

23 October 2023

## Kaiser September 2023 Quarterly Report

### Quarter Production and Exploration Highlights

#### Production Summary:

- |                                |                              |
|--------------------------------|------------------------------|
| • Gold Revenues:               | \$8.7M (\$6.1M June Quarter) |
| • Production Costs:            | \$5.9M (\$6.1M June Quarter) |
| • Ounces Produced:             | 2,940                        |
| • Gold Head Grade (recovered): | 7.83 g/t gold                |
| • Gold Price Realised:         | AUD 2,951/oz                 |
| • Gold Recovery (%):           | 92.7 %                       |
- Ore production increased to +4,000t/m - up 30% on the previous quarter
  - Cash increased to \$3.8M and gold in circuit (GIC) increased to 300 oz gold

#### Exploration Summary:

- New deep reef systems identified as Kaiser transitions from remnant mining to higher grade unmined targets below the historic workings
- Exceptional Drill Results<sup>1</sup> including:
  - 0.30m @ 315.0 g/t gold from 1.50m;
  - 9.45m @ 25.6 g/t gold from 10.95m; including:
    - 0.50m @ 356.0 g/t gold from 12.10m and;
    - 2.30m @ 22.2 g/t gold from 15.20m
  - 0.90m @ 50.7 g/t gold;
  - 0.20m @ 395.3 g/t gold;
  - 0.28m @ 159.6 g/t gold

#### Corporate Summary:

- Cash position as at 30 September 2023 \$3.8M
- Gold sold during the quarter was 2,940 ounces - an increase of 42% over the previous quarter
- Debt free/Hedge free

<sup>1</sup> Refer to ASX announcements dated 21 July 2023 and 15 August 2023 respectively

Kaiser Reef Limited (ASX: KAU) ("Kaiser" or the "Company") is pleased to provide the following report on operational performance for the quarter ended 30 September 2023.

### **Management Commentary:**

#### **Commenting on the September quarter, Kaiser's Managing Director Jonathan Downes said:**

*"We are pleased to provide this update on the business following a solid operational quarter for Kaiser. We have seen a strong improvement in our production rate since mid-June, and we are turning the focus towards improving the margins."*

*Our targeted drilling campaigns continue to deliver encouraging results at the A1 Mine, with recent diamond drilling highlighting the opportunity to develop new reef systems in the vicinity of the previously mined Victory and Welcome Reefs. New reef discoveries have also been made at depth, demonstrating an exciting future for our operations.*

*Kaiser is encouraged by the recent strong performance of the gold price and we look forward to ramping up regional exploration activities also, where we see strong potential to define high-grade gold in close proximity to our processing facilities."*

### **September Quarter Operational Performance Overview**

Planned increased production was achieved during the quarter and that the increased production rate commenced on 16 June 2023. This was a major milestone for Kaiser and the result of a huge amount of work and financial investment. Cash closed at \$3.8M (an increase of 17% over the previous quarter) and Kaiser remains debt free and unhedged. Gold sold during the quarter was 2,940 ounces (an increase of 42% over the previous quarter).

Mine production and investment remained heavily focused on the development of the mining fronts to support the increased production rates and some of the higher-grade lodes were not shipped to the mill for blending with lower grade stocks until the end of the Quarter which has created some timing issues for revenue during this reporting Quarter. Production and recoveries were also impacted by commissioning challenges at the mill associated with calibrating the new cyclones. The cyclones are now operating well and the mill is seeing an improvement in both grinding and classification efficiency. This initiative will also improve stability and we are seeing improved recoveries going forward, despite early teething challenges (Figure 1).

Other challenges at the mill over the quarter included a gearbox drive shaft failure, which lost a few days of production, and the speed of repair was a credit to the team. There were other various commissioning challenges as expected after installing new equipment. The mill liner temporary gold holdup has apparently plateaued with an estimated 300 ounces of gold calculated in circuit ('GIC').

### **Increased Production Rate**

The Company is delighted to confirm the planned increased production rate for the quarter was delivered with 12,482t of ore grading an estimated average of 7.83g/t gold.

