

# KAISER REEF LIMITED QUARTERLY REPORT

For the Period ending 31 March 2020

30<sup>th</sup> April 2020

Company Announcements

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

## **Quarterly Report for the Period Ending 31 March 2020**

Kaiser Reef Limited (ASX: KAU) (**Kaiser** or the **Company**) is pleased to report on its first quarterly activities since listing on the Australian Securities Exchange on 28 February 2020.

The listing closed strongly, with the initial public offer (IPO) being heavily oversubscribed. The listing then quickly faced the rapidly increasing challenges of dealing with the Covid-19 virus and the announcement by the World Health Organisation that the world was facing a pandemic on 11 March. This unfortunately impacted the global markets and Kaiser, however, the Company is delighted that we are focused on exploring for gold which is one commodity that is looking like a strong beneficiary off the unprecedented Quantitative Easing measures being enacted by Governments around the world.

Kaiser wasted no time and secured further leases around the flagship Stuart Town project for nominal cost and has successfully flown (subsequent to the Quarterly reporting period) a high resolution airborne magnetic and radiometric survey. The information provided will be invaluable in defining the first phase of drill targets with mapped gold bearing intrusive units appearing to be more extensive than previously thought.

Kaiser looks forward to drilling in this coming quarter, subject to the necessary approvals and details around this will be released in due course.

The Board thanks the stakeholders for supporting our vision in exploring for large-scale gold deposits and unravelling the mystery surrounding the source of the abundant historic gold mines in the district.

## **Highlights**

### **Airborne Geophysical Survey**

Kaiser announced that it appointed the services of Resource Potentials Pty Ltd to assess in detail 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. Resource Potentials is highly experienced in processing, interpreting and modelling potential field (magnetic and gravity) and other geophysical surveys such as radiometrics, EM, IP, GPR and seismic data in a variety of

geological settings for a range of commodities and have been working in the immediate area on similar tasks for an extended period.

Kaiser commenced a high resolution airborne magnetic and radiometric survey of the project areas (Figure 1) which was completed subsequent to this quarter. This was an important first step towards properly exploring the project areas for prospective gold mineralisation and drill hole targeting as prior available data could not provide support for the proposed drilling to a level the Company required.

Based on prior geophysical data and interpretations, one of the models sought to explain the large number of historic gold mines is that they are originally sourced and migrated from underlying felsic intrusive and porphyry style mineralised bodies. These intrusive bodies are typically structurally controlled and emplaced in compromised host rocks. The magnetic survey is considered to be the best tool to identify the underlying structures. In addition, the radiometric survey will assist in mapping outcropping rock types and alteration which will also assist in targeting certain types of mineralisation. For example, as certain hot intrusive rocks force themselves into surrounding host rocks, they can also alter the makeup or mineralogy of the surrounding rocks as they bring in hot fluids that may be chemically different. Radiometric information from this survey will assist in identifying these halos or evidence of alteration which could assist in targeting underlying intrusive units. The large scale of gold, arsenic and antimony detailed in the previously released soil sampling results and various ground mapping will also be invaluable targeting tools.

Once the airborne survey data has been processed and the results modelled and interpreted, with the assistance of Resource Potentials, Kaiser will commence drill planning.

