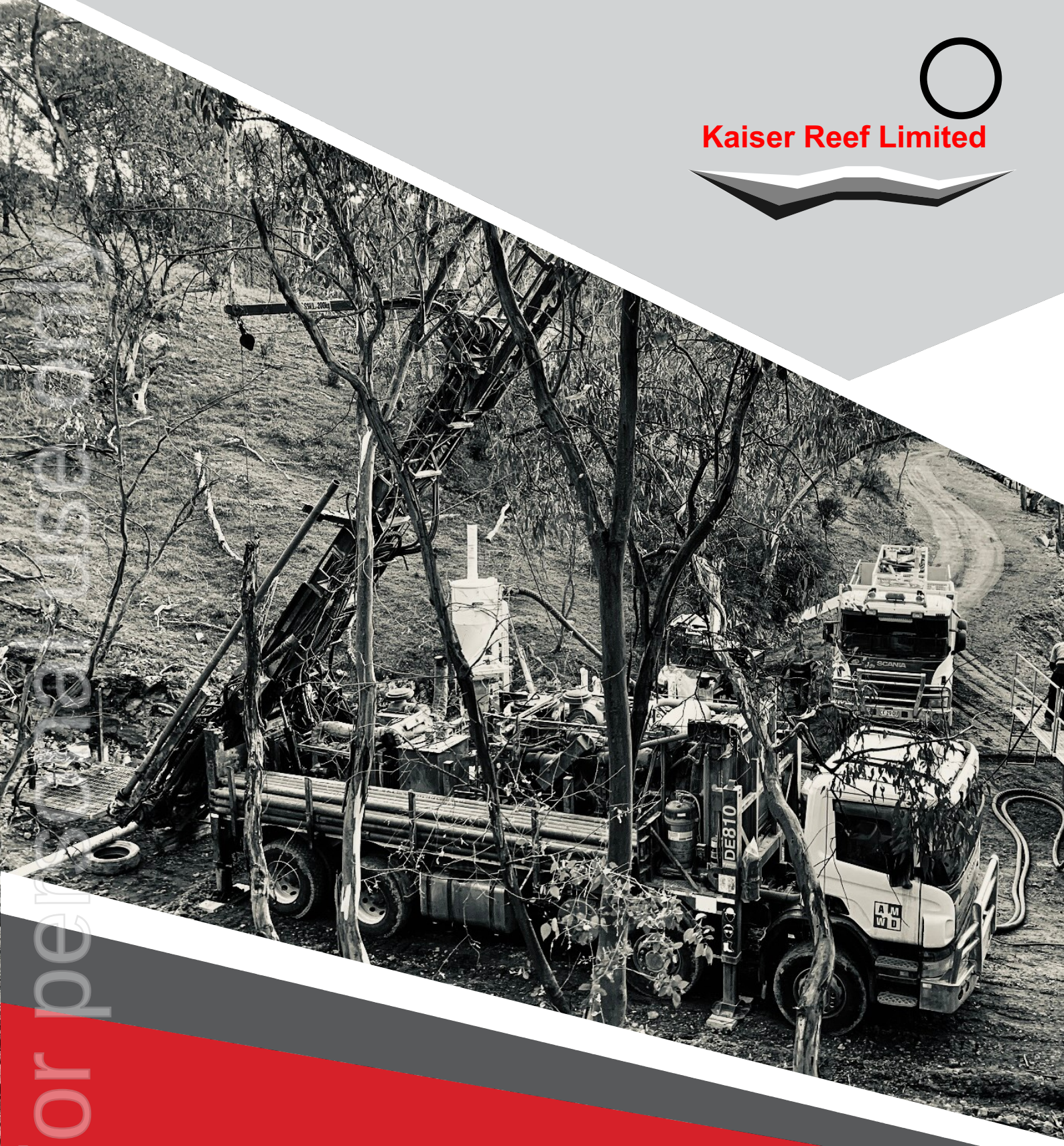
Kaiser Reef Limited



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KAISER REEF LIMITED
QUARTERLY REPORT