This compares with an average of approximately 3,209t of ore treated per month in the preceding Quarter (an increase of 30%). The improvements at the A1 Mine and the Maldon Processing Facility have been followed by a period of strong gold production for Kaiser (refer to ASX announcement dated 16 June 2023).

### **Infrastructure Upgrades Commissioned**

The High Voltage ('HV') power upgrade is in operation and the high voltage team training completed. The ventilation upgrade work is ongoing to relocate new fans and associated infrastructure to the lower future mine levels.

The increased production rate was supported by the HV power upgrade and improving ventilation infrastructure. With many of the challenges associated with commissioning (having taken longer than anticipated), Kaiser is looking to capitalise on the efficiencies going forward and maintains that the extensive improvements to the mill will deliver significant value to the business as well as improved safety and efficiency. These improvements will support ongoing and increased mining well into the future.



Figure 1. New Hydrocyclones

### **Encouraging Exploration Drilling Results**

Diamond drilling was conducted during the Quarter and returned significant assay results from drilling at the A1 Mine, which has highlighted the opportunity to develop an intermediate reef which is in the vicinity of the previously mined Victory and Welcome Reefs from the 1410 South mining development. Strong results were also returned from diamond drilling in the 1237-680 Access Drive to test for extensions and hanging wall repetitions of Dukes and Tasma/Austral reefs. New reef systems appear to have been identified at depth which is extremely encouraging.

The drill holes targeted near-term mining discoveries with standout high-grade assays including:

- 0.30m @ 315.0 g/t gold from 1.50m;
- 9.45m @ 25.6 g/t gold from 10.95m; including:
  - 0.50 m @ 356.0 g/t gold from 12.10m; and
  - 2.30 m @ 22.2 g/t gold from 15.20m
- 0.9m @ 50.7 g/t gold;
- 0.2m @ 395.3 g/t gold;
- 0.28m @ 159.6 g/t gold

The mining returned a grade of 7.8 g/t, supplemented by ore from the 250-840 reef which delivered visibly high-grade gold, as shown in Figures 2 and 3 below.



Figures 2 and 3. Visible gold from the 1250-480 Reef

### **New Reef System Identified and Mining Approaching the Limits of Historic Drilling**

Kaiser has been primarily “remnant” mining amongst the historical mining operations. The Company is extremely excited by the prospect of reaching levels which have never been exploited before due to historic challenges such as ventilation constraints. For example, it was recorded that historically the ventilation would take up to 3 days for fumes from explosive charges to disperse to acceptable levels to exploit the ore. Kaiser is currently developing the 22 Level and the 23 Level has recorded some minor development and no stoping.

There has been no mining below the 23 Level. The new virgin reef discovery (Figure 4) is very exciting because Kaiser expects to enjoy a trend to mining lodes in levels previously unexploited and at grades more closely representing the historical average. Historic grades recovered were recorded to be approximately 25 g/t gold with a tails grade of close to averaging 3 g/t gold (refer to IPO Prospectus dated 7 December 2020). The opportunity for Kaiser going forward is evident.

