped as a variably brecciated porphyritic andesite. This lithology is considered a prospective host for large scale gold mineralisation.

Coarse gold was identified in the drill samples and assay was consequently conducted using the screen fire assay technique, returning an assay for the >75µm fraction and the remainder of a pulverised sample. A calculated head grade has been presented by the laboratory for the overall sample. Results include:

- KRRC004: 2m @ 0.99 g/t gold from 52m
- KRRC005: 2m @ 0.80 g/t gold from 58m
- KRRC006: 13m @ 1.10 g/t gold from 24m

A deeper diamond drill hole is currently in progress, targeting the modelled intrusive unit beneath the Quartz Hill historic mine and this hole is currently at approximately 540 metres downhole.

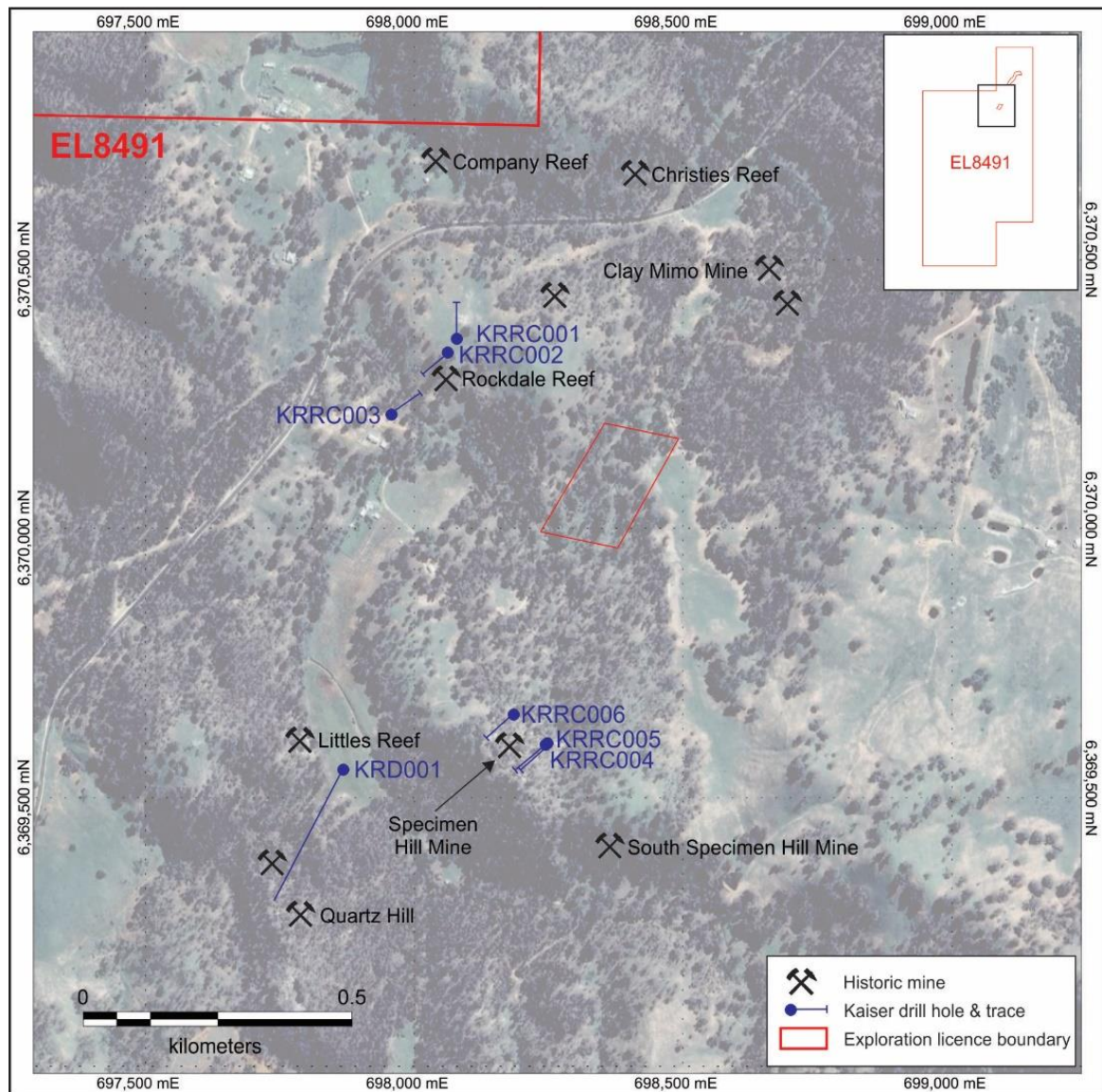


Figure 2: Plan view of initial drilling at the Stuart Town gold project.

