

Kaiser Reef Limited



Interim Financial Report

For the half year ended 31 December 2021

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Directors' Report

Directors

The Directors present their report on the "Kaiser" or "the Group", consisting of Kaiser Reef Limited and the entities it controlled at the end of, or during, the financial period ended 31 December 2021.

The following persons were Directors of Kaiser Reef Limited at any time during the year and up to the date of this report:

- Adrian Byass
Non-Executive Chairman
- Jonathan Downes
Executive Director
- Stewart Howe
Executive Director
- David Palumbo (resigned 5 July 2021)
Non-Executive Director

Principal activities

The principal activities of the Group were mineral exploration and development. During the year the nature of activities of the Group changed to include mining, production and the sale of gold.

Dividend paid or recommended

No dividend has been paid and the directors do not recommend the payment of a dividend for the period ended 31 December 2021.

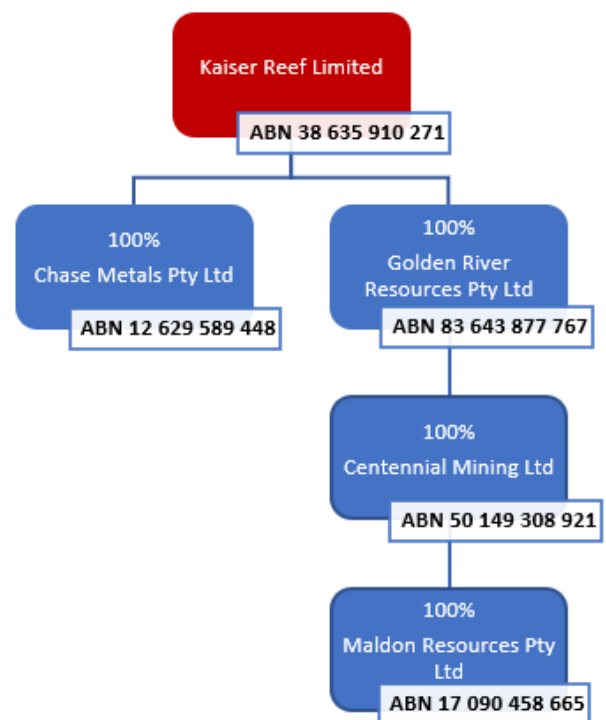
Significant changes in the state of affairs

On 6 September 2021, the Group announced a share placement of 10,000,000 shares and non-renounceable 1 for 8 rights issue to raise approximately \$5.1 million (before costs). The new Shares were issued under the Placement and Rights Issue at a price of \$0.20 per Share, representing a 15.1% and 15.8% discount to the volume weighted average share price over the prior 5 and 10 trading days respectively, prior to the Company's trading halt (as per the ASX announcement dated 2 September 2021).

The Group also entered into an Underwriting Agreement with Westar Capital Limited to act as the underwriter to the Rights Issue and will be paid 6% of the underwritten amount, as well as 8,000,000 options with an exercise price of \$0.30 expiring on 30 September 2024. 6,000,000 were issued upon completion of the placement and rights issue and a further 2,000,000 were issued following shareholder approval.

Corporate information

Kaiser Reef Limited is limited by shares and is incorporated and domiciled in Australia. The Group's corporate structure is as follows:



Directors' Report

Overview of the Group's activities

The Group continued its growth trajectory with a number of milestone achievements during the period year. The key results for the period were:

- Quarter on Quarter production growth
- Conducted substantial resource drilling and mine planning at the A1 Mine
- High grade first exploration results from the Maldon Historic Goldfield
- Commenced the decline at the A1 Mine to develop the Queens Lode and opened new development headings
- Successfully transitioned as owner- operator with the purchase of the mining fleet and other equipment.
- Completed the expanded tailings facility to support processing into the future
- Improved ventilation and electrical systems at the A1 Mine (work ongoing)

The Directors' Report covers the period ended 31 December 2021. During this financial period the Group recorded a statutory loss of \$2,663,850 compared to \$1,485 for the 31 December 2020 period.

The focus after acquisition was the future mine development and further exploration at Maldon to ensure an expanded and profitable future mine plan.

The consolidated results for the period are summarised as follows, with negative balances representing loss:

	31 December 2021	31 December 2020
EBITDA ⁽³⁾⁽⁶⁾	(325,890)	(1,485)
EBIT ⁽²⁾⁽⁶⁾	(2,667,797)	(1,485)
Loss before tax ⁽⁴⁾	(2,663,850)	(1,485)
Statutory loss ⁽¹⁾ after tax	(2,663,850)	(1,485)
Total net significant items after tax	-	-
EBITDA ⁽⁶⁾ (excluding significant items)	(325,890)	(1,485)
EBIT ⁽⁶⁾ (excluding significant items)	(2,664,797)	(1,485)
Loss before tax (excluding significant items)	(2,663,850)	(1,485)
Underlying net loss after tax ⁽⁵⁾⁽⁶⁾	(2,663,850)	(1,485)

(1) Statutory loss is net loss after tax attributable to owners of the parent.
(2) EBIT is loss before interest revenue, finance costs and income tax expense.

