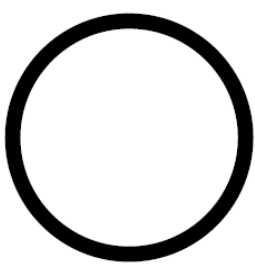


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Kaiser Reef Limited



Quarterly Activities Report

For the period ending 30 September 2021



Image 1: Three of the site geologists , Zac Marshall (Senior Geologist), Shawn Panton (Chief Geologist) and Tom Stevensen-Vissers (Mine Geologist) holding the first mined ore from the Queens Lode displaying typical white bleached diorite mineralisation

Highlights

- Processed 7,002 tonnes at 6.48 g/t (an estimated further 3.6 g/t is held in the mill and is recoverable) with a recovery of 94.6% through the Maldon processing plant to produce 1,380 ounces. Strong September revenue for the A1 Gold Mine
- Extended the decline to the top of the Queens Lode and opened new development headings
- Expanded the tailings facility to support processing into the future – work nearly complete
- Conducted significant underground exploration and resource definition diamond drilling at the A1 Mine
- Commenced drilling at the Maldon underground site after receiving the required permits
- Conducted a \$5.1M capital raising (before costs) of which \$2M was received during this reporting period and the balance subsequent to the quarter
- Encouraging diamond drilling results returned during the quarter included:
 - **18.9m @ 12.1 g/t gold**
 - **0.2m @ 802.9 g/t gold**
 - **2.4m @ 33.1 g/t gold**



Image 2: Maldon processing plant gold pour

Quarterly Report for the Period Ending 30 September 2021

Kaiser Reef Limited (ASX: KAU) (**Kaiser** or the **Company**) is pleased to report on its quarterly activities for the period ending 30 September 2021.

Kaiser continued its mining operations from the A1 Gold Mine with a focus on expanding its production. The mined ore was processed at the wholly owned Maldon gold processing plant. Significant resource definition drilling at the A1 mine was concluded towards the end of the reporting period, with the drilling rig then dispatched to conduct exploration at Maldon with the required drilling permits being granted. Diamond drilling from the A1 mine returned some very encouraging results.

The tailings dam uplift work was essentially completed during the quarter and several maintenance initiatives at the Maldon plant were also completed.

In order to support the future production plans at the A1 Mine, Kaiser continued the decline development work and both the 19 Intermediate and 19 Level were opened up. This was a significant achievement and provide the first new opportunities to mine high grade airleg ore for a significant time. The 19 Level also intercepted the first of the Queens Lode ore zone with this material being mined subsequent to the quarter.

September Quarter 2021 Summary

A1 Mine Operations

Safety is a key focus for Kaiser and management continued reviews and improvements to safety processes following the period of administration. During the quarter there were 2 Lost Time Injury's. The State of Victoria also experienced its most powerful recorded seismic event, estimated at up to 6 on the Richter scale in magnitude and fortunately, there were no associated injuries or any assessed damage.

The A1 mine continued the ramp up plan prepared by Kaiser that is designed to access increased production sources from airleg and mechanical mining methods. Production for the September quarter was 7,002 tonnes at 6.48 g/t with a recovery of 94.6% through the Maldon processing plant to produce 1,380 ounces (Figure 1).

The decline progressed during the quarter and mining accessed the 19 Level with production development underway. Accessing the 19 Level and the 19 Intermediate Level will provide ore feed from the first new levels in several years. The operations are expected to continue to deliver high-grade ore to Kaiser's processing plant at Maldon.

Kaiser maintained the strategy to ramp up production in the short and medium term, targeting the advanced exploration target called the Queens Lode. The Queens Lode is anticipated to allow mechanised mining to increase the production rate overall. The Queens Lode resource delineation drilling programme was concluded during the quarter and resource modelling and mine planning work commenced subsequent to the quarter.

At this stage, ore is predominantly extracted using air-leg mining methods. The ore is then treated at the Company's wholly owned CIL processing facility at Maldon. Production during the September quarter was constrained primarily due to a focus on decline development and a tight labour market impacted slightly by Covid-19. Sustaining infrastructure investments were

continued to be implemented including decline extension and lateral developments to open new ore headings. A few days of production was also lost due to the seismic event followed by engineering damage and safety reviews.