The Stuart Town project has attracted little modern investigation since gold mining commenced in the 1850's. This initial drilling programme will provide invaluable geological information for ongoing exploration. The information is expected to support geological modelling and assist with determining the host and style of mineralisation.

The mineralisation style and position identified will assist Kaiser in future drilling to further delineate the ore zone which remains open at depth.

Further details will be released when the drilling results are received.

Jonathan Downes
Executive Director

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Table 1: Significant Assay Results

Prospect	HoleID	Sample ID	From	To	Interval	Au>75 micron	Au <75 micron	Calculated Au g/t	Description
Rockdale	KRRC001	KR01 027	24	27	3			0.53	Fire Assay
North Shear	KRRC002	KR02 077	76	77	1			0.24	Fire Assay
North Shear	KRRC003	KR03 100	97	100	3			0.25	Fire Assay
Specimen Hill	KRRC004	KR04 052	51	52	1	4.02	0.23	1.43	Screen Fire Assay
Specimen Hill	KRRC004	KR04 053	52	53	1	1.57	0.28	0.54	Screen Fire Assay
Specimen Hill	KRRC005	KR05 059	58	59	1	3.04	0.35	1.02	Screen Fire Assay
Specimen Hill	KRRC005	KR05 060	59	60	1	1.11	0.42	0.58	Screen Fire Assay
Specimen Hill	KRRC005	KR05 061	60	61	1	0.41	0.05	0.21	Screen Fire Assay
Specimen Hill	KRRC005	KR05 103	102	103	1	3.37	0.11	0.58	Screen Fire Assay
Specimen Hill	KRRC006	KR06 006	5	6	1			0.33	Fire Assay
Specimen Hill	KRRC006	KR06 025	24	25	1	15.4	0.93	2.84	Screen Fire Assay
Specimen Hill	KRRC006	KR06 026	25	26	1	0.04	0.04	0.04	Screen Fire Assay
Specimen Hill	KRRC006	KR06 027	26	27	1	13.4	0.75	3.46	Screen Fire Assay
Specimen Hill	KRRC006	KR06 028	27	28	1	2.48	0.2	0.91	Screen Fire Assay
Specimen Hill	KRRC006	KR06 029	28	29	1	0.6	0.1	0.15	Screen Fire Assay
Specimen Hill	KRRC006	KR06 030	29	30	1	0.35	0.17	0.19	Screen Fire Assay
Specimen Hill	KRRC006	KR06 031	30	31	1	2.52	0.15	0.33	Screen Fire Assay
Specimen Hill	KRRC006	KR06 032	31	32	1	2.98	0.31	0.75	Screen Fire Assay
Specimen Hill	KRRC006	KR06 033	32	33	1	3.62	0.29	0.68	Screen Fire Assay
Specimen Hill	KRRC006	KR06 034	33	34	1	0.43	0.13	0.17	Screen Fire Assay
Specimen Hill	KRRC006	KR06 035	34	35	1	0.18	0.03	0.04	Screen Fire Assay
Specimen Hill	KRRC006	KR06 036	35	36	1	5.74	0.44	1.28	Screen Fire Assay
Specimen Hill	KRRC006	KR06 037	36	37	1	21.3	0.67	3.44	Screen Fire Assay

Competent Persons Statement

The information included in this report that relates to Exploration Results & Mineral Resources is based on information compiled by Ms Elizabeth Laursen (B. ESc Hons (Geol), GradDip App. Fin., MSEG, MAIG), a contractor 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

