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Kaiser Drilling results and Operational Update from the A1 Mine

Kaiser Reef Limited (**Kaiser**, **KAU** or the **Company**) is pleased to announce the further drilling results from the ongoing drilling programme at Queens Lode and provide an operational update at the A1 Mine.

Near term development exploration results from the Queens Lode include:

- **A1UDH-419: 7.4m @ 6.04 g/t Au from 18m; and**
  - **21m @ 5.03 from 45m including;**
  - **8.5m @ 9.26 g/t Au from 58m; and**
  - **1.6m @ 11.3 g/t Au from 86m**
- **A1UDH-417: 7.4m @ 3.6 g/t Au from 13.7m**
- **A1UDH-413: 0.6m @ 67 g/t Au from 13.5m**
  - **0.4m @ 12 g/t Au from 23.5m**

The A1 Mine has already returned very high-grade intercepts (including 3.7m @ 68.6 g/t Au and 12.1m @ 24.3 g/t gold ASX release 1 February 2021 and 22 February 2021 respectively). Drill holes A1UDH-413, 417 and 419 represent the first drilling results from Kaiser drilling into the Queens Lode bulk tonnage target.

Kaiser intends to continue decline development to the Queens Lode and plans to begin mining this area in H2 2021.

Development Update

The A1 Mine has produced at least 495,000 oz gold at an average grade of 25.7 g/t gold and been in operation since 1864. The A1 Mine has continued to operate on a reduced mining basis (as it has for the past 18 months) after a brief shutdown over Christmas. This was followed by a restart and handover to Kaiser in January. The mine is currently undergoing a ramp up plan prepared by Kaiser which is designed to access increased production sources from airleg and mechanical methods.

At this stage, ore is being exploited using air-leg mining methods and providing around 400 – 500 tonnes of ore per week. The ore is then treated at the Company's wholly owned CIL processing facility at Maldon. Production during the March quarter is projected to be constrained until further production fronts are opened and developed with the existing production headings having been run down during the administration process.

Kaiser has developed a strategy to ramp up production in the medium term targeting an advanced exploration target called the Queens Lode as a key part of this. The Queens lode is anticipated to allow mechanised mining to increase the production rate overall. The Queens Lode is currently the subject of a drilling programme with the first results reported in this release under the Exploration Update.

