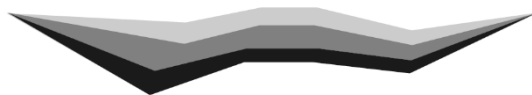


**Kaiser Reef Limited**



## **Annual Report**

**For the year ended 30 June 2023**

## Directors' Report

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## MANAGING DIRECTOR'S ADDRESS TO SHAREHOLDERS

Dear Shareholder,

I am pleased to report on Kaiser Reef Limited's (Kaiser) full financial year ended 2023. The year was full of positive progress which included significant exploration and development drilling, improving operations, and increasing gold production.

During the second half of the financial year (January to June 2023), Kaiser focused on capital investments and operational improvements at the A1 Mine that included the high voltage power upgrade as well as numerous other initiatives including safe and secure hydrocarbon storage processes and significant ventilation improvements. The high voltage power upgrade was the major investment made to support the future of our operations and production growth.

Despite the significant reinvestment, improvements and capital works, Kaiser booked a profit for the year and delivered a strong upward trending production profile (Table 1). Importantly, the substantially increased production rate commenced in the last two weeks of the financial year bodes extremely well for the established trend moving to the future. Subsequent to this reporting year, the production rate has increased further from 2,000-2,500 t/m to more than 4,000 t/m in the months of July and August.

Table 1: A1 Mine Production

Year	Production Tonnes	Grade g/t Au
2020-2021	21,917	9.45
2021-2022	28,480	10.08
2022-2023	32,538	11.45

The 2023 year delivered a **gross profit of \$7.1M (net profit of \$1.2M)** which compares to prior year's **gross profit of \$5.9M (net loss of \$2.3M)** largely driven by operations in the earlier part of the year with a focus on increased production and capital improvements. Kaiser operated a contracted diamond drilling rig almost continuously over the year and development has now taken the mine close to the very bottom of the historic mined levels. This is an exciting achievement that is planned to see Kaiser transition from being a predominantly remnant ore miner to accessing untouched levels at this new depth. It is hoped that higher grade and a greater frequency of unmined ore blocks will be identified in the lower depths will improve overall production and margins.

Over the year Kaiser drilled some deeper holes to confirm the continuity of mineralisation and received exceptional results such as reporting drilling results from the A1 Mine that have extended high-grade mineralisation substantially deeper than previously achieved. On 23 November 2022, Kaiser reported drilling had identified mineralisation at approximately 115m below the decline face with visible gold encountered in these deeper unknown reef systems and of assays up to 69 g/t gold. The implications are extremely encouraging for the future of the A1 Mine.

Other outstanding recent drilling results included:

- 2.4m @ 215 g/t gold from 51.9m (ASX: 22 July 2022)
- 13.5m @ 6.6 g/t gold from 99.2m (ASX: 7 October 2022)
- 0.4m @ 69.2 g/t gold from 229.4m (ASX 21 November 2022)
- 2.2m @ 23.8 g/t gold from 73.8m (ASX 21 November 2022)
- 0.25m @ 2,006 g/t gold from 66.65m (ASX 21 March 2023)
- 4.4m @ 118 g/t gold from 25.4m (ASX 29 May 2023)

Aside from the focus on the operating A1 Mine and the improvements and investment made at the Maldon Processing Plant, Kaiser continued to look towards developing a second mining operation at the Maldon goldfield, where a few small ore parcels were mined and processed over the year. The Maldon Goldfield has historically produced 2.1M ounces at 28 g/t of gold and Kaiser announced a maiden JORC resource on 20 July 2022. Furthermore, Kaiser also wholly owns this project where work is ongoing with a major Exploration Licence granted (ASX 10 February 2023) that will facilitate drilling at the Nuggety Mine on 10 February 2023. A drilling application is currently awaiting approval with the regulators. Bringing on a second mine is expected to provide unit cost reductions across the businesses and increase Kaisers production substantially.

The gold price has been supportive in offsetting the higher cost environment, see Figure 2. The high Australian gold price, not far below AUD\$3,000/Oz is supportive for unhedged Australian gold producers such as Kaiser.

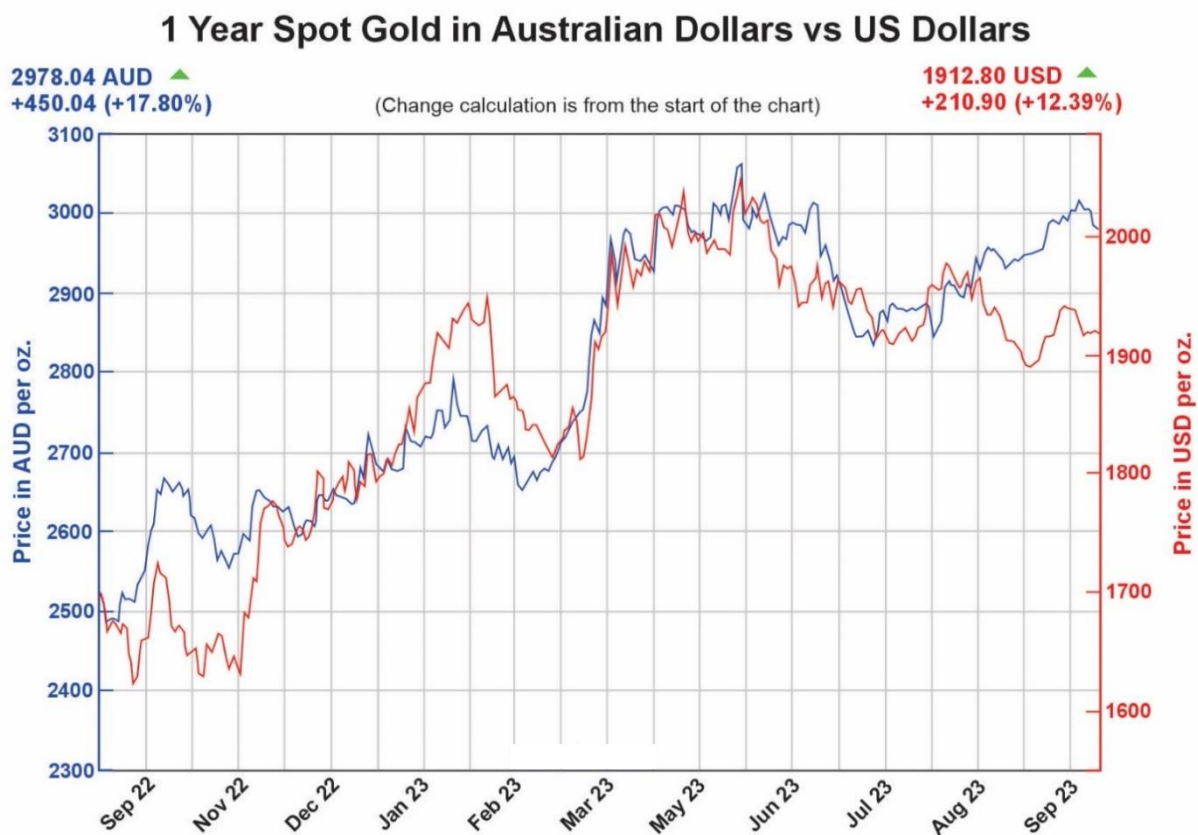


Figure 2: AUD Gold price in blue – higher than at the beginning of the year

Kaiser remains unhedged, debt free and poised to increase production and profits into the next year.

Yours sincerely,

**Jonathan Downes**

Managing Director and the Board of Directors

## Directors' Report

## Directors' Report

## Directors

The Directors present their report on "Kaiser" or "the Group", consisting of Kaiser Reef Limited and the entities it controlled at the end of, or during, the financial year ended 30 June 2023.

The following persons were Directors of Kaiser Reef Limited at any time during the year and up to the date of this report:

- Adrian Byass  
Non-Executive Chairman
- Jonathan Downes  
Managing Director
- Stewart Howe  
Executive Director

The qualifications, experience and special responsibilities of the Directors are presented on page 9.

## Principal activities

During the year, the principal activities of the Group were mining, production and the sale of gold as well as mineral exploration and development.

## Dividend paid or recommended

No dividend has been paid and the Directors do not recommend the payment of a dividend for the year ended 30 June 2023 (30 June 2022: nil).

## Significant changes in the state of affairs

On 12 August 2022, Centennial Mining Limited changed its name to Kaiser Mining Pty Ltd.

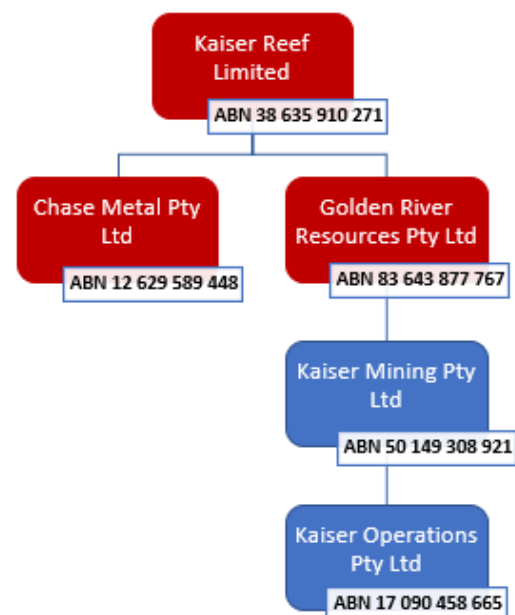
On 19 September 2022, Maldon Resources Pty Ltd changed its name to Kaiser Operations Pty Ltd.

On 17 April 2023, the Group announced a strategic investor share placement of 6,000,000 shares issue to raise approximately \$0.9 million (before costs) with Taurus Capital Group Pty Ltd. The new shares were issued under the placement at a price of \$0.15 per share, representing a 15.52% and 15.01% discount to the volume weighted average share price over the prior 5 and 10 trading days respectively, prior to the Company's trading halt (as per the ASX announcement dated 17 April 2023).

The Group also issued 3,000,000 options to Taurus Capital Pty Ltd on the 15 June 2023 with an exercise price of \$0.30 expiring on the 30<sup>th</sup> of November 2027 in lieu of corporate advisory services.

## Corporate information

Kaiser Reef Limited is limited by shares and is incorporated and domiciled in Australia. The Group's corporate structure is as follows:



## Directors' Report

## Overview of the Group's activities

The Group continued its growth trajectory with a number of milestone achievements during the 2023 financial year. The key results for the year were:

- 30% production uplift from prior year.
- Completion of high voltage upgrade which will support mine life extension for multiple years.
- Conducted substantial resource drilling and mine planning at the A1 Mine.
- JORC Mineral Resources Estimate of 186,656 ounces for the Maldon Resources Project.
- Commenced Queens Lode production leading into FY24 and opening multiple new development headings at A1 Mine.
- Major process plant capital upgrade including new crusher, CIL tank, PLC upgrade and cyclones has lifted mill capacity, efficiency and useful life.

The Directors' Report covers the year ended 30 June 2023. During the 2023 financial year the Group recorded a statutory profit of \$1,171,617 (2022: statutory loss of \$2,262,838) and an underlying net profit of \$1,171,617 (2022: underlying net loss of \$2,262,838), net cash inflows from operating activities of \$5,263,670 (2022: \$5,645,520) and a closing cash balance of \$3,225,145 (2022: closing cash balance of \$6,581,919).

The focus of FY23 was the future mine development and further exploration at Maldon to ensure an expanded and profitable future mine plan.

The consolidated results for the year are summarised as follows:

	2023 \$	2022 \$
EBITDA <sup>(3)(6)</sup>	<b>4,906,015</b>	4,541,592
EBIT <sup>(2)(6)</sup>	<b>1,168,317</b>	(2,238,882)
Profit/(loss) before tax <sup>(4)</sup>	<b>1,171,617</b>	(2,262,838)
<b>Statutory profit/(loss) <sup>(1)</sup> after tax</b>	<b>1,171,617</b>	(2,262,838)
EBITDA <sup>(6)</sup> (excluding significant items)	<b>4,906,015</b>	4,541,592
EBIT <sup>(6)</sup> (excluding significant items)	<b>1,168,317</b>	(2,238,822)
Profit/(loss) before tax (excluding significant items)	<b>1,171,617</b>	(2,262,838)
<b>Underlying net profit/(loss) after tax<sup>(5)(6)</sup></b>	<b>1,171,617</b>	(2,262,838)

- (1) Statutory profit/(loss) is net profit/(loss) after tax attributable to owners of the parent.
- (2) EBIT is profit/(loss) before interest revenue, finance costs and income tax expense.
- (3) EBITDA is EBIT before depreciation and amortisation.
- (4) Profit/(loss) before tax is loss before income tax expense.
- (5) Underlying net profit/(loss) after income tax is net profit/(loss) after income tax ("statutory profit/(loss)") excluding significant items to the consolidated financial statements.
- (6) EBIT, EBITDA and underlying net profit/(loss) after tax are non-IFRS financial measures, which have not been subject to review or audit by the Group's external auditors. These measures are presented to enable understanding of the underlying performance of the Group by users.