(3) EBITDA is EBIT before depreciation and amortisation.

(4) Loss before tax is loss before income tax expense.

(5) Underlying net loss after income tax is net loss after income tax ("statutory loss") excluding significant items as described in Note 3 to the consolidated financial statements.

(6) EBIT, EBITDA and underlying net loss after tax are non-IFRS financial measures, which have not been subject to review or audit by the Group's external auditors. These measures are presented to enable understanding of the underlying performance of the Group by users.

Directors' Report

Review of operations

A1 Mine Operations

Safety is a key focus for the Group and the appointment of new management initiated a series of reviews and improvements to safety processes following the period of administration.

The A1 Mine is continuing a planned production ramp up strategy prepared by the Group that is designed to access increased production sources from both air-leg and mechanical mining methods.

Current ore extraction is through air-leg mining methods. The ore is then treated at the Group's wholly owned CIL processing facility at Maldon. Production during the period was constrained while vertical development to the Queens Lode was established and new air-leg production fronts were opened. Sustaining infrastructure investment, decline extension and lateral development to open new ore headings were required following a period of under investment during the administration period.

During the period, the Group's produced 3,319 ounces of gold and sold 3,468 ounces of gold at an average realised price of \$2,457 Australian dollars. Gold sales increased from 1,421 ounces in the September quarter to 2,047 ounces in the December quarter of 2021.

The A1 Mine operation continued its decline development to the Queens Lode at depth and opened access to new mining levels and potential ore. This work is expected to provide support for the operations and is planned to deliver ongoing high-grade ore to Kaiser's processing plant at Maldon, where ramp-up planning and staffing has commenced in anticipation of increased production.

The Group has developed a strategy to increase production in the short and medium term, targeting a larger disseminated area of mineralisation called the Queens Lode. The Queens Lode is anticipated to facilitate mechanised mining to supplement and increase the production rate overall. Commencement of production from the Queens Lode is expected to occur in second half of FY22.

Maldon Processing Plant

The plant processed 12,629 tonnes of ore at an average recovery of 95.1% for the period ending 31 December 2021.

The mill tailings continues to be discharged into Tailings Storage Facility (TSF) No 5. Construction of the first lift of the TSF facility (TSF Lift 5C) was completed in December 2021. Commencement of the next 1.5m lift is expected in the first half of FY23.

A draft Community Engagement Plan (CEP) was presented to Environmental Review Committee (ERC) members in May 2021 and feedback has been requested from the ERC members. A gap analysis is currently in progress to measure performance against the plan and prioritize action plans to improve engagement with the community.

During the period, water from the Union Hill underground mine was used for process operations and excess water was directed to the Nuggetty Water Management Group for agriculture irrigation.

Maldon Urban Landcare Group planned further working bees to conduct maintenance of the Eaglehawk Open Cut Pit revegetation site in Maldon, but work was hampered by bad weather and Covid restrictions.

The power agreements for supply of power to Maldon Resources (including Union Hill) and A1 Mine, which were re-negotiated

during FY21, which started on 1 October 2021 and will result in significant cost savings for ongoing power consumption.

Exploration activities

Maldon Drilling program

Maldon is located between Bendigo and Ballarat in the Victorian Goldfields and the licence area has produced over 1.7M ounces of gold at 28 g/t (Figure 2 and Figure 3). Maldon is host to one of Australia's highest grade historic gold mines, the Nuggetty Reef, that produced 301,000 ounces of gold at 187 g/t.

One of the Maldon's key attributes is the extensive existing infrastructure and proximity to Kaiser's gold processing plant (3 km away). Low-cost development could be implemented with the mining fleet owned by Kaiser and its experienced mining team for moderate capital cost.

Kaiser commenced drilling at Maldon. The drilling programme is intended to continue for a prolonged period, with an initial programme of over 20 drillholes from underground. The programme may be extended based on results. Drilling results will be released in batches once assay results are received.

Kaiser considers Maldon to be an underexplored and extremely prospective prolific high grade historic goldfield. Exploration at Maldon is a high priority objective for Kaiser. Drilling commenced early during the first Quarter targeting prospective potential ore shoot extensions. The underground drilling rig concluded drilling at the A1 Mine and then commenced drilling from underground locations at Maldon. Drilling initially targeted the projected extensions to historic high-grade mineralisation at the Eaglehawk reef, one of Maldon's largest high grade and largest historic mines.

The Kaiser owned Maldon goldfield produced 1.74 million ounces of gold at an average grade of 28 g/t gold* on a granted mining lease close to the 100% owned, permitted and operating plant which is currently treating ore from the wholly owned high-grade A1 gold mine.

