

ASX RELEASE | 16 OCTOBER 2024

NOVA - HIGH GRADE GOLD TARGET REACHED

Kaiser Reef Limited ("Kaiser" or "the Company") is pleased to announce that the decline at the high-grade A1 Gold Mine has successfully reached the Nova Zone at the extremities of the historic mining. This marks a milestone for Kaiser, signalling a new chapter in the Company's operations with miners having focused on extracting "remnant" ore for the past 30 years.

The A1 Gold Mine, has operated almost continuously since 1861, and historically produced approximately **800** ounces of gold per vertical metre, with some levels exceeding 1,000 ounces per vertical metre, a benchmark for significant gold mines. Most of the ore was exploited in the first 100 year mining phase. Modern remnant mining over the past 30 years however has been limited to producing less than **237** ounces per vertical metre.

Kaiser has now reached a critical target, termed the "Nova Zone," which has never been mined before:

- ✓ Reached new previously unmined levels
- ✓ The best ore is now in-situ and not historically exploited
- ✓ Facilitates modern mine planning for increased production
- ✓ Power Systems Upgraded
- ✓ Ventilation Works Upgraded/Ongoing
- ✓ Mineralisation Open at Depth
- ✓ Diamond Drilling Imminent

Significant capital expenditure, estimated at over \$24 million, including supporting infrastructure, has been invested to reach these new levels. The transition to mining the primary ore, with the best material not having been previously mined, and access to the potentially substantially higher "ounces per vertical meter" enjoyed historically is a major achievement (Figure 1 and 2). Additionally, substantial upgrades to the infrastructure—including enhanced ventilation and high-voltage power systems—have been implemented to support the development work at the mine.

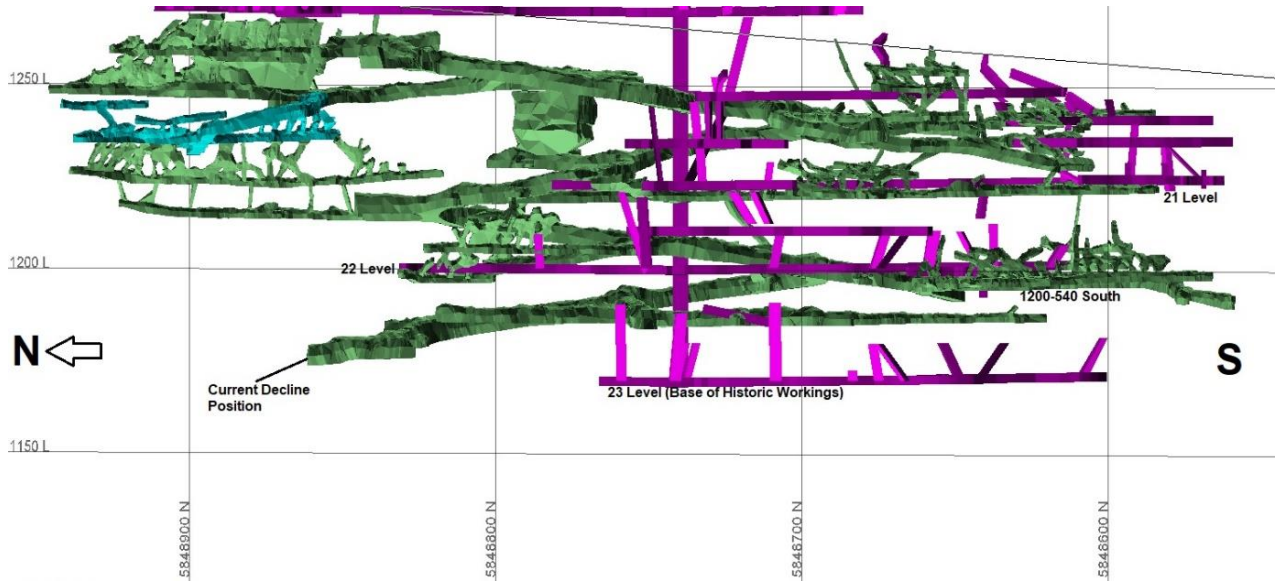


Figure 1: Long section of the lower portion of the A1 Mine, showing historic workings as well as modern planning and importantly, where the current development has crossed a critical threshold into the Nova Project.