The mill underwent a scheduled full mill reline in June 2021. This caused a significant fall in grade over the quarter as coarse gold accumulated in the circuit around the new liners. The impact was more significant for the Company due to high grade ore material (coarse gold) and lower feed volume through the mill. A thorough investigation has been conducted and it is estimated that approximately 540 oz of gold is currently held between the mill liners with an effective reduction in grade of approximately 3.6 g/t gold. It is believed the coarse gold accumulation in the mill is now at a maximum level and the mill capacity will resume with limited hold ups in the next quarter. This gold will be recovered when the next mill reline occurs.

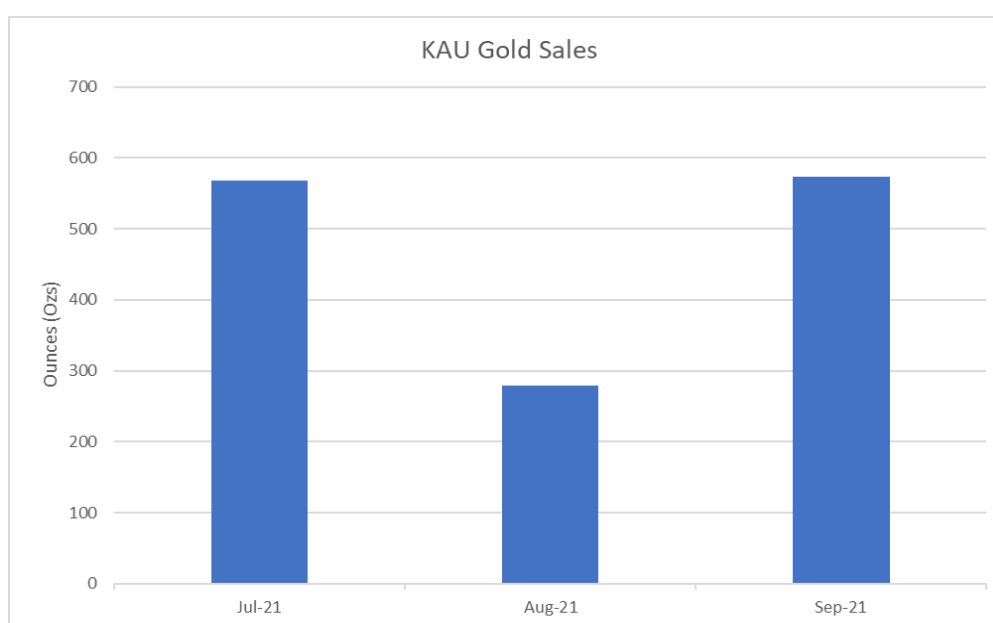


Figure 1: September Quarter Gold Sales

Maldon Process Plant

There were no reportable safety or environmental incidents recorded at the Maldon processing facilities, during the past quarter and no reportable injuries recorded over the last financial year.

Production for the September quarter through the Maldon processing plant saw 7,002 tonnes of ore treated at a grade of 6.48 g/t gold with a recovery of 94.6% to produce 1,380 ounces. It is estimated that approximately 540 oz of gold is currently held between the mill liners, with an effective reduction in grade of approximately 3.6 g/t gold. It is believed the coarse gold accumulation in the mill is now at maximum and the mill capacity will resume in the next quarter. This gold will be recovered when the next mill reline occurs.

Mill tailings continue to be discharged into TSF No 5 with the construction of the next lift of the TSF facility (TSF Lift 5C) 1.5m lift nearly completed in September 2021. Substantial maintenance works were conducted to the crusher and the grinding mill gear box without resulting in any production loss.

A new full time and highly credentialed Process Manager, Dylan Morgan, was appointed to Maldon Resources.

A1 Drilling Program

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

Significant results from these recently received drillholes include:

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

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

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

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

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

These results were successful in delineating the positions of the gold-bearing reef systems currently being mined. Further results from drilling completed at the bulk tonnage Queens Lode were awaited and have generally been positive. The drilling rig has now been demobilised to the Maldon Goldfield. The results are being compiled into a resource estimate for the Queens Lode which will then be used to generate an engineering and mining study. This is anticipated to be the first time in

several years that a defined resource can be used for forward looking man planning. Aside from the confidence in planning, it is anticipated that the Queens Lode will support an increase in mine production as mechanised mining techniques are able to be used in the wider lodes observed at the Queens Lode project.

