

Kaiser Reef Limited



Quarterly Activities Report

For the period ending 30 June 2022

Quarter Production, Exploration and Resource Highlights

Production

- Revenues: \$7.3M
- Mine Operating Cash Costs: \$4.3M
- Gold Head Grade (recovered): 10.1 g/t gold
- Operating Cash Costs per Ounce: AUD\$1,650/Oz
- Gold Price Received: AUD\$2,629/Oz
- Gold Recovery (%): 93.3%

A1 Mine Exploration

- Sovereign Reef Discovery: 4.6m @ 135.7 g/t gold (in production)
- Neesham Reef Discovery: 2.4m @ 215 g/t gold (post quarter)
- Numerous other mineralised zones that may indicate further reef lodes
- Further results awaited/drilling ongoing

Maldon Exploration

- High grade results from the Maldon Historic Goldfield (past production exceeding 1.74M Oz @ 28 g/t gold) including 0.6m @ 52.9 g/t gold
- Maldon exploration targeting the historic reef system at depth and near development mining opportunities

Maldon Maiden Resource Released (subsequent to the quarter)

- Resource modelling complete (ASX 20/7/2021)
- A Mineral Resource Estimate of 1.2 Mt at 4.4 g/t gold (Inferred) for 186,656 ounces of gold; and
- An Exploration Target of 1.75 to 2.7Mt at between 3 g/t gold and 4 g/t gold for between 165,000 ounces of gold to 345,000 ounces of gold
- Extensive existing infrastructure and capital
- Existing mine permitting
- Proximity to wholly owned processing plant
- Processing plant currently operating profitably well below capacity

Kaiser June Quarter Highlights

Kaiser Reef Limited (ASX:KAU) (“Kaiser” or the “Company”) is pleased to present the June 2022 Quarterly report. Kaiser saw solid gold production with an Operating Cash Cost of A\$1,650 per ounce of gold and a great deal of activity. This delivered a strong EBITDA profit, but with substantial depreciation of the acquisitions cost of the resources and plant. Importantly, due to the mill refurbishment project, significant gold (249 refined ounces) was poured the day after the quarter, which will now be accounted for in the September quarter. This was a solid quarter that supports the turning point of Kaiser’s A1 Mine from the previous quarter. Importantly these results were achieved with an estimated 20% reduction in productivity due to Covid-19 over the quarter, and a substantial processing plant upgrade/refurbishment programme that saw the processing plant offline for almost 15% of the quarter. The mill refurbishment has now improved mill stability and the programme will reduce operating costs going forward which will be important for Kaiser to meet increased future production.

The cash balance held by Kaiser closed the quarter at a healthy \$6.6M. This was a quarter with a lot of expenditure on exploration, development, capital equipment /infrastructure upgrading and resource studies. The plant, property and equipment (PPE) costs of \$759,000 this quarter were roughly split between the processing plant works and the purchase of a new truck and loader.

Recent exploration results at the A1 Mine made several important, and occasionally spectacular discoveries, and have provided critical future planning information. The recent access to the deeper lodes is delivering exceptional results such as the discovery of the Sovereign Lode, which is now in production, and more recently and subsequent to the Quarter, the Neesham Reef. These discoveries are providing confidence in the long-term future of the A1 mine as Kaiser move into and exploit these new mining areas. The A1 Mine is increasingly looking like a jewel in our future business plans, with the objective of being a consistent high-grade producer.

The quarter also saw the last of the positive Maldon drilling results which were quickly brought into the recently released maiden Union Hill resource estimate (ASX 20/7/2022). The resource exceeded our expectations and will form a solid basis to proceed with studies and further work to bring on a second wholly owned high grade gold mine.

A1 Mine Production

Kaiser reports on its June 2022 quarter activities and production, announcing an operational milestone since acquisition. Investment in operational capital and dedication by the workforce has delivered solid operational improvements during the June quarter that have built on the previous work to deliver the intended gold production at the A1 Gold Mine. Further improvements in operating efficiency, gold production and output are targeted later in 2022. The first substantial production of the Queens Lode ore body was mined and processed with more to be targeted at lower levels later in the year. The bulk of the Queens Lode will be processed in the second half of 2022 and early 2023. Some of the Queens Lode initial material was over-broken which took in more wall rock material than expected which had the effect of increasing overall tonnes but at a lower grade. High grade airleg ore however returned higher than expected grades and substantially rectified the overall mining plan.

Kaiser is grateful for the faith and support shown by shareholders in a very challenging stock market environment, especially in the gold sector. The Company has also managed to retain a talented and focussed management and workforce for this progress and who continue to work towards turning Kaiser into a significant gold producer.