## Directors' Report

### Review of operations

#### A1 Mine Operations

Safety is a key focus for the Group and since the acquisition of Kaiser Mining Pty Ltd this focus on safe production. Appointment of new management initiated a series of reviews and improvements to safety processes following the period of administration.

The A1 Mine continued to ramp up plan prepared by the Group that is designed to access increased production sources from airleg and mechanised mining methods.

During the year, decline extension and lateral development reached the Queens Lode from which mining commenced in the last quarter. This continuing development has opened multiple new ore headings allowing greater volumes of high gold grade airleg ore and initial Queens Lode ore processed.

In 2023, the A1 Mine produced 11,350 ounces (2022: 8,727 ounces) and sold 11,349 ounces (2022: 8,867 ounces) of gold at an average realised price of \$2,705 Australian Dollars (2022: \$2,570).

The Group achieved a strong production up lift of 30% and is pleased to commence the new financial year on a robust footing. Production ramp-up was achieved despite the mining operations being disrupted by COVID-19 spikes in Victoria and a very tight labour market.

In the final quarter of the year, underground drilling recommenced at the A1 Mine with promising results. [see ASX report 29 May 2023].

A1 Mine reported encouraging assay result that have extended high grade mineralisation, beyond the historical mining of the Welcome and Victory Reefs between 15 and 16 levels, south of the existing 1410 South mining development.

Exploration drilling recommenced at A1 Mine after a 2 month pause. This drilling targeted near term mining discoveries. Kaiser is pleased with the results from this programme which give our mining team greater optionality with respect to production.

Highlights of the drilling results announced 29 May 2023:

- A1UDN-526: 1.7m @ 34.4 g/t gold from 22.3m; including 0.2m @ 277 g/t gold from 22.8m
- A1UDN-527: 0.2m @ 14.77 g/t gold from 36.0m
- A1UDN-528: 4.4m @ 118 g/t gold from 25.4m; including 0.3m @ 1,715 g/t gold from 25.4m
- A1UDN-529: 1.75m @ 53.8 g/t gold from 40.9m; including 0.4m @ 230 g/t gold from 42.25m

#### Maldon Processing Plant

There were no reportable safety or environmental incidents recorded at the Maldon processing facilities in 2023. The plant processed 32,540 tonnes of ore at an average recovery of 96.1% in 2023 (2022: 28,481 tonnes of ore at an average recovery of 94.6%)

Mill tailings continue to be discharged into Tailings Storage Facility (TSF) No 5. Construction of the next lift of the TSF facility (TSF Lift 5D) is planned in July 2024.

On 21 July 2022, the Group announced:

- 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.

During the year, the processing plant undertook major refurbishments and upgrade projects to increase efficiency and longevity of the plant.

A newly designed SAG discharge hopper was installed, structural steel within the mill building was replaced and a rolling replacement of parts of the leaching circuit was completed. The upgrade included the installation of new "direct drive" agitators. This enhancement improves energy efficiency, decreases maintenance costs and reduces the noise footprint of the plant for the benefit of the local community.

The mill upgrade included the replacement of the classification circuit cyclones and installation of a modern digital SCADA control system.

In addition, the Group replaced the first CIL tank which commenced a program that will replace the remaining CIL tanks over the next 2 years.

The Mill upgrade works delivered a 20% increase in throughput capacity. Reduction in unit cost through lower power consumption and efficient automated operation are expected, which will reduce operating costs and support any future expanded mining activities.

The Group continued a number of community projects to further improve engagement in the Maldon region. These projects include continuous noise monitoring, agricultural irrigation water supply and community visits to the facilities.

#### Material business risks

The Group is engaged in the exploration, development, mining and gold sales in Australia. Material business risks that could impact the Group's performance are described below.

#### Resource and reserve estimates

Resource and reserve estimates are inherently prone to variability. They involve expressions of judgement with regard to the presence and quality of mineralisation and the ability to extract and process the mineralisation economically. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. This may result in alterations to development and mining plans which may, in turn, adversely affect the consolidated entity's operations and reduce the estimated amount of mineral resources and ore reserves available for production and expansion plans. The consolidated entity manages the risk associated with resource and reserve estimates by engaging suitably experienced and qualified contractors and operators and ensuring that the Competent Person meets the requirements of the JORC Code 2012.

#### Commodity prices

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Group. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic or political factors on both a regional and global basis. These factors may have a negative effect on the Group's exploration, project development and production plans and activities, together with its ability to fund those plans and activities.

**Directors' Report****Operating risks**

The operations of the Group may be affected by various factors, including operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; natural disasters; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment. Such changes may have an adverse effect on the operations and production ability of the Group by increasing costs or delaying activities. The Group manages operating risks through a variety of means including selecting suitably experienced and qualified contractors and operators; regular monitoring of the performance of contractors and operators; the recruitment and retention of appropriately qualified employees and contractors; and the regular review by the Board of the Group's key risks.

**Environmental and approval risks**

The ability of Group to operate, develop and explore projects may be delayed and limited by environmental and approval considerations and significant costs may result from complying with Group's environmental and approval obligations. The Group recognises management's best estimate for assets' retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

**Future Development, prospect and business strategies**

Further information, other than as disclosed in this report, about likely developments in the operations of the Group and the expected results of the operations in future periods has not been included in this report as disclosure of this information would likely result in unreasonable prejudice to the Group.

**Environmental management**

The Kaiser Reef Group regards compliance with environmental legislation, regulations and regulatory instruments as the minimum performance standard for its operations. The Group's operations in New South Wales (NSW) and Victoria are subject to environmental regulation under both Commonwealth and State legislation. The Group has environmental bonds lodged with both the NSW and Victorian government.

There were no externally reportable environmental incidents during the year ended 30 June 2023 at any of the Group's operating sites.

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## Directors' Report

### Information on Directors

#### Adrian Byass

B.Sc (Geo) Hons, B.Eco, FSEG and MAIG

#### Non-Executive Chairman

Appointed as Chairman 2 September 2019

Mr Byass has more than 20 years' experience in the mining industry with extensive experience as a Board member of ASX, TSXV and AIM listed companies. This experience has principally been gained from both listed and unlisted entities around the world through the operation of as well as the evaluation and development of mining products for a range of base, precious and specialty metals and bulk commodities.

#### Other current listed company directorships:

- Galena Mining Limited
  - o Non-Executive Chairman
- Infinity Lithium Corporation Limited
  - o Non-Executive Chairman
- Sarama Resources Limited
  - o Non-Executive Director

#### Former listed company directorships in last three years:

- Kingwest Resources Limited (resigned 23 May 2022)
  - o Non-Executive Director

#### Interest in Securities

- 3,205,000 fully paid ordinary shares
- 2,000,000 unlisted options exercisable at \$0.40 on 31 Jan 2024

#### Stewart Howe

BE (Chem), ME (Mining), MAppFin, FAICD and FAusIMM

#### Executive Director

Appointed as Director 10 February 2021

Mr Howe has +40 years' experience in the global resources industry including the last 18 years in mining. Stewart spent 6 years as Chief Development Officer of Zinifex Limited, where he directed the spin-off of Zinifex's smelters to create Nyrstar N.V. and restarted development of Dugald River Mine now owned by MMG. During the past 14 years Mr Howe has provided advisory roles to boards, private equity and financiers related to restructuring and acquisition of mining assets in base metals and bulk commodities. Mr Howe is an experienced director, chairing the board of Whittle Consulting Group and serving on the boards of a government owned water authority and not-for-profit organisations.

#### Other current listed company directorships:

- Galena Mining Limited
  - o Non-Executive Director

#### Interest in Securities

- 312,500 fully paid ordinary shares
- 200,000 unlisted options exercisable at \$0.52 on 8 Feb 2024
- 200,000 unlisted options exercisable at \$0.60 on 8 Feb 2024

#### Jonathan Downes

B.Sc (Geo) and MAIG

#### Executive Director

Appointed as Director 2 September 2019

Mr Downes has more than 25 years' experience in the mining industry and has worked in various geological and corporate capacities. Jonathan has experience with nickel, gold and base metals and has also been involved with numerous private and public capital raisings. Mr Downes is currently on the boards of Brightstar Resources Limited and Nickel X Limited

#### Other current listed company directorships:

- Brightstar Resources Limited (Kingwest Resources Limited merged with Brightstar Resources Limited effective 26 May 2023)
- Nickel X Limited
  - o Non-Executive Director
- Cazaly Resources Limited
  - o Non-Executive Director

#### Former listed company directorships in last three years:

- Galena Mining Limited (resigned 29 October 2021)
  - o Non-Executive Director
- Corazon Mining Limited (resigned 1 September 2022)
  - o Non-Executive Director

#### Interest in Securities

- 3,835,625 fully paid ordinary shares
- 2,000,000 unlisted options exercisable at \$0.40 on 31 Jan 2024

### Information on Company Secretaries

#### Aida Tabakovic

BBus and GradDipBus (Law)

#### Joint Company Secretary

Appointed as Joint Company Secretary 5 July 2021

Miss Tabakovic has over 11 years' experience in the accounting profession. Her experience includes financial accounting reporting, company secretarial services, ASX and ASIC compliance requirements. Miss Tabakovic has been involved in listing a number of junior exploration companies on the ASX and is currently Company Secretary for numerous ASX listed companies.

#### Stephen Brockhurst

BCom

#### Joint Company Secretary

Appointed as Joint Company Secretary 5 July 2021

Mr Brockhurst has over 20 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the due diligence process and prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements. Mr Brockhurst has served on the board and acted as Company Secretary for numerous ASX listed companies. He is currently a Director of Locksley Resources Limited (ASX: LKY) and Company Secretary Kingfisher Mining Ltd, Heavy Minerals Limited and Estrella Resources Limited.

## Directors' Report

## Remuneration Report (Audited)

The remuneration report, which forms part of the Directors Report, outlines the remuneration arrangements in place for key management personnel (KMP) who are defined as the persons having the authority and responsibility for planning and directing the major activities of the Group.

## Remuneration philosophy

The performance of the Group depends on the quality of the Company Directors and executives and employees and therefore the Group must attract, motivate and retain appropriately qualified industry personnel. During the financial year ended 30 June 2023, Kaiser Reef Limited did not seek the advice of remuneration consultants.

## Remuneration policy

Remuneration levels of the executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and the individuals experience and qualifications. During the year, the Group did not have separately established remuneration committees, The Board is responsible for determining and reviewing remuneration arrangements for the executives and non-executive Directors.

Director	Appointed	Length of service		
A Byass	2 Sep 2019	3 year	Non-Executive Chairman	
J Downes	2 Sep 2019	3 year	Managing Director	
S Howe	10 Feb 2021	2 year	Executive Director	
			2022	2023
A Byass		\$	89,000	139,000 <sup>1</sup>
J Downes		\$	280,000	280,000
S Howe		\$	133,333	133,333
Annual aggregate fees			\$	464,333
no. of non-executive directors			1	1
Shareholder approved annual aggregate Non-Executive Director fees			\$	300,000

## Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. Performance rights granted to certain KMP are deemed to be performance based remuneration. Refer to the 'Performance Rights' section below for details of the terms and conditions of the performance rights granted to certain KMP during the year.

## Related party transactions

Transactions between related parties were on commercial terms and conditions, no more favourable than those available from external parties, unless otherwise stated.

*Brightstar Resources Ltd (formerly Kingwest Recourses Limited)* – related party to A Byass and J Downes shared office facility arrangement during the year.