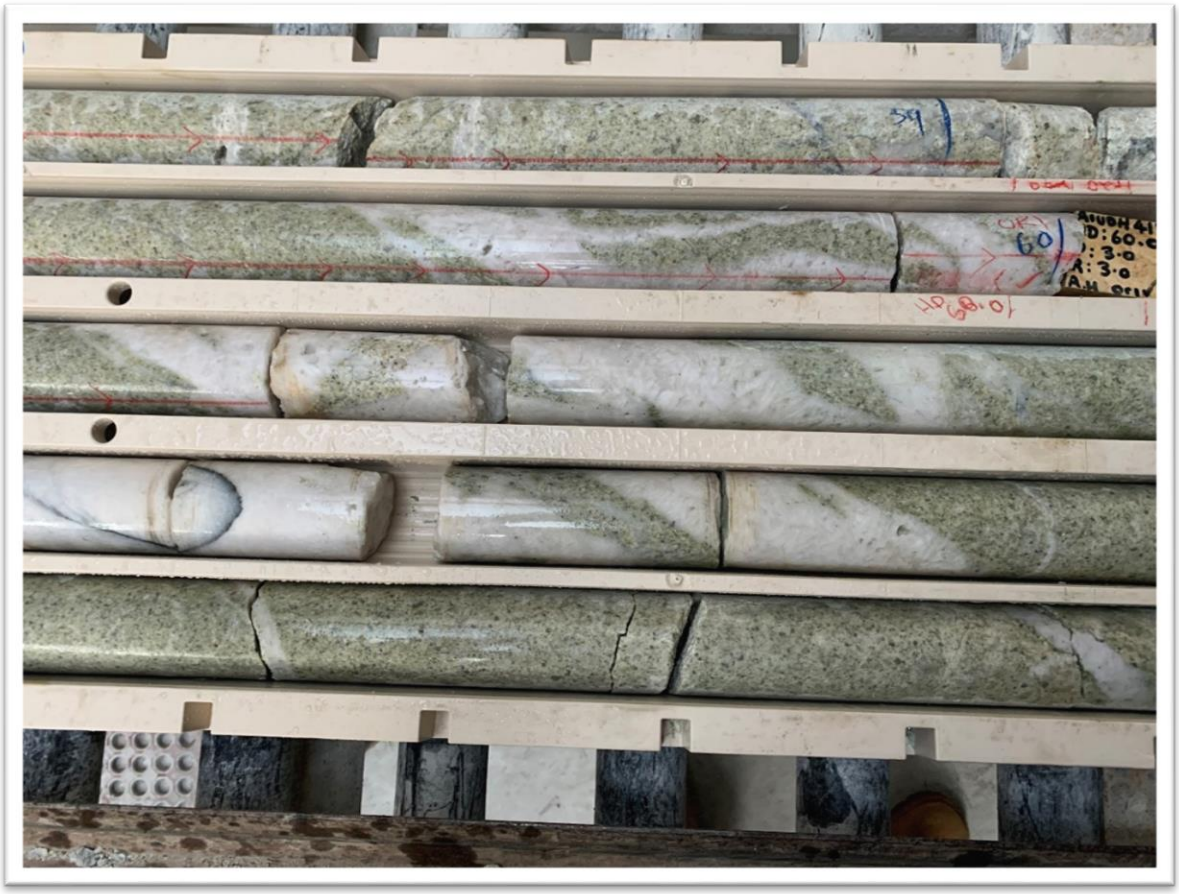

Figure 1: Drill core from hole #417 showing intense alteration and bleaching of the diorite host and abundant quartz veining (~58.5 – 62.5m).

The Queens Lode is expected to support a higher mining rate through mechanical stoping (Prospectus dated 4 December 2020). To advance this development, a decline bypass was required to provide access for the larger equipment to mine the stockwork style of mineralisation associated with the Queens Lode. The bypass has been completed (Figure 2) which shows the mining crews breaking through. Figure 3 shows an ore zone being marked out and Figure 4 shows the mesh and rock bolting being installed to improve ground support.

Figure 2: Decline bypass break through.

The decline targeting the Queens Lode is also planned to intercept several high-grade gold reefs as encountered in the most recent drilling programmes, including the interpreted lower extension of the high-grade Apollo Reef. It is planned that these reefs will be exploited by air-leg mining techniques to supplement the planned bulk mining of the Queens Lode.

Figure 3: Ore block marked for mining.

Kaiser has also started to address operation issues such as power upgrades and the work is ongoing to provide the required support to increased production from the anticipated Queens Lode mining operation. Some of the key initiatives commenced include:

- Ventilation upgrade
- Source additional air-leg mining equipment
- Source equipment for mechanised mining.

Figure 4: Mesh and rock bolt installation in progress.

Figure 5: Mined ore from A1 being loaded on a truck for transport to the processing plant.

Maldon

The Porcupine Flat processing plant at Maldon continues to operate well and return excellent gold recoveries. The mill tailings are discharged into TSF No 5. The design work on next lift of the tailing storage facility (TSF5C) was approved by Earth Resources of Victoria and construction has commenced with the relevant contracts executed.

Work has commenced evaluating the long term TSF storage options after the TSF5 reaches the permitted height of 332RL. Currently approved TSF 5C and 5D will provide 110,000kt and 200,000kt of storage respectively and under currently utilisation would suffice for several years.

Major capital expenditure was limited whilst the company was in administration and at the Maldon plant a number of recent refurbishment and improvement initiatives have been completed in order to address safety issues, maintain standards, reduce operational risk, and sustain production. Improvements implemented included the installation of a new elution heater and elution carbon stripping column, modifications to reagent mixing and storage, additional structural support for the leach tanks, a new gas line along with the replacement equipment throughout the plant. The installation of the bulk acid storage vessel is also currently progressing.