This is a pleasing quarterly, especially when taking into consideration the gold sale immediately following the quarter, which continues to support Kaiser's vision to become a multi-mine, high grade gold producer.

Kaiser closed the quarter with healthy cash balance of \$6.6M and no debt.

A1 Mine Exploration

Exploration activities focused on the underground diamond drilling rig following mobilisation from Maldon where it operated most of the preceding quarter. Drilling at the A1 Mine was designated a priority activity in order to support development and exploration activities.

“Sovereign Reef” Discovery

The first drill hole from the A1 Mine drilling programme returned an exceptionally high-grade interval of A1UDH-472: 4.6m @ 135.7 g/t gold from 36m (ASX - 2 May 2022). This hole was targeting near term mining targets to the south of the Queens lode where very little previous drilling has been conducted. Further results from near this

position have returned unexpectedly numerous zones of deeper mineralisation. This particular interval represents an interpreted extension of the Sovereign Lode. The drill holes are targeting near term and deeper lode positions, including extensions to the recently discovered “Sovereign” Lode which was brought into production during the quarter (Figure 1). The Sovereign Lode is currently providing high-grade gold ore from several mining fronts and its discovery is the result of Kaiser’s aggressive drilling and development into the deeper regions of the mine.

Notable drill results (from ASX releases 02/05, 10/06 & 05/07/2022) returned during the quarter include:

A1UDH-472: 4.6m @ 135.7 g/t gold
A1UDH-476: 1.92m @ 43.2 g/t gold
A1UDH-477: 0.8m @ 157.6 g/t gold
A1UDH-479: 0.5m @ 154.3 g/t gold
A1UDH-480: 0.2m @ 19.2 g/t gold
A1UDH-481: 1.9m @ 17.5 g/t gold
A1UDH-482: 1.5m @ 11.8 g/t gold

These results provide critical mine planning information for future mining of the previously identified reef systems as well as suggesting potential discoveries of several new reef systems.

As detailed in the “Major Events Subsequent to the Quarter, the discovery of the high-grade “Neesham Reef” was announced. The discovery hole returned an exceptional drill intercept of **2.4m @ 215 g/t gold** (ASX release 21/07/2022).



Figure 1: Miners inspecting the high grade Sovereign Reef at the A1 Mine

The drilling has primarily been targeting near term mining targets to the south of the Queens lode where very little previous drilling has been conducted and the results

have been very encouraging. Further assay results are awaited, and the drilling remains ongoing.

Exploration – Maldon District

Kaiser's final exploration results for the high-grade Maldon historic goldfield, located between Bendigo and Ballarat, are reported here. The Maldon Goldfield is 100% owned by Kaiser and is comprised of several historic high grade underground mines. Drilling was conducted from the modern established decline below the goldfield.

The results returned from underground diamond drilling at the high-grade Maldon gold mine reveal further intervals of gold mineralisation which are characteristic of previously mined areas at Maldon. Most of the drill holes have intercepted the Eaglehawk target reef at its projected location. These results are encouraging from the Company's first drilling campaign at Maldon.

The final drilling results from the first exploration campaign at Maldon returned a high-grade interval of **0.6m @ 52.9 g/t gold**. Overall, the results were encouraging and very useful in defining the mineralised trends within Maldon (Figure 2). The information will be used in the planning for the next round of drilling and was included in the resource estimation (see Major Events Subsequent to the Quarter).

Significant results from this Maldon in this campaign (ASX release 02/05/2022) include:

- UH-UDH-029: 0.7m at 37.6 g/t gold
- UH-UDH-027: 6.5m @ 6.2 g/t gold
- UH-UDH-013: 0.7m @ 20.6 g/t gold
- UH-UDH-022: 0.5m @ 12.8 g/t gold
- UH-UDH-29: 0.7m @ 37.6 g/t gold
- UH-UDH-33: 0.5m @ 7.1 g/t gold
- UH-UDH-35: 0.6m @ 6.0 g/t gold
- UH-UDH-37: 0.7m @ 9.9 g/t gold
- UH-UDH-43: 0.6m @ 52.9 g/t gold
- UH-UDH-46: 0.9m @ 10.2 g/t gold
- UD-UDH-48: 1m @ 9.5 g/t gold

Maldon is one of the premier Victorian historic goldfields and has enjoyed surprisingly limited modern exploration. The significant amount of gold historically exploited (**1.74Moz @ 28 g/t gold**), mostly within 300 metres of the surface, offers further

opportunity at depth, which is supported by limited, yet encouraging previous exploration.

