Kainantu Resources Closes Acquisition for 100% Control of the Kili Teke Copper-Gold Project

VANCOUVER, BC, Sept. 14, 2023 /CNW/ - Kainantu Resources Ltd. ("KRL" or the "Company") (TSXV: KRL) (FSE: 6J0) is pleased to announce that it has closed the definitive agreement with Harmony Gold (PNG) Exploration Limited ("HGEL"), a wholly-owned subsidiary of Harmony Gold Mining Company Limited ("Harmony") to acquire 100% ownership of the Kili Teke Gold-Copper Project ("Kili Teke" or the "Project") in Papua New Guinea ("PNG") (the "Acquisition" or "Transaction").

Kili Teke is an advanced porphyry gold-copper development project with an existing NI43-101 compliant mineral resource; and significant potential for re-optimization focusing on higher grade Au skarn mineralisation close to surface in addition to near site exploration potential to increase overall value.

Key Highlights:

- KRL and HGEL have closed the definitive agreement for KRL to acquire 100% of the Kili Teke Project from HGEL as of today (September 14, 2023), including:
    - HGEL has obtained the necessary approvals from the PNG Mineral Resource Authority ("MRA") to transfer the Project to KRL;
    - KRL has paid to HGEL the balance of closing consideration of US$400,000 less adjustments (for a total payment to acquire 100% of the Project being US$500,000, inclusive of the original payment made); and
    - KRL has issued to Harmony 11,257,252 warrants equal to 9.9% of the issued capital of KRL on closing, enabling Harmony to become a strategic investor in KRL at its election in the future (upon Harmony exercising such warrants at a price of C$0.28 per warrant);
- closing the Acquisition is a key milestone event for KRL, with the Company having control and ownership of 100% of all its blue-chip portfolio of projects: Kili Teke, May River, KRL North and KRL South (including the highly prospective Ontenu prospect);
- KRL now holds a significant mineral resource as an inventory on closing, with an Inferred Mineral Resource of 237Mt @ 0.34% Cu, 0.24g/t Au and 168ppm Mo for a total of 802kt of Cu, 1.81Moz of Au and 40Kt Mo, using a 0.2% Cu cut-off (see the NI43-101 Technical Report for the Project released by KRL on January 12, 2023);
- Kili Teke is a blue-chip development Project in PNG with significant potential for KRL (drawing on activities already completed by HGEL, including over 36,000 metres of drilling and circa US$25 million of historic expenditure) – see KRL's announcement of April 6, 2022 for Project details and the strategic rationale: https://kainanturesources.com/projects/kili-teke-project/;
- Initial re-optimization work for the Project will accelerate on closing, with the target to develop a

"first phase" Preliminary Economic Assessment ("PEA") over the remainder of 2023 and into H1 2024, likely to confirm the robust potential of the Project:

  - the Project is likely capable of development as a small scale yet higher grade Au-Cu open pit operation generating strong economic returns;
  - higher grade Au mineralisation can be delineated within the upper reaches of the existing deposit; and
  - the current mineral resource estimate does not include identified skarn mineralisation expected to increase the Cu and Au grades by 5% and 4% respectively; and the respective metal contents by 11% and 10% (being of significant upside potential);

- community support for KRL's acquisition remains strong, with the Company's external affairs team engaging well with local stakeholders.

Matthew Salthouse, CEO of KRL, commented:

"Taking control of 100% of Kili Teke is a key milestone event for KRL and a pleasing outcome for all stakeholders.

This transformational deal provides KRL with an exceptional advance stage project, likely to demonstrate robust economic returns initially as a higher-grade Au focused open pit mine. Building on the significant body of work already undertaken by Harmony, KRL's re-optimization studies will now accelerate around this objective. Further updates will follow on this initiative.

From a corporate perspective, KRL now has a sizeable mineral resource in our inventory; and full control and ownership of all portfolio projects: Kili Teke, May River, KRL North and KRL South.

In addition to recognising the ongoing support of our shareholders through challenging markets, KRL acknowledges the collaborative efforts of Harmony and the mining authorities in PNG to close this deal.

KRL remains committed to our core objective of developing a portfolio of high quality projects of material intrinsic value, with closing the Kili Teke deal being a critical step along this path."

Further Details

Post-closing events are in hand in consultation with HGEL and the MRA, including approval of a revised work programme focussing on KRL's plans for re-optimization of the Project.

Key terms of the Acquisition are stated in further detail in the announcement of April 6, 2022. There remains is a requirement for a payment after closing of US$500,000 (to be paid on or before December 1, 2023 as a required part of the tenement transfer process). In addition, further future payments on completing Project milestone gates are required on criteria set by KRL at its discretion.

The issuance of warrants to Harmony remains exercisable at C$0.28 per share (based on a 25% premium to the KRL 30-day VWAP share price when the Transaction was executed on April 5, 2022). On moving to commercial production, HGEL retains a royalty of 1.5% NSR.

The Inferred Mineral Resource estimates stated above are based on the NI43-101 Technical Report – Kili Teke Cu-Au Project, Papua New Guinea authored by Graeme J Fleming and dated November 18, 2022.

Qualified Person

The scientific and technical information disclosed in this release has been reviewed and approved by Graeme Fleming, B. App. Sc., MAIG, an independent "qualified person" as defined under National Instrument 43-101, *Standards of Disclosure for Mineral Projects*.

About KRL

Kainantu Resources 'KRL' is an Asia-Pacific focused gold mining company with four highly prospective gold-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 mineralisation, as seen elsewhere in the high-grade Kainantu Gold District. The May River project is near 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. Kili Teke is an advanced development project with an existing NI43-101 compliant inferred mineral resource.

For further information please visit https://kainanturesources.com/

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Disclaimer and Forward-Looking Information *Mineralization hosted on adjacent and/or nearby properties is not necessarily indicative of mineralization hosted on the Company's property. The data disclosed in this release relating to drilling results is historical in nature. Neither the Company nor a qualified person has yet verified this data and therefore investors should not place undue reliance on such data, and no representation or warranty, express or implied, is made by the Company, its affiliated companies, or any other person as to its fairness, accuracy, completeness, or correctness. 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: expectations regarding completion of the Acquisition and the terms thereof, including timing, the results of Preliminary Economic Assessments and Feasibility Studies, further exploration activities or development programs on the Project, receipt of necessary regulatory approvals and the formulation of plans for drill testing; the effect of the Acquisition on KRL and its portfolio; further growth of the Project; timing of the renewal of EL 2310; the ability of the Company to raise financing; the description and viability of the Project; the preparation and filing of a NI 43-101 Technical Report; and the ability of the Company to deliver on its strategic objectives and create shareholder value. 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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