Total for the current year: \$31,632 was charged by *Brightstar Resources Ltd* with an outstanding amount of nil payable at 30 June 2023.

## Loans to Directors and their related parties

No loans have been made to any Directors or any of their related parties during the current year. There were no further transactions with Directors including their related parties other than those disclosed above.

## Contractual arrangements with executive KMPs

Component	J Downes Managing Director
Fixed remuneration	280,000
Contract duration	Ongoing contract
Notice by the individual / Company	6 months / 1 Month
Component	S Howe Executive Director
Fixed remuneration	133,333
Contract duration	Ongoing contract
Notice by the individual / Company	6 months / 1 Month
Termination of employment (without cause)	Unvested LTI will remain subject to the achievement of the performance targets set at the original date. The Board has discretion to award a greater or lower amount
Termination of employment (without cause) or by individual	All unvested LTI will lapse
Component	A Tran Executive KMP
Fixed remuneration	250,000
Contract duration	Ongoing contract
Notice by the individual / Company	12 weeks plus 3 weeks for every year after the second year
Termination of employment (without cause)	Unvested LTI will remain subject to the achievement of the performance targets set at the original date. The Board has discretion to award a greater or lower amount
Termination of employment (with cause) or by individual	All unvested LTI will lapse

1 The Chairman's fee is inclusive of all Board Committee commitments was increased by the board on the 8<sup>th</sup> of November 2022.

## Directors' Report

## Remuneration Report (Audited) continued

## Details of Remuneration

Details of the nature of and amount of each element of the emoluments of each of the Directors and Key Management Personnel (KMP) of the Group for the year ended 30 June 2023

2023	Short-term benefits			Post-employment benefits	Long-term benefits			Total \$	Proportion of total performance related <sup>5</sup>
Name	Cash salary & fees \$	STI payment \$	Non-monetary benefits <sup>2</sup> \$	Super-annuation \$	Leave <sup>3</sup> \$	Share-based payments - Rights <sup>4</sup> \$	Share-based payments - Options \$		
<i>Directors</i>									
Adrian Byass	115,395	-	4,229	12,117	-	-	-	131,741	n/a
Jonathan Downes	280,000	-	4,229	25,292	21,136	-	-	330,657	n/a
Stewart Howe	133,333	-	-	14,000	11,379	5,162	-	163,874	3%
<b>Total Directors</b>	<b>528,728</b>	<b>-</b>	<b>8,458</b>	<b>51,409</b>	<b>32,515</b>	<b>5,162</b>	<b>-</b>	<b>626,272</b>	
<i>Executives</i>									
Andy Tran	250,000	-	-	25,292	7,423	12,075	-	294,790	4%
<b>Total Executives</b>	<b>250,000</b>	<b>-</b>	<b>-</b>	<b>25,292</b>	<b>7,423</b>	<b>-</b>	<b>-</b>	<b>294,790</b>	<b>-</b>
<b>Total 2023 KMP Remuneration</b>	<b>778,728</b>	<b>-</b>	<b>8,458</b>	<b>76,701</b>	<b>39,938</b>	<b>17,237</b>	<b>-</b>	<b>921,062</b>	<b>-</b>
2022									
<i>Directors</i>									
Adrian Byass	89,000	-	4,103	8,900	-	-	-	102,003	n/a
Jonathan Downes	254,583	-	4,103	23,568	24,004	-	-	306,258	n/a
Stewart Howe	133,333	-	-	13,333	9,062	16,957 <sup>6</sup>	(66,267) <sup>7</sup>	106,418	(46%)
<b>Total Directors</b>	<b>476,916</b>	<b>-</b>	<b>8,206</b>	<b>45,801</b>	<b>33,066</b>	<b>16,957</b>	<b>(66,267)</b>	<b>514,679</b>	
<i>Executives</i>									
Andy Tran	250,000	8,977	-	23,568	13,465	45,339	-	341,349	16%
<b>Total Executives</b>	<b>250,000</b>	<b>8,977</b>	<b>-</b>	<b>23,568</b>	<b>13,465</b>	<b>45,339</b>	<b>-</b>	<b>341,349</b>	<b>-</b>
<b>Total 2022 KMP Remuneration</b>	<b>726,916</b>	<b>8,977</b>	<b>8,206</b>	<b>69,369</b>	<b>46,531</b>	<b>62,296</b>	<b>(66,267)</b>	<b>856,028</b>	<b>-</b>

<sup>2</sup> Non-monetary benefits for Executives comprise car parking and professional memberships including associated fringe benefits tax.

<sup>3</sup> Leave includes long service leave and annual leave entitlements.

<sup>4</sup> The value of performance rights disclosed as remuneration is the portion of the fair value of the performance rights recognised in the reporting period in accordance with the Corporations Act 2001 and relevant Australian Accounting Standards. This value may not always reflect what an executive has received in the reporting period.

<sup>5</sup> Calculated as 'STI payment' plus 'Share-based payments - Rights' divided by 'Total' remuneration.

<sup>6</sup> Includes the issue of 200,000 shares as a bonus at the sole discretion of the Board based on past performance and approved at the upcoming AGM on 14 November 2022. The revaluation from approval date vs provisional date was \$2,000.

<sup>7</sup> Mr Howe's options was approved by shareholders at the AGM on the 17 November 2021, the provisional fair value of \$93,710 was reversed and replace with the fair value of \$27,443 on approval date.

## Directors' Report

## Remuneration Report (Audited) continued

## KMP Shareholdings

The number of ordinary shares in Kaiser Reef Limited held by each KMP for the year ended 30 June 2023 are as tabled below:

2023	Balance at the beginning of year	Granted as remuneration during the year	Issued on exercise of the rights during the year	Other changes during the year	Balance at end of the year
<i>Directors</i>					
Adrian Byass	3,205,000	-	-	-	3,205,000
Jonathan Downes	3,695,625	-	-	40,000 <sup>8</sup>	3,735,625
Stewart Howe <sup>9</sup>	112,500	200,000	-	-	312,500
<b>Total Directors</b>	<b>7,013,125</b>	<b>200,000</b>	<b>-</b>	<b>40,000</b>	<b>7,253,125</b>
<i>Executives</i>					
Andy Tran	810,526	-	-	61,907 <sup>10</sup>	872,433
<b>Total Executives</b>	<b>810,526</b>	<b>-</b>	<b>-</b>	<b>61,907</b>	<b>872,433</b>

## KMP Options Holdings

The number of options over ordinary shares in Kaiser Reef Limited held by each KMP for the year ended 30 June 2023 are as tabled below:

2023	Balance at the beginning of year	Granted as remuneration during the year	Reduction on lapse of the options during the year	Reduction on exercise of the options during the year	Balance at end of the year	Vested and exercisable at 30 June 2023
<i>Directors</i>						
Adrian Byass	4,000,000	-	(2,000,000) <sup>11</sup>	-	2,000,000	2,000,000
Jonathan Downes	4,000,000	-	(2,000,000) <sup>12</sup>	-	2,000,000	2,000,000
Stewart Howe	400,000	-	-	-	400,000	400,000
<b>Total Directors</b>	<b>8,400,000</b>	<b>-</b>	<b>(4,000,000)</b>	<b>-</b>	<b>4,400,000</b>	<b>4,400,000</b>
<i>Executives</i>						
Andy Tran	500,000	-	-	-	500,000	500,000
<b>Total Executives</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500,000</b>	<b>500,000</b>

## KMP Performance rights

The number of rights over ordinary shares in Kaiser Reef Limited held by each KMP for the year ended 30 June 2023 are as tabled below:

2023	Opening rights held	Granted as remuneration during the year	Vested during the year	Forfeited during the year	Balance at end of the year
<i>Directors</i>					
Adrian Byass	-	-	-	-	-
Jonathan Downes	-	800,000	-	-	800,000
Stewart Howe	200,000	400,000	-	-	600,000
<b>Total Directors</b>	<b>200,000</b>	<b>1,200,000</b>	<b>-</b>	<b>-</b>	<b>1,400,000</b>
<i>Executives</i>					
Andy Tran	300,000	-	-	(100,000)	200,000
<b>Total Executives</b>	<b>300,000</b>	<b>-</b>	<b>-</b>	<b>(100,000)</b>	<b>200,000</b>

<sup>8</sup> Mr Downes shares increases were on market purchases.

<sup>9</sup> Mr Howe was issued 200,000 shares as a bonus at the sole discretion of the Board based on past performance, approved at the AGM on 14 November 2022.

<sup>10</sup> Shares issued to Mr Tran were relating to FY22 bonus taken as shares on issued 6 October 2022.

<sup>11</sup> Free attaching options issued to Mr Byass on initial ASX company listing on the 26 February 2020

<sup>12</sup> Free attaching options issued to Mr Downes on initial ASX company listing on the 26 February 2020

## Directors' Report

## Remuneration Report (Audited) continued

## Valuation of Rights Granted

During the 2023 year the Group granted the following rights to KMP, which were valued at grant date as follows:

Jonathan Downes				
Tranche	Value per right	Number of rights granted	Total value*	Valuation methodology
A	\$0.16	320,000 <sup>13</sup>	\$51,200	Share price at grant date
B	\$0.16	480,000 <sup>13</sup>	\$76,800	Share price at grant date
<b>Total</b>		<b>800,000</b>	<b>\$128,000</b>	

Stewart Howe				
Tranche	Value per right	Number of rights granted	Total value*	Valuation methodology
A	\$0.16	140,000 <sup>14</sup>	22,400	Share price at grant date
B	\$0.16	260,000 <sup>14</sup>	41,600	Share price at grant date
<b>Total</b>		<b>400,000</b>	<b>\$64,000</b>	

\*The holder must be an employee of the Company in order for the rights to vest on achievement of the relevant performance hurdles. Accordingly, the total value of rights at grant date has been vested over the relevant performance period. The rights value are at the grant date share price with nil discount, nil dividend expected and no market conditions.

## Performance rights conditions

The performance rights granted to Mr Downes include vesting conditions being satisfaction of the following conditions:

By the 12<sup>th</sup> of December 2023:

## STIP (maximum 20% total) 320,000

- Maintain or improve trailing 12 month LTI, MTI statistics
- Define >0.5 million oz Au MRE
- Production >5,000 oz au per for 2 successive quarters
- Production requires AISC < 50% of realised sales price

and by the 12<sup>th</sup> of December 2024:

## LTIP (maximum 30% total) 480,000

- Maintain or improve trailing 12 month LTI, MTI statistics
- Define >0.75 million oz Au MRE
- Production >20,000 oz au per for 2 successive quarters
- Submit and have work plan approved for mining Maldon
- Production requires AISC < 50% of realised sales price

The performance rights granted to Mr Howe include vesting conditions being satisfaction of the following conditions:

By the 12<sup>th</sup> of December 2023:

## STIP (maximum 20% total) 140,000

- Maintain or improve trailing 12 month LTI, MTI statistics
- Define >0.5 million oz Au MRE
- Production >5,000 oz au per for 2 successive quarters
- Production requires AISC < 50% of realised sales price

and by the 12<sup>th</sup> of December 2024:

## LTIP (maximum 30% total) 260,000

- Maintain or improve trailing 12 month LTI, MTI statistics
- Define >0.75 million oz Au MRE
- Production >20,000 oz au per for 2 successive quarters
- Submit and have work plan approved for mining Maldon
- Production requires AISC < 50% of realised sales price

## Relationship between Group performance and remuneration – past four years

Earnings	2023	2022	2021	2020
Sales revenue (\$)	30,692,226	22,785,222	5,085,396	-
EBITDA (\$)	4,906,015	4,541,592	(10,472,589)	(310,863)
Statutory net profit/(loss) after tax (\$)	1,171,617	(2,262,838)	(11,806,825)	(318,999)
underlying net profit/(loss) after tax (\$)	1,171,617	(2,262,838)	(3,956,058)	(318,999)
<b>Total shareholder returns</b>				
Share price at financial year end (\$)	0.20	0.15	0.26	0.29
Total dividends declared (\$)	-	-	-	-
Basic earnings per shares (\$)	0.82	(1.70)	(19.66)	(2.73)

## Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

At the 2022 AGM, 99.49% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

## END OF REMUNERATION REPORT (AUDITED)

<sup>13</sup> The probability of achievement has been applied at 30 June 2023 is 0%.