For the Period ending 30 September 2020

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22 October 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 September 2020

Kaiser Reef Limited (ASX: KAU) (**Kaiser** or the **Company**) is pleased to report on its quarterly activities for the period ending 30 September 2020. The Company's focus during the reporting period is the Stuart Town Goldfield, 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 concluded permitting to provide access to the initial drilling sites during the period and commenced drilling shortly after. Using the recent high-resolution geophysical surveys, drilling commenced targeting the extensive historic gold workings. At the time of reporting, the drilling is ongoing with assays awaited. Kaiser's appointed team of locally experienced geologists have identified broad zones of intrusive rocks that have been subjected to extensive alteration in the drilling.

Highlights

Drilling

The initial drilling programme is testing several targets, including the Rockdale mine and the Specimen Hill mine (Figure 1) and started with Reverse Circulation (RC) drilling followed up by diamond drilling later in the programme targeting the Quartz Hill region, which is ongoing at the time of writing. A programme of between 1,500 and 3,000 metres will be drilled with the assistance of geological mapping, geophysical investigation and will initially investigate a few of the historic gold prospects within the prolific numbers of historic gold workings in the region. It is anticipated that the RC drilling results will be reported in the near future, but that the ongoing diamond drilling will take significantly longer to return results.

The project has enjoyed little modern investigation since the main gold mining periods commenced in the mid 1850's, with the geological model and source of the gold remaining a subject of conjecture.

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

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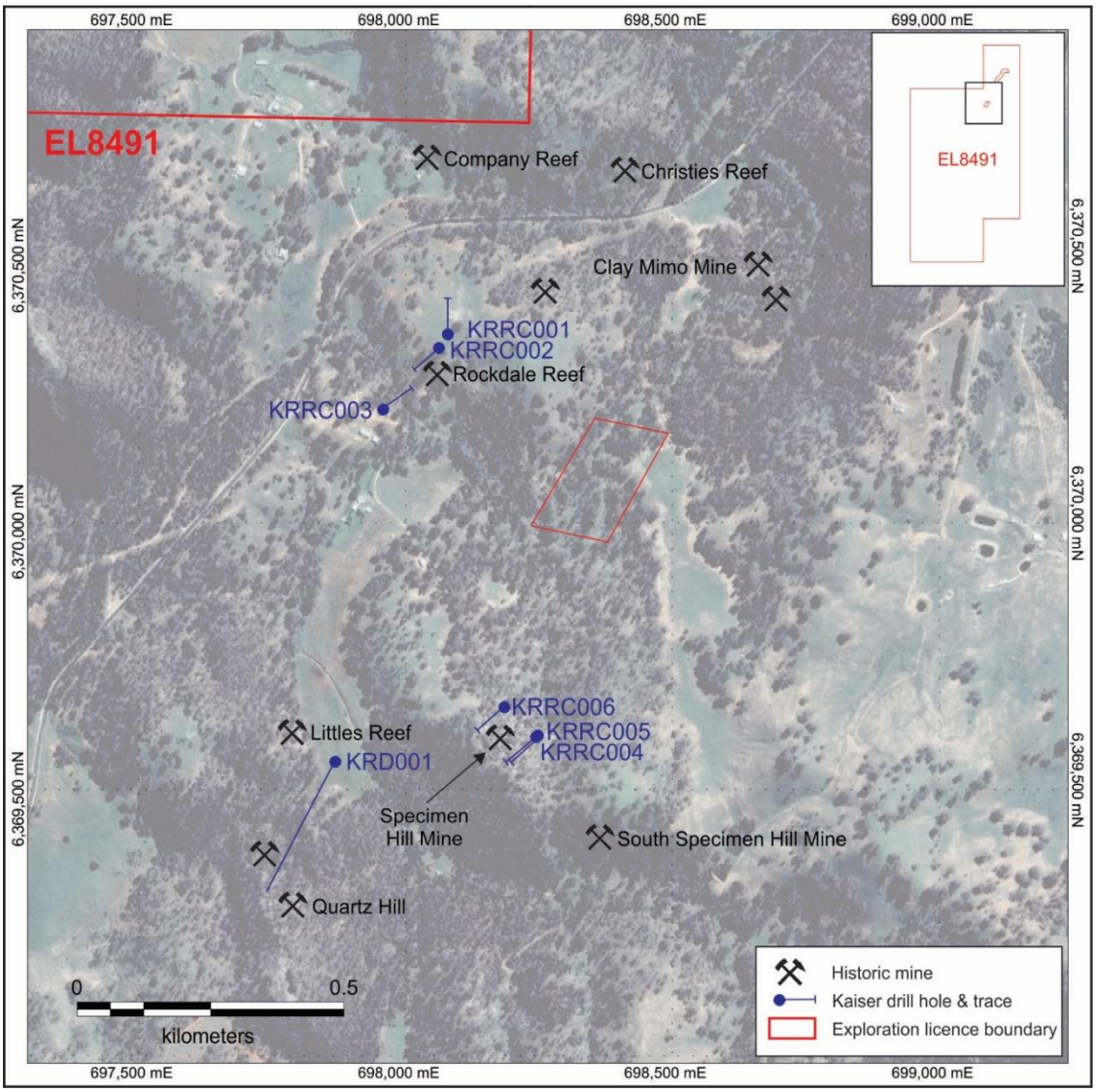


