

28 July 2023

Kaiser June 2023 Quarterly Report

Quarter Production and Exploration Highlights

Production Summary

- Gold Revenues: \$6.1M
- Production Costs: \$6.1M
- Ounces Produced: 2,075
- Gold Head Grade (recovered): 8.13 g/t gold
- Gold Price Realised: AUD\$2,951/Oz
- Gold Recovery (%): 95.0 %
- Significant bottleneck and infrastructure improvements at the A1 Mine and Maldon Processing Facility to drive increased production rates targeting 4,000 to 5,000 tonnes per month
- Upgraded HV power supply commissioned
- Further fleet purchased to support rising planned production including remote enabled equipment

Exploration Summary:

- Encouraging assay results from drilling at the A1 Mine extended high-grade mineralisation, beyond the historic mining of the Welcome Reef and Victory Reefs. Assay results also demonstrate opportunity to develop an intermediate reef in the vicinity of the previously mined Victory and Welcome Reefs. Exceptional drill results reported include:
 - 9.45m @ 25.6 g/t Au from 10.95m[#]; (#announced 21 July 2023)
 - 4.40m @ 118 g/t gold from 25.4m^{*};
 - 1.75m @ 53.8 g/t gold from 40.9m^{*};
 - 1.7m @ 34.4 g/t gold from 22.3m^{*} (*announced 29 May 2023)

Corporate Summary:

- Strategic placement of \$900,000 before costs
- Solid cash position at 30 June 2023 of \$3.2M and no hedging or debt

Kaiser Reef Limited (**ASX: KAU**) ("**Kaiser**" or the "**Company**") is pleased to provide its quarterly activity report for the period ended 30 June 2023.

June Quarter Summary

Kaiser reports that the major production upgrade project was completed and that the increased production rate commenced on 16 June. This was a major milestone for Kaiser and the result of a huge amount of work and financial investment. The results are expected to be realised in the coming months. Cash closed at \$3.2M and Kaiser remains debt free and unhedged. Gold sold during the quarter was 2,068 ounces.

Mine production and investment remained heavily focused on the development of the mining fronts to support the increased production rates and establishing the infrastructure required to increase production. Production was impacted by commissioning challenges at the mill associated with calibrating the sizing of cyclone spigots (now resolved), a gearbox drive shaft failure (now resolved) and various other commissioning challenges expected after installing new equipment. In addition, the mill liners are temporarily holding up more coarse gold than had been expected and this may be a function of the nature of the coarse gold and very high head grade that Kaiser typically experiences. The quantum of gold held up is currently being investigated and once the system is "loaded" should reach steady state production, which appears to be happening at the time of writing.

Kaiser completed a Share placement to a strategic investor to raise \$0.9 million (before costs).

Production Increased - Major Mine and Mill Improvements Completed

Kaiser reported the completion of significant bottleneck and infrastructure improvements at the A1 Mine and Maldon Processing Facility on 16 June. These improvements have allowed the A1 Mine production to increase, with monthly ore mining rates **targeting 4,000 to 5,000 tonnes per month (up from current 2,000 to 2,500 tonnes per month average rate)**. The increased production rate will be supported by the successfully commissioned high voltage (HV) power upgrade, further underground remote mining fleet purchases, improved ventilation infrastructure (ongoing) and accessing of ore bodies that had been developed over the previous quarter.

In addition, Kaiser was pleased to report that a recent Programmable Logic Controller (PLC) and fully digital supervisory control and data acquisition (SCADA) control system upgrade was commissioned at the processing plant at Maldon. The processing plant is now semi-automated and has recently achieved reported production rates exceeding 200,000 tonnes per annum hard rock ore. Recoveries have stabilised consistently above 96% and the mill is now more stable and operates with reduced unit costs due to the efficiency improvements.

Prior mill improvements completed by Kaiser included the upgrading of the SAG milling circuit, with a new SAG discharge hopper, and a rolling replacement of structural and mechanical parts of the leaching circuit. The upgrades also included the installation of "direct drive" agitators which have improved the energy efficiency, maintenance and reduced the noise footprint of the plant considerably for the benefit of the local community.

Now that these important initiatives have been completed, Kaiser will focus on delivering improving production and improving margins.