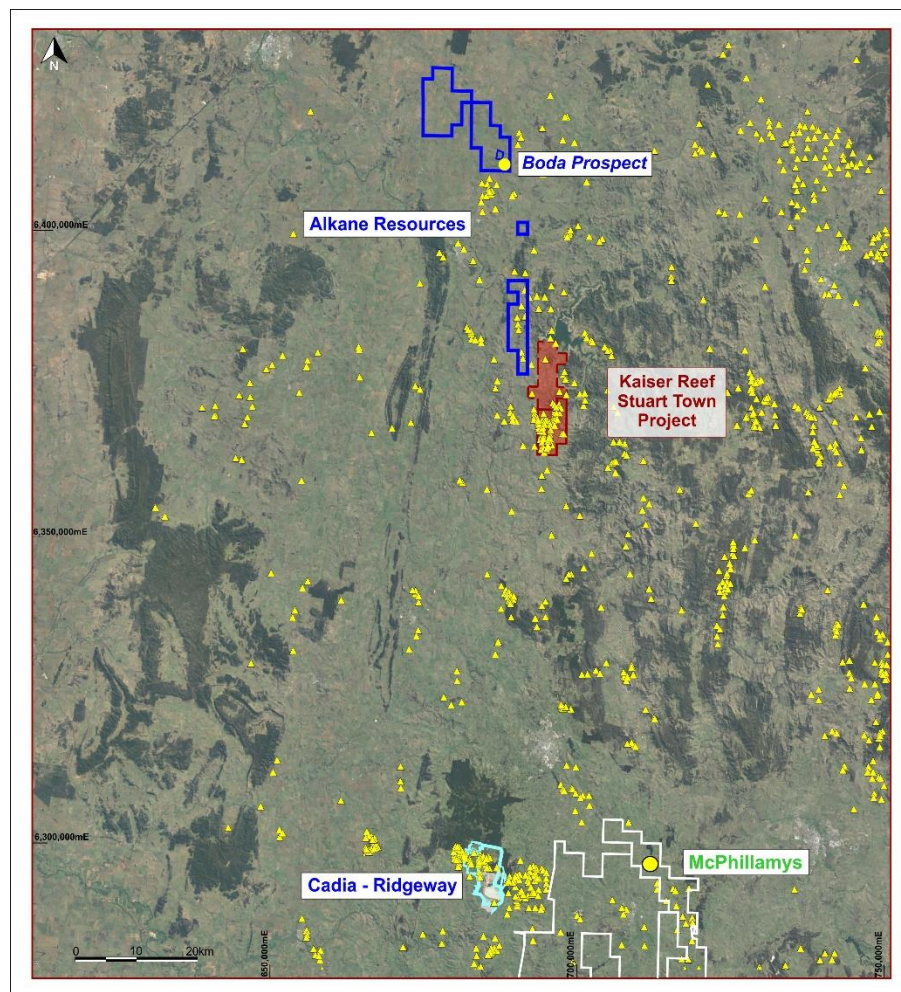
Ms Laursen is a contractor of Kaiser Reef Limited and currently holds securities in the company.

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

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Industry standard RC drilling and sampling protocols for lode gold deposits have been utilised throughout the campaign. RC holes were riffle split with 3 metre samples submitted for assay. Samples were submitted to SGS Labs in West Wyalong where the sample was dried at 105 degrees and pulverized in a Cr steel LM5 to 75 microns (SGS Prep code PUL48). Results from the lab indicated the presence of coarse gold which had been anticipated from historic mine records. Larger sample weights were used to maximise sample representivity. The average sample weight for the 3m composites was 3.8kg. Samples were assayed by fire assay with AAS finish (SGS code FAA303) or Screen Fire Assay (SGS code FAS30K) as indicated in Table 1 containing the assay results. A screen fire assay is considered the best technique for a sample containing coarse gold. Gold by screened metallics fire assay consists of screening 500g of the sample to 106 microns. The plus fraction is fire assayed for gold and a duplicate assay is performed on the minus fraction. The size fraction weights, coarse and fine fraction gold content and total gold content are reported. This procedure is equivalent to assaying a large samples to extinction and averaging the results.
Drilling techniques	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> Drilling has been conducted by Australian Mineral & Waterwell Drilling using a Sandvik DE810 Multipurpose Drilling Rig. RC holes used a 133mm diameter face sampling hammer.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> RC sample recovery was quantitatively assessed by comparing sample bag volumes for individual meters. The cyclone was regularly cleaned to ensure no build up. All samples were dry. In the CP's opinion the drilling sample recoveries and quality are acceptable and are appropriate for the style of mineralisation. No grade versus sample recovery biases, or biases relating the loss or gain of fines have been identified at the project to the date. All mineralised intervals reported here are from RC drilling.
Logging	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All drill holes were logged in their entirety. Logging was qualitative.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> 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-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. 	<ul style="list-style-type: none"> Samples were riffled and sampled dry. Large samples (average 3.8kg) were taken to maximise sample representivity due to the anticipated coarse nature of the gold. In the CP's opinion the drilling sample recoveries and quality are acceptable and are appropriate for the style of mineralisation.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> Samples were initially assayed using SGS's FAA303 method, 30g with AAS finish, which is considered a total digestion. Samples identified as containing coarse gold were then resubmitted

