KAINANTU RESOURCES ANNOUNCES SENIOR CONVERTIBLE DEBENTURE OFFERING; CONFIRMS COMMITMENTS FOR C$1,400,000

VANCOUVER, BC, May 30, 2023 /CNW/ - Kainantu Resources Ltd. (TSXV: KRL) (FSE: 6J0) ("KRL" or the "Company"), the Asia-Pacific focussed gold mining company, is pleased to announce subscriptions and/or commitments for C$1,400,000 for the Company's offering (the "Offering") of a non-brokered private placement of Senior Convertible Debentures, also known as Convertible Promissory Notes (the "Notes").

Under the Offering, KRL holds subscriptions (or firm commitments to subscribe) for C$1,400,000, which is sufficient for the Company's current initiatives. The Offering enables KRL to accept subscriptions for total gross proceeds of up to C$1,800,000.

Key Terms of the Offering:

- The Company will issue Notes to accredited investors to raise gross proceeds of up to C$1,800,000, with subscriptions in hand and/or commitments to subscribe already for C$1,400,000.
- Shares in Kainantu Resources Pte Ltd ("KRPL"), a Singapore registered company wholly owned by the Company, will be pledged as collateral.
- The Notes will accrue interest at a rate of 10% per annum, compounded annually and will mature after a period of 36 months.
- After 12 months from the completion of the Offering, the Notes will be convertible into units of the Company (the "Units") at a price of $0.08 per Unit.
- Upon conversion, the Units will be comprised of 1 common share and 1 full warrant ("Warrant") allowing holders to acquire an additional share at $0.12 per share within 36 months of closing.
- The Note contemplates a consolidation of KRL stock on a 2:1 basis prior to the 12-month anniversary of closing.
- After 18 months from closing, the Company will have an option to request conversion of 50% of debt to common shares if the share price has traded at or above $0.16 over a 60-day VWAP (and/or 100% if the share price trades at or above $0.24 for a 60-day VWAP).
- The Note has no negative covenants on subordinate borrowing or asset disposition.
- The Note will close on or before June 10, 2023.
- The Note is subject prior approval of the TSX Venture Exchange ("TSX-V") and contains such other customary terms as appropriate.

Matthew Salthouse, CEO of KRL, commented:

"This funding represents a significant milestone for Kainantu Resources as we continue to unlock the value of our exploration assets, with particular focus on the Kili Teke project and targets at Ontenu, adjacent to K92.

On closing, funds will be immediately deployed to these two projects, which are key initiatives on the pathway to building intrinsic value across the KRL portfolio.

KRL thanks our investors and stakeholders for their ongoing support."

Use of Proceeds

The net proceeds from the Offering are intended to be used, but are not limited to, the completion of the acquisition of the Kili Teke Project (which requires a further payment to Harmony Gold (PNG) Exploration Limited of US$400,000 as a condition of closing).

In addition, proceeds will be used to advance exploration programmes, including focusing on specific high-grade drilling targets at Ontenu in KRL South.

Proceeds will also be used for general working capital purposes.

Further Deal Terms

The Offering is expected to close on or before June 10, 2023 and the Company will provide an update on the private placement in due course.

Completion of the Offering is subject to certain conditions including, but not limited to, the receipt of all necessary regulatory approvals, including acceptance of the TSX-V.

In connection with the Offering, the Company may pay finder's fees to certain finders, which fees would be a cash payment of up to 7% of the gross proceeds raised by purchasers introduced by such finders, and the issuance of non-transferable compensation warrants up to 7% of the number of Units purchased by purchasers introduced by such finders (each, a "Finders Warrant"). Each such Finders Warrant will be exercisable for one common share at an exercise price of C$0.12 per common share at any time prior to 36 months following the closing date of the Offering and will be issued on substantially the same terms and conditions as the Warrants, except that the Finders Warrants will not be subject to an acceleration clause.

Disclosures:

Current shareholders of the Company, Snowfields Wealth Management Limited ("SWML"), a private British Virgin Islands holding company controlled by Geoff Lawrence, a director of the Company, and Season Cove Limited ("SCL") a private British Virgin Islands holding company controlled by Iain Deay, will participate in the Offering.

Accordingly, the participation of SWML and SCL in the Offering constitutes a related party transaction under Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company is exempt from the formal valuation and minority approval requirement under MI 61-101 as the fair market value of SWML and SCL's participation in the Offering does not exceed more than 25% of the market capitalization of the Company, as set forth in Sections 5.5(a) and 5.7(1)(a) of MI 61-101. The Company may not file a material change report more than twenty-one (21) days before the expected closing date of the Offering, as the Company intends to close the Offering as soon as practicable.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy the Units, nor shall there be any sale of the Units in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification under the securities laws of any such jurisdiction. The Units being offered will not be, and have not been, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, a U.S. person.

Neither the TSX-V nor its Regulation Services Provider (as that term is defined in the policies of the TSX-V) accepts responsibility for the adequacy or accuracy of this release.

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.

Disclaimer and Forward-Looking Information

This release contains forward-looking statements, which relate to future events or future performance and reflect management's current expectations and assumptions. Such forward-looking statements reflect management's current beliefs and are based on assumptions made by and information currently available to the Company. All statements, other than statements of historical fact, are forward-looking statements or information. Forward-looking statements or information in this news release relate to, among other things: the expected closing and use of proceeds of the Offering. These forward-looking statements and information reflect the Company's current views with respect to future events and are necessarily based upon a number of assumptions that, while considered reasonable by the Company, are inherently subject to significant operational, business, economic and regulatory uncertainties and contingencies. These assumptions include; success of the Company's projects; prices for gold remaining as estimated; currency exchange rates remaining as estimated; availability of funds for the Company's projects; capital, decommissioning and reclamation estimates; prices for energy inputs, labour, materials, supplies and services (including transportation); no labour-related disruptions; no unplanned delays or interruptions in scheduled construction and production; all necessary permits, licenses and regulatory approvals are received in a timely manner; and the ability to comply with environmental, health and safety laws. The foregoing list of assumptions is not exhaustive. The Company cautions the reader that forward-looking statements and information involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements or information contained in this news release and the Company has made assumptions and estimates based on or related to many of these factors. Such factors include, without limitation: fluctuations in gold prices; fluctuations in prices for energy inputs, labour, materials, supplies and services (including transportation); fluctuations in currency markets (such as the Canadian dollar versus the U.S. dollar); operational risks and hazards inherent with the business of mineral exploration; inadequate insurance, or inability to obtain insurance, to cover these risks and hazards; our ability to obtain all necessary permits, licenses and regulatory approvals in a timely manner; changes in laws, regulations and government practices, including environmental, export and import laws and regulations; legal restrictions relating to mineral exploration; increased competition in the mining industry for equipment and qualified personnel; the availability of additional capital; title matters and the additional risks identified in our filings with Canadian securities regulators on SEDAR in Canada (available at www.sedar.com). Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated, described, or intended. Investors are cautioned against undue reliance on forward-looking statements or information. These forward-looking statements are made as of the date hereof and, except as required under applicable securities legislation, the

Company does not assume any obligation to update or revise them to reflect new events or circumstances.

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CNW 06:00e 30-MAY-23