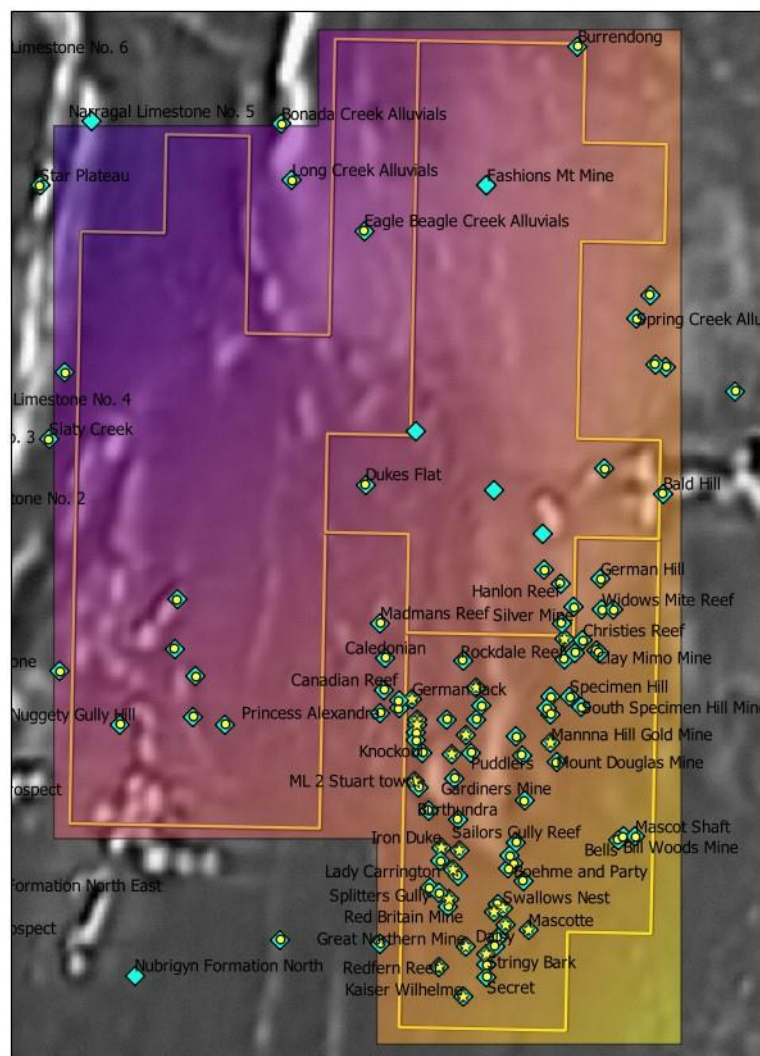


Figure 1: Area covered by the airborne survey (coloured polygon), over Kaiser tenements (yellow outlines) and historic gold mines over historic low-resolution airborne magnetic image.

## Large Scale Gold in Soil Anomalies

Kaiser completed importing, auditing and interpreting a large portion of earlier CRA (CRA was a subsidiary of a Rio Tinto-RTZ that later became Rio Tinto Group) 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. 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 (soils up to 0.7 g/t gold)
- 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 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.

Figures 2,3 and 4 show extensive regions of elevated As-Sb with co-incident gold mineralisation with further details contained in the ASX release and associated Table dated 23 March 2020.

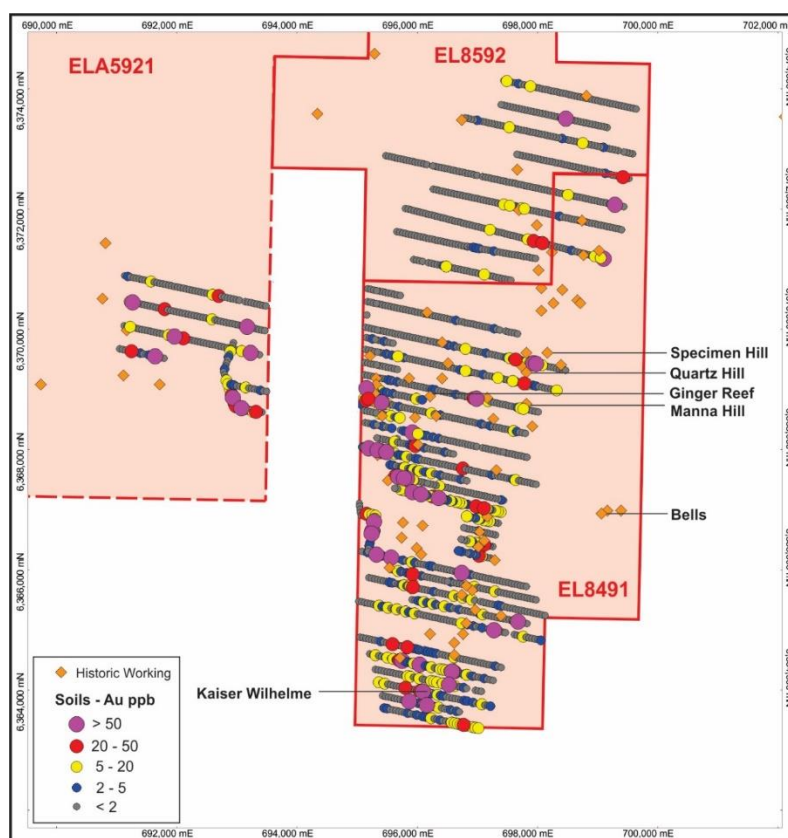


Figure 2: Stuart Town Project exploration licences, historic gold workings and CRA's soil sampling program showing gold anomalism