Figure 1: Drill Plan.

Material Acquisition of High-Grade Victorian Gold Projects and Processing Plant

On the first of October, and subsequent to the quarter, Kaiser announced that it had entered into an agreement with Golden River Resources Pty Ltd (**GRR**), that pending receiving all regulatory and shareholder approvals, it would acquire the following material assets in the Victorian Goldfields, collectively known as the Project:

- Four granted Mining Leases, three in the Bendigo Block and one at Woods Point, with proven gold endowment.
- The Maldon Goldfield with historic production of 1,740,000 ounces of gold at an average grade of 28 g/t gold.
- The A1 Gold Mine with historic production of 620,000 ounces of gold since 1861. The mine is fully permitted and currently operating.
- The Porcupine Flat gold processing plant (located at Maldon) which is currently operating at reduced capacity.

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This opportunity will propel Kaiser into the highly sought after Victorian high-grade gold district. The project has goldfields that have an exceptional production history and yet remain very poorly tested by modern exploration. The Victorian gold fields are now supporting high grade and highly profitable operations (such as Fosterville, Stawell etc). The acquisition will include the Nuggetty Mine which was one of the highest-grade gold mines in Victoria, having produced 301,000 ounces at an extraordinary average grade of 184 g/t gold. A plan of the Maldon goldfield is shown in Figures 2 and 3.

Kaiser will also have immediate gold production from the operating A1 gold mine (Figures 4 and 5). Upon completion Kaiser would also own a fully permitted and operating gold treatment plant, Figure 5, utilising crush, grind and CIL processing to produce gold dore on site.