Supporting Exploration Information

Kaiser began a programme of underground drilling in late December 2020 immediately prior to handover in January (Figure 6). The drilling programme has most recently provided encouraging broad results as planned from the Queens Lode of mineralisation with the two most recent holes returning:

- A1UDH-419: **7.4m @ 6.04 g/t Au** from 18m (within 23m @ 3.82 g/t Au from 2.4m) and **8.5m @ 9.26 g/t Au** from 58m. This second intercept was within a broader zone of **21.0m @ 5.03 g/t Au**
- A1UDH-417: **7.4m @ 3.60 g/t Au from 13.7m**
- A1UDH-413: **0.6m at 67.9 g/t Au** from 13.5m (not the Queens Lode)

The Queens Lode is not dissimilar in mineralogy or composition (diorite) to the main A1 Dyke (diorite) but the intensity or mineralisation and greater thicknesses encountered lend it to mechanical mining styles. The first results from the Queens Lode drilling are encouraging.

Figure 6: Underground diamond drilling at the A1 Mine.

Results are presented below in Table 1and followed up with a discussion around the objectives. Further information on the drilling program is provided in the JORC Table 1.

Table 1: Drill hole locations and results.

Hole ID	From (m)	To (m)	Length (m)	Grade (g/t Au)	GDA94 East	GDA94 North	RL (AHD +1000)	Depth (m)	Dip	Azi (Mag +12.5)	Core Size
A1UDH-413	5.0	6.0	1.0	2.08	429526.3	5848760.0	1291.6	29.9	-78.8	222.0	NQ-2
	8.0	10.0	2.0	2.15							
	13.5	14.1	0.6	67.93							
	23.5	23.9	0.4	12.25							
A1UDH-416	9.0	13.9	4.9	2.06	429514.7	5848780	1292.1	24.0	-60.05	217.4	NQ-2
A1UDH-417	0.4	21.1	20.3	2.49	429515.2	5848781.0	1292.1	160.0	-79.9	215.8	NQ-2
Includes	*13.7*	*21.1*	*7.4*	*3.6*							
	59.0	59.6	0.6	2.68							
	61.8	66.0	4.2	2.16							
	114.0	114.9	0.9	2.26							
	118.5	119.5	1.0	4.25							
	148.6	149.1	0.5	2.17							
A1UDH-419	2.4	25.4	23.0	3.82	429516.4	5848780	1292.2	143.8	-83.2	167.3	NQ-2
includes	***18.0***	***25.4***	***7.4***	***6.04***							
	45.0	66.5	21.0	5.03							
includes	***58.0***	***66.5***	***8.5***	***9.26***							
	71.7	81.1	9.4	2.69							
	86.0	87.6	1.6	11.3							
	120.0	121	1.0	2.47							

Notes

A1UDH-416 was prematurely terminated due to intersecting the sediment dilation zone which was mistaken for the foot-wall contact. This hole is planned to be re-entered and extended.

The Queens Deeps project, which is targeting the deeper extensions of the Queens Lode, is hoped to allow for longer term mine planning with results yet to be returned. The drilling program is continuing to expand into resource definition for short and medium term production horizons. The initial program is for approximately 4,000 metres to be drilled; and is important for the planning and development of an expanded mining operation.

Assays and traces of holes 419 and 417 are shown in Figures 7 and 8.