Maldon has some distinct exploration and development advantages including an established and serviced decline which allows excellent underground access for drilling high-grade shoots and is currently facilitating the underground drilling.

Some of the historic high-grade gold results from Maldon that require follow up include:

- 0.90m @ 103.0 g/t gold
- 2.73m @ 42.2 g/t gold
- 2.75m @ 22.6 g/t gold
- 0.44m @ 205.0 g/t gold
- 2.00m @ 58.0 g/t gold
- 2.30m @ 12.5 g/t gold
- 0.83m @ 80.0 g/t gold
- 1.0m @ 45.5 g/t gold
- 3.55m @ 11.9 g/t gold
- 2.95m @ 18.5 g/t gold
- 0.85m @ 114.6 g/t gold

*Not including alluvial/placer production.

Kaiser announced the first exploration results for Maldon. The drilling rig is operating well from underground at the Union Hill decline. The results returned some excellent narrow high-grade

Directors' Report

intervals (Figure 3). Most of the drill holes intercepted the Eaglehawk target reef at its projected location.

The drilling target represents the previously named 'Alliance South deposit'- see Figure 1 & 2. The Alliance South deposit is defined by the north-south striking Eaglehawk Reef, at the southern termination of the Central Maldon Shear zone. The Alliance South deposit comprise a fault bound shallow dipping western and steep dipping eastern reef which make up the overall Eaglehawk Reef structure which was mined extensively from the Alliance and Limited shafts. Higher grades are associated with the western reef with occasional widths reportedly exceeding 5m.

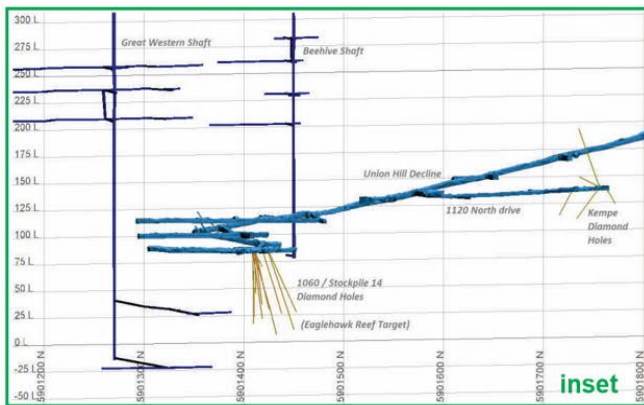


Figure 1: Long section of Maldon goldfield showing the two drilling areas as reported. * The historic production from Maldon, as reported in the Kaiser prospectus dated 7 December 2020. Alluvial gold production has been excluded.

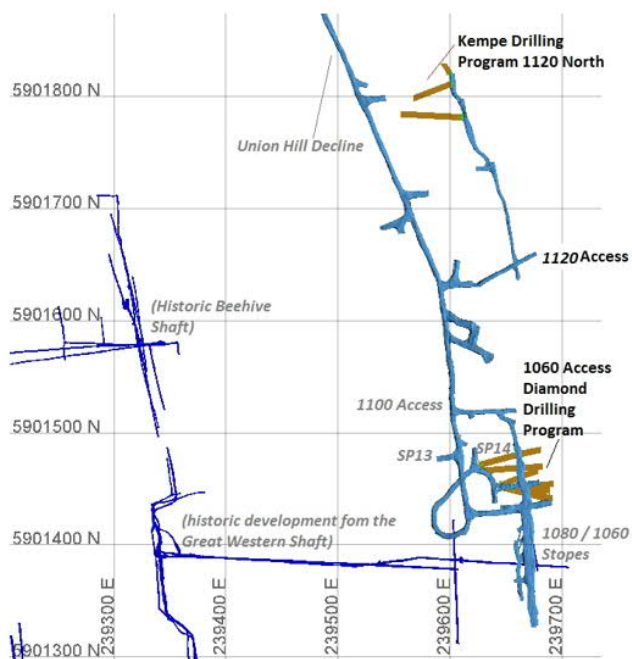


Figure 2: Plan view showing the two drilling areas

The target drilling area represents a structural zone where the Eaglehawk Reef passes from the east limb of the German Anticline into the hinge zone of the German Syncline. The up-dip projection of the Eaglehawk Reef was stoped to the south on the 1080 and 1060 Levels. The planned drilling is targeted to delineate a down-dip resource in addition to following up on regions that returned historic high-grade intersections such as DDH104 (2.8m @ 14.87 g/t Au).

The Alliance South deposit within the Eaglehawk Reef represents a structural domain south of a major fault known as the Moons Cross Course and north of the Nankivell Cross Course. This structural domain had limited historical mining due to these major discontinuities inhibiting underground development for risk of flood inundation and related geotechnical conditions that were beyond historic engineering capabilities.