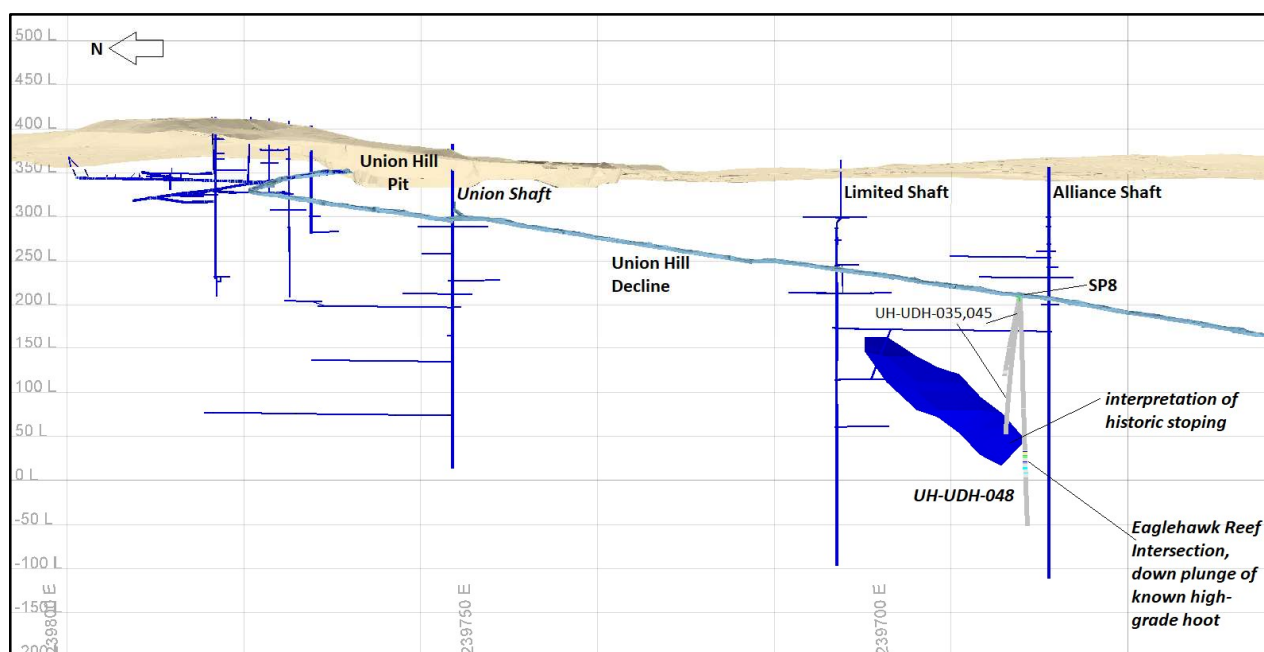


Figure 2: Long section of Maldon goldfield showing the drilling areas against the last 3 drill holes from SP8 at Union Hill, Alliance South Shoot UH-UDH-035, 045 and 048

The drilling in this campaign targeted positions near the Alliance South Shoot deposit. The Alliance South Shoot is defined by the north-south striking Eaglehawk Reef, at the southern termination of the Central Maldon Shear zone. The Alliance South Shoot deposit comprises a fault bound shallow dipping western and steep dipping eastern reef which make up the overall Eaglehawk Reef structure which was mined extensively further north from the Alliance group of shafts.

The Alliance South Shoot lode is located on a nexus of the 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 stope to the south on the 1080 and 1060 Levels. The planned drilling is targeting down-dip mineralisation in addition to following up on regions that returned historic high-grade intersections such as DDH104 (2.8m @ 14.87 g/t Au).

The Maldon Goldfield

Maldon has an established and serviced decline which allows excellent underground access for drilling high-grade shoots (Figure 3) and is currently facilitating the underground drilling and ultimately, could allow recommencement of modern mining.

The Maldon goldfield is located in the Bendigo Zone and is hosted in similar geology and has undergone the same broad structural deformation and mineralisation events

as regional Bendigo. Large deposits within the Bendigo area currently being exploited include the Fosterville Mine. The regional-scale mineralisation event is also the driver of goldfields at Bendigo, Fosterville, Castlemaine and Daylesford.

One of the Maldon's key advantages is the extensive existing infrastructure and proximity to Kaiser's operating gold processing plant (~2 km away) and that it is held under a granted Mining Licence. When exploration proves successful, rapid and low-cost development will be implemented utilising Kaiser's experienced mining team in a controlled cost environment for minimal capital cost.