Mill Upgrade Process

At the start of 2022, the Maldon processing team kicked off a major project to modernise the SAG milling operation to ensure the plant could be operated and maintained more effectively (Figures 1 & 2). The final stage of the project was completed in the last week of May 2023. The project was executed in four main stages, the first being the redesign and replacement of the SAG discharge hopper and pump in May 2022.



Figure 1. Old SAG discharge hopper



Figure 2. New SAG discharge hopper

The second stage was the redesign of the SAG Mill lining system. This was done in conjunction with our liner supplier Growth Steel, who used their significant experience and design techniques to create a design, that improved wear life of the liners, increased the grinding efficiency of the mill and significantly reduced gold hold up between and behind the liners (Figures 3 & 4). This was completed in April 2023.

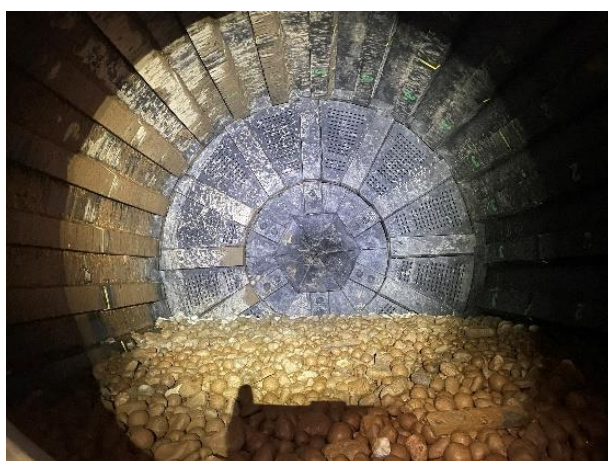


Figure 3. New Mill liners installed



Figure 4. New and Old mill liners

The third stage of the project involved a significant Electrical Engineering project to replace the obsolete PLC's, that were originally installed in the mid 1980's. This project was completed in conjunction with MIPAC, who completed the reverse engineering of the old PLC logic, created the new programs for the new PLC, completed all procurement on our behalf and supported commissioning. The physical installation, design reviews and commissioning was completed by the Maldon Processing team with support from the MIPAC engineers.

The project also included the installation of a SCADA to enable the operators to run the mill (Figures 5-7). This was completed in April.



Figure 5. Old PLC

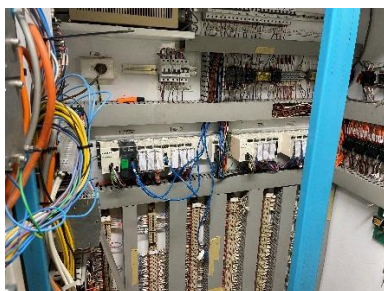


Figure 6. New PLC

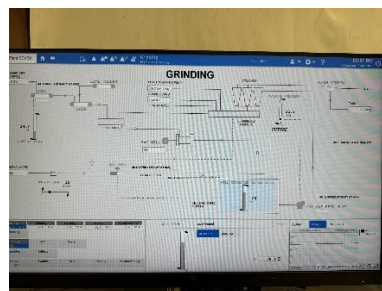


Figure 7. New SCADA system

The final stage of the project was the replacement of the circa 1980's technology hydrocyclones (Figures 8-10). This is the equipment that separates/classifies the fine material and sends it to leaching, while the coarse material is sent back to the mill for additional grinding. Efficient classification is critical for an effective grinding circuit.



Figure 8. Old Hydrocyclones



Figure 9 and 10. New Hydrocyclones



Overall, these improvements have delivered significant value to the Kaiser Operations business as well as improved safety.

Specifically, these include:

- A reduction in startup/shutdown times from a total of 40 minutes per day to 5 minutes, due to automation of the startup sequences.
- 20% increase in throughput per shift, this is a combination of the increased operating time and an increase in throughput rates from increased plant stability.
- A reduction in grind size from 125micron to 75micron, due to significant increases in grinding and classification efficiencies. This has led to a 1.5-2.0% increase in overall gold recoveries.
- Reduction in power and reagent costs in line with reduced operating time required to process the same tonnes.
- Significant safety improvements including, fully automating the elution circuit, eliminating manual interventions and additional safety interlocks to prevent major hazards. Significantly less manual intervention required is now required in start-up and shut down procedures.