Figure 3: Eaglehawk reef showing typical mineralised quartz/sulphide lodes, UH-UDH-006: 59.73m to 61.5m for 1.77m @ 29.6 g/t gold

A1 Drilling program

Kaiser announced further exceptional results from the ongoing diamond drilling program at the A1 Gold Mine. Drilling targeted the Queens Lode and extensions of host-rock geology at depth (diorite dyke). This programme has been ongoing since the beginning of the year. This announcement relates to results from recently received drilling released in the September 2021 quarterly announcements.

Significant results from those drillholes include:

- 18.9m @ 12.1 g/t gold; within
- 50.9m @ 5.4 g/t gold
- 0.2m @ 105.1 g/t gold
- 2.9m @ 6.11 g/t gold
- 1m @ 19.81 g/t gold
- 2.4m @ 6.59 g/t gold
- 1.3m @ 15.48 g/t gold

The drilling program at A1 was designed to provide information to direct near-term mining activity, increase drill density and confidence in medium-term bulk tonnage stope mining (i.e. Queens Lode) which the decline extension is currently progressing through, and to test for depth extensions of the gold-bearing, intrusive, diorite host-rock at significant depth.

Outstanding depth extensions (>200m vertical) of the diorite dyke (host rock of the A1 gold mine) were also returned from two earlier deep 'scissor' holes. Drillholes A1UDH-422 and A1UDH-423 successfully tested the depth extents at the A1 mine. The significance of these results is that the dyke (the host to the mineralisation at the A1 Mine) has now been proven to a depth of at least 140 meters below the deepest workings and remains open at depth.

Directors' Report

Exceptional results from previously received drillholes in this program (not all targeting the Queens Lode) include:

- A1UDH-403 3.7m @ 68.6 g/t gold
- A1UDH-406 12.1m @ 24.3 g/t gold
- A1UDH-406 1.8m @ 11.6 g/t gold
- A1UDH-419 8.5m @ 9.3 g/t gold
- A1UDH-419 21.0m @ 5.0 g/t gold
- A1UDH-441 0.2m @ 802.9 g/t gold
- A1UDH-427 2.4m @ 33.1 g/t gold
- A1UDH-437 1.3m @ 15.5 g/t gold
- A1UDH-424 19.1m @ 11.9 g/t gold
- A1UDH-413 0.6m @ 67.9 g/t gold
- A1UDH-422 9.6m @ 7.4 g/t gold
- A1UDH-422 6.3m @ 7.8 g/t gold
- A1UDH-420 3.1m @ 7.2 g/t gold
- A1UDH-426 9.1m @ 10.6 g/t gold

Impact of COVID-19

The Group continues to proactively manage the COVID-19 risk to the business.

As restrictions were put in place at the Group's various operations around Australia, measures were implemented in line with relevant local government advice. These measures included cancelling all non-essential travel, encouraging good hygiene practices and physical distancing across all workplaces, working from home where practicable, enforcing self-isolation policies when appropriate. The company's workforce fully complies relevant to government vaccination targets. COVID-19 has been successfully excluded from the company's work sites.

The Group's supply chain was not disrupted with the mining and processing operation obtaining many of its resources within the local community it operates.

The State border restrictions have added pressure on our labour force. Nevertheless, as a result of the Group's measures, and the efforts of staff across sites, the operations were able to continue normal production.

Auditor independence

A copy of the Auditor's Independence Declaration required under section 307C of the Corporations Act 2001 is set out on page 8 and forms part of this Directors' Report.

Events occurring after the end of the financial year

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial half year that, in their opinion, has significantly affected or may significantly affect in future years the Company's or the Group's operations, the results of those operations or the state of affairs, except as described below.

This report is made in accordance with a resolution of Directors.

For and on behalf of the Board

Dated at Melbourne this 16th day of March 2022.



Jonathan Downes
Executive Director

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF KAISER REEF LIMITED

As lead auditor for the review of Kaiser Reef Limited for the half-year ended 31 December 2021,

I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kaiser Reef Limited and the entities it controlled during the period.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2022

Financial Report

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About this report

Kaiser Reef Limited (the "Company" or "Parent Entity") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange. The consolidated financial statements of the Company as at and for the period ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a for-profit entity primarily involved in mining and sale of gold, mineral exploration and development.

The financial report is a general-purpose financial report, which has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The Group were party to a reverse takeover transaction with Golden River Resources Pty Ltd ('GRR') on 20 January 2021. Consequently, the comparative income statement represents the accounting acquirer, Golden River Resources Pty Ltd, from incorporation on 28 August 2020 to 31 December 2020.

The Board of Directors approved the consolidated financial statements on 16 March 2022.

What's in this report

Kaiser Reef's Directors have included information in this report that they deem to be material and relevant to the understanding of the financial statements and the Group.

A disclosure has been considered material and relevant where:

- the dollar amount is significant in size (quantitative);
- the dollar amount is significant in nature (qualitative);
- the Group's result cannot be understood without the specific disclosure; and
- it relates to an aspect of the Group's operations that is important to its future performance.