Some of the historic high-grade gold drilling results from across 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**

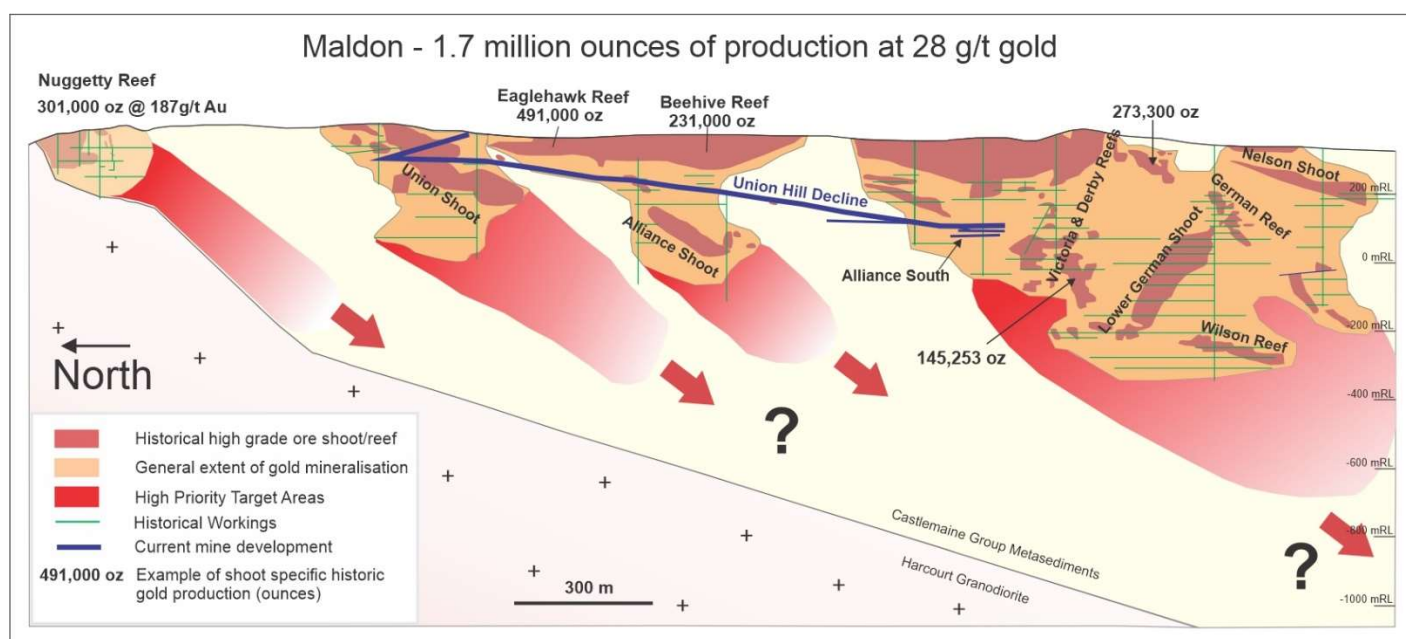


Figure 3: Long section of Maldon goldfield showing the potential reef extensions and historic workings.

Maldon Regional Exploration

Data was compiled to support regional exploration for parallel reef systems to the East and North of Maldon where weathered sedimentary cover have obscured the surface expression of potential high-grade lodes (Figure 4). Recent integrated structural, geophysical research and geological modelling has highlighted this opportunity. As detailed to the ASX (1 March 2022) historic drill hole DDH005 returned 2m @ **23.9 g/t gold from 218m**. This drill hole was following up lower grade mineralisation identified in DDH002, in drilling by Carpentaria Exploration in 1980. Kaiser believes that this hole has potentially identified a new reef system parallel to Maldon which substantially opens up the possibility for further discoveries to the East. This work is ongoing.

Exciting data review work has identified priority geophysical targets and regional high grade gold drill intercepts at Maldon. Although overprinted by granitic alteration fluids, the style of the reef mineralisation seen at Maldon is similar to other Central Victorian fields, including Fosterville and Bendigo.

Some areas of Kaiser's Exploration Licence application are under cover, including a gravity anomaly (ridge) like the one on the eastern side of the main Maldon field. The field may contain undiscovered high-grade shoots, which do not "daylight" and have not been found by previous exploration. Very little drilling of targets other than for extensions of known shoots has been undertaken.

In 1979 an IP survey conducted by Scintrex on behalf of CEC shows that at least some of the mineralisation is chargeable and resistive. Drill hole DDH005 by CEC returned the high-grade intercept validating the geophysical technique, and is located within Kaiser's main Maldon mining licence. There is an opportunity to use more modern exploration techniques to target new undiscovered mineralisation (Figure 5).

