

27 April 2023

Kaiser March 2023 Quarterly Report

Quarter Production, Exploration and Mining Highlights

Production

- Gold Revenues: \$9.48M
- Production Costs: \$3.02M
- Staff Costs: \$2.86M
- Admin and Corporate Costs: \$0.16M
- Exploration, Plant and Development Costs: \$2.05M
- Ounces Produced: 3,372
- Gold Head Grade (recovered): 17.3 g/t gold
- Record Gold Price Received: AUD\$2,807/Oz
- Gold Recovery (%): 97.4 %
- Further fleet purchased to support rising planned production
- High Voltage (HV) control boards and associated infrastructure installed
- Ongoing exploration delivered extensions to high-grade mineralisation at the A1 Mine with very high grade gold mineralisation encountered in multiple drill holes
- Exploration Licence Granted facilitating exploration of Nuggety Reef at the Maldon Gold Project

Kaiser Reef Limited (ASX: KAU) ('Kaiser') is pleased to report on a solid quarter of results. Cash, quarter on quarter increased by \$1.3M to \$4.6M and Kaiser remains debt free and unhedged. Gold sold during the quarter increased on the prior quarter by 41%, assisted by mill relining work. Mine production and investment focused on the development of the mining fronts to support the planned substantially increased production rates and establishing the infrastructure required to increase production. This work and expenditure are substantially complete with some of these once off costs included in the All In Sustaining Costs (AISC) of AUD\$2,047/ounce for the quarter.

Discussion

Production

The 2003 September quarterly report detailed a strong result and highlighted the potential of the A1 Mine but it also highlighted power constraints limiting further production increases. The Board resolved to address this through a major power upgrade over the following two quarters. The upgrade work conducted at the A1 Mine site and development of mining fronts was progressed and largely completed over the last two quarters to facilitate increased mining rates (Figure 1). This upgrade addresses the largest identified production constraint at

the A1 Mine with power limitations having previously curtailed the mine's production, drilling and ventilation capabilities. The team is excited by the opportunity presented which is expected to commence in mid-May. This has been a long journey for Kaiser and a major investment that underpins the long-term production prospects for the A1 Mine and indeed its underlying value.

Kaiser recognises that the HV upgrade has taken longer and cost more than initially projected which has impacted the mining schedule. Nevertheless, the Company is pleased by the prospects for the future of the operations, where production increases are likely to be matched by more modest cost increases, for lower overall operating unit costs and improved margins.

During the quarter, Kaiser also replaced the mill liners at the Maldon processing plant (Figure 2), with some of the entrained gold released and recovered during the quarter and some of the gold expected to be recovered in April. The new installed engineered liners are expected to hold up significantly less gold in future and reduce power consumption. The release of entrained gold has delivered a boost to the cash position of Kaiser despite weaker mining activities in January and February and heavy infrastructure investment.



Figure 1: Surface High Voltage Infrastructure

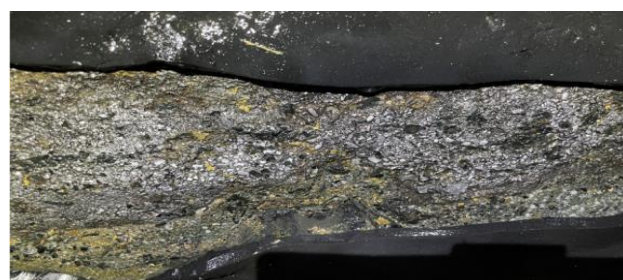


Figure 2 : Mill liner replacement works and visible gold embedded in liners prior to removal

Exploration

A1 Mine Exploration – Outstanding exploration results

Kaiser reported extensions to high-grade mineralisation at the A1 Mine that have extended high-grade mineralisation, in particular northerly extensions to Jupiter Reef and beyond the historic mining of Dukes Reef on the 22 Level. These ongoing results have provided confidence and justified the ongoing investments being made at both the A1 Mine and the Maldon processing facility.