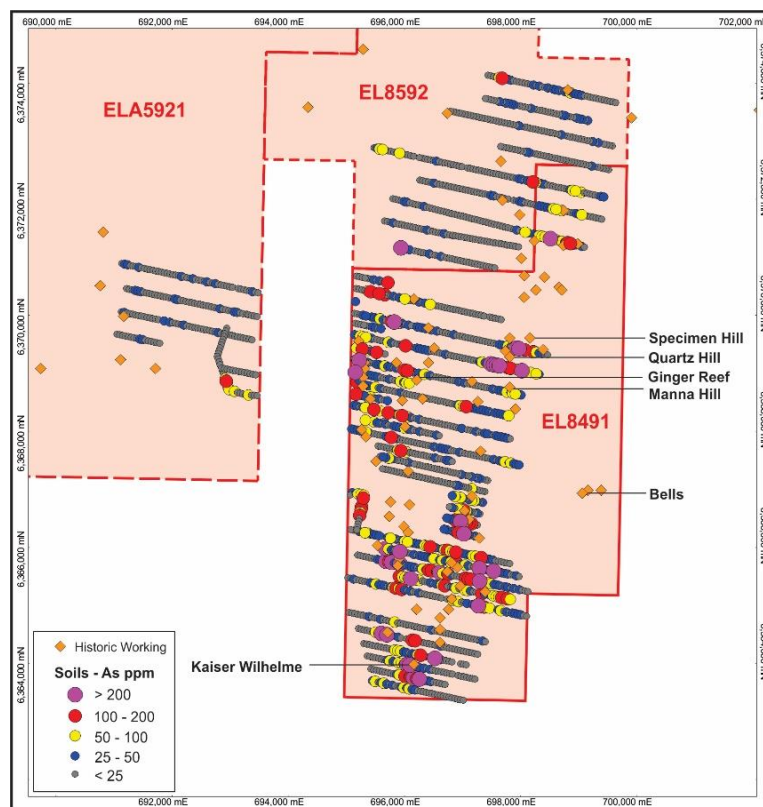


Figure 3: Stuart Town Project exploration licences, historic gold workings and CRA's soil sampling program showing arsenic anomalism

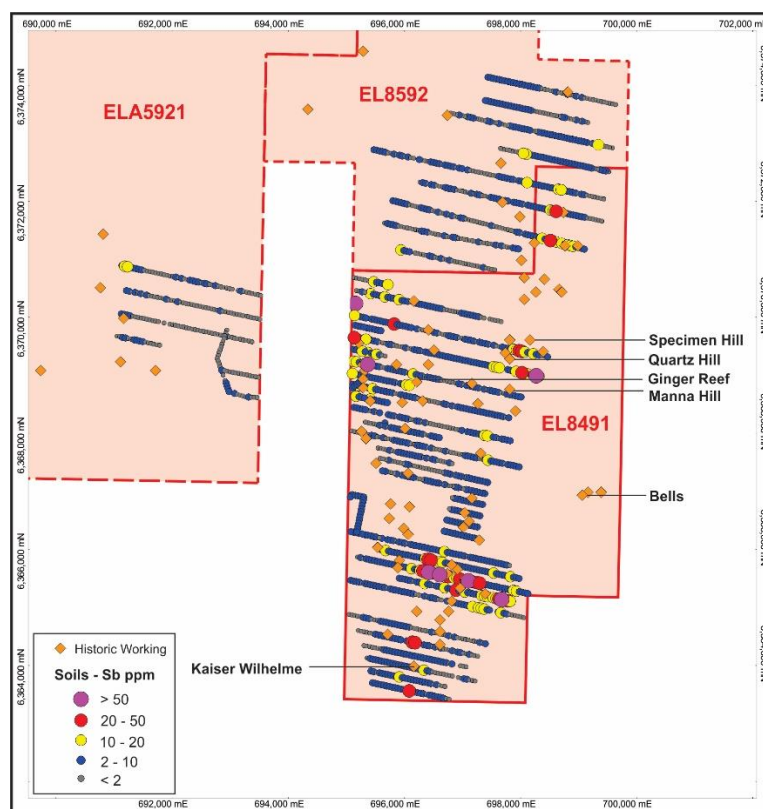


Figure 4: Stuart Town Project exploration licences, historic gold workings and CRA's soil sampling program showing antimony anomalism



## Project Expansion

Kaiser became the owner of two exploration licence applications near Stuart Town. The licence applications, ELA 5937 and ELA 5921, are considered prospective for various styles of mineralisation and are considered by the Board to be complementary to Kaiser's current tenure (also highlighted in Figure 1) located in the historical gold mining centre at Stuart Town in New South Wales. ELA 5937 is the subject of Kaiser's own application and ELA 5921 has been acquired from Executive Director, Jonathan Charles Downes, for nil consideration other than the reimbursement of licence application costs (\$1,556). The acquisition agreement is otherwise on customary terms for an agreement of this nature.