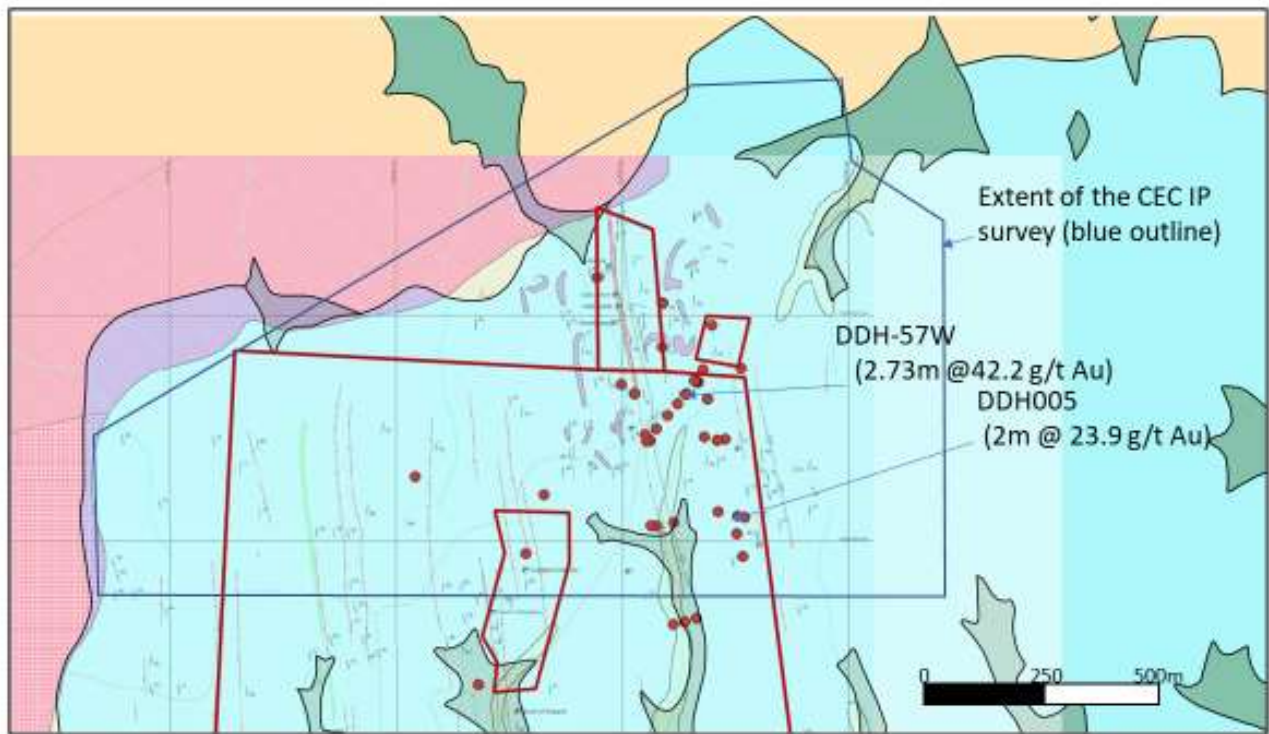


Figure 4: Geophysical survey extent (blue) over tenement outlines (red lines) and historic drill collars (red dots)