Criteria	JORC Code explanation	Commentary
	<p><i>parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i></p> <ul style="list-style-type: none"> <i>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.</i> 	<p>for screen fire assay with results shown in Table 1.</p> <ul style="list-style-type: none"> Duplicate samples were submitted 1 every 20 samples submitted and returned results within an acceptable range. Standards were submitted 1 every 20 samples submitted and returned results within an acceptable range.
Verification of sampling and assaying	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> Significant intersections were cross checked against drill logs and chip trays after assays were returned by company geologists and independent contract geologists. No holes have been twinned. Data entered directly into a Microsoft Excel spreadsheet then migrated into a Microsoft Access database. There have been no adjustments to the assay data.
Location of data points	<ul style="list-style-type: none"> <i>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.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> Collar locations were picked up using a hand-held GPS with an accuracy of approximately 5 metres. All coordinates are reported in MGA94 Z55. Downhole surveys were completed on each drill hole with survey shots taken at approximately 30m intervals downhole by the drilling company using a Boartlongyear TruShot survey tool. Collar RL's were taken from a digital topographic grid created from 5m contours, cross matched with averaged waypoints from a hand held Garmin Map62 GPS.
Data spacing and distribution	<ul style="list-style-type: none"> <i>Data spacing for reporting of Exploration Results.</i> <i>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.</i> <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> No mineral resource has been estimated.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to</i> 	<ul style="list-style-type: none"> The drill holes were designed to test underneath historic workings and further drilling is required to understand the structural control on the mineralised intercepts.

Criteria	JORC Code explanation	Commentary
	<i>have introduced a sampling bias, this should be assessed and reported if material.</i>	
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Samples were stored on site and collected by the laboratory.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Available data has been reviewed by independent and company personnel.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Stuart Town Project lies within Exploration Licence 8491 held in trust for Kaiser Reef Limited in the name of Jonathan Charles Downes. The adjacent Exploration Licence 8952 is held in trust for Kaiser Reef Limited in the name of Adrian Byass Limited. The Licences lie 40km south east of Wellington in NSW, adjacent to the township of Stuart Town. Both Licences are in good standing.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Previous exploration has been completed by: <ul style="list-style-type: none"> Kratos Uranium NL (1980-1982) Kratos-Stellar Exploration Group (1983) Kratos Uranium JV with Freeport of Australia (1984) Carpentaria Exploration (194-1986) CRA Exploration (1992-1996) LFB Resources NL (1997-1999) Kanimblan Mines (2002-2003) Ironbark Gold Limited / Waratah Resources Limited (2007-2011) Exploration included mapping, rock chip and soil sampling, limited geophysics and limited drilling.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The Project lies within the Northern part of the Hill end Trough, within largely Devonian volcano-

Criteria	JORC Code explanation	Commentary
		<p>sedimentary rocks of the Crudine Group and Cunningham Formation.</p> <ul style="list-style-type: none"> The primary gold is structurally controlled and hosted in quartz veins. There are many alluvial workings documented within the Licence.
Drill hole Information	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Refer to Table 2.
Data aggregation methods	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Assays have been reported as individual samples in Table 1 and have been length weighted using the laboratory provided calculated gold assay in the report text. No metal equivalents have been reported.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> 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. 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'). 	<ul style="list-style-type: none"> The geometry of the mineralisation is not well understood.

Criteria	JORC Code explanation	Commentary
<i>Diagrams</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Refer to Figures 2, 3 & 4.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> All results have been reported.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> No other data to report.
<i>Further work</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Kaiser Reef is planning further drilling and considering geophysical surveys.

Table 2: Drill hole collar information.