Kaiser also reported that Exploration Licence ELA 5854, near Stuart Town, was granted and has been renumbered Exploration Licence EL 8952.

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 5).

The licences cover 80 kilometres of interpreted<sup>1</sup> 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."*<sup>2</sup>

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](http://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

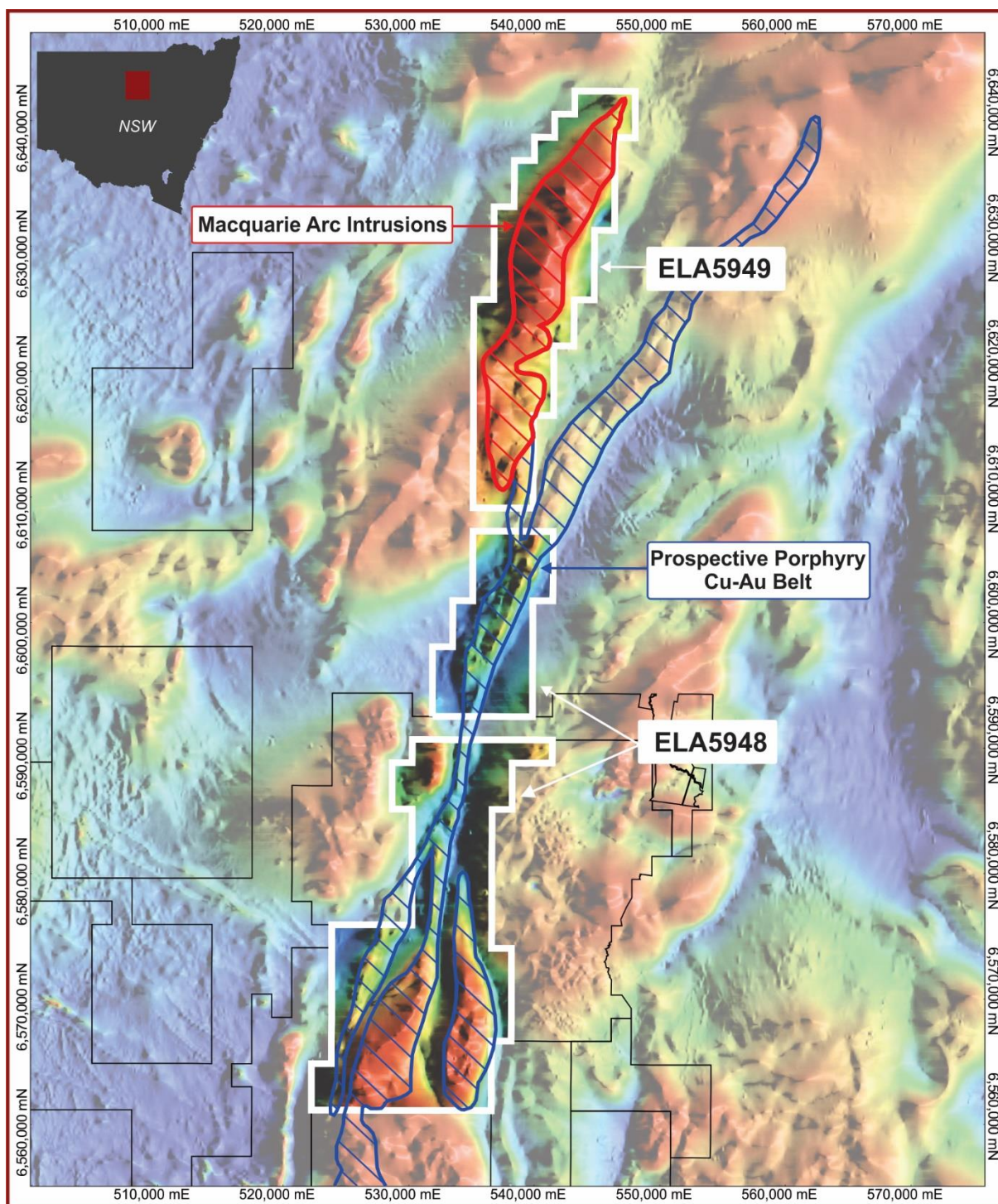


Figure 5: Kaiser Reef Limited tenement applications over total magnetic intensity with blue showing Government porphyry copper-gold potential predictive map, and with red Macquarie Arc intrusions.