<sup>14</sup> The probability of achievement has been applied at 30 June 2023 is 0%.

## Directors' Report

### Meeting of Directors

During the year 5 Directors' meeting were held. Attendance by each Director during the year were as follows:

	Number of eligible to attend	Attended
A Byass	5	5
J Downes	5	5
S Howe	5	5

### Shares under options

There were 18,494,800 (30 September 2022: 21,494,800) unissued ordinary shares under option at the date of this report.

### Shares issued on the exercise of options

There were no Kaiser Reef Limited ordinary shares issued on the exercise of options during the year ended 30 June 2023 (30 June 2022: nil). Refer to note 15 for further information on shares issued.

### Indemnification and insurance of officers

The Company's Constitution provides that, to the extent permitted by law, the Company must indemnify any person who is, or has been, an officer of the Company against any liability incurred by that person including any liability incurred as an officer of the Company or a subsidiary of the Company and legal costs incurred by that person in defending an action.

During the year the Company paid an insurance premium for Directors' and Officers' Liability and Statutory Liability policies. The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured under the policy.

The Company has agreed to indemnify their external auditors, BDO Audit Pty Ltd, to the extent permitted by law, against any claim by a third party arising from the Company's breach of their agreement. The indemnity stipulates that the Company will meet the full amount of any such liabilities including a reasonable amount of legal costs.

### Non-audit services

The Group may decide to employ the Auditor on assignments additional to their statutory audit duties where the Auditor's expertise and experience with the Company and/or Group are important.

The Board of Directors has considered the position and, is satisfied that the provision of non-audit services during the year as set out in Note 16 did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services were reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- The Executives annually informs the Board of the detail, nature and amount of any non-audit services rendered by BDO during the financial year, giving an explanation of why the provision of these services is compatible with auditor independence. If applicable, the Board take appropriate action to satisfy itself of the independence of BDO.

### Auditor independence

A copy of the Auditor's Independence Declaration required under section 307C of the Corporations Act 2001 is set out on page 16 and forms part of this Directors' Report.

Effective 9 December 2022, the Group appointed BDO Audit Pty Ltd as the Group's external auditors, replacing of BDO audit (WA) Pty Ltd as the Group's external auditors.

The Group's transition of external auditors from Western Australia to Victoria is in accordance with section 329(5) of the Corporations Act 2001(CTH) (Act) and has been made as part of a process to provide more access to the Group's key management personnel, operations and financial records which are located in Victoria.

### Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

### Events occurring after the end of the financial year

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that, in their opinion, has significantly affected or may significantly affect in future years the Company's or the Group's operations, the results of those operations or the state of affairs.

### Rounding of amounts

Kaiser Reef Limited is a Company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 issued by the Australian Securities and Investment Commission (ASIC). As a result, amounts in this Directors' Report and the accompanying Financial Report have been rounded to the nearest dollars, except where otherwise indicated.

This report is made in accordance with a resolution of Directors.

For and on behalf of the Board

Dated at Perth this 28<sup>th</sup> day of September 2023



**Jonathan Downes**  
Managing Director





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#### DECLARATION OF INDEPENDENCE BY WAI AW TO THE DIRECTORS OF KAISER REEF LIMITED

As lead auditor of Kaiser Reef Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Kaiser Reef Limited and the entities it controlled during the period.

**Wai Aw**  
**Director**

**BDO Audit Pty Ltd**

Melbourne

28 September 2023

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

## Financial Report

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### About this report

Kaiser Reef Limited (the "Company" or "Parent Entity") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange (ASX). The consolidated financial statements of the Company as at and for the year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a for-profit entity primarily involved in mining and sale of gold, mineral exploration and development.

The financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Where required by accounting standards comparative figures have been adjusted to conform to changes in presentation in the current year. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) and interpretations issued by the International Accounting Standards Board.

### What's in this report

Kaiser Reef's Directors have included information in this report that they deem to be material and relevant to the understanding of the financial statements and the Group.

A disclosure has been considered material and relevant where:

- the dollar amount is significant in size (quantitative);
- the dollar amount is significant in nature (qualitative);
- the Group's result cannot be understood without the specific disclosure; and
- it relates to an aspect of the Group's operations that is important to its future performance.

Accounting policies and critical accounting judgements and estimates applied to the preparation of the consolidated financial statements are presented where the related accounting balance or consolidated financial statement matter is discussed. To assist in identifying critical accounting judgements and estimates, we have highlighted them in the following manner:

### Accounting judgements and estimates

## Financial Report

## Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2023

	Notes	Consolidated 2023 \$	Consolidated 2022 \$
<b>Operations</b>			
Revenue	1	30,692,226	22,785,222
Mine operating costs	1	(23,592,241)	(16,916,387)
<b>Gross profit</b>		<b>7,099,985</b>	<b>5,868,835</b>
Other income	1	120,834	1,041,732
Exploration expensed		(893)	(988)
Corporate costs		(1,912,614)	(1,903,061)
Depreciation and amortisation	4	(3,737,698)	(6,780,474)
Share based payments	14	(367,198)	(149,947)
Impairment expense		-	(311,289)
<b>Operating profit/(loss)</b>		<b>1,202,416</b>	<b>(2,235,192)</b>
Finance costs	10	(24,556)	(23,956)
Foreign exchange movements		(6,243)	(3,690)
<b>Profit/(loss) before income tax</b>		<b>1,171,617</b>	<b>(2,262,838)</b>
Income tax expense	2	-	-
<b>Net profit/(loss) after tax</b>		<b>1,171,617</b>	<b>(2,262,838)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) attributable to equity holders of the Company</b>		<b>1,171,617</b>	<b>(2,262,838)</b>
<b>Earnings per share</b>			
Basic earnings/(losses) per share (cents per share)	3	0.82	(1.70)
Diluted earnings/(losses) per share (cents per share)	3	0.76	(1.70)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the consolidated financial statements.

## Financial Report

## Consolidated statement of financial position

as at 30 June 2023

	Notes	Consolidated 2023 \$	Consolidated 2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	3,225,145	6,581,919
Trade and other receivables	8	1,746,094	1,439,577
Inventories	8	2,384,484	2,180,448
<b>Total current assets</b>		<b>7,355,723</b>	<b>10,201,944</b>
<b>Non-current assets</b>			
Trade and other receivables	8	847,000	857,000
Property, plant and equipment	4	8,635,407	5,933,674
Mine properties	5	8,225,026	7,403,195
Exploration and evaluation	6	7,232,475	5,176,034
<b>Total non-current assets</b>		<b>24,939,908</b>	<b>19,369,903</b>
<b>Total assets</b>		<b>32,295,631</b>	<b>29,571,847</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	4,333,054	3,964,921
Provisions	13	635,695	582,971
Interest bearing liabilities	10	330,059	267,836
<b>Total current liabilities</b>		<b>5,298,808</b>	<b>4,815,728</b>
<b>Non-current liabilities</b>			
Rehabilitation provision	7	1,251,616	1,698,000
Other provisions	13	312,578	248,294
Interest bearing liabilities	10	213,307	-
<b>Total non-current liabilities</b>		<b>1,777,501</b>	<b>1,946,294</b>
<b>Total liabilities</b>		<b>7,076,309</b>	<b>6,762,022</b>
<b>Net assets</b>		<b>25,219,322</b>	<b>22,809,825</b>
<b>Equity</b>			
Contributed equity	15	36,340,521	35,431,839
Share based payment reserve	14	1,738,050	1,447,649
Accumulated losses		(12,859,249)	(14,069,663)
<b>Total equity</b>		<b>25,219,322</b>	<b>22,809,825</b>

The above consolidated statement of financial position should be read in conjunction with the notes to the consolidated financial statements.

## Financial Report

## Consolidated statement of changes in equity

for the year ended 30 June 2023

	Note	Consolidated			
		Contributed Equity	Share based payment reserve	Accumulated Losses	Total
		\$	\$	\$	\$
<b>Balance at 30 June 2022</b>		<b>35,431,839</b>	<b>1,447,649</b>	<b>(14,069,663)</b>	<b>22,809,825</b>
<i>Total comprehensive income for the year</i>					
Profit attributable to equity holders of the Company		-	-	1,171,617	1,171,617
<i>Transactions with owners of the Company recognised directly in equity:</i>					
Share-based payments		-	346,801	-	346,801
Performance rights movement		-	(18,400)	38,797	20,397
Employee incentives issued as shares		31,384	-	-	31,384
Ordinary shares issued for strategic placement		900,000	-	-	900,000
Cost of equity issued		(60,702)	-	-	(60,702)
Ordinary shares issued to Director provisionally granted in prior year		38,000	(38,000)	-	-
<b>Balance at 30 June 2023</b>	<b>15</b>	<b>36,340,521</b>	<b>1,738,050</b>	<b>(12,859,249)</b>	<b>25,219,322</b>

	Note	Consolidated			
		Contributed Equity	Share based payment reserve	Accumulated Losses	Total
		\$	\$	\$	\$
<b>Balance at 30 June 2021</b>		<b>31,499,826</b>	<b>477,760</b>	<b>(11,806,825)</b>	<b>20,170,761</b>
<i>Total comprehensive loss for the year</i>					
Loss attributable to equity holders of the Company		-	-	(2,262,838)	(2,262,838)
<i>Transactions with owners of the Company recognised directly in equity:</i>					
Share-based payments		78,000	1,071,739	-	1,149,739
Performance rights movement		101,850	(101,850)	-	-
Ordinary shares issued for working capital		5,123,272	-	-	5,123,272
Cost of equity issued		(1,371,109)	-	-	(1,371,109)
<b>Balance at 30 June 2022</b>	<b>15</b>	<b>35,431,839</b>	<b>1,447,649</b>	<b>(14,069,663)</b>	<b>22,809,825</b>

The above consolidated statement of changes in equity should be read in conjunction with the notes to the consolidated financial statements.

## Financial Report

## Consolidated statement of cash flows

for the year ended 30 June 2023

	Notes	Consolidated 2023 \$	Consolidated 2022 \$
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers (inclusive of GST)		30,785,204	23,318,505
Payments to suppliers and employees (inclusive of GST)		(25,524,834)	(17,655,262)
Interest received		27,856	6,233
Interest paid		(24,556)	(23,956)
<b>Net cash inflow from operating activities</b>	10	<b>5,263,670</b>	5,645,520
<b>Cash Flows From Investing Activities:</b>			
Payments for property, plant and equipment	4	(4,176,350)	(1,938,443)
Payments for development of mining properties	5	(3,152,517)	(4,084,741)
Payments for exploration and evaluation	6	(2,056,441)	(2,646,907)
Proceeds from sales of fixed assets		-	80,750
<b>Net cash outflow from investing activities</b>		<b>(9,385,308)</b>	(8,589,341)
<b>Cash Flows From Financing Activities:</b>			
Proceeds from issue of ordinary shares	15	900,000	5,123,272
Payment for cost of shares issued	15	(60,702)	(371,317)
Insurance premium funding		317,474	475,449
Insurance premium funding principal repayments		(328,536)	(488,943)
Lease principal repayments		(63,372)	-
<b>Net cash inflow from financing activities</b>		<b>764,864</b>	4,738,461
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3,356,774)</b>	1,794,640
Cash and cash equivalents at the beginning of the year		6,581,919	4,787,279
<b>Cash and cash equivalents at the end of the year</b>	10	<b>3,225,145</b>	6,581,919

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST component of cash flows arising from investing or financing activities, which are recoverable from, or payable to, the taxation authority are classified as part of operating cash flows.

The above consolidated statement of cash flows should be read in conjunction with the notes to the consolidated financial statements.



## Notes to the Financial Report

## 1 Revenue and mine operating costs

	Consolidated 2023 \$	Consolidated 2022 \$
<b>Revenue</b>		
Gold sales	30,692,226	22,785,222
<b>Mine operating costs</b>		
Gold operation expenditure	(11,942,000)	(8,361,772)
Employee expense	(11,650,241)	(8,554,615)
Gross operating profit	7,099,985	5,868,835
<b>Other income</b>		
Silver sales	14,589	14,656
Interest income	27,856	6,233
Sale of asset	-	80,750
Reversal of provisions	-	750,000 <sup>(1)</sup>
Other	78,389	190,093 <sup>(2)</sup>
Total	120,834	1,041,732

(1) The State Revenue Office Victoria has finalised the stamp duty of the properties acquired in the Kaiser Mining Pty Ltd (formerly Centennial Mining Limited) acquisition, \$15,652 was paid in April 2022.