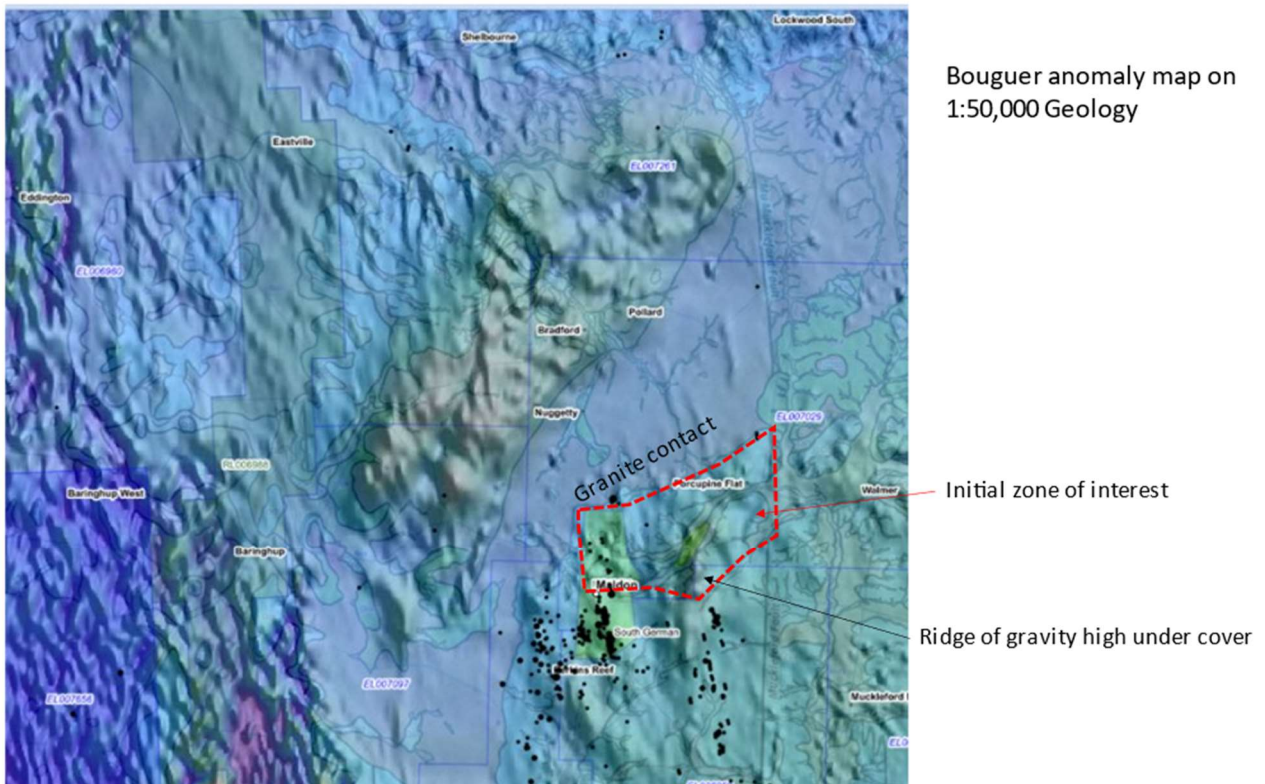


Figure 5: Gravity anomaly map showing prospective gravity ridges obscured by shallow cover soils located to the east of Maldon but within the Kaiser exploration licence application (EL7029).

Maldon Gold Processing Plant Upgrades

Kaiser reported that the first part of a maintenance, modernisation and upgrade programme at the Maldon Gold Processing Plant was completed on schedule and budget by Kaisers Maldon team. Kaiser is proudly investing in the long-term improvement of its assets and strengthening the future of the operations. The Company is planning numerous improvement initiatives and with the recently increased hopper volume and improved design, we are already achieving unprecedented stability in the circuit. This is expected to result in increased tonnage rates and reduced operating costs.

Ore processing was suspended for a 2-week period for an overhaul and replacement of some key items. The work was conducted without incident and within the tight time frame planned to minimise production disruption.

The project to refurbish and upgrade the SAG milling circuit in the Maldon Plant. Phase one was completed in the last 2 weeks of May, with a newly designed SAG discharge hopper made by Gekko in Ballarat, installed along with the replacement of structural steel within the mill building and a rolling replacement of parts of the leaching circuit. The upgrade will also include the installation of new "direct drive" agitators, replacing the existing agitators (Figures 6 - 9). This will improve the energy efficiency, maintenance and reduce the noise footprint of the plant considerably for the benefit of the local community. Stockpiles accumulated over the period and while the bulk of the stockpiled ore was process during the quarter, some of the attributable gold was not poured until outside this reporting period.

The shutdown was performed efficiently by Kaiser Staff and outside contractors without incident. Phase 2 will include the replacement of the classification circuit with newer technology equipment and will take place in July/August. Phase 3 will include the replacement of the PLC's and installing a fully digital SCADA control system to replace the existing analogue items, including remote access. This is likely to take place in October and November.

The upgrade works are expected to deliver a 20% increase in throughput rates as well as gold recovery improvements. Reduction in unit cost through lower power consumption and efficient operation are expected which would have a direct and significant impact of reducing operating costs and support any future expanded mining plans.