Accounting policies and critical accounting judgements and estimates applied to the preparation of the consolidated financial statements are presented where the related accounting balance or consolidated financial statement matter is discussed. To assist in identifying critical accounting judgements and estimates, we have highlighted them in the following manner:

Consolidated statement of profit or loss and other comprehensive income

for the half year ended 31 December 2021

	Notes	Consolidated 31 December 2021	Consolidated 28 August – 31 December 2020
Operations			
Revenue	3	8,524,777	-
Mine operating costs	3	(8,719,428)	-
Gross loss		(194,651)	-
Other income			
Other income	3	757,709	-
Exploration expensed		(349)	-
Corporate costs		(886,276)	(1,485)
Depreciation and amortisation		(2,338,906)	-
Share based payments		5,468	-
Operating loss		(2,657,005)	(1,485)
Finance costs			
Finance costs		(6,845)	-
Loss before income tax		(2,663,850)	(1,485)
Income tax expense			
Income tax expense		-	-
Net loss after tax		(2,663,850)	(1,485)
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive loss attributable to equity holders of the Company		(2,663,850)	(1,485)
Earnings per share			
Basic loss per share (cents per share)		(2.13)	(1.48)
Diluted loss per share (cents per share)		(2.13)	(1.48)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of financial position

as at 31 December 2021

	Notes	Consolidated 31 December 2021	Consolidated 30 Jun 2021 Restated ⁽¹⁾
Assets			
Current assets			
Cash and cash equivalents	2	5,097,295	4,787,279
Trade and other receivables		1,055,494	1,768,111
Inventories		1,342,956	2,218,627
Total current assets		7,495,745	8,774,017
Non-current assets			
Trade and other receivables		857,000	857,000
Property, plant and equipment	1	6,419,070	6,637,514
Mine properties		8,171,520	7,456,645
Exploration and evaluation	1	3,932,635	2,840,415
Total non-current assets		19,380,225	17,791,574
Total assets		26,875,970	26,565,591
Liabilities			
Current liabilities			
Trade and other payables		2,244,582	3,017,992
Provisions		463,823	1,200,725
Interest bearing liabilities		1,658	281,330
Total current liabilities		2,710,063	4,500,047
Non-current liabilities			
Rehabilitation provision		1,667,000	1,667,000
Other Provisions		245,507	227,781
Total non-current liabilities		1,912,507	1,894,781
Total liabilities		4,622,570	6,394,828
Net assets		22,253,400	20,170,763
Equity			
Contributed equity	4	35,395,781	31,499,826
Reserves		1,328,292	477,760
Accumulated losses		(14,470,673)	(11,806,823)
Total equity		22,253,400	20,170,763

1) Comparative amounts has been shown restated due to changes to provisional accounting on prior period acquisitions as disclosed in Note 1.

The above consolidated statement of financial position should be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of changes in equity

for the half year ended 31 December 2021

	Note	Consolidated			Total
		Contributed Equity	Share based payment reserve	Accumulated Losses	
Balance at 30 June 2021		31,499,826	477,760	(11,806,823)	20,170,763
Transactions with owners of the Company recognised directly in equity:					
Share-based payments		-	850,532	-	850,532
Ordinary shares issued for working capital		5,122,472	-	-	5,122,472
Cost of Equity issued		(1,226,517)	-	-	(1,226,517)
Total comprehensive loss for the period		-	-	(2,663,850)	(2,663,850)
Loss attributable to equity holders of the Company		-	-	(2,663,850)	(2,663,850)
Other comprehensive gain/(loss)		-	-	-	-
Balance at 30 December 2021		35,395,781	1,328,292	(14,470,673)	22,253,400

	Note	Consolidated			Total
		Contributed Equity	Share based payment reserve	Accumulated Losses	
Balance at 28 August 2020		-	-	-	-
Transactions with owners of the Company recognised directly in equity:					
Ordinary shares issued		2,500	-	-	2,500
Total comprehensive loss for the period		-	-	(1,485)	(1,485)
Loss attributable to equity holders of the Company		-	-	(1,485)	(1,485)
Other comprehensive gain/(loss)		-	-	-	-
Balance at 31 December 2020		2,500	-	(1,485)	1,015

The above consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated financial statements.