Drilling Highlights*

1254mRL Drill Cuddy

- **0.25 m @ 2,006.00 g/t gold** from 66.65m and **0.45 m @ 17.11 g/t gold** from 147.35m (A1UDH-522) – see Figure 1
- **0.20 m @ 385 g/t gold** from 50.70m (A1UDH-523)
- **0.90 m @ 36.62 g/t gold** from 78.40m (A1UDH-515)
- **1.10 m @ 16.70 g/t gold** from 22.10m, **0.80 m @ 12.15 g/t gold** from 43.00m and **0.60 m @ 26.54 g/t gold** from 68.80m (A1UDH-519)
- **0.25 m @ 7.99 g/t gold** from 46.55m (A1UDH-517)
- **1.00 m @ 8.35 g/t gold** from 42.20m (A1UDH-516)
- **15.20 m @ 3.01 g/t gold** from 51.40m (A1UDH-520)

1410 South Drive

- **0.85 m @ 134.00 g/t gold** from 1.00 m (A1UDH-524)
- **0.20 m @ 9.74 g/t gold** from 24.20 m (A1UDH-525)

*Refer to (ASX release dated 21 March 2023)

Key Exploration Licence Granted at the Maldon Gold Project

Kaiser reported that the large 144 km² exploration licence has been granted which covers an area substantially larger than the combined Maldon mining licences and provides access to the uniquely exciting exploration target around the Nuggety Reef Mine was granted during the quarter (Figure 3). An exploration drilling plan is being prepared to test high priority targets near the Nuggety Reef historic mine.

- Exploration Licence (EL 7029) has been granted for an initial 5-year period
- EL 7029 surrounds the wholly owned Nuggety Reef Mine (MIN 5528)
- The licence facilitates exploration of the Nuggety Reef Mine (Nuggety)
- Nuggety Reef produced 301,000 oz @ 187 g/t gold - one of Australia highest grade historic mines
- Previous exploration at Nuggety was constrained until this licence grant
- The high-grade mineralisation occurs at a mineral contact that plunges south
- One of the most exciting gold drilling targets is now accessible to Kaiser
- A Mineral Resource Estimate of 1.2Mt at 4.4 g/t gold (Inferred) for 186,656 ounces of gold (ASX release dated 21 July 2022); and
- An Exploration Target of 1.75Mt to 2.7Mt at between 3 g/t gold and 4 g/t gold for

- between 165,000 and 345,000 ounces of gold (ASX release dated 21 July 2022)
- Extensive existing infrastructure and capital
- Existing mine permitting
- Proximity to wholly owned processing plant
- Processing plant currently operating profitably well below capacity
- Major Historic Goldfield with exceptional exploration potential. Historic underground production of 1.74M ounces at 28 g/t gold