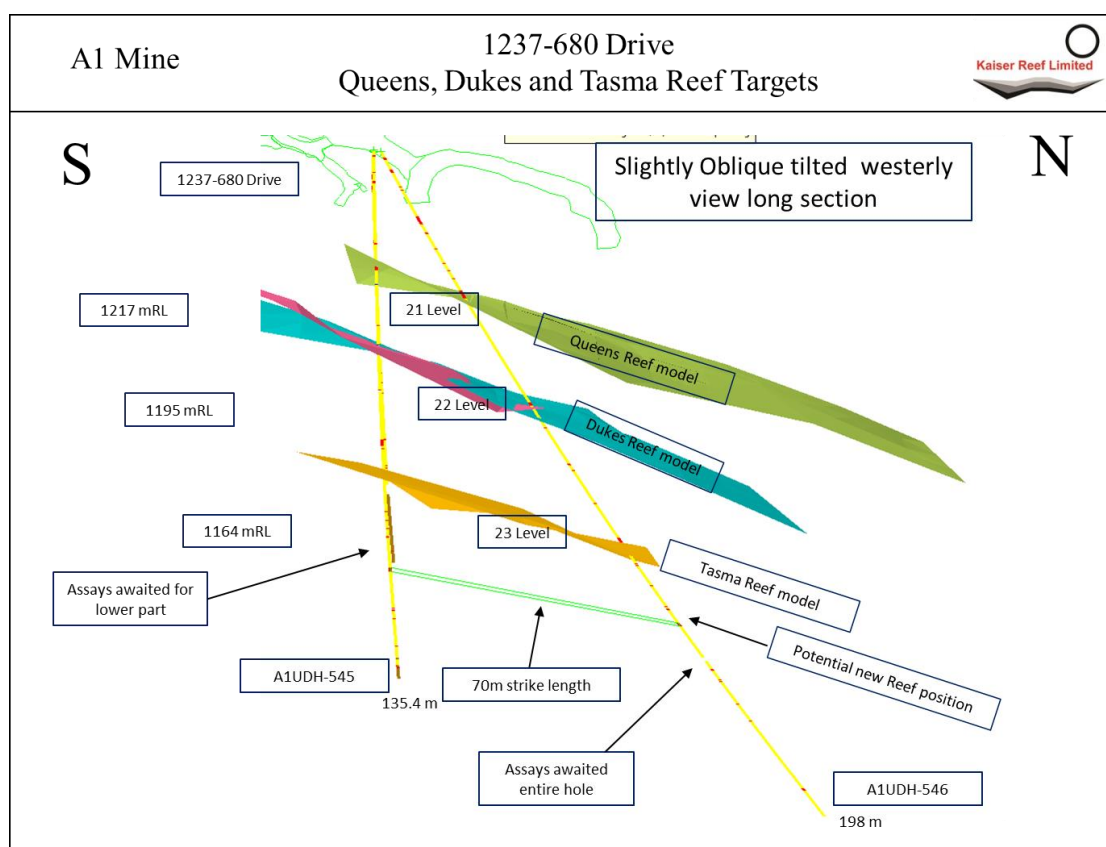


Figure 4. Oblique section with levels showing the position of drillholes A1UDH-545 and -546 and the main reef targets including the potential new reef

## **Finance (unaudited)**

During the September 2023 Quarter, Kaiser sold 2,940 ounces gold at an average realised gold price of AUD\$2,951/ounce. Kaiser remains debt free and has not entered into any gold hedging agreements.

Total cash held at bank as of 30 September 2023 was \$3.8M excluding \$0.86M restricted cash and an estimated 300 oz of gold in circuit.

### Payments to related parties of the entity and their associates

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\$159k and includes the payments to directors for fees paid during the Quarter.

**-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](mailto: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, 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.

## SEPTEMBER 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
16 June 2023	Production increased
21 July 2023	High Grade Drilling and Mining
15 August 2023	Kaiser Production Strong

The ASX announcements made during the quarter are available for viewing on the Company’s website [www.kaiserreef.com.au](http://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**

<b>SCHEDULE OF INTEREST IN MINING TENEMENTS</b>				
<b>Project</b>	<b>Tenement Number</b>	<b>Location of Tenement</b>	<b>Beneficial interest held at end of the quarter</b>	<b>Change in holding during the quarter</b>
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")

30 September 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	8,676	8,676
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production	(3,558)	(3,558)
(d) staff costs	(2,614)	(2,614)
(e) administration and corporate costs	(254)	(254)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	4
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)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>2,254</b>	<b>2,254</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements	(32)	(32)
(c) property, plant and equipment	(262)	(262)
(d) exploration & evaluation	(585)	(585)
(e) investments		
(f) other non-current assets	(812)	(812)



## 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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,691)</b>	<b>(1,691)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,225	3,225
4.2	Net cash from / (used in) operating activities (item 1.9 above)	2,254	2,254
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,691)	(1,691)
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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,788</b>	<b>3,788</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	3,788	3,232
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,788</b>	<b>3,232</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(159)
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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	2,254
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(585)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	1,613
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,788
8.5 Unused finance facilities available at quarter end (item 7.5)	
8.6 Total available funding (item 8.4 + item 8.5)	3,788
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	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: .....23 October 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.