Hole ID	Type	Easting	Northing	RL	Depth (m)	Dip	Azimuth
KRD001	D	697,868	6,369,552	450.00	425.00	-50.00	200.00
KRRC001	RC	698,079	6,370,353	458.00	108.00	-60.00	360.00
KRRC002	RC	698,062	6,370,327	458.00	92.00	-60.00	220.00
KRRC003	RC	697,958	6,370,212	443.00	150.00	-60.00	40.00
KRRC004	RC	698,244	6,369,598	467.00	144.00	-50.00	225.00
KRRC005	RC	698,248	6,369,601	467.00	150.00	-65.00	215.00
KRRC006	RC	698,185	6,369,654	465.00	132.00	-60.00	225.00

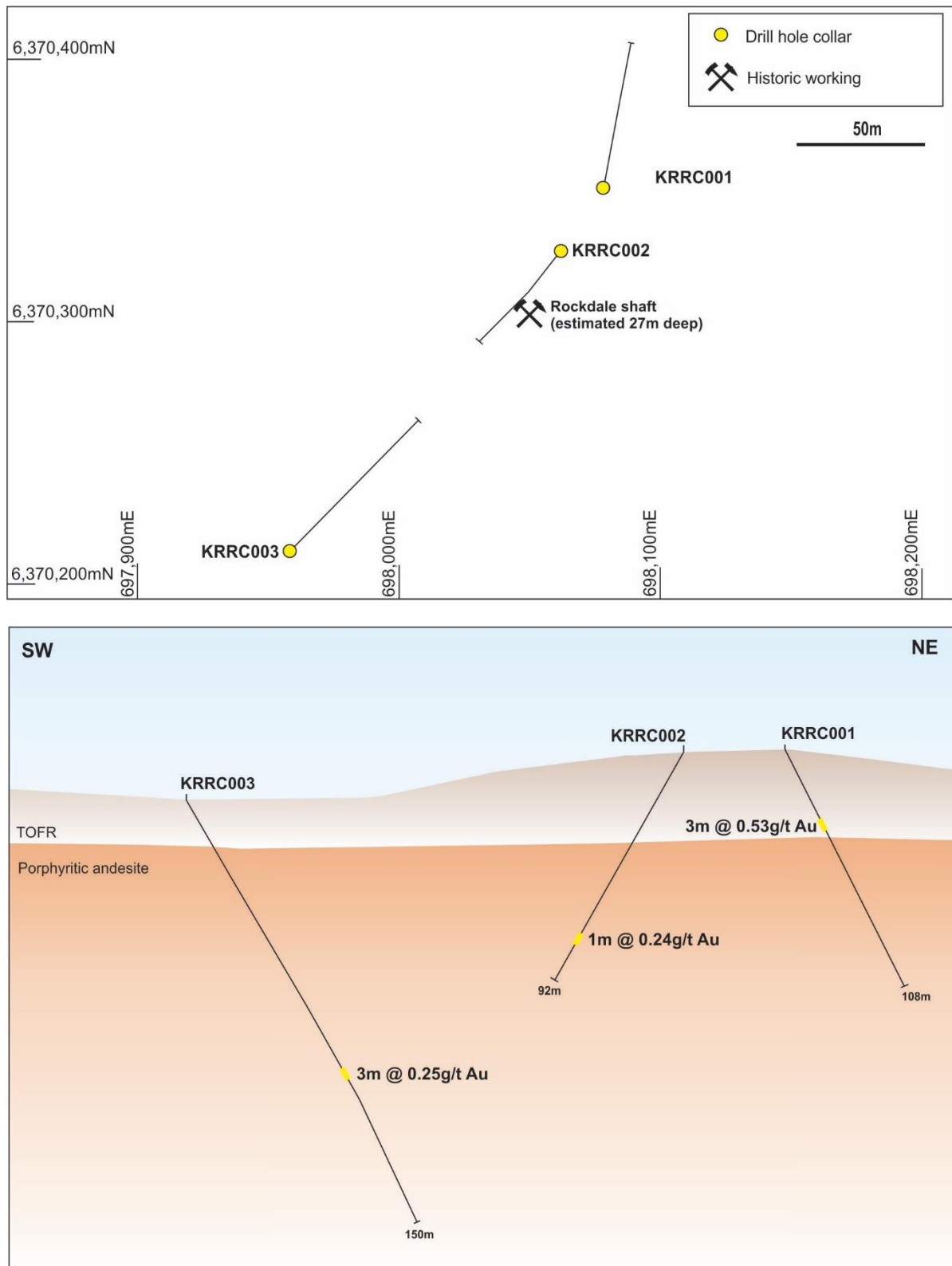


Figure 3: (Top) Plan view of the drilling at the Rockdale Prospect (Bottom) Oblique section of Rockdale drilling looking North west.