Figure 6: Old leach tank platform being removed



Figure 7: New discharge hopper installed in the SAG Mill building



Figure 8: SAG Mill plinth/foundation repairs

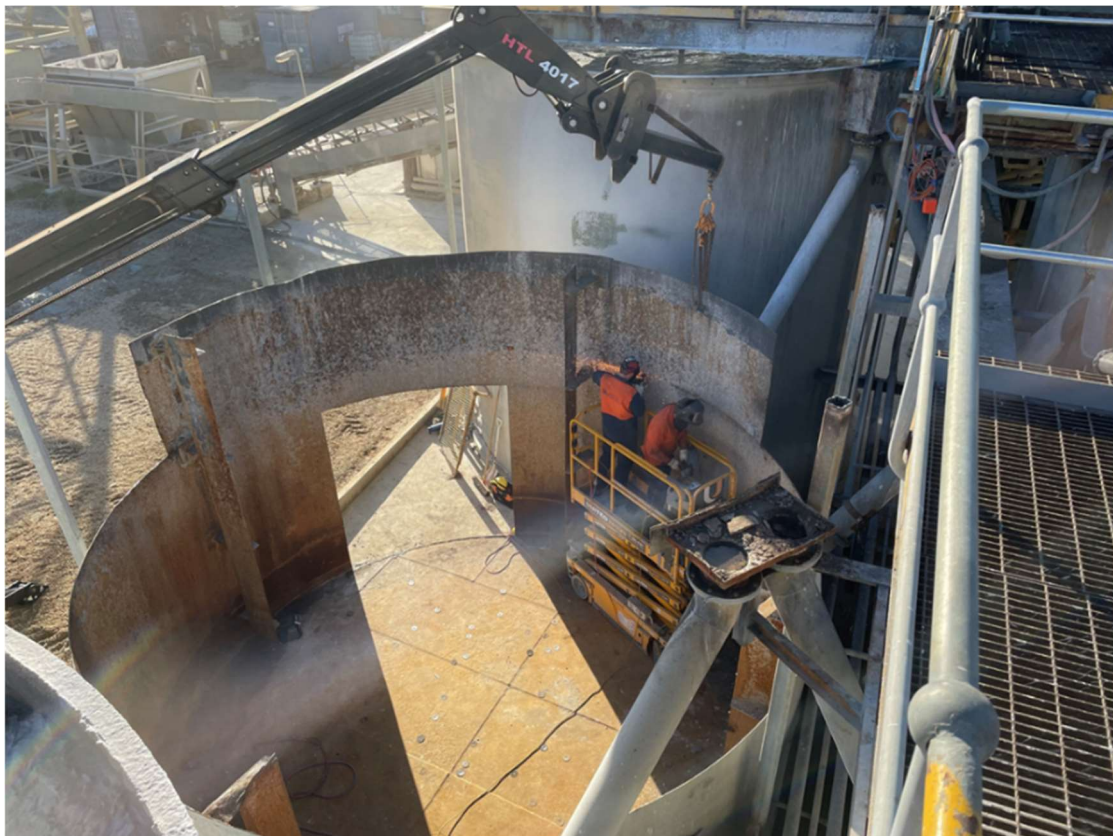


Figure 9: Leach Circuit tank upgrade programme

Major Events Subsequent to the Quarter

Maldon Study Results Confirm Significant Resource Base

Kaiser reported a very encouraging maiden JORC Resource for the Maldon Gold Project ("Maldon"). The initial Resource Estimate exceeded the Company's expectations and will be the subject of mining studies with an inhouse engineering and geological team to be dedicated to investigating further drilling requirements and planning toward profitable mining at Maldon.

Maldon Resource Highlights

- **A Mineral Resource Estimate of 1.2 Mt at 4.4 g/t gold (Inferred) for 186,656 ounces of gold; and**
- **An Exploration Target of 1.75 to 2.7Mt at between 3 g/t gold and 4 g/t gold for between 165,000 ounces of gold to 345,000 ounces of gold**
- **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 production of 1.74M ounces at 28 g/t gold**

Disclaimer: The potential quantity and grade of the Exploration Target is conceptual in nature and is an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource

Importantly, the resources are situated within a granted mining licence that has extensive existing infrastructure including a modern decline (5m x 5m). Kaiser is permitted to mine at Maldon however an emergency egress will need to be established and some infrastructure will require review and testing before predictable and profitable production can commence. The Maldon decline portal is located only ~2 kilometres to the west of Kaiser's wholly owned gold processing plant which is currently operating profitably but well under capacity. Kaiser has a vision to develop the Maldon operations to become a two mine high grade production company.

High Grade A1 Mine Drill Results and New "Neesham Reef" discovery - 2.4m @ 215 g/t gold

Kaiser reported further encouraging drilling results from the ongoing A1 Mine diamond drilling programme. The drill holes are targeting near term and deeper lode positions, including a new high-grade lode. This newly discovered lode, the Neesham Reef, returned a spectacular result of **2.4m @ 215 g/t gold** and is situated close to planned development drives.

The latest batch of drill results announced subsequent to this reporting period returned exceptionally high-grade intervals including:

- A1UDH-484: 2.4m @ **215 g/t gold** from 51.9m
- A1UDH-485: 0.34m @ **506.8 g/t gold** from 4.1m
- A1UDH-485: 1.1m @ **31.4 g/t gold** from 47.6m
- A1UDH-486: 1.6m @ **11.0 g/t gold** from 5.7m
- A1UDH-487: 1.8m @ **8.3 g/t gold** from 13m

The drilling was targeting near term mining targets to the south of the Queens lode where very little previous drilling has been conducted (Figure 10) and is an encouraging outcome. Further drilling results are awaited, and the drilling remains ongoing in the North of the A1 Gold Mine and at a deeper elevation.