(2) DOCA finalization settlement of funds held in Escrow of \$180,000.

*Sales revenue*

Revenue from the sale of gold and silver in the course of ordinary activities is measured at the fair value of the consideration received or receivable. The Group recognises revenue at a point in time when control (physical or contractual) is transferred to the buyer, the amount of revenue can be reliably measured and the associated costs can be estimated reliably, and it is probable that future economic benefits will flow to the Group.

*Segment reporting*

The consolidated entity has considered the requirements of AASB 8 – Operating Segments and has identified its operating segments based on the internal reports that are reviewed and used by the board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity operates predominantly in one business segment and in one geographical location. The operations of the consolidated entity consist of mineral production and exploration, within Australia.

## Notes to the Financial Report

## 2 Income tax

Income tax expense	Consolidated 2023 \$	Consolidated 2022 \$
Current tax expense	-	-
Under provision in respect of the prior year	-	-
Movement in deferred tax	-	-
Total income tax expense	-	-

## Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated 2023 \$	Consolidated 2022 \$
Profit/(loss) before income tax	1,171,617	(2,262,838)
Tax at the Australian tax rate of 25%	292,904	(565,710)
Tax effect of amounts not deductible/ (taxable) in calculating taxable income:		
Entertainment	1,605	1,260
Share based payments	91,800	37,487
FBT expense	2,073	1,630
Other permanent differences	-	77,823
Deferred tax assets (recognised)/not brought to account	(1,153,473)	86,799
Tax losses not brought to account	765,092	360,711
Income tax expense	-	-

## Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the consolidated profit and loss, except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

## Tax exposure

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities may impact tax expense in the period that such a determination is made.

## Tax consolidation

Entities in the Australian tax consolidated group at 30 June 2023 included: Golden River Resources Pty Ltd (head entity), Kaiser Mining Pty Ltd and Maldon Resources Pty Ltd. Current and deferred tax amounts are allocated using the "separate taxpayer within group" method.

A tax sharing and funding agreement has been established between the entities in the tax consolidated group. The Company recognises deferred tax assets arising from the unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

## Current tax liability

As at 30 June 2023, the Company had a nil current tax liability.

## Accounting judgements and estimates

Deferred tax assets relating to the acquiree which have been brought to account to the extent of offsetting deferred tax liabilities relating to the acquisition of Kaiser Mining Limited are expected to be available for use by the Group in accordance with AASB 112 and IFRIC 23.

At 30 June 2023, tax losses relating to entities associated of \$765,092 (tax effected) were not booked (2022: \$360,711).

## Notes to the Financial Report

## 2 Income tax (continued)

Deferred tax balances	Consolidated 2023 \$	Consolidated 2022 \$
<b>Deferred tax liabilities</b>		
Property, plant and equipment	(890,798)	(480,482)
Mine properties	(2,694,380)	(2,683,342)
Exploration and evaluation assets	(1,440,007)	(915,205)
Other temporary differences	(83,714)	(119,343)
Total	(5,108,899)	(4,198,372)
Offset by deferred tax assets	5,108,899	4,198,372
Net deferred tax liability recognised	-	-
<b>Deferred tax assets</b>		
Trade and other payables	88,397	83,015
Provisions – current	169,470	152,548
Rehabilitation provision – non-current	312,904	424,500
Provisions – non-current	71,139	58,809
Other tax deductible amounts	4,081,397	4,166,185
Tax losses	2,030,905	1,367,006
Total	6,754,212	6,252,063
Offset against deferred tax liabilities	(5,108,899)	(4,198,372)
Net deferred tax assets not brought to account	1,645,313	2,053,691

**Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- Temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

**Accounting judgements and estimates**

At each reporting date, the Group performs a review of the probable future taxable profit in each jurisdiction. The assessments are based on the latest life of mine plans relevant to each jurisdiction and the application of appropriate economic assumptions such as gold price and operating costs. Any resulting recognition of deferred tax assets is categorised by type (e.g. tax losses or temporary differences) and recognised based on which would be utilised first according to that particular jurisdiction's legislation.

## Notes to the Financial Report

## 3 Earnings per share

	Consolidated 2023 Cents	Consolidated 2022 Cents
Basic earnings/(losses) per share	0.82	(1.70)
Diluted earnings/(losses) per share	0.76	(1.70)

## Reconciliation of earnings/(losses) used in calculating earnings/(losses) per share

	Consolidated 2023 \$	Consolidated 2022 \$
Basic and diluted earnings/(losses) per share: Profit/(loss) after tax for the year	1,171,617	(2,262,838)

## Weighted average number of shares

	Consolidated 2023 Number	Consolidated 2022 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	142,651,075	132,965,982
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	154,039,943	143,913,908 <sup>(1)</sup>

(1) Weighted average adjustment had an anti-dilutive impact on loss per share.

**Basic earnings/(losses) per share**

Basic earnings/(losses) per share is calculated by dividing the profit or loss attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the reporting year.

**Diluted earnings/(losses) per share**

Diluted earnings/(losses) per share adjusts the figures used in the determination of basic earnings/(losses) per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Basic loss per share is not diluted.

**Performance rights and options**

Performance rights and options granted to employees under the Kaiser Performance Rights Plan are considered to be potential ordinary shares and are included in the determination of diluted earnings per share to the extent to which they are dilutive. The rights and options are not included in the determination of basic earnings per share until the performance conditions are met.

**Weighted average of number of shares**

The calculation of the weighted average number of shares is based on the number of ordinary shares and performance rights during the year.

## Notes to the Financial Report

## 4 Property, plant and equipment

Non-current	Consolidated 2023 \$	Consolidated 2022 \$
<b>Land and buildings</b>		
At the beginning of the year	44,436	27,299
Additions	413,336	20,000
Depreciation (range 3-15 years)	(71,372)	(2,863)
Disposals	-	-
At the end of the year <sup>(1)</sup>	386,400	44,436
<b>Plant and equipment</b>		
At the beginning of the year	5,889,238	6,610,215
Additions	2,559,977	1,645,748
Assets under construction	1,616,373	272,695
Disposals	(44,557)	-
Depreciation (range 3-15 years)	(1,772,024)	(2,639,420)
At the end of the year	8,249,007	5,889,238
Total	8,635,407	5,933,674

## Reconciliation of depreciation and amortisation to the consolidated income statement

	Consolidated 2023 \$	Consolidated 2022 \$
<b>Depreciation</b>		
Land and buildings	(71,372)	(2,863)
Plant and equipment	(1,772,024)	(2,639,420)
<b>Amortisation</b>		
Mine properties	(1,894,302)	(4,138,191)
Total	(3,737,698)	(6,780,474)

(1) Right of use assets totaling \$344,819 have been included within balance.

Buildings, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation of assets is calculated using the straight line method to allocate the cost or revalued amounts, net of residual values, over their estimated useful lives. Where the carrying value of an asset is less than its estimated residual value, no depreciation is charged. Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount, if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated income statement when realised.

**Accounting judgements and estimates****Estimation of useful lives of assets**

The consolidated entity determines the estimated useful lives and related depreciation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

During the year, the numerous process plant projects uplift lifts increase the useful life of the plant. This resulted change in accounting policy from units of production to straight line depreciation to better reflect the assets economic benefits as the process plants usage no longer is only linked to the A1 Mine but other future mines and toll treatment possibilities. There were no retrospective adjustment for prior year as the net difference was considered immaterial to the financial statements.

**Impairment of non-financial assets other than goodwill and other indefinite life intangible assets**

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves determining fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

## Notes to the Financial Report

## 4 Property, plant and equipment (continued)

## Right-of-use assets (leases)

This note provides information for right-of-use of asset where the group is a lessee.

	Consolidated 2023	Consolidated 2022
Right-of-use assets	\$	\$
<b>Land and buildings</b>		
At the beginning of the year	-	-
Additions	413,336	-
Depreciation (range 2-3 years)	(68,517)	-
Disposals	-	-
At the end of the year	344,819	-

	Consolidated 2023	Consolidated 2022
Right-of-use lease liabilities	\$	\$
Current	136,657	-
Non-Current	213,307	-
<b>Total interest bearing liabilities</b>	349,964	-

## The Group's leasing activities

The Group leases rental accommodation for the A1 Mine. Contracts are typically made for fixed periods of 1 months to 2 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone value. As a Lessee the Group individually accesses single lease components.

Lease terms are negotiated on individual operational requirements and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

## Accounting judgements and estimates

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments, less any lease incentives receivable
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options under management's assessment are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain the asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Management has applied judgement in determining whether assets used by a supplier in providing services to the Group qualify as right-of-use assets.

Right-of-use assets are depreciated over the shorter of the asset's useful life or the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The Group has chosen not to do so for the right-of-use assets held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

Short-term leases are leases with a lease term of 12 months or less without a purchase option.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee. The financial effect of measuring lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$144,456 (2022: nil).



## Notes to the Financial Report

## 5 Mine properties

Non-current Mine properties	Consolidated 2023 \$	Consolidated 2022 \$
At beginning of the year	7,403,195	7,456,645
Additions	3,152,517	4,084,741
Rehabilitation liabilities <sup>(1)</sup>	(436,384)	-
Amortisation for the year	(1,894,302)	(4,138,191)
At end of the year	8,225,026	7,403,195

(1) Rehabilitation liabilities generated as a result of the increase in discount rate applied to the rehabilitation provision (refer Note 7).

**Mine properties**

Mine development expenditure represents the acquisition cost and/or accumulated exploration, evaluation and development expenditure in respect of areas of interest in which mining has commenced.

When further development expenditure is incurred in respect of a mine, after the commencement of production, such expenditure is carried forward as part of the mine development only when substantial future economic benefits are established, otherwise such expenditure is classified as part of production and expensed as incurred.

Mine development costs are deferred until commercial production commences, at which time they are amortised on a unit-of-production basis over mineable resources. The calculation of amortisation takes into account future costs which will be incurred to develop all the mineable resources. Changes to mineable resources are applied from the beginning of the reporting period and the amortisation charge is adjusted prospectively from the beginning of the period.

**Accounting judgements and estimates**

The Group applies the units of production method for amortisation of its life of mine specific assets, which results in an amortisation charge proportional to the depletion of the anticipated remaining life of mine production. Amortisation has been based on indicated and inferred resource estimates. These calculations require the use of estimates and assumptions in relation to resources, metallurgy and the complexity of future capital development requirements; changes to these estimates and assumptions will impact the amortisation charge in the consolidated income statement and asset carrying values.

During the year, the Group increased the A1 Mine's life of mine plan as a result of strong positive drilling result analysis, historical mining data and mineral resources. This resulted in the reduction of amortisation charges of the mine properties.

**Impairment of assets**

All asset values are reviewed at each reporting date to determine whether there is objective evidence that there have been events or changes in circumstances that indicate that the carrying value may not be recoverable. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash generating unit ('CGU') exceeds the recoverable amount. Impairment losses are recognised in the consolidated income statement.

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular assets that may lead to impairment.

The identified CGU of the Group is: Kaiser Mining. The carrying value of all CGUs are assessed when an indicator of impairment is

identified using fair value less costs of disposal ('Fair Value') to calculate the recoverable amount.

When required by an indicator of impairment, fair Value is determined as the net present value of the estimated future cash flows. Future cash flows are based on life-of-mine plans using market based commodity price quantities of ore reserves and/or mineral resources inventories, operating costs and future capital expenditure. Costs to dispose have been estimated by management.

**Accounting judgements and estimates -- Impairment**

Significant judgements and assumptions are required in making estimates of Fair Value. The CGU valuations are subject to variability in key assumptions including, but not limited to: long-term gold prices, currency exchange rates, discount rates, production, operating costs, future capital expenditure and permitting of new mines. An adverse change in one or more of the assumptions used to estimate Fair Value could result in a reduction in a CGU's recoverable value. This could lead to the recognition of impairment losses in the future.

At 30 June 2023, the Group determined that there were no indicators of impairment for the Kaiser Mining cash generating unit due to strong spot gold and consensus forecast prices at 30 June 2023, existing long life mining at A1 Mine and further development of resources, together with the relatively low carrying value to recover.