Consolidated statement of cash flows

for the half year ended 31 December 2021

	Notes	Consolidated 31 December 2021	Consolidated 28 August – 31 December 2020
Cash Flows From Operating Activities:			
Receipts from customers (inclusive of GST)		8,526,608	(1,633)
Payments to suppliers and employees (inclusive of GST)		(8,767,195)	-
Interest received		5,878	-
Interest paid		(6,845)	-
Net cash outflow from operating activities		(241,554)	(1,633)
Cash Flows From Investing Activities:			
Payment to acquire loan receivables		-	(6,500,000)
Restricted cash held in trust		-	(7,000,000)
Payments for property, plant and equipment		(777,520)	-
Payments for development of mining properties		(2,057,818)	-
Payments for exploration and evaluation		(1,092,220)	-
Net cash outflow from investing activities		(3,927,558)	(13,500,000)
Cash Flows From Financing Activities:			
Proceeds from issue of shares		-	2,500
Process from issue of convertible notes		-	13,500,000
Proceeds from issue of ordinary shares		5,122,472	-
Payment for cost of shares issued		(370,517)	-
Insurance premium funding principal repayments		(263,269)	-
Lease principal repayments		(9,558)	-
Net cash inflow from financing activities		4,479,128	13,502,500
Net increase in cash and cash equivalents		310,016	867
Cash and cash equivalents at the beginning of the period		4,787,279	-
Cash and cash equivalents at the end of the period	2	5,097,295	867

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing or financing activities, which are recoverable from, or payable to, the taxation authority are classified as part of operating cash flows.

The above consolidated statement of cash flows should be read in conjunction the notes to the consolidated financial statements.

Notes to the Financial Report

1 Acquisition accounting

Acquisition accounting – Centennial Mining Limited Acquisition

On 21 January 2021, the Group, through its subsidiary Golden River Resources Pty Ltd, acquired 100% of the issued capital of Centennial Mining Limited (“Centennial Mining”), a gold mining, development and exploration company with operations in Victoria, Australia.

The acquisition of Centennial Mining achieves all of the Group’s strategic objectives, including:

- Valuable mining and exploration licences in the Victorian gold region, which had in the past high-grade mining areas;
- Project the Group from a gold exploration and development to a gold mining and producer; and
- A processing facility in Victoria which can produce Dore

The acquisition was completed through a deed of company arrangement.

The accounting for the acquisition of Centennial Mining Limited has been finalised at 31 December 2021.

	Consolidated 31 December 2021
Consideration transferred	
Cash and cash equivalents	13,500,000
Total Consideration	13,500,000
Goodwill arising on acquisition	
Consideration transferred	13,500,000
Less: Fair value of identifiable net assets acquired	(13,500,000)
Total goodwill arising on acquisition	-
Consideration paid in cash	13,500,000
Less: Cash and cash equivalents balance acquired	-
Net cash out flow on acquisition of subsidiaries	13,500,000

The assets and liabilities recognised as a result of the acquisition are as follows:

	Provisional fair value reported at 21 January 2021	Adjustments to provisional fair value	Final Fair value reported as at 21 January 2021
Assets			
Current assets			
Trade and other receivables	280,510	-	280,510
Inventories	1,047,158	-	1,047,158
Total current assets	1,327,668	-	1,327,668
Non-current assets			
Trade and other receivables	857,000	-	857,000
Property, plant and equipment ⁽¹⁾	2,524,050	3,599,418	6,123,468
Mine properties	7,174,001	-	7,174,001
Exploration and evaluation ⁽²⁾	3,849,418	(3,599,418)	250,000
Total non-current assets	14,404,470	-	14,404,470
Total assets	15,732,138	-	15,732,138
Liabilities			
Current liabilities			
Provisions	(565,138)	-	(565,138)
Total current liabilities	(565,138)	-	(565,138)
Non-current liabilities			
Rehabilitation provision	(1,667,000)	-	(1,667,000)
Total non-current liabilities	(1,667,000)	-	(1,667,000)
Total liabilities	(2,232,138)	-	(2,232,138)
Net identifiable assets acquired	13,500,000	-	13,500,000
Net assets acquired	13,500,000	-	13,500,000

(1) Management has obtained a final independent valuation of the plant, property and equipment acquired and adjusted the provisional amount accordingly.

(2) In a mining transaction the residual amount of purchase consideration after all the other assets and liabilities have been identified and re-measured to reflect acquisition date fair value is typically allocated to mine properties (excluding site rehabilitation), due to the complexity of the valuation process in particular exploration and evaluation.

(3) Following the increase in valuation of the plant, property and equipment acquired, the additional depreciation has been accounted for over a unit of production basis from date of acquisition. Upon finalisation of acquisition date information, the amortisation of mine properties has also been adjusted from date of acquisition, alongside other minor changes as a result of finalisation of provisional accounting. These have been flowed through the comparative retained earnings accordingly.

The below is the effect of the restatement due to provisional accounting adjustment on the Consolidated statement of financial position as at 30 June 2021.