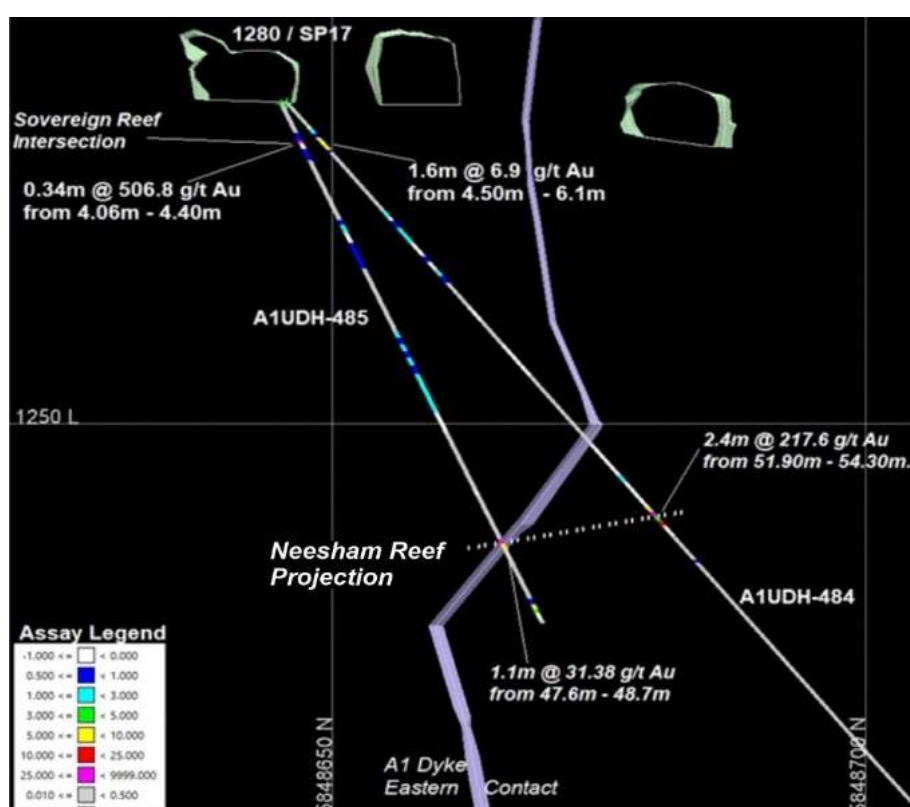


Figure 10: Long section looking west showing drilling traces, drives and the interpreted main dyke margin (purple)

Corporate and Finance (unaudited)

During the June quarter Kaiser sold gold 2,783at an average realised gold price of AUD\$2,629 ounce. A further 249 ounces of gold was in poured on 4 July and was delayed from inclusion in this quarter due to the Mill upgrade works.

Total cash held at bank as of 30 June 2022 was \$6.6M excluding \$0.73M restricted cash.

No debt is owing by the Company.

Project Divestment Discussion

Kaiser reported entering into preliminary discussions to potentially divest its NSW Stuart Town group of tenements (Stuart Town Project). While Kaiser considers these tenements are highly prospective for gold mineralisation, Kaiser made the decision to focus on near mine and near production opportunities within its wholly owned Victorian production and exploration assets. Kaiser intends to retain exposure to the Stewart Town Project with a 10% free carried interest until a Feasibility Study is completed and, on listing of the acquirer (ListCo), Kaiser would be issued with 5,000,000 shares in the ListCo with a further deferred payment of either a further 500,000 shares or \$250,000.

While this release was provided as a cleansing notice and the transaction was conditional, the current challenging market conditions have put the transaction or the timing of the transaction into a higher level of uncertainty. The Stuart Tenements in question are EL9203, EL9199, EL8491, EL8952 and EL9198.

Use of Funds

In line with obligations under ASX Listing Rule 5.3.4, The Company provides the following information with respect to its Use of Funds Statement set out in its Prospectus dated 7 December 2020 and its actual expenditure since ASX admission on 28 January 2021.

Expenditure Item	Use of Funds	Actual Expenditure (28.01.21 – 30.06.22)	Variance
	\$'000	\$'000	\$'000
Opening cash	3,335	1,911	(1,424)
Proceeds from the Offer	7,500	7,500	-
Total	10,835	9,411	(1,424)
Expenditure on Victorian Projects	(4,821)	(2,935)	1,886
Infrastructure costs	(2,267)	(5,765)	(3,498)
Expenditure on NSW Projects	(667)	(255)	412
Cash expenses of the Acquisition	(1,350)	(964)	386
Administration and working capital	(1,730)	2,338	4,068
Total	(10,835)	(7,581)	3,254
Remaining cash balance			1,830
Net proceeds from issues of equity securities in Q2 FY22			4,751
Closing cash position			6,581
Cash balance excludes restricted cash			734

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.

June 2022 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:

This Report also contains information extracted from the following ASX market announcements, which includes further details (including 2012 JORC Code reporting tables where applicable) of exploration results and minerals resources referred to in this Report:

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.

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%	-