**Mineral Resources**

The Group determines and reports mineral resources under the 2012 edition of the Australian Code for Reporting of Mineral Resources and Ore Reserves, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate resources. Due to the fact that economic assumptions used to estimate resources change from period to period, and geological data is generated during the course of operations, estimates of resources may change from period to period.

**Accounting judgements and estimates-- Ore Resource**

Resources are estimates of the amount of gold product that can be economically extracted from the Group's properties. In order to calculate resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, future capital requirements, short and long term commodity prices and exchange rates.

Estimating the quantity and/or grade of resources requires the size, shape and depth of ore bodies to be determined by analysing geological data. This process may require complex and difficult geological judgements and calculations to interpret the data.

Changes in reported resources may affect the Group's financial results and financial position in a number of ways, including:

- Asset carrying values may be impacted due to changes in estimated future cash flows.
- The recognition of deferred tax assets.
- Depreciation and amortisation charged in the consolidated income statement may change where such charges are calculated using the units of production basis.
- Capital development deferred in the balance sheet or charged in the consolidated income statement may change due to a revision in the development amortisation rates.
- Decommissioning, site restoration and environmental provisions may change where changes in estimated resources affect expectations about the timing or cost of these activities.

## Notes to the Financial Report

## 6 Exploration and evaluation

	Consolidated 2023 \$	Consolidated 2022 \$
<b>Non-current</b>		
At beginning of the year	5,176,034	2,840,415
Additions	2,056,441	2,646,907
Impairment expense*	-	(311,288)
At end of the year	7,232,475	5,176,034

## Commitments for exploration

	2023 \$	2022 \$
In order to maintain rights of tenure to mining tenements for the next financial year, the Group is committed to tenement rentals and minimum exploration expenditure in terms of the requirements of the relevant government mining departments in Australia. This requirement will continue for future years with the amount dependent upon tenement holdings.	856,190	1,281,190

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group holds current rights to tenure and the costs are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable resources.

Exploration and evaluation expenditure consists of an accumulation of acquisition costs and direct exploration and evaluation costs incurred, together with an allocation of directly related overhead expenditure.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward cost in relation to that area of interest.

When an area of interest is abandoned, or the Directors determine it is not commercially viable to pursue, accumulated costs in respect of that area are written off in the period the decision is made.

*Impairment expense\**

On the 10 May 2022, the Group announced the divestment discussion of its NSW Stuart town tenements to Checkmate Minerals Limited for \$25,000 deposit, 5,000,000 shares in the capital of Checkmate Minerals Limited with a deemed issue price of \$0.20 and Deferred Consideration: On the first anniversary of the Company's admission to ASX, buyer is to:

Issue to KAU a total \$500,000 in shares (deemed issue price per share based on market price) OR make a cash payment in the amount of \$500,000 by way of electronic funds prior to such date.

Given the information arising as part of the divestment discussions, it was determined that under AASB 6 section 20(d) the carrying amount of the exploration and evaluation asset was unlikely to be recovered in full of successful development or by sale. Accordingly, the asset was subject to impairment of \$311,288 to reflect its evaluated value of \$1,694,444.

This divestment was not executed in 2023.

**Accounting judgements and estimates**

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

## Notes to the Financial Report

## 7 Rehabilitation provision

	Consolidated 2023 \$	Consolidated 2022 \$
<b>Non-current</b>		
Provision for rehabilitation	1,251,616	1,698,000
	1,251,616	1,698,000
<b>Movements in Provisions</b>		
<b>Rehabilitation</b>		
Balance at start of year	1,698,000	1,667,000
Additions	-	31,000
Provision used during the year	(10,000)	-
Change in discount rate <sup>(1)</sup>	(436,384)	
Balance at end of year	1,251,616	1,698,000

(1) Represents an increase in real discount rate to 2.59% applied to the rehabilitation provision at all operations (June 2022: 0%). This increase is reflective of the increase in long term government bond rates.

Provisions, including those for legal claims and rehabilitation and restoration costs, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

The Group has obligations to dismantle, remove, restore and rehabilitate certain items of property, plant and equipment and areas of disturbance during mining operations.

A provision is made for the estimated cost of rehabilitation and restoration of areas disturbed during mining operations up to reporting date but not yet rehabilitated. The provision also includes estimated costs of dismantling and removing the assets and restoring the site on which they are located. The provision is based on current estimates of costs to rehabilitate such areas, discounted to their present value based on expected future cash flows. The estimated cost of rehabilitation includes the current cost of contouring, topsoiling and revegetation to meet legislative requirements. Changes in estimates are dealt with on a prospective basis as they arise.

There is some uncertainty as to the extent of rehabilitation obligations that will be incurred due to the impact of potential changes in environmental legislation and many other factors (including future developments, changes in technology and price increases). The rehabilitation liability is remeasured at each reporting date in line with changes in the timing and /or amounts of the costs to be incurred and discount rates. The liability is adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgments and estimates involved.

As the value of the provision represents the discounted value of the present obligation to restore, dismantle and rehabilitate, the increase in the provision due to the passage of time is recognised as a borrowing cost. A large proportion of the outflows are expected to occur at the time the respective mines are closed.

**Accounting judgements and estimates**

Mine rehabilitation provision requires significant estimates and assumptions as there are many transactions and other factors that will ultimately affect the liability to rehabilitate the mine sites. Factors that will affect this liability include changes in regulations, prices fluctuations, changes in technology, changes in timing of cash flows which are based on life of mine plans and changes to discount rates. When these factors change or are known in the future, such differences will impact the mine rehabilitation provision in the period in which it becomes known.

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## Notes to the Financial Report

## 8 Working capital

## Trade and other receivables

	Consolidated 2023 \$	Consolidated 2022 \$
<b>Current</b>		
Trade receivables	-	9,649
Other receivables <sup>(1)</sup>	1,726,650	1,381,093
Prepayments	19,444	48,835
	1,746,094	1,439,577
<b>Non-current</b>		
Rehabilitation bond	847,000	857,000
<b>Total</b>	<b>2,593,094</b>	<b>2,296,577</b>

(1) Other trade receivable mainly consists of GST which is refundable to the Group at the end of every quarter.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are usually due for settlement no more than 30 days from the date of recognition. Cash placed on deposit with a financial institution to secure bank guarantee facilities and restricted from use ('restricted cash') within the business is disclosed as part of trade and other receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. The amount of the provision for doubtful receivables is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

The Group does not have material trade receivables for which there is an expected credit loss though the consolidated profit and loss. It only sells to reputable banks, refiners and commodity traders.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## Inventories

	Consolidated 2023 \$	Consolidated 2022 \$
<b>Current</b>		
Consumables	693,155	864,216
Ore stockpiles	295,855	569,848
Gold in circuit	1,395,474	746,384
Bullion on hand	-	-
<b>Total</b>	<b>2,384,484</b>	<b>2,180,448</b>

Consumables, ore stockpiles, gold-in-circuit and bullion on hand are valued at the lower of cost and net realisable value.

Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure relating to mining activities, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

**Accounting judgements and estimates**

The calculation of net realisable value (NRV) for ore stockpiles, gold in circuit and bullion on hand involves significant judgement and estimation in relation to timing and cost of processing, future gold prices, exchange rates and processing recoveries. A change in any of these assumptions will alter the estimated NRV and may therefore impact the carrying value of inventories.

## Trade and other payables

	Consolidated 2023 \$	Consolidated 2022 \$
<b>Current</b>		
Trade payables	2,744,480	2,621,652
Other payables	1,588,574	1,343,269
<b>Total</b>	<b>4,333,054</b>	<b>3,964,921</b>

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which remain unpaid as at reporting date. The amounts are unsecured and are usually paid within 30 days from the end of the month of recognition.

## Notes to the Financial Report

**9 Financial risk management****Financial risk management**

The Group's management of financial risk is aimed at ensuring net cash flows are sufficient to withstand significant changes in cash flow under certain risk scenarios and still meet all financial commitments as and when they fall due. The Group continually monitors and tests its forecast financial position and has a detailed planning process that forms the basis of all cash flow forecasting.

The Group's normal business activities expose it to a variety of financial risk, being: market risk (especially gold price and foreign currency risk), credit risk and liquidity risk. The Group may use derivative instruments as appropriate to manage certain risk exposures.

Risk management in relation to financial risk is carried out by a centralised executive function in accordance with Board approved directives that underpin policies and processes. The Executive Leadership Team (and when required external consultants) assist the Board in discharging their responsibilities in relation to forecasted risk profiles, risk issues, risk mitigation strategies and compliance with company policy. The executive team regularly reports the findings to the Board.

**(a) Market risk**

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments, cash flows and financial position. The Group may enter into derivatives, and also incur financial liabilities, in order to manage market risks. All such transactions are carried out within directives and policies approved by the Board.

**(b) Currency risk**

The currencies in which transactions primarily are denominated are Australian Dollars. The Group is exposed to currency risk only to the extent of currency fluctuation effects on gold sales and purchases of import inventories.

**(c) Interest rate exposures**

The Board manages the interest rate exposures. Any decision to hedge interest rate risk is assessed in relation to the overall Group exposure, the prevailing interest rate market, and any funding counterparty requirements.

**(d) Capital management**

The Group's total capital is defined as total shareholders' funds plus net debt. The Group aims to maintain an optimal capital structure to reduce the cost of capital and maximise shareholder returns. The

Group has a capital management plan that is reviewed by the Board on a regular basis.

The Group is not subject to externally imposed capital requirements other than normal banking requirements.

**(e) Credit risk**

Credit risk is the risk that a counter party does not meet its obligations under a financial instrument or customer contract, with a maximum exposure equal to the carrying amount of the financial assets as recorded in the consolidated financial statements. The Group is exposed to credit risk from its operating activities (primarily customer receivables) and from its financing activities, including deposits with banks and financial institutions.

*Credit risks related to receivables*

Based on historic rates of default, the Group believes that no impairment has occurred with respect to trade receivables, and none of the trade receivables at 30 June 2023 were past due.

**(f) Fair value estimation**

The fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities of the Group approximates carrying value. The fair value of other monetary financial assets and financial liabilities is based upon market prices.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement, or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined using generally accepted valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## Notes to the Financial Report

## 9 Financial risk management (continued)

## (h) Liquidity risk

Prudent liquidity risk management requires maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows, and matching maturity profiles of financial assets and liabilities. The Group undertakes sensitivity analysis to stress test the operational cash flows, which are matched with capital commitments to assess liquidity requirements. The capital management plan provides the analysis and actions required in detail for the next twelve months and longer term.

Fixed interest maturing in 2023	Floating interest rate	1 year or less \$	Over 1 to 2 years \$	Over 2 to 5 years \$	Total \$
<b>Financial assets</b>					
Cash and cash equivalents	-	3,225,145	-	-	3,225,145
Receivables	-	1,746,094	-	-	1,746,094
Non-current bonds	0.3%	-	-	847,000	847,000
	-	4,971,239	-	847,000	5,818,239
<b>Financial liabilities</b>					
Trade and other payables	-	4,333,054	-	-	4,333,054
Insurance premium funding	5.1%	193,402	-	-	193,402
Leases liability	6.3%	136,657	213,307	-	349,964
	-	4,663,113	213,307	-	4,876,420
<b>Net financial assets</b>	-	<b>308,126</b>	<b>(213,307)</b>	<b>847,000</b>	<b>941,819</b>
<b>Fixed interest maturing in 2022</b>					
<b>Financial assets</b>					
Cash and cash equivalents	-	6,581,919	-	-	6,581,919
Receivables	-	1,439,577	-	-	1,439,577
Non-current bonds	0.3%	-	-	857,000	857,000
	-	8,021,496	-	857,000	8,878,496
<b>Financial liabilities</b>					
Trade and other payables	-	3,964,921	-	-	3,964,921
Insurance premium funding	4.0%	267,836	-	-	267,836
	-	4,232,757	-	-	4,232,757
<b>Net financial assets</b>	-	<b>3,788,739</b>	-	<b>857,000</b>	<b>4,645,739</b>

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## Notes to the Financial Report

## 10 Net debt

## Cash and cash equivalents

	Consolidated 2023 \$	Consolidated 2022 \$
Cash at bank and on hand	3,225,145	6,581,919
	3,225,145	6,581,919

Cash and cash equivalents includes cash on hand, deposits and cash at call held at financial institutions, other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## Reconciliation of profit/(loss) from ordinary activities after income tax to net cash flows from operating activities

	Consolidated 2023 \$	Consolidated 2022 \$
Profit/(loss) after tax for the year	1,171,617	(2,262,838)
Depreciation and amortisation	3,737,698	6,780,474
Equity settled share-based payments	367,198	149,947
Impairment expense	-	311,288
Change in operating assets and liabilities		
Receivables and prepayments	(306,517)	328,534
Inventories	(204,036)	38,179
Other assets	12,569	(80,750)
Trade creditors and payables	368,133	946,926
Provisions and other liabilities	117,008	(566,240)
<b>Net cash inflows from operating activities</b>	<b>5,263,670</b>	<b>5,645,520</b>

## Interest bearing liabilities

	Consolidated 2023 \$	Consolidated 2022 \$
<b>Current</b>		
<b>Secured</b>		
Lease liabilities	136,657	-
Insurance premium funding	193,402	267,836
<b>Total current</b>	<b>330,059</b>	<b>267,836</b>
<b>Non-Current</b>		
Lease liabilities	213,307	-
<b>Total interest bearing liabilities</b>	<b>543,366</b>	<b>267,836</b>

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw down of the facility, are recognised as prepayments and amortised on a straight line basis over the term of the facility.