1 Acquisition accounting (continued)

	Balances reported as at 30 June 2021	Adjustments following finalisation of provisional accounting	Restated balances as at 30 June 2021
Assets			
Current assets			
Trade and other receivables	1,162,019	(77,121)	1,084,898
Non-current assets			
Property, plant and equipment	3,390,922	3,246,592	6,637,514
Mine properties	7,644,508	(187,863)	7,456,645
Exploration and evaluation	6,439,832	(3,599,417)	2,840,415
Net Assets	20,788,572	(617,809)	20,170,763
Equity			
Accumulated losses	(11,189,014)	(617,809)	(11,806,823)
Total Equity	20,788,572	(617,809)	20,170,763

Notes to the Financial Report

2 Cash and Cash equivalent

Cash and cash equivalents

	Consolidated 31 Dec 2021	Consolidated 30 Jun 2021
Cash at bank and on hand	5,097,295	4,787,279
Term deposits	-	-
	5,097,295	4,787,279

Cash and cash equivalents includes cash on hand, deposits and cash at call held at financial institutions, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3 Revenue and Mine Operating Costs

	Consolidated 31 December 2021	Consolidated 28 August 2020 to 31 December 2020
Revenue		
Gold sales	8,518,605	-
Silver sales	6,172	-
Other income	5,897	-
Scrap metal sales	1,812	-
Reversal of provisions ⁽¹⁾	750,000	-
Total	9,282,486	
Mine Operating Expenses		
Gold operation expenditure	(4,723,268)	-
Employee expense	(3,996,160)	-
Total operating cost	(8,719,428)	-

(1) The State Revenue Office Victoria has finalised the stamp duty of the properties acquired in the Centennial Mining Limited acquisition to be \$15,652 payable in April 2022.

Sales revenue

Revenue from the sale of gold and silver in the course of ordinary activities is measured at the fair value of the consideration received or receivable. The Group recognises revenue at a point in time when control (physical or contractual) is transferred to the buyer, the amount of revenue can be reliably measured and the associated costs can be estimated reliably, and it is probable that future economic benefits will flow to the Group.

Segment reporting

The consolidated entity has considered the requirements of AASB 8 – Operating Segments and has identified its operating segments based on the internal reports that are reviewed and used by the board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity operates predominantly in one business segment and in one geographical location. The operations of the consolidated entity consist of mineral production and exploration, within Australia.

4 Contributed equity

Details	Number of shares	\$
Opening balance 30 June 2021	114,898,877	31,499,826
Share placement issued of working capital	10,000,000	2,000,000
Non-renounceable 1 for 8 rights issue of working capital	15,612,360	3,122,472
Share issue fees	-	(1,226,517)
Closing balance 31 December 2021	140,511,237	35,395,781

Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and performance rights are recognised as a deduction from equity, net of any tax effects.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Change ordinary shares and options

On 6 September 2021, the Group announced a share placement of 10,000,000 shares and non-renounceable 1 for 8 rights issue to raise approximately \$5.1 million (before costs). The new Shares to be issued under the Placement and Rights Issue were issued at a price of \$0.20 per Share, representing a 15.1% and 15.8% discount to the volume weighted average share price over the last 5 and 10 trading days respectively, prior to the Company's trading halt (as per the ASX announcement dated 2 September 2021).

The Group also entered into an Underwriting Agreement with Westar Capital Limited to act as the underwriter to the Rights Issue and paid 6% of the underwritten amount, as well as 8,000,000 options with an exercise price of \$0.30 expiring on 30 September 2024. 6,000,000 was issued upon completion of the place and rights issue and a further 2,000,000 will be issued subject to shareholder approval.

5 Events occurring after the balance sheet date

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that, in their opinion, has significantly affected or may significantly affect in future years the Company's or the Group's operations, the results of those operations or the state of affairs, except as described in this note.

6 Contingencies

The Directors are not aware of any contingencies for the year ending 31 December 2021.

7 Basis of preparation

Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Critical accounting judgement and estimates

The preparation of the half year financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. In preparing this consolidated half year financial report, the significant estimates and judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the most recent annual financial report.

Impairment Indicators – Mine Properties

At the end of each reporting period, the consolidated group assesses whether there is any indication that development assets may be impaired. This assessment includes the consideration of external sources of information including gold prices and the Company's market capitalisation, and internal sources of information. At 31 December 2021 the group has concluded that there were no impairment indicators and the carrying value of the mineral development assets are recoverable.

Going Concern

This report is prepared on a going concern basis, which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

For the period ended 31 December 2021 the Group recorded a loss of \$2,663,850 (HY2021: a loss of \$1,485), net cash outflows from operating activities of \$241,554 (HY2021: net cash outflows from operating activities of \$1,633) and a closing cash balance of \$5,097,295 (HY2021: closing cash balance of \$867).

The Group has forecasted positive cash flows from operating activities in the next 12 months. The Directors have assessed the cash flow requirements for the 12 month period from the date of approval of the financial statements and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements.