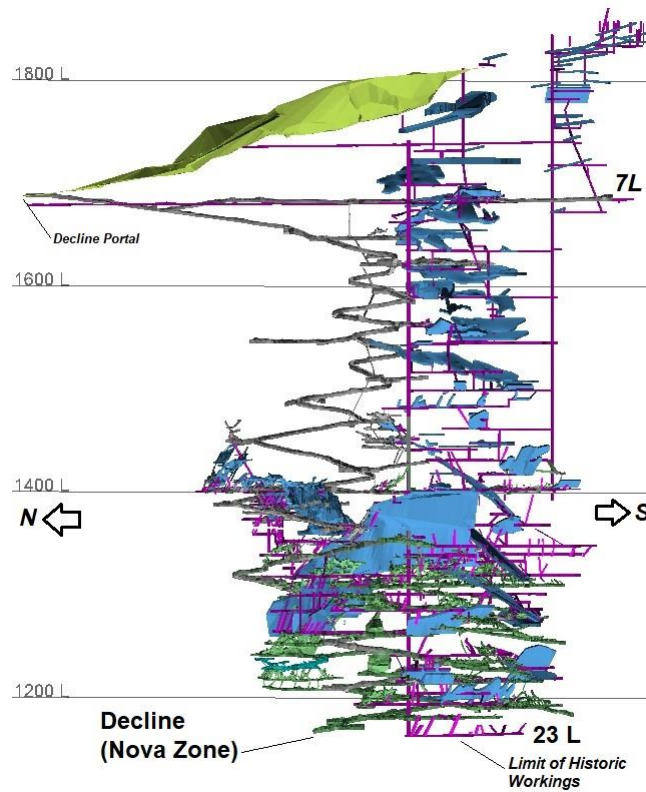


Figure 2: Long section of the of the A1 Mine, showing historic workings as well as modern planning and importantly, where the current development has crossed a critical threshold into the Nova Project.

Managing Director Jonathan Downes commented:

“This transformational achievement will provide a twofold opportunity for Kaiser. The first is that the best ore has now, not already been mined. The transition into the Nova Zone may allow access to more ore, and ore that is higher grade.

The second, and almost as compelling, will be the forward ability for Kaiser to develop a modern mine plan, optimised for increasing production. The benefits from the move into the Nova Zone is now being realised, with the recent discovery of high-grade ore, now in production at the Tasma Reef.”

Additionally, **substantial upgrades to the infrastructure** - including enhanced ventilation and high-voltage power systems, with some examples shown in Figures 3 – 6, have been implemented to support the development work at the mine.

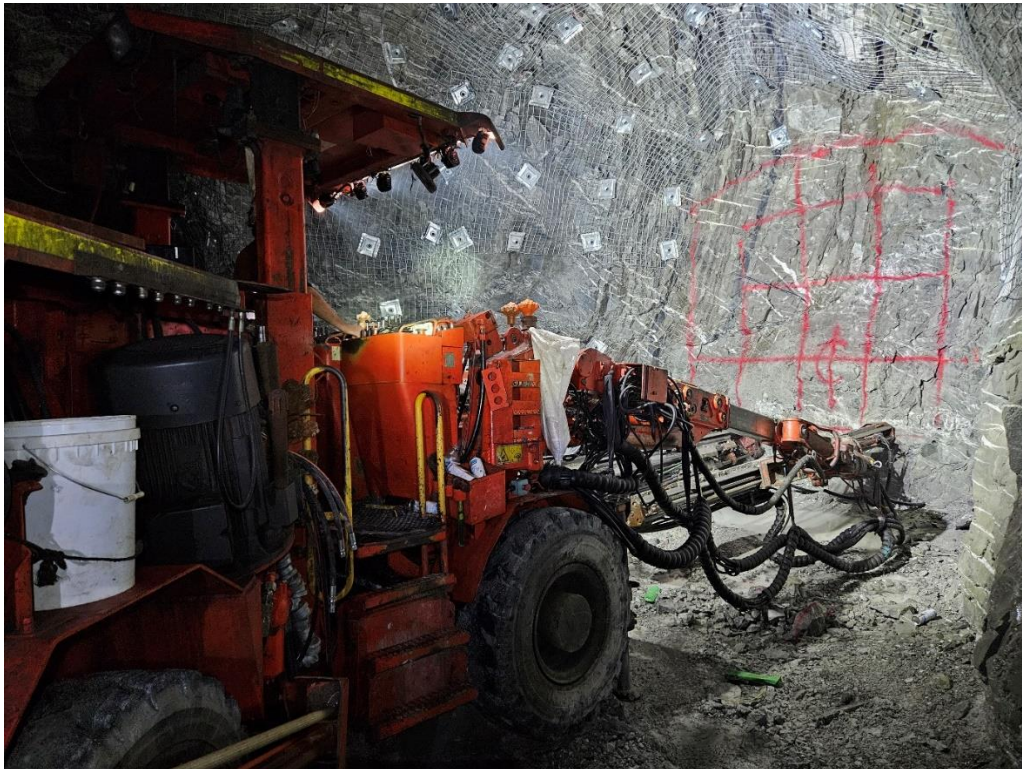


Figure 3: Twin Boom Jumbo advancing the main face of the decline at the 23 Level.



Figure 4: New ventilation fan station set in shotcrete ground support.



Figure 5: Vent door closing off ventilation recirculation, set in shotcrete and cable bolts for additional ground support.



Figure 6: New electrical substations to distribute high voltage power.

Kaiser is also pleased to report that the new extended decline has delineated several new reef systems, including an extension to the historic Tasma reef, which has very rapidly been brought into production (Figure 7). The Tasma reef is displaying numerous occurrences of visible gold (Figures 8 and 9). This is a positive and immediate result of the advancing development.



Figure 7: High grade airleg mining on the Tasma Reef.



Figures 8 and 9: Specimens of high grade ore taken from the Tasma Reef.

-ENDS-

This announcement was approved for release by the Board of Kaiser Reef Limited.

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About Kaiser Reef Limited (ASX: KAU)

Kaiser Reef is a high-grade gold producer and exploration company with a clear focus on gold within the prolific Victorian goldfields. Kaiser wholly owns and operates the A1 Gold Mine, the Maldon Gold Processing Plant and the Maldon Gold Mine (currently on care and maintenance) in Victoria.

Future Performance

This announcement may contain certain forward-looking statements and opinions. 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.