## Loans to Directors and their related parties

No loans have been made to any Directors or any of their related parties during this year. There were no further transaction with Directors including their related parties other than those disclosed in note 18.

## Profit/(loss) before income tax includes the following specific expenses:

	Consolidated 2023 \$	Consolidated 2022 \$
<i>Finance costs</i>		
Interest paid/payable	24,556	23,956
	24,556	23,956

## Notes to the Financial Report

## 11 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2023, the parent company of the Group was Kaiser Reef Limited.

## Financial statements

	Parent Entity	
	1 Jul 22 to 30 Jun 23 \$	1 Jul 21 to 30 Jun 22 \$
<b>Result of the parent entity</b>		
Loss after tax for the year	(2,258,140)	(2,263,838)
Total comprehensive loss for the year	<b>(2,258,140)</b>	(2,263,838)
<b>Financial position of the parent entity</b>	<b>30 June 2023</b>	30 June 2022
Current assets	8,989,958	5,802,872
Total assets	<b>21,345,740</b>	23,467,213
Current liabilities	(724,970)	(657,388)
Total liabilities	<b>(748,832)</b>	(657,388)
<b>Total equity of the parent entity comprising:</b>		
Share capital	36,340,521	35,431,839
Share based payment reserve	1,698,273	1,447,649
Accumulated losses	(16,327,802)	(14,069,663)
Total equity	<b>21,710,992</b>	22,809,825

## Transactions with entities in the wholly-owned group

Kaiser Reef Limited is the parent entity in the wholly-owned group comprising the Company and its wholly-owned subsidiaries. It is the Group's policy that transactions are at arm's length.

Net loans payable to the Company amount to a net payable of \$9,936,453 (2022: \$57,814,980).

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

## 12 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy on consolidation.

Except as noted below, all subsidiaries are 100% owned at 30 June 2022 and 30 June 2023.

	Country of Incorporation
<u>Parent entity</u>	
Kaiser Reef Limited	Australia
<u>Subsidiaries of Kaiser Reef Limited</u>	
Golden River Resources Pty Ltd	Australia
Chase Metals Pty Ltd	Australia
<u>Subsidiaries of Golden River Resources Pty Ltd</u>	
Kaiser Mining Pty Ltd <sup>(1)</sup>	Australia
<u>Subsidiaries of Kaiser Mining Pty Ltd</u>	
Kaiser Operations Pty Ltd <sup>(2)</sup>	Australia

(1) In August 2022, Centennial Mining Limited changed the company name and company type to Kaiser Mining Pty Ltd

(2) In September 2022, Maldon Resources Pty Ltd changed company name to Kaiser Operations Pty Ltd.

## Notes to the Financial Report

### 13 Employee benefit expenses and other provisions

#### Expenses

	Consolidated 2023 \$	Consolidated 2022 \$
<i>Employee related expenses</i>		
Wages and salaries	11,431,617	8,647,947
Superannuation contributions	1,191,487	889,299
Equity settled share-based payments	18,397	149,947
	12,641,501	9,687,193

#### Wages and salaries, and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be paid within 12 months of the reporting date, are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid, including expected on-costs, when the liabilities are settled.

#### Superannuation contribution expense

Contributions to defined contribution funds are recognised as an expense as they are due and become payable. The Group has no obligations in respect of defined benefit funds.

#### Equity settled share-based payments

Performance rights issued to employees are recognised as an expense by reference to the fair value of the equity instruments at the date at which they are granted. Refer to Note 14 for further information.

#### Executive incentives

Senior executives may be eligible for short term incentive payments ("STI") subject to achievement of key performance indicators, approved by the Board of Directors. The Group recognises a liability and an expense for STIs in the reporting period during which the service is provided by the employee.

Disclosures relating to Directors and key management personnel are included within the Remuneration Report, with the exception of the table opposite.

#### Key management personnel

	Consolidated 2023 \$	Consolidated 2022 \$
Short term employee benefits	787,187	744,099
Post-employment benefits	76,701	69,369
Leave	39,938	46,531
Share-based payments	17,237	(3,971)
	921,063	856,028

#### Other provisions

	Consolidated 2023 \$	Consolidated 2022 \$
<b>Current</b>		
Employee benefits – annual leave	551,367	509,336
Employee benefits – long service leave	84,328	73,635
	635,695	582,971
<b>Non-current</b>		
Employee benefits— long service leave	312,578	248,294
	312,578	248,294

Employee related and other provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

#### Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made, plus expected on-costs, in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted with reference to market yields on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## Notes to the Financial Report

## 14 Share-based payments reserve

Details	Consolidated 2023 \$	Consolidated 2022 \$
Opening balance	1,447,649	477,760
Value of options and rights vested/expired during the year	290,401	969,889
<b>Closing balance</b>	<b>1,738,050</b>	<b>1,447,649</b>

**KMP Performance rights**

The Group provides benefits to KMP of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. Accounting standards preclude the reversal through the consolidated profit or loss of amounts which have been booked in the share-based payments reserve for performance rights, and which satisfy service conditions but do not vest due to market conditions.

Set out below are summaries of rights granted to KMP in the current year under the Kaiser Reef Limited Performance Rights Plan to be approved by shareholders:

Consolidated 2023								
Grant date	Expiry date	Fair value	Balance at start of the year (Number)	Granted during the year (Number)	Vested during the year (Number)	Expired during the year (Number)	Balance at end of the year (Number)	Exercisable at end of the year (Number)
12 Dec 2022	12 Dec 2023	\$0.16	-	320,000	-	-	320,000	-
12 Dec 2022	12 Dec 2024	\$0.16	-	480,000	-	-	480,000	-
12 Dec 2022	12 Dec 2023	\$0.16	-	140,000	-	-	140,000	-
12 Dec 2022	12 Dec 2024	\$0.16	-	260,000	-	-	260,000	-
07 Oct 2021	07 Oct 2022	\$0.235	150,000	-	-	(150,000)	-	-
07 Oct 2021	07 Oct 2023	\$0.235	100,000	-	-	(100,000)	-	-
07 Oct 2021	07 Oct 2023	\$0.079	100,000	-	-	(100,000)	-	-
01 Feb 2022	01 Feb 2022	\$0.205	120,000	-	-	(120,000)	-	-
01 Feb 2022	01 Feb 2024	\$0.205	80,000	-	-	-	80,000	-
01 Feb 2022	01 Feb 2024	\$0.079	80,000	-	-	-	80,000	-
08 Feb 2021	01 Feb 2023	\$0.42	100,000	-	-	(100,000)	-	-
17 Nov 2021	10 Aug 2023 <sup>(1)</sup>	\$0.079&\$0.21	200,000	-	-	-	200,000	-
08 Feb 2021	08 Sep 2024	\$0.29&\$0.42	200,000	-	-	-	200,000	-
<b>Total</b>			<b>1,130,000</b>	<b>1,200,000</b>	<b>-</b>	<b>(570,000)</b>	<b>1,760,000</b>	<b>-</b>

Consolidated 2022								
Grant date	Expiry date	Fair value	Balance at start of the year (Number)	Granted during the year (Number)	Vested during the year (Number)	Expired during the year (Number)	Balance at end of the year (Number)	Exercisable at end of the year (Number)
07 Oct 2021	07 Oct 2022	\$0.235	-	150,000	(150,000)	-	-	-
07 Oct 2021	07 Oct 2022	\$0.235	-	150,000	-	-	150,000	-
07 Oct 2021	07 Oct 2023	\$0.235	-	100,000	-	-	100,000	-
07 Oct 2021	07 Oct 2023	\$0.079	-	100,000	-	-	100,000	-
01 Feb 2022	01 Feb 2022	\$0.205	-	120,000	(120,000)	-	-	-
01 Feb 2022	01 Feb 2022	\$0.205	-	120,000	-	-	120,000	-
01 Feb 2022	01 Feb 2024	\$0.205	-	80,000	-	-	80,000	-
01 Feb 2022	01 Feb 2024	\$0.079	-	80,000	-	-	80,000	-
17 Nov 2021	10 Feb 2022 <sup>(1)</sup>	\$0.21	150,000	-	-	(150,000)	-	-
08 Feb 2021	01 Feb 2023	\$0.42	200,000	-	(100,000)	-	100,000	-
17 Nov 2021	10 Aug 2023 <sup>(1)</sup>	\$0.079&\$0.21	200,000	-	-	-	200,000	-
08 Feb 2021	08 Sep 2024	\$0.29&\$0.42	200,000	-	-	-	200,000	-
<b>Total</b>			<b>750,000</b>	<b>900,000</b>	<b>(370,000)</b>	<b>(150,000)</b>	<b>1,130,000</b>	<b>-</b>

(1) Mr Howe's options were approved by shareholders at the AGM on the 17 November 2021.

## Notes to the Financial Report

## 14 Share-based payments reserve (continued)

## Valuation of performance rights at grant date

During the current year, 1,200,000 performance rights were granted to employees, valued at the share price of grant date as set out in the previous table. These rights are subject to achievement of various non-market performance hurdles. During the current year, no rights vested. The remaining 1,760,000 remain unvested at year-end.

The below table discloses the valuation of KMP rights granted in the prior year.

Jonathan Downes				
Tranche	Value per right	Number of rights granted	Total value*	Valuation methodology
A	\$0.16	320,000 <sup>(1)</sup>	\$42,000	Share price at grant date
B	\$0.16	480,000 <sup>(1)</sup>	\$42,000	Share price at grant date
<b>Total</b>		<b>800,000</b>	<b>\$84,000</b>	

Stewart Howe				
Tranche	Value per right <sup>(4)</sup>	Number of rights granted	Total value*	Valuation methodology
A	\$0.16	140,000 <sup>(2)</sup>	22,400	Share price at grant date
B	\$0.16	260,000 <sup>(2)</sup>	41,600	Share price at grant date
<b>Total</b>		<b>400,000</b>	<b>\$64,000</b>	

(1) The probability of achievement has been applied at 30 June 2023 is 0%.

(2) The probability of achievement has been applied at 30 June 2023 is 0%.

\*The holder must be an employee of the Company in order for the rights to vest on achievement of the relevant performance hurdles.

Accordingly, the total value of rights at grant date has been vested over the relevant performance period. The rights value are at the grant date share price with nil discount, nil dividend expected and with no market conditions.