A1 Mine Exploration

During the Quarter, Kaiser reported encouraging assay results from drilling at the A1 Mine that have extended high-grade mineralisation, beyond the historic mining of the Welcome Reef and Victory Reefs between 15 and 16 Levels south of the existing 1410 South mining development.

The drillholes targeted near term mining discoveries. The results from this program give the mining team greater optionality with respect to production.

Highlights*:

- **A1UDH-526: 1.7m @ 34.4 g/t gold from 22.3m; including 0.2 m @ 277 g/t gold from 22.8 m**
- **A1UDH-527: 0.2 m @ 14.77 g/t gold from 36.0 m**
- **A1UDH-528: 4.4m @ 118 g/t gold from 25.4m; including 0.3 m @ 1,715 g/t gold from 25.4 m**
- **A1UDH-528: 1.75m @ 53.8 g/t gold from 40.9m; including 0.4 m @ 230 g/t gold from 42.25 m**

*See ASX release dated 29 May 2023.

Discussion

The 1410 South Drilling Program is an exploration initiative targeting the southern A1 Dyke stratigraphy between the 1410mRL to just below the 1350mRL. The target zone represents one of if not the most under-drilled portions of the A1 Mine which is much higher (>100m) in the mine than current production centre below the 1250mRL.

Drilling resumed in the 1410 South Drive site testing a window of dyke around the historically mined Victory, Welcome and Dawn Reefs as well as likely repeat structures in footwall / hanging-wall positions to these historically rich reefs.

There is almost no exploration drilling data in this area. This historical data gap artefact may be largely attributed to a combination of stope shadows and lack of historical investment in developing optimal drilling positions.

A total of three holes have been drilled to date in this second program. Significant high grade quartz veins with visible gold were encountered in each hole and this has opened potential for new mining areas, in particular downdip extensions of Dawn and Welcome reefs.

Figures 11 and 12 show drillholes A1UDH-526, A1UDH-527 and A1UDH-528 with respect to the A1 Mine workings and the unsurveyed old workings.

A1UDH-526 and A1UDH-527 both drilled into an historic unsurveyed void 1.5-2m wide at around 25m downhole. This is possibly an extension to the extensively mined Victory Reef. A1UDH-526 also drilled through a lower section of the mined out Welcome Reef. Both holes

encountered thin high grade gold stringers adjacent to these voids of 0.2m @ 277 g/t Au and 0.2m @ 14.77 g/t Au respectively.

A1UDH-528 intersected significant quartz veining with visible gold adjacent to and down dip of the historic stopes corresponding to Victory Reef and Welcome Reef. 0.3m vein, at a depth of 25.4m @ 1715 g/t Au, and 0.4m at a depth of 42.25m @ 230 g/t Au.