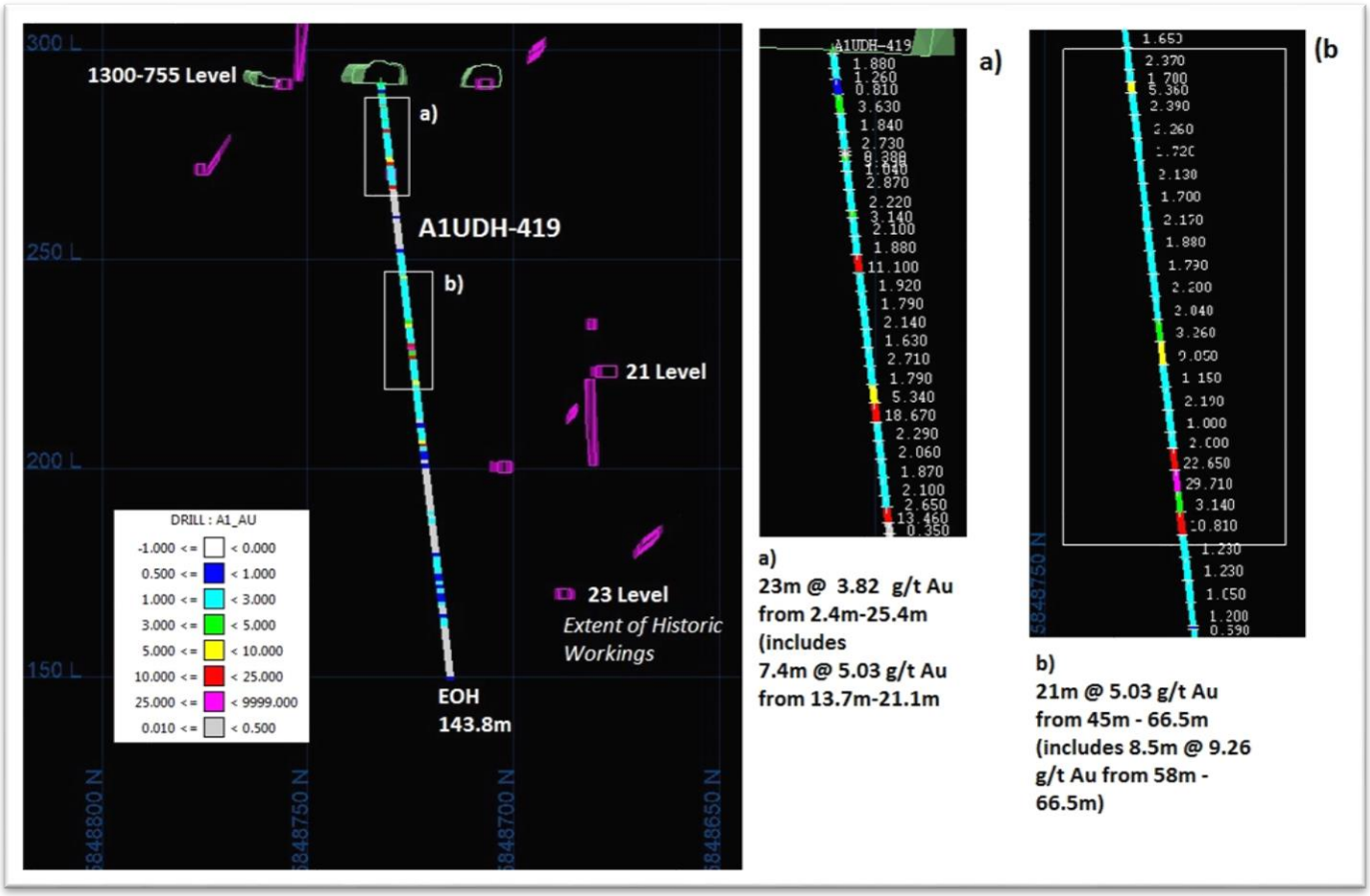

Figure 7: Trace and assays of drill hole A1UDH-419.