Drilling at the Maldon Goldfield

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

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

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

Kaiser considers Maldon to be an underexplored and extremely prospective prolific high grade historic goldfield. Exploration at Maldon is a high priority objective for Kaiser. Drilling commenced early during the Quarter targeting prospective potential ore shoot extensions. Kaiser initially utilised a small company owned Kempe diamond drilling rig to commence early drilling at Maldon. Unfortunately, the production and effectiveness of the rig was substantially below expectations and some of the deeper targets were not tested. The full-scale underground drilling rig concluded drilling at the A1 Mine and has since commenced drilling from underground locations at Maldon. The contracted drilling rig has since proven to be very productive and capable. Drilling has initially targeted the projected extensions to historic high-grade mineralisation at the EagleHawk reef, one of Maldon's largest historic high-grade mines.

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

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

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

- 0.90m @ 103.0 g/t gold
- 2.73m @ 42.2 g/t gold
- 2.75m @ 22.6 g/t gold
- 0.44m @ 205.0 g/t gold
- 2.00m @ 58.0 g/t gold
- 2.30m @ 12.5 g/t gold
- 0.83m @ 80.0 g/t gold

- 1.0m @ 45.5 g/t gold
- 3.55m @ 11.9 g/t gold
- 2.95m @ 18.5 g/t gold
- 0.85m @ 114.6 g/t gold

*Not including alluvial/placer production.

Kaiser also announced that the regulatory approvals have been received to commence drilling on the granted Mining Licence at both the Maldon underground location and for surface drilling at the Nuggety Reef historic gold mine at the Northern end of the Maldon goldfield.

The initial drilling program will target regions identified as being close to the existing underground development and with historical encouraging results within the Union Hill decline (Figure 2 and 3). This drilling will initially test identified mineralised areas and step out to explore for and define economic ore zones.

A research paper prepared by Peloton Capital is available for download on the Kaiser website under the Investors tab:

(<https://www.kaiserreef.com.au/media-and-presentations>).

This paper details the prospectivity for Maldon to host further mineralisation as already mined at Maldon.