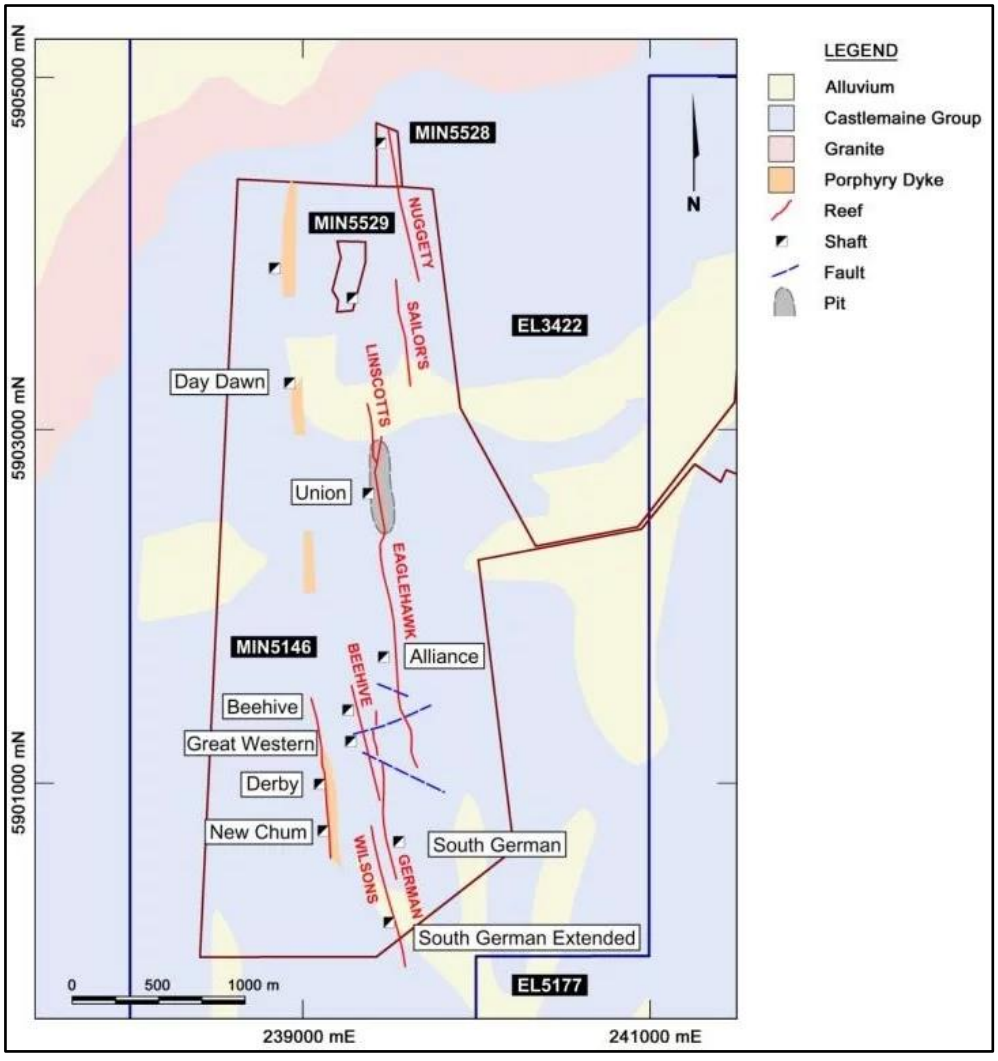


Figure 2: Plan view of the Maldon goldfield.

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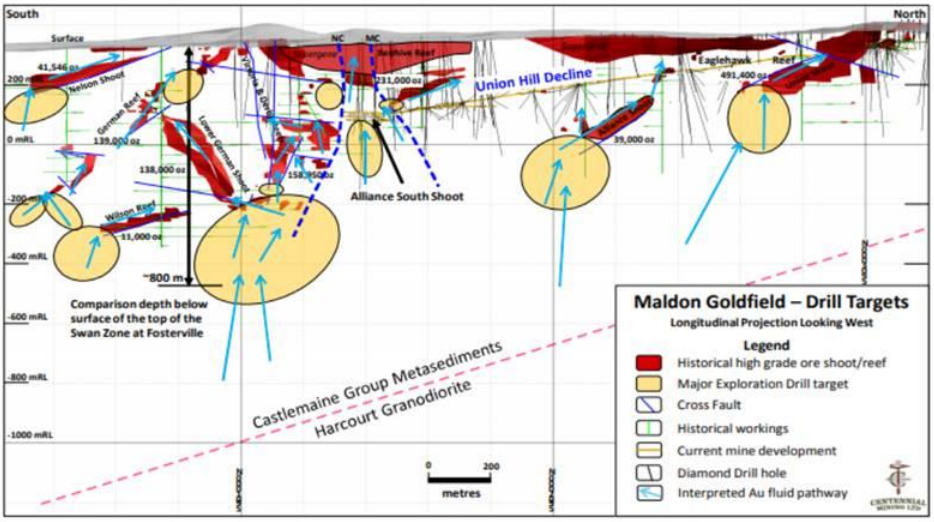