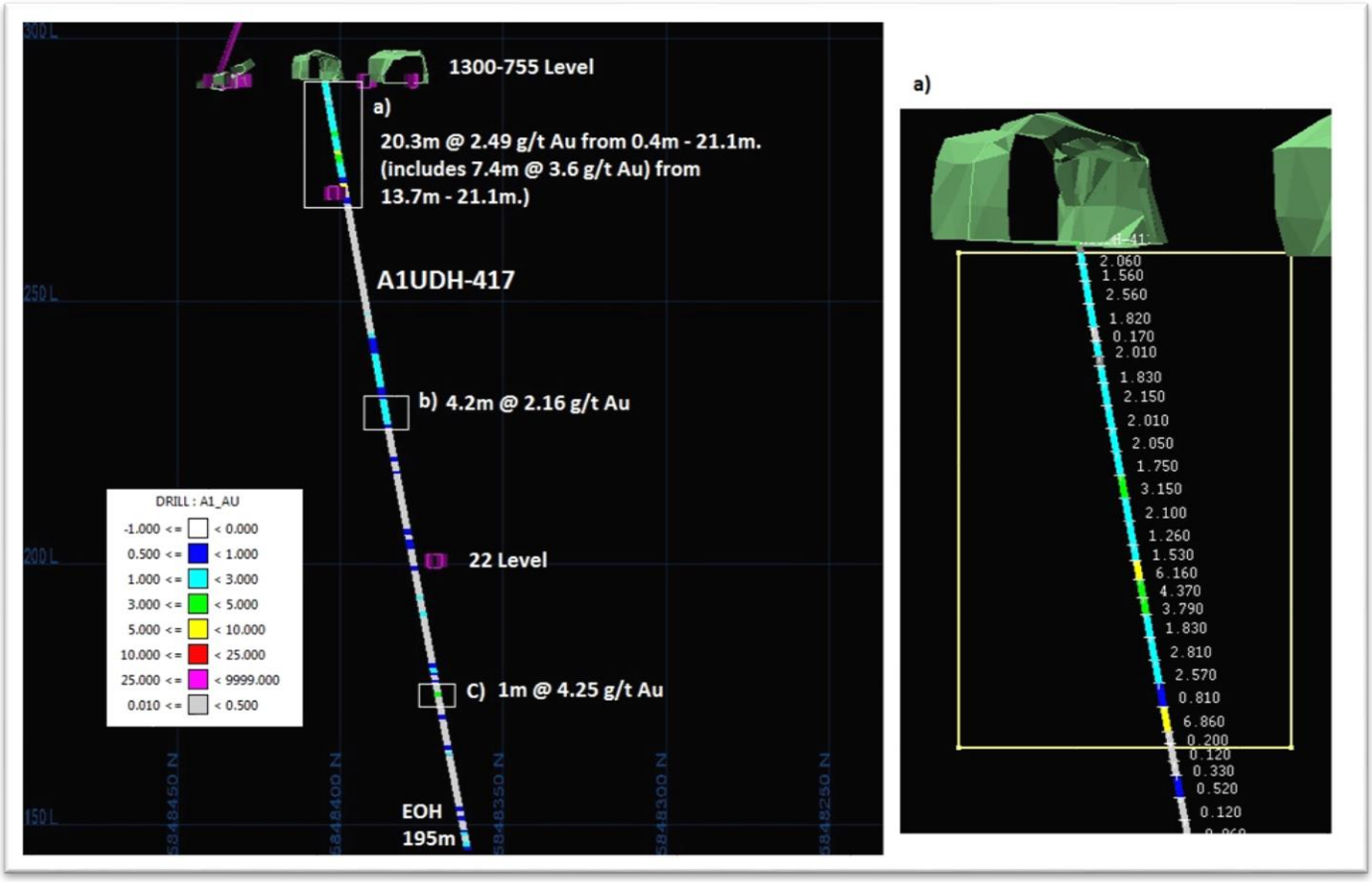

Figure 8: Trace and assays of drill hole A1UDH-417.

Discussion

The current underground diamond drilling program is comprised of several parts which include geotechnical/infrastructure advance, resource definition and mine expansion exploration. Results received to date are from the Queens Lode. Previous drill results (announced to the ASX:CTL, 2 November 2017 "Centennial Mining Limited") from the Queens Lode included:

A1UDH-325: 11.9m @ 16.3 g/t gold
L7-008: 25.0m @ 7.3 g/t gold

These new results compare well with the historic results from the current Kaiser program.

The Queens Lode represents the most advanced bulk tonnage exploration target with well-defined resource potential in the near term at A1. The broader objective of Kaiser's drilling program is to provide information to support the publication of a Mineral Resource Estimate for the Queens Lode. The work will also assist in increasing the understanding of the strike and mineralisation extension within the A1 Mine.