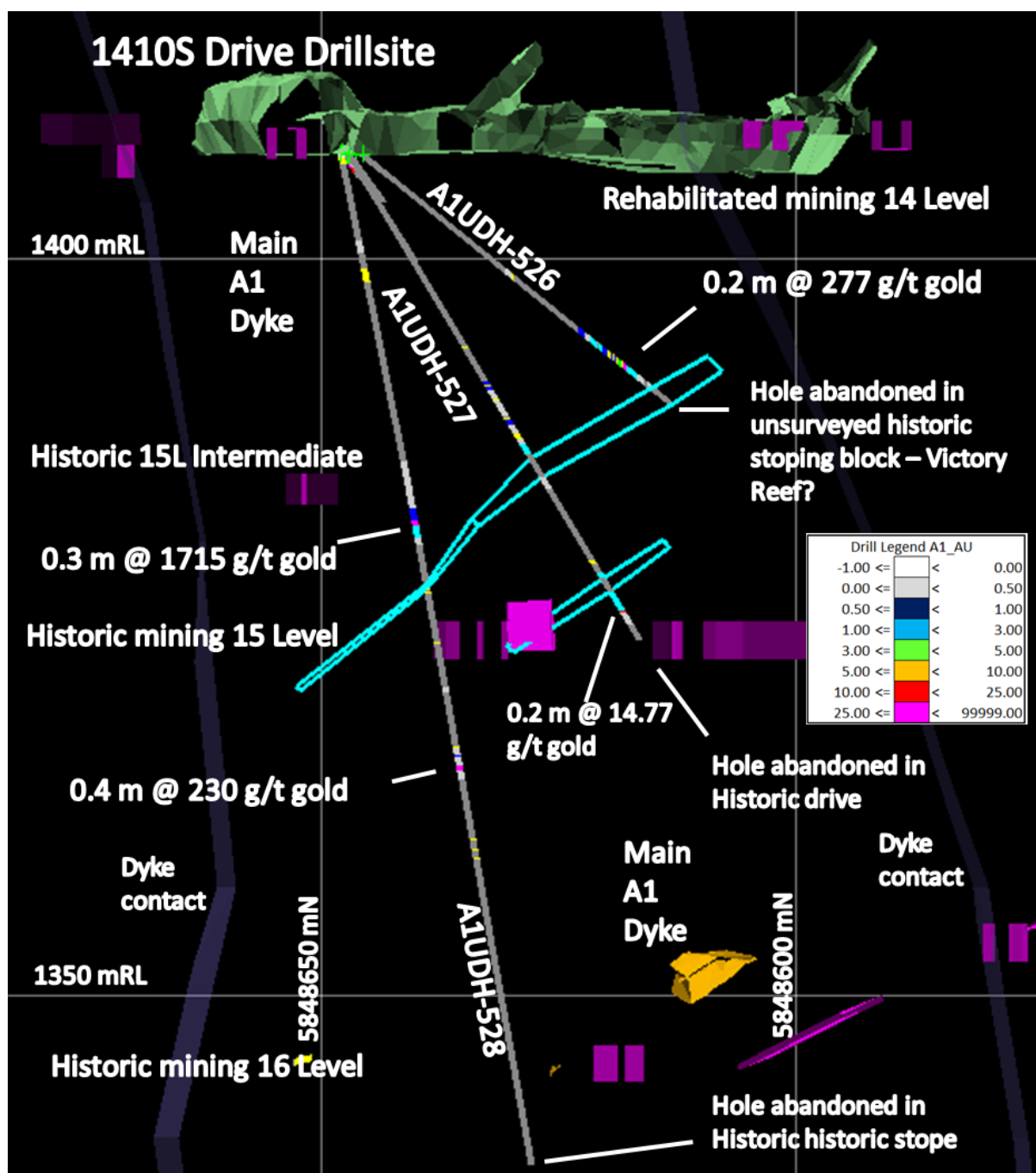


Figure 11: cross section viewed southeast along 230 Mine grid azimuth, illustrates the location of the drillholes A1UDH-526, -527 and -528 drilled from the 1410S Drive, with respect to the A1 Mine workings, reported in this announcement. Modern drives (green) and the interpreted historic workings (magenta), surveyed (amber) and unsurveyed historic stopping (blue).