Figure 3: Long section looking west at previous exploration targets at Maldon

The Board believe that this new acquisition is a compelling and value accretive purchase to Kaiser shareholders which provides an exceptional opportunity to embrace the current strong gold price and supports our vision to become a profitable gold producer. The addition of two high-grade and significant goldfields, provides substantial exploration opportunity and de-risks the current exploration being conducted at the Stuart Town project in New South Wales. The Company also believes that the A1 mine has significant potential to be expanded with further drilling and this is proposed upon completion of the transaction with GRR.

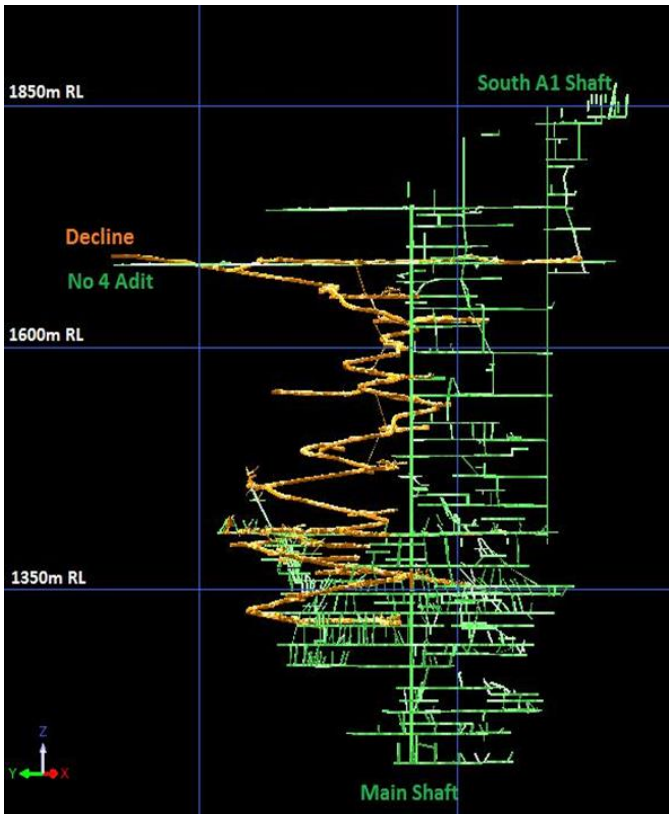


Figure 4: Longitudinal view of development headings in the A1 Gold Mine.

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The fully permitted and operating processing plant is also considered a valuable strategic asset for ongoing production in the Victorian goldfields and supports the possible rapid production of any future discoveries made in the region.

The Project is held by Centennial Mining Limited (subject to Deed of Company Arrangement) (**Centennial** or **CTL**).

Kaiser intends to benefit from detailed drilling and mine planning before expanding production and expects to further benefit substantially from the strong Australian gold price. Kaiser preliminary review work has identified the potential at the A1 Mine.

Further and substantially more comprehensive details will be provided in due course under a Prospectus that is currently being prepared.

The Transaction

GRR is a Special Purpose Vehicle that recently raised $13.5M in cash and acquired senior debt position and stepped into Deed of Company Arrangement (**DOCA**) proponent role to ultimately acquire the Project from the Administrators of Centennial.