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

Authorised by:
Jonathan Downes
Executive Director

Competent Persons Statement & Disclosure

The information included in this report that relates to Exploration Results is based on information compiled by Shawn Panton (B.Sc (hons) (Geology/Earth Science), M.B.A Ex. an employee of Centennial Mining Limited. Mr Panton 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. Mr Panton consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Mr Panton does not hold securities in the company.

Future Performance

This announcement may contain certain forward-looking statements and opinion. Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties, assumptions, contingencies and other important factors, many of which are outside the control of the Company and which are subject to change without notice and could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such statements. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Nothing contained in this announcement nor any information made available to you is, or and shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Kaiser Reef.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. 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 (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.*	• All sampling results reported are from diamond drilling collared in underground mine development in the A1 Mine (MIN5294). • All core was halved using an Almonte diamond saw core cutter with guides to ensure an exact split. With coarse gold common within the deposit, the top half of the core is sampled to reduce inherent sampling problems. The samples were dried, crushed and pulverised, then fire assayed (s0g) for Au at the NATA accredited Gekko Laboratory at Ballarat. • All samples were dried, crushed and pulverised, then fire assayed (20g) for Au at the NATA accredited Gekko Laboratory. • QAQC protocols in place include the insertion of blanks and standards inserted at random and at more selective intervals such as immediately after samples of visible gold intersections, and insertion of higher grade standards within samples from high grade zones.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. 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.).*	• All of the holes being reported are diamond drill holes. • Diamond drilling was completed by DRC. ○ DRC contractors using an LM90 drill rig. The core diameter drilled was NQ-2 (50.5mm), with the core was orientated using a Reflex ACT II orientation tool.
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.*	• RQD and recovery data are recorded in the geology logs for all drilling being reported. • Core loss is recorded by drillers on run sheets and core blocks placed in core trays. • Where the ground is broken, shorter runs are used to maximize core recoveries. Areas of potentially poor ground are communicated to the drillers and recorded in drilling plods. • Mineralisation at the A1 Gold Mine is predominately hosted in competent quartz and dyke structures, therefore sample recoveries are general high. No significant sample loss has been correlated with a corresponding increase in Au grade.
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.*	• All holes reported have been logged in full, including lithology, mineralisation, veining, structure, alteration and sampling data. • All core has been photographed before sampling.

Criteria	JORC Code explanation	Commentary
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	
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-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.*	• All core was half cored using an Almonte diamond core saw. • Core samples were assayed at the independent Gekko laboratory located in Ballarat. After drying, samples were crushed, and pulverised to 95% passing 75µm. • Internal QAQC insertion of blanks and standards is routinely carried out. Random and select insertion is applied, i.e. blanks are inserted directly after samples containing visible gold. The Gekko laboratory has its own QAQC program which is reported with results and a monthly QAQC review.
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 (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• The sample preparation and assay method of 20g Fire Assay is acceptable for this style of deposit and can be considered a total assay. • Industry standards are followed for all sample batches, including the insertion of commercially available CRM's and blanks. The insertion rate is approximately 1 every 10 to 20 samples both randomly and selects positions, such as blanks inserted after samples containing visible gold. QAQC results (Both CTL and internal laboratory QAQC) are reviewed by CTL geological staff upon receipt of the assay results. No issues were raised with the data being reported.
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.*	• All field data is entered directly into an excel spreadsheet with front end validation built in to prevent spurious data entry. • Data is stored on a server at the A1 Mine with daily backups. Backed up data is also stored offsite. • Significant intersections are reviewed by geological staff upon receipt, to ensure the intersections match the logging data, with the checks including verification of QAQC results.
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.*	• All holes are labelled during the drilling process, and all holes have been picked up by CTL mine surveyors. • Holes are labelled by drillers upon completion of the hole. • Down hole surveys were taken at 15m, and every 15m or end of hole after this with a reflex single shot camera.