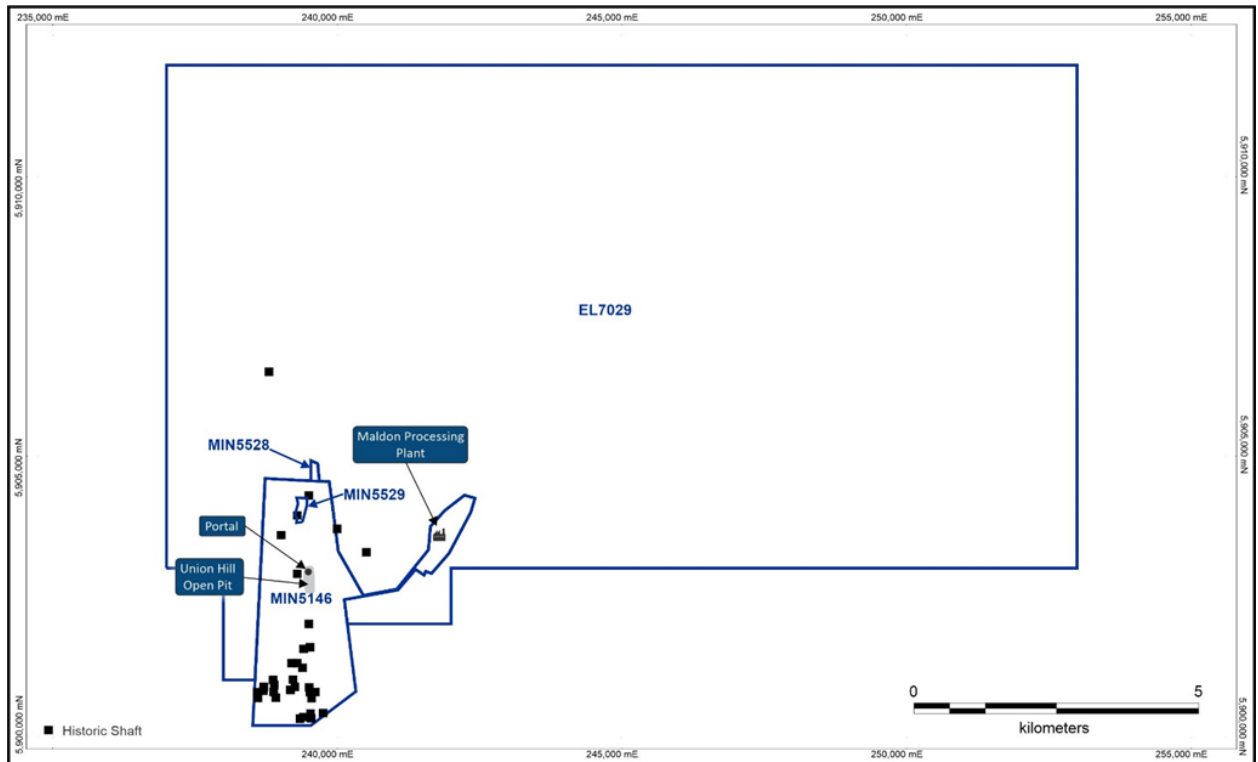


Figure 3: Large scale exploration licence surrounding the Nuggety reef project and the Maldon Mining Licence

Maldon Update and Summary

- Continued Maldon mine planning and engineering based on the Mineral Resource estimates Replaced 300 metres of ventilation ducting at the Union Hill Mine
- Extensive ongoing infrastructure upgrades and capital investment made at the Maldon processing plant including the installation of new mill liners, commissioned the new leaching tank, gold furnace, cyclone, Process Logic Control (PLC) systems and cyclone nest (ongoing)
- Processing plant currently operating well below capacity and discussions underway for local toll treatment opportunities

Finance (unaudited)

During the March 2023 quarter, Kaiser sold 3,376 ounces gold at an average realised gold price of AUD\$2,807/ounce. Kaiser remains debt free and has not entered into any gold hedging agreements.

Total cash held at bank as of 31 March 2023 was \$4.55M excluding \$0.86M restricted cash. Subsequent to this reporting period, Kaiser made a strategic placement to Taurus Capital Partners (see ASX Release 17/4/2023) raising a further \$900,000 before costs. Kaiser believes that Taurus Capital Partners and their clients will provide substantial long-term benefits for Kaiser shareholders through this strategic relationship.

The Company's Quarterly Cashflow Report (Appendix 5B) follows this activities report. The total amount paid to related parties of the Company and their associates, as per item 6.1 of the Appendix 5B was AUD\$154k and includes the payments to directors for fees paid during the Quarter.

Corporate activities following the Quarterly reporting period

Kaiser completed a Share placement ("Placement") to raise \$0.9 million (before costs) which was announced on the ASX on 17 April 2023.

The Board of Kaiser believes that this strategic Placement will lead to an expanded high quality and long-term shareholder base and improve access to sophisticated market investors beyond the interest currently experienced. This support, concurrent with the move towards substantially increased production, has the potential to improve the liquidity and capital market visibility of the Company.

Funds raised from the Placement will be used to support the development of expanded production at the A1 Mine.

The Company will raise \$900,000 (before costs) and issue a total of 6,000,000 new Shares to sophisticated and professional investors at \$0.15 per Share ("**Placement Shares**"), pursuant to s708 Corporations Act (cth) 2001 and Listing Rule 7.1 capacity. The Placement Shares will be issued on the same terms as, and will rank equally in all respects with, the existing fully paid ordinary shares in the Company.