Union Hill Long Section

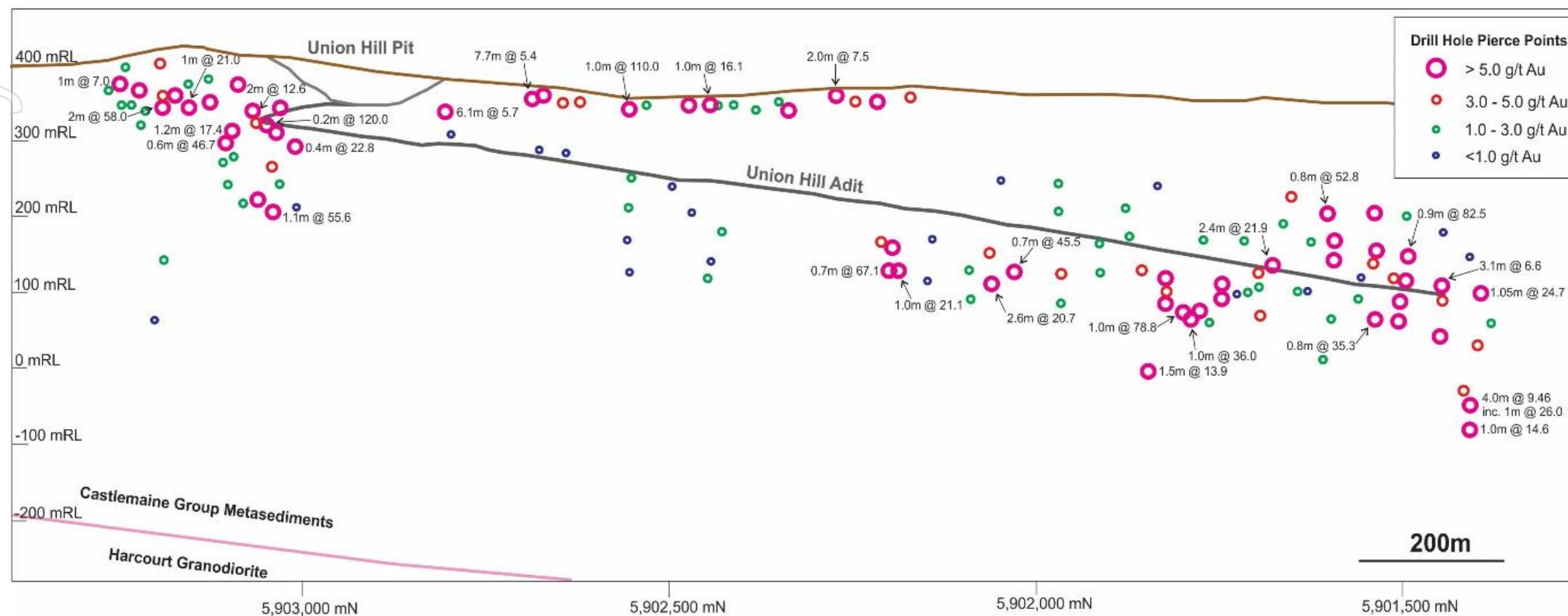
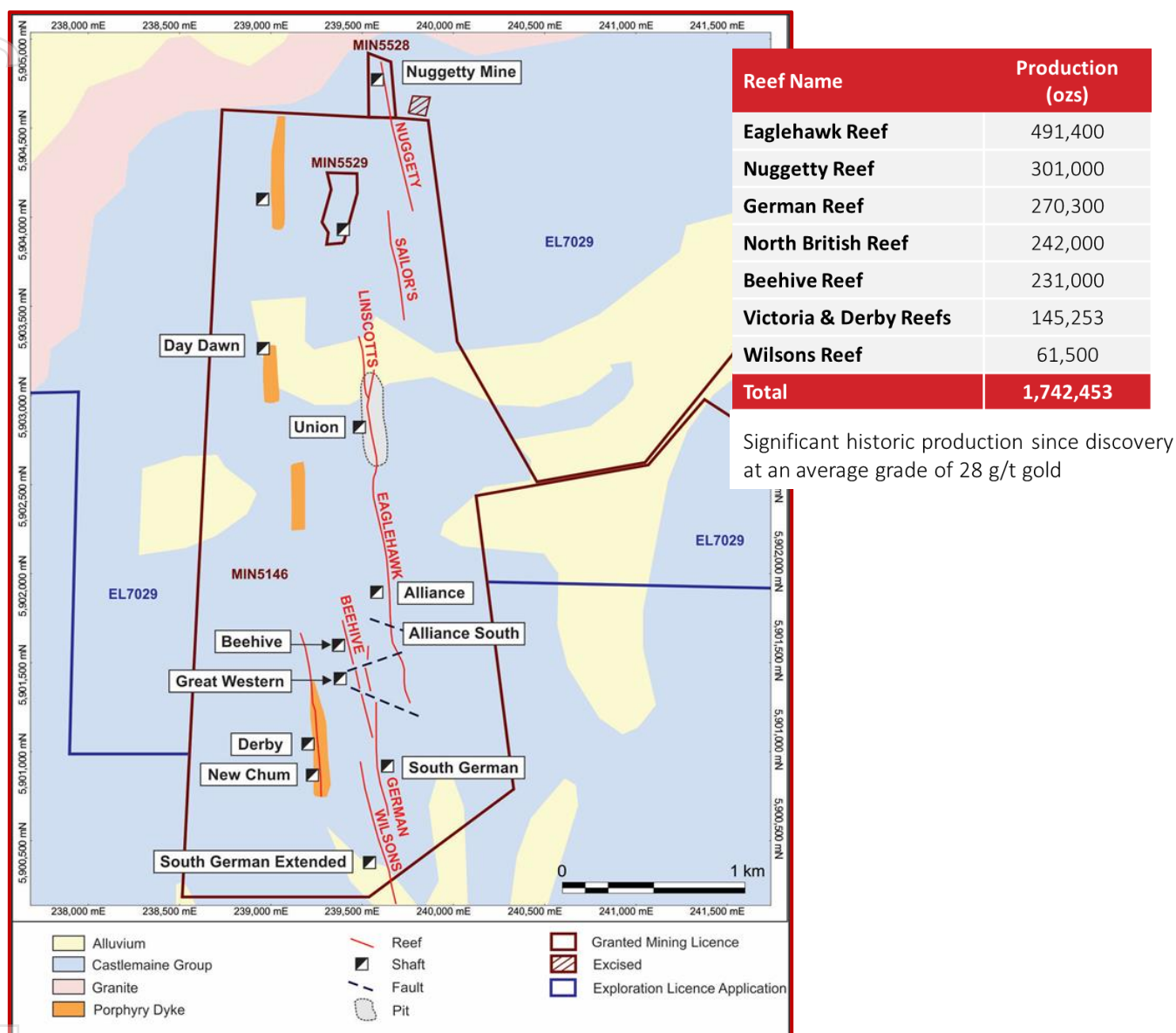


Figure 2: Long Section showing the Union Hill decline and previous drill intercepts.



