KAINANTU COMPLETES ACQUISITION FOR 100% OWNERSHIP OF MAY RIVER PROJECT

VANCOUVER, BC, April 3, 2023 /CNW/ - Kainantu Resources Ltd. (TSXV: KRL) (FSE: 6J0) ("KRL" or the "Company"), the Asia-Pacific focussed gold mining company, is pleased to announce that it has agreed to terms for the acquisition (the "Acquisition") of the remaining 90% interest in the May River Project (the "Project") from the Hardrock Limited ("Hardrock") vendors.

Further to the announcement of February 15, 2023, KRL has completed negotiations with Hardrock on terms favourable to all parties under a Share Sale Agreement (the "Agreement"), whereby KRL will issue shares in consideration for acquiring 90% of the Project (the "Shares"). KRL already holds the other 10% of the Project.

Key Terms of the Agreement:

- KRL will acquire the remaining 90% interest in the Hardrock, bringing KRL's total ownership to 100%, subject only to final approval by the TSX-V;
- Holding 100% of the Project achieves a key milestone for KRL, with the Company having full ownership and control of this highly prospective copper-gold project;
- Under the Agreement, KRL will issue script consideration of 18 million common shares representing a value of C$1,440,000, based on the closing market price of KRL shares on March 31, 2023;
- On a post completion basis this represents an approximate 17.7% interest in the Company (or 4.4% for each Hardrock shareholder);
- The Shares will be held in equal allotments by the four (4) shareholders of Hardrock, each holding will be independent of each other. No shareholders from Hardrock will become insiders as a result of the transaction;
- The Shares are issued subject to a statutory hold period of four (4) months and a day, in accordance with applicable securities law;
- In addition, the Shares are subject to a voluntary escrow of twelve (12) months for half the shares and twenty-four (24) months for the remaining shares;
- The original Option Agreement between the Company and Hardrock has been entirely replaced by the Agreement; and
- Closing and issue of the Shares is imminent, pending final approval by the TSX-V.

Matthew Salthouse, CEO of KRL, commented:

"We are delighted to announce the full Project acquisition, which will result in the 100% ownership of this highly prospective copper-gold asset. Our work to date and historical results from the Project have proven the value and confirm the Project's potential. We would like to thank the Hardrock vendors for their cooperation during our strategic partnership phase and welcome them as shareholders of the Company."

Intrinsic Value of the Project

The Project is highly prospective for gold and copper, laying adjacent to the Frieda River Project (being one of the world's largest undeveloped copper mines). Since entering into an agreement with Hardrock in 2021, KRL has acted as manager and conducted further studies at the Mountain Gate

and Skiraisa Prospects. These studies have supported the Company's view on the high potential of the overall Project. Further details of the Project are contained in earlier announcements on June 15, 2021 and September 21, 2021 (in addition to the announcement noted above).

In relation to the acquisition, the Company views the price of C$1,440,000 as representing fair value for the remaining 90% interest in Hardrock. This values Hardrock at C$1,600,000 million with the overall size of the tenement package of 890 km², this equates to a price of C$1,798 per km².

By comparison, the acquisition of the Company's KRL North and KRL South projects in 2020 (as part of the CPC listing onto the TSX-V) implied a price of C$6,347 per km². This was supported by a review of comparable transactions at this time in PNG (Report Link). No further comparable transactions have been identified since this time.

Since the CPC listing, the price of copper has appreciated by approximately 16.5%, with current prices of $4.09 per pound. Gold prices have also increased by approximately 7.7%, with current prices of $1,980 per ounce. Given the price increases in both commodities, the Company believes the price per km² is well supported and reasonable for the Acquisition.

May River Copper-Gold Project Summary

Located less than 10km west of Frieda River, the May River asset has several highly prospective targets that KRL aims to explore in short term. Key Project prospects (Skiraisa, Foya, Eserebe, Mountain Gate and Iku Hill) are situated along a 7km long N-NW trending structural corridor, exhibiting many attributes similar to the extended mineralised system identified at the Frieda River Project (between 10 and 15km to the east);

Soil, rock chip and channel anomalies indicate the existence of porphyry style Copper-Gold mineralisation in addition to near surface structurally controlled and breccia-hosted epithermal gold veins and breccias. Previous drilling at the Skiraisa prospect has demonstrated significant gold potential: 54m at 1.83g/t Au; 109m at 1.53g/t Au and 96m at 0.89g/t Au. Copper-in-soil anomalies of >2.5% (2,500ppm) have been reported from several areas at the Mountain Gate prospect;

More information about May River project can be accessed here.

About Kainantu Resources (KRL)

Kainantu Resources ("KRL") is an Asia-Pacific focussed gold mining company with three highly prospective gold and copper projects, KRL South, KRL North and the May River Project. All projects are located in premier mining regions in PNG. Both KRL North and KRL South show potential to host high-grade epithermal and porphyry mineralization, as seen elsewhere in the high-grade Kainantu Gold District. The May River project is in close proximity to the world-renowned Frieda River Copper-Gold Project, with historical drilling indicating the potential for significant copper-gold projects. KRL has a highly experienced board and management team with a proven track record of working together in the region; and an established in-country partner. KRL recently executed an agreement to acquire the Kili Teke project in the western highlands of PNG.

Kainantu Resources

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