Kaiser has entered into an agreement to buy GRR on the following terms:

- 56,033,333 shares in Kaiser (includes broker fees)
- The Advisor to this transaction will also be granted an additional 1,921,143 shares in Kaiser and 1,344,800 options with a 40c/share exercise price



Figure 5: *Left*: Portal to the A1 underground mine, *Right*: High grade quartz vein with visible gold, 1410-880 air leg stope

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Capital Raising

A capital raising for a total of $7.5M at 30c/share for a further 25,000,000 will be completed to ensure adequate funds to conduct immediate exploration at both Maldon and at the A1 mine and sufficient working capital. A priority pool will be established to provide an opportunity, but not an obligation, for existing shareholders to participate. These additional funds will complement the currently health cash balance held by Kaiser of over $3.5M. Strategic cornerstone investors, or their nominees, will have the right to take up to A$3.7M of the Placement.

Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

Kaiser has been directed by the Australian Securities Exchange (**ASX**) that it must re-comply under Listing Rules 1 and 2 and will be required to prepare a Prospectus. In addition, a Notice of Meeting will need to be lodged and voted on by shareholders in conjunction with the effectuation of the Centennial DOCA and completion of the acquisition of Centennial shares by GRR.

The anticipated effect of the Acquisition and the Capital Raising on the capital structure of the Company will be as follows:

	Shares	Options
Current issued capital	33,450,001	10,500,000
Capital Raising[1]	25,000,000	Nil
Consideration Shares[2]	53,333,333	Nil
Broker Shares[3]	2,700,000	Nil
Corporate Advisor Securities[4]	1,921,143	1,344,800
Total	**116,404,477**	**11,844,800**

Notes:

1. Assumes a $7,500,000 capital raising at $0.30 per Share.
2. Assumes a deemed issue price of $0.30 per Share for total Share consideration of $16,000,000.
3. Kaiser will issue 2,700,000 Shares at a deemed issue price of $0.30 each at Settlement directly to parties notified to Kaiser by Golden River prior to Settlement.
4. Securities to be issued to Empire Capital Partners Pty Ltd as a success fee in consideration for Empire's services in relation to the Acquisition. Shares will be issued at a deemed issue price of $0.35 per Share and Options exercisable at $0.50 on pr before that date which is 3 years from the date of issue.

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Indicative Timetable

Kaiser's securities will remain suspended from quotation until it has completed re-compliance with Chapters 1 and 2 of the Listing Rules. Reinstatement to quotation is in the absolute discretion of ASX and therefore the Transaction may not proceed if ASX exercises its discretion not to reinstate the Company.

The Company's current timetable to complete the Transaction is as follows. This is an indicative timetable only and subject to change.

Event	**Date**
Send notice of shareholders' meeting	6 November 2020
Lodge Prospectus with ASIC and apply to ASX for re-admission	9 November 2020
Shareholders' meeting	7 December 2020
Close Prospectus	9 December 2020
Receive conditional re-admission decision	11 December 2020
Completion of Transaction	21 December 2020
Re-admission to official list and re-quotation of securities	24 December 2020

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Use of Funds

In line with obligations under ASX Listing Rule 5.3.4, Kaiser 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. The Company is in the process of re-complying with Chapters 1 and 2 of the ASX Listing Rules and a revised use of funds table will be set out in the prospectus to be lodged for this purpose in early November.

Expenditure Item	**Use of Funds (5.12.19) '000**	**Actual Expenditure (26.02.20 – 30.09.20) '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	201	2,299	**3**
Administration costs	1,000	391	609	**3**
Working Capital	990	-	990	
Total	**4,910**	**908**	**4,002**	
Remaining Cash	**-**	**3,787**	**3,787**	

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 7 months as at 30.9.20 as well as the impacts of COVID-19.

Exploration

ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure during the Quarter was $81k. Full details of exploration activities during the Quarter are set out above. ASX Listing Rule 5.3.2: There were no mining production and development activities during the Quarter.