Taurus Capital Group is acting as Lead Manager to the Placement ("**Lead Manager**"). The Lead Manager will receive a 6% capital raising fee of the total amount raised.

-ENDS-

This announcement has been authorised for release to the market by Managing Director, Jonathan Downes.

For further information:

Jonathan Downes
Managing Director

admin@kaiserreef.com.au

Competent Persons Disclosure

The information included in this report that relates to Exploration Results is based on information compiled by Shawn Panton (B.Sc (hons) (Geology/Earth Science), M.B.A Ex. an employee of Kaiser Reef Limited. Mr Panton 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. Mr Panton consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Mr Panton holds securities in the company.

Future Performance

This announcement may contain certain forward-looking statements and opinion. Forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties, assumptions, contingencies and other important factors, many of which are outside the control of the Company and which are subject to change without notice and could cause the actual results, performance or achievements of the Company to be materially different from the future results, performance or achievements expressed or implied by such statements. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Nothing contained in this announcement nor any information made available to you is, or and shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Kaiser Reef.

MARCH 2023 QUARTER – ASX ANNOUNCEMENTS

This Quarterly Activities Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 JORC Code). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX:

Date	Announcement
20 January 2023	Release from escrow notification
30 January 2022	Application for quotation of securities - KAU
30 January 2022	Quarterly Activities and Cashflow reports
1 February 2023	Notification of cessation of securities
1 February 2023	Change of Director's interest notice x 2
7 February 2023	Amended December 2022 Quarterly reports
10 February 2023	Key Exploration Licence Granted at the Maldon Gold Project
22 February 2023	Notification of cessation of securities - KAU
9 March 2023	Half year accounts
21 March 2023	Exploration Results

The ASX announcements made during the quarter are available for viewing on the Company's website www.kaiserreef.com.au under Investors tab. Kaiser confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement.

COMPLIANCE STATEMENT

This report contains information extracted from reports cited herein. In relying on the above ASX announcements and pursuant to ASX Listing Rule 5.23.2, the Company confirms that it is not aware of any new information or data that materially affects the information included in the abovementioned announcements or this Quarterly Report for the period ended 31 December 2022 and to date. All material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Tenement information as required by the Listing Rule 5.3.2

SCHEDULE OF INTEREST IN MINING TENEMENTS				
Project	Tenement Number	Location of Tenement	Beneficial interest held at end of the quarter	Change in holding during the quarter
Stuart Town	EL8491	New South Wales	100%	-
Stuart Town	EL8952	New South Wales	100%	-
Stuart Town	EL9203	New South Wales	100%	-
Stuart Town	EL9198	New South Wales	100%	-
Stuart Town	EL9199	New South Wales	100%	-
A1	MIN5294	Victoria	100%	-
Maldon	MIN5146	Victoria	100%	-
Maldon	MIN5529	Victoria	100%	-
Maldon	MIN5528	Victoria	100%	-
Maldon	EL7029	Victoria	100%	-

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Kaiser Reef Limited

ABN

38 635 910 271

Quarter ended ("current quarter")

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	9,478	24,605
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production	(3,017)	(10,983)
(d) staff costs	(2,857)	(7,795)
(e) administration and corporate costs	(161)	(560)
1.3 Dividends received (see note 3)		
1.4 Interest received	19	24
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	3,462	5,291
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements	(8)	(47)
(c) property, plant and equipment	(709)	(3,497)
(d) exploration & evaluation	(533)	(1,482)
(e) investments		
(f) other non-current assets	(803)	(2,297)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(2,053)	(7,323)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities		

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,141	6,582
4.2	Net cash from / (used in) operating activities (item 1.9 above)	3,462	5,291
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,053)	(7,323)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	4,550	4,550

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,550	1,141
5.2	Call deposits		2,000
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,550	3,141

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(154)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

6.1 Comprises Director's fees paid during the quarter.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	3,462
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(533)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	2,929
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,550
8.5 Unused finance facilities available at quarter end (item 7.5)	
8.6 Total available funding (item 8.4 + item 8.5)	4,550
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	N/A
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:27 April 2023.....

Authorised by: By the Board of Kaiser Reef Limited.....
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.