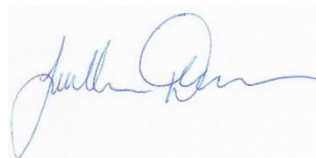
Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 9 to 16 are in accordance with the Corporations Act 2001, including:
 - i) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001; and
 - ii) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the six month period ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Signed in accordance with a resolution of the Directors:



Jonathan Downes

Executive Director

Perth
16 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kaiser Reef Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Kaiser Reef Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO


Dean Just

Director

Perth, 16 March 2022

Corporate Directory

BOARD OF DIRECTORS

A Byass	Non-Executive Chairman
J Downes	Executive Director
S Howe	Executive Director

SHARE REGISTRY

Automic registry Pty Ltd
Level 5, 191 St Georges Terraces
Perth WA 6000

COMPANY SECRETARY

A Tabakovic
S Brockhurst

AUDITOR

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2,
8 Spring Street
Perth WA 6000, AUSTRALIA

PRINCIPAL PLACE OF BUSINESS

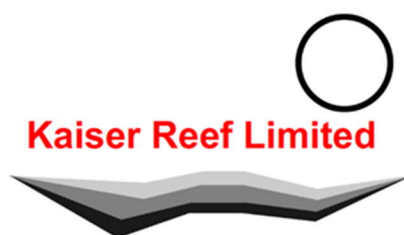
Unit 3, Churchill Court
335 Hay Street
Subiaco WA 6008
Telephone: +61 8 9481 0389
Email: admin@kaiserreef.com.au
Website: www.kaiserreef.com.au

REGISTERED OFFICE

Level 11, 216 St Georges Terrace
Perth WA 6000

STOCK EXCHANGE LISTING

Shares in Kaiser Reef Limited are quoted on the Australian
Securities Exchange
Ticker Symbol: KAU



Additional information for public listed companies

Schedule of Tenement

Project	Tenement Number	Location of Tenement	Status	Beneficial Interest
Stuart Town	EL8491	New South Wales	Granted	100%
	EL8592	New South Wales	Granted	100%
	EL9203	New South Wales	Granted	100%
	EL9198	New South Wales	Granted	100%
	EL9199	New South Wales	Granted	100%
A1	MIN5294	Victoria	Granted	100%
Maldon	MIN5146	Victoria	Granted	100%
	MIN5529	Victoria	Granted	100%
	MIN5528	Victoria	Granted	100%
	EL7029	Victoria	Granted	100%

ASX Share Information

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only. The information is current as at 11 March 2022.

1. Shareholding
 - a. Distribution of Shareholders
 - (i) Ordinary share capital
- 140,911 237 fully paid shares held by 1,162 shareholders. All issued ordinary share carry one vote per share and carry the rights to dividends.

Category (size of holding)	Class of Equity Security	
	Number of Holders	Fully Paid Ordinary Shares
1 - 1,000	30	4,867
1,001 – 5,000	235	695,590
5,001 – 10,000	186	1,454,217
10,001 – 100,000	505	19,555,370
100,001 – and over	206	119,201,193
	1,162	140,911,237

- b. The number of shareholdings held in less than marketable parcels is 143.
- c. The Company has no substantial shareholders at the date of this report.

- d. Voting Rights
The voting rights attached to each class of equity security are as follows:
Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

Financial Report

e. 20 Largest holders of quoted equity securities (fully paid ordinary shares)

	Name	Number Held	Percentage %
1.	BATH RESOURCES PTY LTD	6,660,000	4.73%
2.	CS THIRD NOMINEES PTY LTD <HSBC CUST NOM AU LTD 13 A/C>	3,799,142	2.70%
3.	LIQUIDITY PARTNERS PTY LTD	3,375,000	2.40%
4.	VALIANT EQUITY MANAGEMENT PTY LTD <BYASS FAMILY A/C>	3,205,000	2.27%
5.	KIANDRA NOMINEES PTY LTD <JK DOWNES FAMILY A/C>	3,200,000	2.27%
6.	A22 PTY LIMITED	2,863,507	2.03%
7.	MAJI MAZURI PTY LTD & MAWINGO PTY LTD	2,743,722	1.95%
8.	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	2,700,000	1.92%
9.	PELTON CAPITAL PTY LTD	2,662,501	1.89%
10.	ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>	2,597,299	1.84%
11.	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	2,540,000	1.80%
12.	THE SUN W INVESTMENT PTY LTD <SUN FAMILY A/C>	2,266,667	1.61%
13.	STEVESAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C>	2,193,750	1.56%
14.	BROOKAVA PTY LTD	2,055,740	1.46%
15.	JEFF TOWLER BUILDING PTY LTD	1,907,556	1.35%
16.	KITARA INVESTMENTS PTY LTD <KUMOVA #1 FAMILY A/C>	1,750,000	1.24%
17.	PELTON CAPITAL PTY LTD	1,711,154	1.21%
18.	CITICORP NOMINEES PTY LIMITED	1,700,935	1.21%
19.	BFB HOLDINGS PTY LTD <BFB INVESTMENT A/C>	1,687,500	1.20%
19.	HOLICARL PTY LIMITED <HUNTER GRAIN S/F A/C>	1,687,500	1.20%
20.	TYF HOLDINGS PTY LTD <TYF INVESTMENT A/C>	1,665,000	1.18%
	Total	54,971,973	39.01%
	Total issued capital – ordinary shares	140,911,237	100.00%