New South Wales Exploration Licences Awarded

During the Quarter, Kaiser announced the award by the Department of Regional NSW of three high priority exploration licences centred on the Molong Volcanic Belt (“**MVB**”) between the Cadia copper/gold mining operation (“**Newcrest**”) and the Boda copper/gold discovery (“**Alkane**”) in New South Wales (Figure 4). These licences are within a terrane actively being explored for copper/gold porphyry deposits by major international copper-gold mining companies. This section of the MVB is one of the most richly endowed global porphyry belts and is a blue-chip addition to Kaiser’s exploration

portfolio. Two high priority exploration targets have already been identified and will supplement the ongoing Stuart Town exploration programme in the region.

The three exploration licences awarded are:

Two Mile (EL9203)

The Two Mile exploration licence is situated on the southern margin of the Big Hill porphyry project, currently the subject of active exploration and drilling (Figure 2). Historic copper and gold mineralisation identified in soil sampling has been conducted to the north of the licence and represents an early exploration target on trend into Kaiser's Two Mile licence.

Oaky Dome (EL9198)

The Oaky Dome licence abuts the wholly owned Stuart Town licence and historic gold field. A high-resolution magnetic survey (Nuggety Gully Hill; Figure 2) shows an interpreted area on the southwestern margin that may represent an intrusive host associated with historic gold workings described as a structurally controlled hydrothermal system on which shafts up to 21m deep were sunk. The workings are surrounded down slope by a series of historic alluvial gold operations.

Bakers Creek (EL9199)

The Bakers Creek licence is located 1.3 km to the north of the Bakers Swamp copper/gold porphyry target and covers a region of prospective mapped monzonitic intrusive rocks. The Bakers Swamp project has been explored by groups such as CRA, MIM, Clancy Exploration and Mitsubishi and is currently held by Newmont.