Criteria	JORC Code explanation	Commentary
		• Grid used is MGA_GDA94. • The topography control is of a high standard and consists of a DTM surface
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.*	• Drill hole spacings for this program have been set up as ring arrays with 2-3 holes fanning out per ring) spaced up to 5m between collars for geotechnical / sterilization holes. Longer purely exploration holes have been set up as single ring arrays with 2 holes per ring. • There is good correlation between sections on the larger structures and lithological boundaries. • Grade continuity has been correlated with known narrow vein structures from recent airleg mining drives. • The density of drilling from Phase 1 program in an underexplored area of A1 is insufficient to be used for Mineral Resource calculations. • Sample compositing has not been applied to Phase 1 Exploration drilling.
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.*	• Phase 1 Drilling has mainly focused on underground short to medium term targets which will inform future decline design which includes structural and lithological delineation. • Other holes within Phase 1 were exploration focused in the under-drilled southern portion of the A1 Dyke Bulge. There is considerable variability of narrow vein orientations within the dyke bulge and the Phase 1 drilling will inform future optimal drilling orientations. • Due to the relatively perpendicular intersection angle on a high percentage of the larger mineralized structures, the majority of the drill angles are not expected to produce any sampling bias. Given there are a number of narrow reefs intersected at various angles, there is a chance of some bias, which have been identified and will be modelled accordingly. • A1UDH-403 has drilled sub parallel along a known mineralized narrow vein correlated down dip of a known structure. Whilst this hole is not true thickness it has defined grade continuity of a mineralized structure accessible to mining operations.
Sample security	• *The measures taken to ensure sample security.*	• Samples were transported from the A1 Gold Mine to the laboratory or the Maldon Processing Plant either by CTL staff, or contractors. Calico bags containing the sample were places inside larger white poly weave bags, with this white bag sealed with a plastic tie. Samples that were taken to Maldon were placed in a locked security box and collected by the sole trader courier. • Core samples numbers and dispatch references are sequential and have no reference to hole number.

Criteria	JORC Code explanation	Commentary
		• Core trays containing visible gold are stored inside the locked core shed until logged.

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 A1 Mine lies within Mining Licence (MIN) 5294 held by Centennial Mining Limited a wholly owned subsidiary of Kaiser Reef Limited. The mine lies 40km south of Jamieson in Victoria. • The licence is in good standing.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The A1 mine began operating in 1861 and was last owned by Centennial Mining who went into administration.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The project area lies within the Woods Point–Walhalla Synclinorium structural domain of the Melbourne Zone, a northwest trending belt of tightly folded Early Devonian Walhalla Group sandy turbidites. The domain is bounded by the Enoch's Point and Howe's Creek Faults, both possible detachment-related splay structures that may have controlled the intrusion of the Woods Point Dyke Swarm and provided the conduits for gold bearing hydrothermal fluids. • Most gold mineralisation in the Woods Point to Gaffney's Creek corridor occurs as structurally controlled shear-zone hosted dilational breccias and stringer quartz vein systems hosted by dioritic dyke bulges. The A1 Mine is central to this corridor, with gold mineralisation contained within the steeply dipping main southern diorite dyke bulge and a smaller northern diorite dyke. The dyke is cut and offset by a series of mainly reverse faults which host most of the gold mineralisation. • Gold is associated with intense quartz-ankerite-muscovite-sulphide wall rock alteration around dilational breccia veins with branching quartz-sulphidic stringer veins (Figure 2) or narrow veins within reverse fault systems hosted by the dyke or where fault offsets show the dyke contact on one vein wall and metasedimentary rocks on the other. Wide zones of quartz stinger veins and carbonate-sulphide altered wall rock are more amenable to bulk mining techniques.
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*	• Refer to Table 2.

Criteria	JORC Code explanation	Commentary
	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.*	
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.*	• Assays length weighted. • No metal equivalents have been reported.
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.* • *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').*	• The geometry of the mineralisation is explained in the Notes below Table 1 within the text.
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.*	• Refer to Figures in text.
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.*	• All results have been 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 to report.
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.*	• Exploration drilling is ongoing.