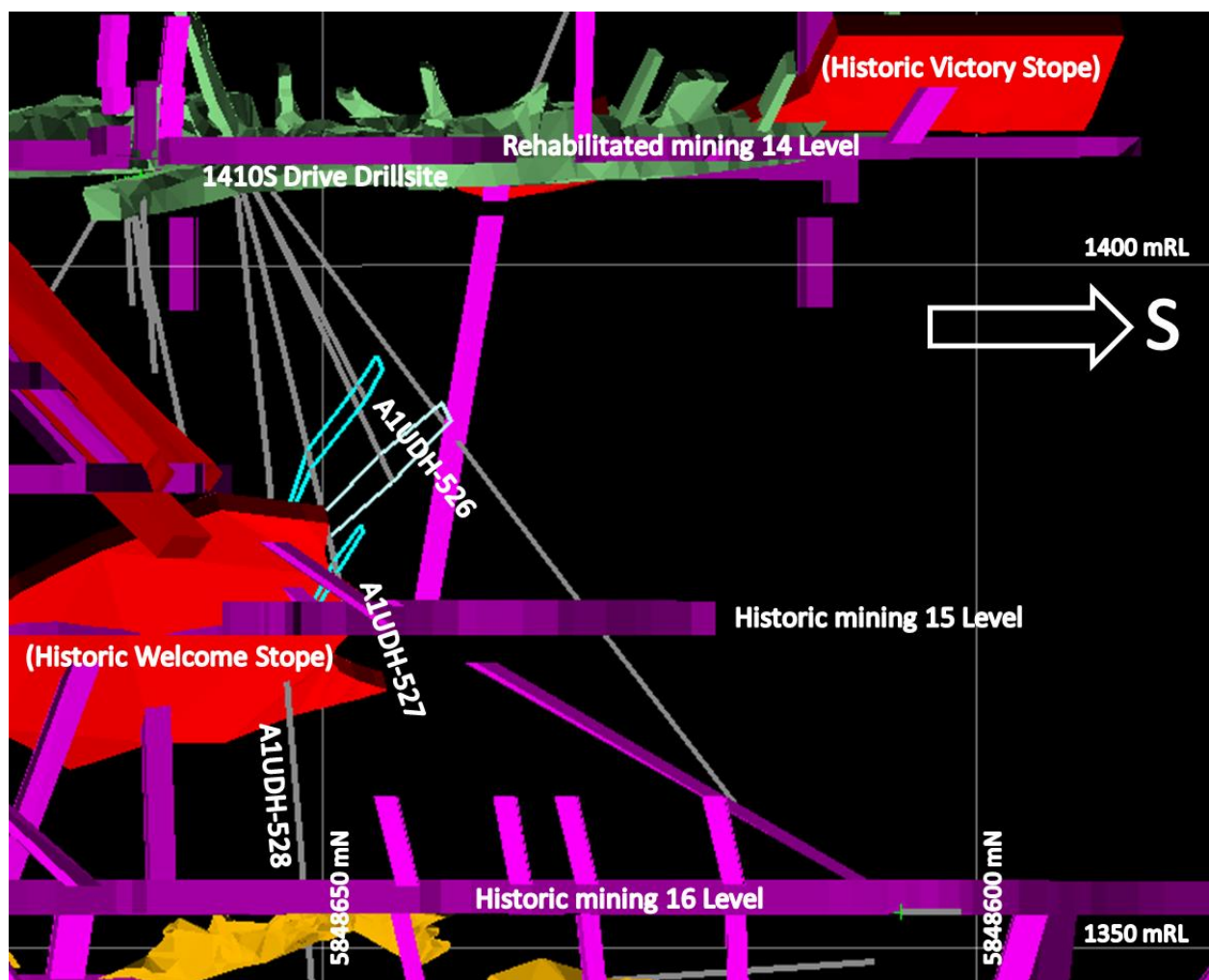


Figure 12: Longitudinal section looking East showing drilling traces (grey), modern drives (green) and the interpreted historic workings (magenta), surveyed historical (amber) and schematic interpretations of historical airleg stoping (red).

Corporate Activities

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

Finance (unaudited)

During the June 2023 quarter, Kaiser sold 2,068 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 June 2023 was \$3.2M excluding \$0.86M restricted cash.

Subsequent to this reporting period.

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\$165k 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

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 youis, 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.

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")

30 June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	6,104	30,709
1.2	Payments for		
	(a) exploration & evaluation		
	(b) development		
	(c) production	(2,662)	(13,605)
	(d) staff costs	(3,113)	(10,908)
	(e) administration and corporate costs	(326)	(886)
1.3	Dividends received (see note 3)		
1.4	Interest received	3	27
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	46	5,337

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements	(10)	(57)
	(c) property, plant and equipment	(830)	(4,327)
	(d) exploration & evaluation	(552)	(2,034)
	(e) investments		
	(f) other non-current assets	(811)	(3,108)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$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	(2,203)	(9,526)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	900	900
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	(61)	(61)
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	839	839

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,550	6,582
4.2	Net cash from / (used in) operating activities (item 1.9 above)	46	5,337
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,203)	(9,526)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	839	839

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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	3,232	3,232

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	3,232	4,550
5.2	Call deposits		
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)	3,232	4,550

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	(165)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		

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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	46
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(552)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(506)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,232
8.5 Unused finance facilities available at quarter end (item 7.5)	
8.6 Total available funding (item 8.4 + item 8.5)	3,232
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	6.4
<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:28 July 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.