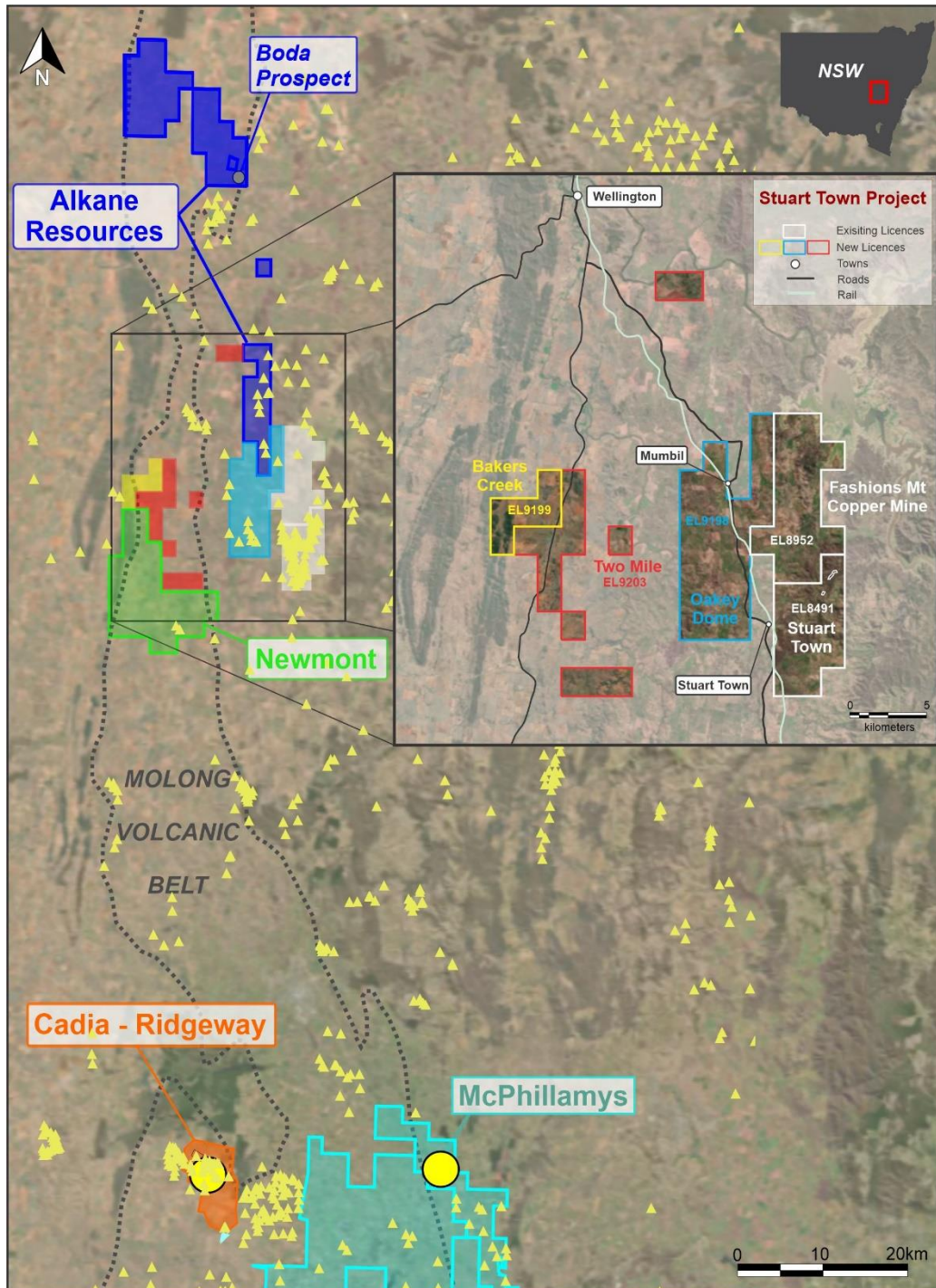


Figure 4: The Stuart Town Project in relation to Boda and Cadia with gold occurrences.

These three new licences substantially increase Kaiser's strategic land holding in this highly prospective district from 78 km² to 196 km². Initial work will consist of historic data review, mapping, local sampling and data compilation. On site exploration has unfortunately been impacted by COV-19 travel restrictions in New South Wales.

Capital Raising & Entitlement

Kaiser conducted a fully underwritten, contemporaneous Placement and a 1:8 Non-Renounceable Rights Issue to raise circa \$5.1 million (before costs). The new Shares to be issued under the Placement and Rights Issue were issued at a price of \$0.20 per Share. The Placement was completed during the quarter and the rights issue was completed subsequent to this reporting period.

Capital raised from the Placement and Rights Issue will be used to develop the Queens Lode gold deposit at the A1 Mine and to drill test the high-grade Maldon Goldfield

Corporate and Finance (unaudited)

During the September quarter, the Company sold 1,421 ounces at an average realised gold price of A\$2,431. A further 111 ounces of gold was held in safe at the end of the quarter.

Total cash held at bank as of 30 September 2021 was \$4.0M excluding \$0.73M restricted cash.

No debt owing by the Company.

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 – 30.09.21)	Variance
	\$'000	\$'000	\$'000
Opening cash	3,335	1,911	(1,424)
Proceeds from the Offer	7,500	7,500	-
Total	10,845	9,411	(1,424)
Expenditure on Victorian Projects	(4,821)	(1,128)	3,693
Infrastructure costs	(2,267)	(2,380)	(113)
Expenditure on NSW Projects	(667)	(228)	439
Cash expenses of the Acquisition	(1,350)	(964)	386
Administration and working capital	(1,730)	(2,535)	(805)
Total	(10,835)	(7,235)	3,600
Remaining cash balance			2,176
Net proceeds from issues of equity securities			1,865
Closing cash position			4,041
Cash balance excludes restricted cash			734

Authorised for release to the market by Executive Director, Jonathan Downes.

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Schedule of Tenements

SCHEDULE OF INTEREST IN MINING TENEMENTS				
Project	Tenement Number	Location of Tenement	Beneficial interest at end of the quarter	Change in 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%	-