## 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)	Actual Expenditure (26.02.20 – 31.03.20)	Variance	Note
Opening cash	410,855	195,394	(215,461)	1
Proceeds from the Offer	4,500,000	4,500,000	-	
<b>Total</b>	<b>4,910,855</b>	<b>4,695,394</b>	<b>(215,461)</b>	
Expenses of the Offer	420,000	313,754	106,246	2
Exploration expenditure	2,500,000	44,234	2,455,766	3
Administration costs	1,000,000	105,150	894,850	3
Working Capital	990,855	-	990,855	
<b>Total</b>	<b>4,910,855</b>	<b>463,138</b>	<b>4,447,717</b>	
<b>Remaining Cash</b>	<b>-</b>	<b>4,232,256</b>	<b>4,232,256</b>	

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 – 31.03.20 totalled \$313,754. Expenses of the Offer paid prior to 26.02.20 were \$132,083 giving a grand total of \$445,837. 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 only with the Company being admitted on the ASX for approximately 1 month as at 31.03.20.

## 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 an employee 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.

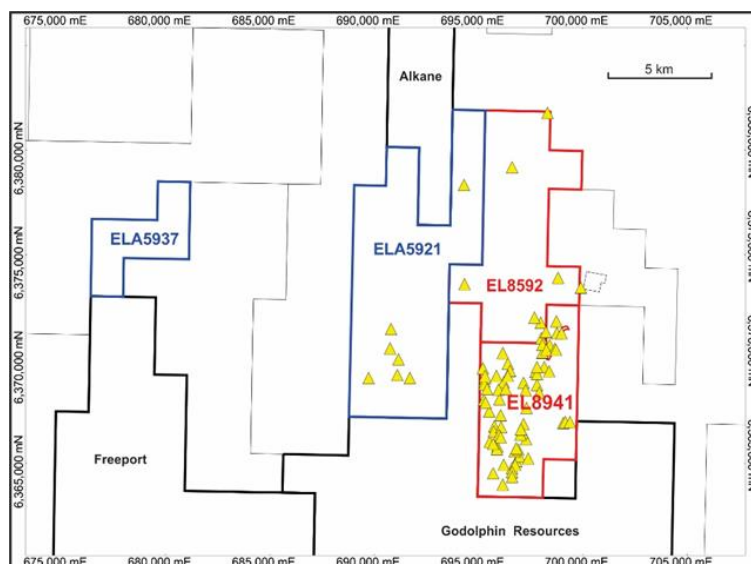
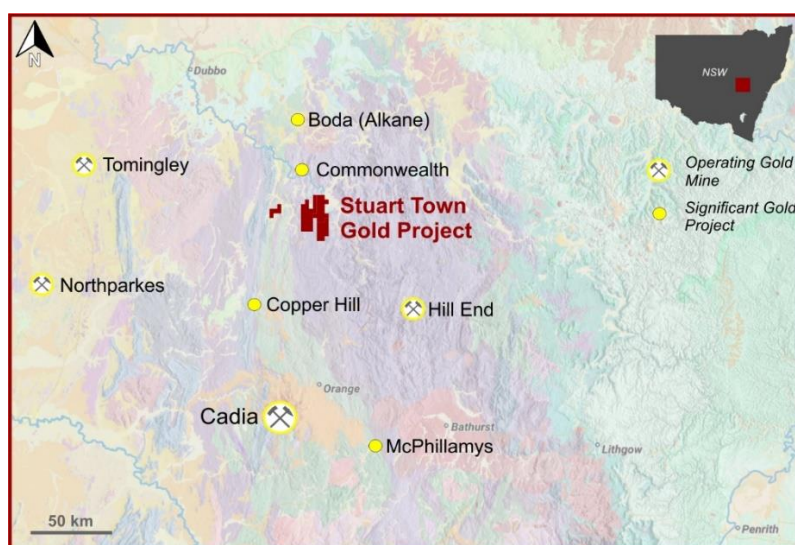


Figure 6: Kaiser Reef Limited tenement holding in red and Stuart Town licence applications in blue.

For further information please contact: [admin@kaiserreef.com.au](mailto:admin@kaiserreef.com.au)

Authorised by:  
Jonathan Downes  
Executive Director



**Stuart Town Gold Project location in New South Wales.**

## Schedule of Tenements

SCHEDULE OF INTERESTS 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%	100%
Stuart Town	EL8592	New South Wales	100%	100%