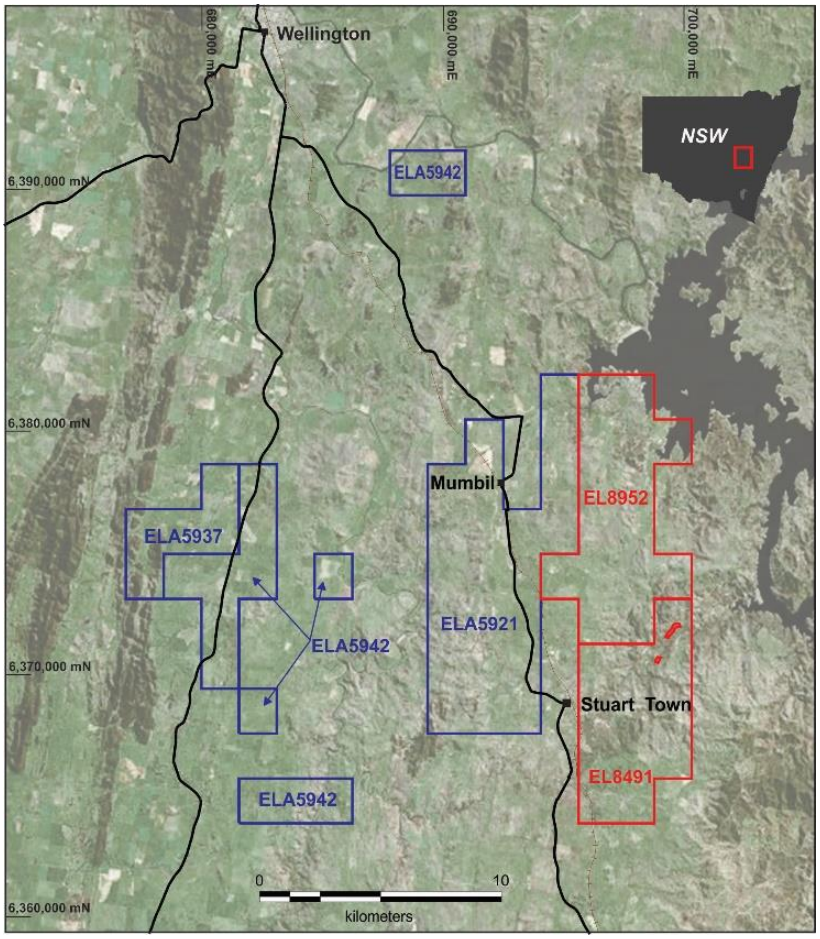
Related Party Payments

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

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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.

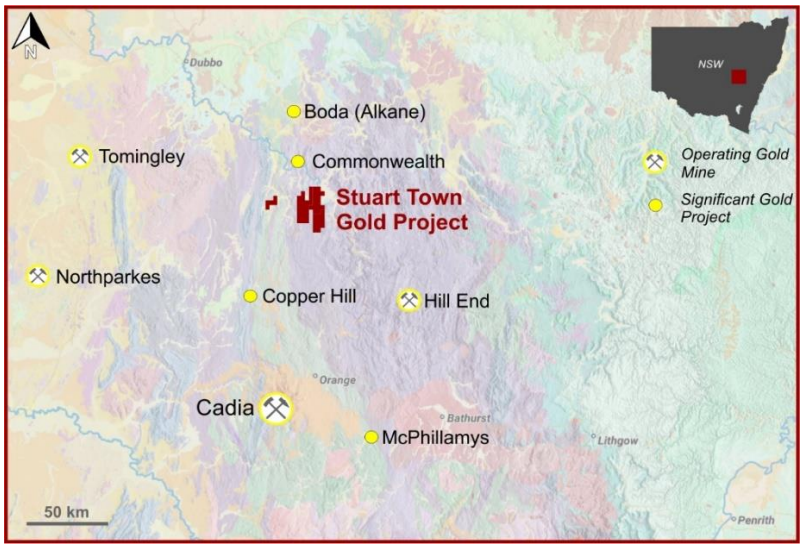


Kaiser Reef Limited tenement holding in red and Stuart Town licence applications in blue.

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

Authorised by:
Jonathan Downes
Executive Director

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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	EL8952	New South Wales	100%	-

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.