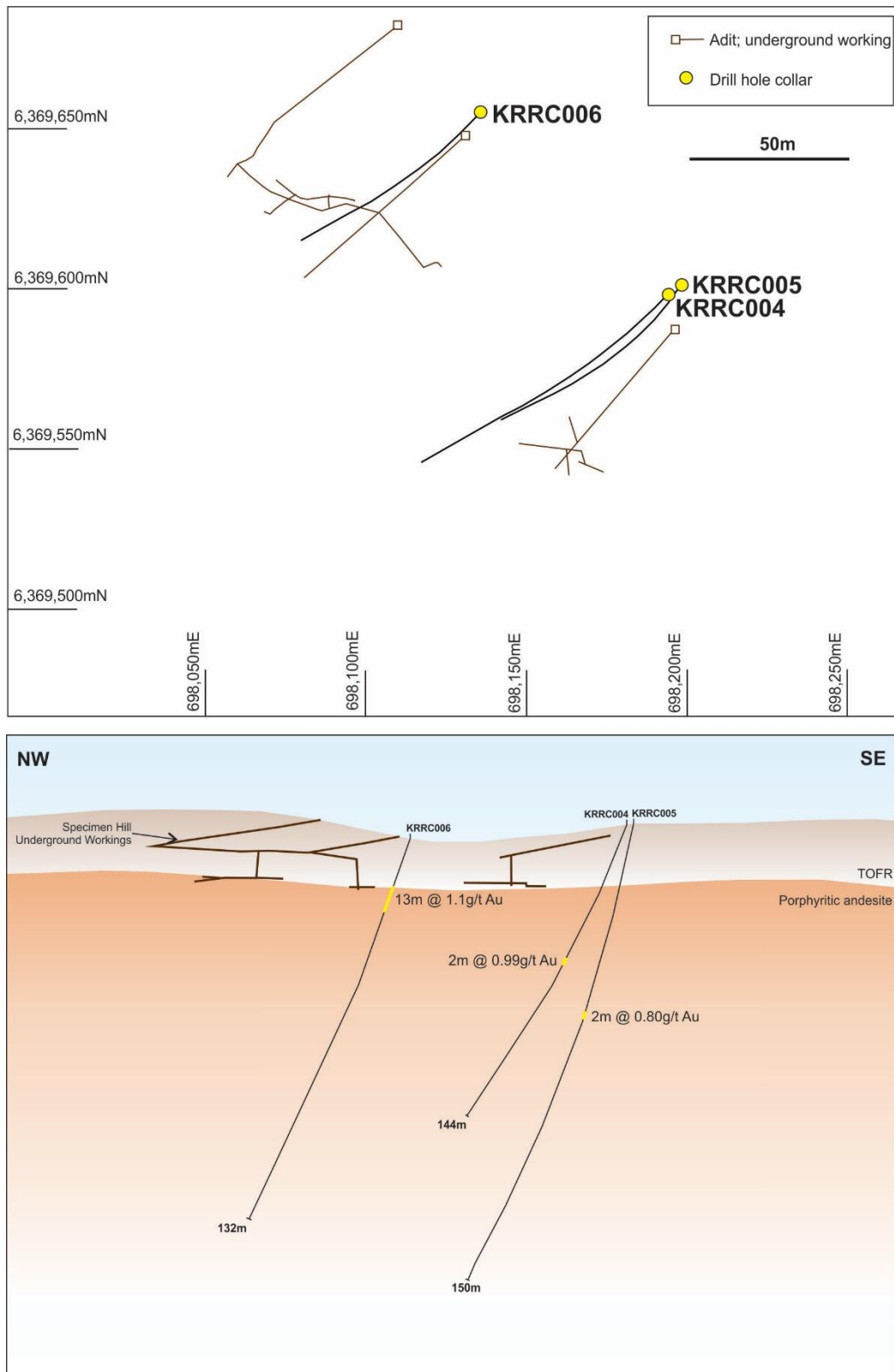


Figure 4: (Top) Plan view of the drilling and underground workings at Specimen Hill (Bottom) Oblique section of drilling and historic mine workings at Specimen Hill looking northeast.