## Performance Rights – Vesting Conditions

Tranche	Performance period	Performance hurdle	Probability applied
A	12 months from 12 Dec 2022	<b>STIP (maximum 20% total) 320,000</b> <ul style="list-style-type: none"> <li>Maintain or improve trailing 12 month LTI, MTI statistics</li> <li>Define &gt;0.5 million oz Au MRE</li> <li>Production &gt;5,000 oz au per for 2 successive quarters</li> <li>Production requires AISC &lt; 50% of realised sales price</li> </ul>	0%
B	24 months from 12 Dec 2022	<b>LTIP (maximum 30% total) 480,000</b> <ul style="list-style-type: none"> <li>Maintain or improve trailing 12 month LTI, MTI statistics</li> <li>Define &gt;0.75 million oz Au MRE</li> <li>Production &gt;20,000 oz au per for 2 successive quarters</li> <li>Submit and have work plan approved for mining Maldon</li> <li>Production requires AISC &lt; 50% of realised sales price</li> </ul>	0%

## Movement in unlisted options on issue

	2023	2022
Outstanding at the beginning of the year	20,744,800	12,744,800
Issued during the year	3,750,000	8,000,000
Expired or lapsed during the year	(6,000,000)	-
Exercised during the year	-	-
Outstanding at the end of the year	<b>18,494,800</b>	<b>20,744,800</b>

## Notes to the Financial Report

## 14 Share-based payments reserve (continued)

*Expenses arising from share-based payment transactions*

Total expenses arising from equity settled share-based payment transactions recognised during the year were as follows:

	Consolidated 30 Jun 2023 \$	Consolidated 30 Jun 22 \$
Advisory services	346,801	-
KMP performance rights	15,237	70,030
Shares granted to employee as remuneration during the current year	-	78,000
Rights vesting expense in relation to performance rights granted in the current year	-	75,929
Reversal of expense in relation to true-up of KMP options and performance rights upon shareholder approval	-	(72,718)
Reversal of lapsed rights previously recognised share-based payment expense of KMP	-	(26,247)
Reversal of previously recognised share-based payment expense due hurdle achievement probabilities	-	(13,118)
Shares granted to KMP	2,000	36,000
Employees performance rights	3,160	-
Total share-based payment expense	367,198	149,947

The weighted average remaining contractual life of performance rights and options outstanding at the end of the year was 1.00 year (2022: 1.38 years).

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Share-based compensation with non market conditions are value at grant date share price in consideration of discount and dividend payments.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using either the binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period.

The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited. If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

*Other share-based payments*

During the year 750,000 and 3,000,000 options were issued to brokers and advisors for services provided in conjunction with the capital raising and marketing services. These options were valued at \$52,405 and \$294,396 respectively, based on the Black Scholes options pricing model and recognised in the reserves.

Description	Input	Input
Underlying share price (\$)	0.19	0.195
Exercise price (\$)	0.30	0.30
Grant date	03 August 2022	15 June 2023
Performance measurement period	3 years	4.5 years
Volatility (%)	73	73
Risk-free rate (%)	1.9	0.95
Value per right (\$)	0.069	0.098
<b>Total value of rights granted</b>	<b>\$52,405</b>	<b>\$294,396</b>

During the prior year, 200,000 shares provisionally awarded to Stewart Howe on 13 May 2022 of \$0.18 providing a value of \$36,000 were approved at 2022 AGM and issued on the 28<sup>th</sup> of November 2022, with the closing share price of \$0.19 resulting in a value of \$38,000.

*Accounting judgements and estimates**Share-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either a Black-Scholes model or Binomial Pricing Model, taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Where performance rights are subject to vesting conditions, Management has formed judgments around the likelihood of vesting conditions being met.



## Notes to the Financial Report

## 15 Contributed equity

Details	Number of shares	\$
Opening balance 30 June 2022	141,281,237	35,431,839
Share placement	6,000,000	900,000
Share issue fees	-	(60,702)
Shares issued to employees as remuneration for services performed	416,445	69,384
<b>Closing balance 30 June 2023</b>	<b>147,697,682</b>	<b>36,340,521</b>

**Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and performance rights are recognised as a deduction from equity, net of any tax effects.

On 17 April 2023, the Group announced a strategic investor share placement of 6,000,000 shares issue to raise approximately \$0.9 million (before costs) with Taurus Capital Group Pty Ltd. The new shares were issued under the placement at a price of \$0.15 per share, representing a 15.52% and 15.01% discount to the volume weighted average share price over the prior 5 and 10 trading days respectively, prior to the Company's trading halt (as per the ASX announcement dated 17 April 2023).

**Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

## 16 Remuneration of auditors

During the year the following fees were paid or payable for services provided by BDO Audit Pty Ltd, the auditor of the parent entity, and its related practices:

	Consolidated 2023 \$	Consolidated 2022 \$
BDO Audit Pty Ltd - Audit and Review of the Consolidated Financial Report	109,763	-
BDO Audit (WA) Pty Ltd - Audit and Review of the Consolidated Financial Report	-	103,500
Non-audit services		
BDO Corporate Tax (WA) Pty Ltd - Taxation consulting services	15,450	43,099
<b>Total remuneration for audit and non-assurance related services</b>	<b>125,213</b>	<b>146,599</b>

## 17 Events occurring after the balance sheet date

The Directors are not aware of any matter or circumstance that has arisen since the end of the financial year that, in their opinion, has significantly affected or may significantly affect in future years the Company's or the Group's operations, the results of those operations or the state of affairs, except as described in this note.

## 18 Related party transactions

Transaction between related parties are on commercial terms and conditions, no more favourable than those available to otherwise stated.

The below information stated covers the full financial year ended 30 June 2023.

*Brightstar Resources Ltd (formerly Kingwest Recourses limited)* – related party to A Byass and J Downes Shared office facility arrangement during the year.

Total for the current year: \$31,632 was charged by *Brightstar Resources Ltd* with an outstanding amount of nil payable at 30 June 2023.

Refer to Note 13 for details of KMP remuneration.

Refer to Note 14 for details of share based payments granted in the current year to KMP.

## 19 Contingencies

The Directors are not aware of any contingencies for the year ending 30 June 2023.

## 20 Basis of preparation

*Basis of measurement*

The consolidated financial statements have been prepared on the historical cost basis, except for the following material items:

- Share based payment arrangements are measured at fair value.

*Principles of consolidation - Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kaiser Reef Limited as at 30 June 2023 and the results for the year ended on that date (comparatives: 30 June 2022).

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, and as a result has an exposure or rights to variable returns, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control commences until the date control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.



## Notes to the Financial Report

*Critical accounting judgement and estimates*

The preparation of consolidated financial statements in conformity with AASB and IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

*Going Concern*

This report is prepared on a going concern basis, which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2023 the Group recorded a profit of \$1,171,617 (2022: a loss of \$2,262,838), net cash inflows from operating activities of \$5,263,670 (2022: net cash inflows from operating activities of \$5,645,520) and a closing cash balance of \$3,225,145 (2022: closing cash balance of \$6,581,919).

The Group has forecasted positive cash flow from operating activities in the next 12 months. The Directors have assessed the cash flow requirements for the 12 month period from the date of approval of the financial statements and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements.

**21 Accounting standards****New Standards adopted**

The accounting policies applied by the Group in this 30 June 2023 consolidated financial report are consistent with Australian Accounting Standards. All new and amended Australian Accounting Standards and interpretations mandatory as at 1 July 2022 to the group have been adopted and have not had a material impact upon recognition.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kaiser Reef Limited as at 30 June 2023 (comparatives: 30 June 2022).

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

*Critical accounting judgement and estimates*

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

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## Financial Report

## Directors' declaration

- 1 In the opinion of the directors of Kaiser Reef Limited (the Company):
  - (a) the consolidated financial statements and notes that are contained in pages 17 to 40 and the remuneration report in the Directors' report, set out on pages 10 to 13, are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
    - (iii) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- 2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the executive director and chief financial officer for the financial year ended 30 June 2023.
- 3 The directors draw attention to page 16 of the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:



**Jonathan Downes**  
**Managing Director**

Perth  
 28 September 2023

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 Melbourne VIC 3008  
 GPO Box 5099 Melbourne VIC 3001  
 Australia

## INDEPENDENT AUDITOR'S REPORT

To the members of Kaiser Reef Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Kaiser Reef Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO Audit Pty Ltd ABN 33 134 022 870 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.



### Recoverability of Mine Properties

Key audit matter	How the matter was addressed in our audit
<p>As at 30 June 2023 the Group recognised mine properties as disclosed in Note 5 to the financial report.</p> <p>Assessing the recoverability and carrying value of the mine properties was considered to be a key audit matter due to significant judgements and estimations involved in relation to the application of an appropriate resource base as the denominator under a units-of-production (UoP) basis of amortisation method and the underlying calculations methodology.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining and inquiring with management on any changes to accounting policies in relation to the accounting of the mine properties asset.</li> <li>• Reviewing Board minutes and ASX announcements to determine whether there are any indicators of impairment.</li> <li>• Physically sighting on-site to verify the existence of the A1 mine.</li> <li>• Obtaining and assessing the latest mineable resource report on the A1 mine that's been prepared by management's external expert, CSA Global as part of our assessment of the amortisation model.</li> <li>• Assessing to ensure appropriate application of the estimated resource from the CSA Global report in the amortisation model.</li> <li>• Assessing management's position paper and workings on the UoP amortisation model and rates including challenging the assumptions and estimates adopted.</li> <li>• Consulting with our internal BDO IFRS team on the application of the estimated resource from the CSA Global report and the calculations methodology adopted in the amortisation model.</li> <li>• Testing the mathematical accuracy of the amortisation model.</li> <li>• Assessing the future plans for the mine and ensuring such plans support the recoverability of the mine properties.</li> <li>• Reviewing to ensure consistency of our understanding of the mine plans to Board minutes and ASX announcements.</li> <li>• Assessing the adequacy of the disclosures in the financial report.</li> </ul>



### Depreciation of the Processing Plant in Property, Plant and Equipment

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As at 30 June 2023 the Group recognised property, plant and equipment which includes the processing plant at Maldon as disclosed in Note 4 to the financial report.</p> <p>Assessing the carrying value of the processing plant was considered to be a key audit matter due to significant judgements and estimations involved in relation to determining the most appropriate method of depreciation and its remaining life term.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining and inquiring with management on any changes to accounting policies in relation to the accounting of the processing plant asset.</li> <li>• Physically sighting to verify the existence and operations of the processing plant at the Maldon site.</li> <li>• Assessing management's position paper and workings on the depreciation method adopted for the processing plant including challenging the remaining useful life term of the plant.</li> <li>• Consulting with our internal BDO IFRS team on the appropriateness and accounting implications pursuant to the change of the depreciation method adopted from a units-of-production method to a straight line method.</li> <li>• Assessing the future plans for the processing plant and ensuring such plans support the adopted depreciation method and its remaining life term.</li> <li>• Assessing the adequacy of the disclosures in the financial report.</li> </ul>

#### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.



In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: [https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our auditor's report.

#### **Report on the Remuneration Report**

##### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 10 to 13 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Kaiser Reef Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

##### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

**BDO Audit Pty Ltd**

BDO  


Wai Aw  
Director

Melbourne, 28 September 2023

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**Financial Report****Corporate Directory****BOARD OF DIRECTORS**

A Byass	Non-Executive Chairman
J Downes	Executive Director
S Howe	Executive Director

**SHARE REGISTRY**

Automic Registry Pty Ltd  
Level 5, 191 St Georges Terrace  
Perth WA 6000

**COMPANY SECRETARY**

A Tabakovic  
S Brockhurst

**AUDITOR**

BDO Audit Pty Ltd  
Tower 4, Level 18,  
727 Collins Street  
Melbourne VIC 3008, AUSTRALIA

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Email: [admin@kaiserreef.com.au](mailto:admin@kaiserreef.com.au)  
Website: [www.kaiserreef.com.au](http://www.kaiserreef.com.au)

**REGISTERED OFFICE**

Level 8, 216 St Georges Terrace  
Perth WA 6000

**STOCK EXCHANGE LISTING**

Shares in Kaiser Reef Limited are quoted on the Australian  
Securities Exchange  
Ticker Symbol: KAU

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## Additional information for public listed companies

### Schedule of Tenement

Project	Tenement Number	Location of Tenement	Status	Beneficial Interest
Stuart Town	EL8491	New South Wales	Granted	100%
	EL8592	New South Wales	Granted	100%
	EL9203	New South Wales	Granted	100%
	EL9198	New South Wales	Granted	100%
	EL9199	New South Wales	Granted	100%
A1	MIN5294	Victoria	Granted	100%
Maldon	MIN5146	Victoria	Granted	100%
	MIN5529	Victoria	Granted	100%
	MIN5528	Victoria	Granted	100%
	EL7029	Victoria	Granted	100%

### ASX Share Information

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only. The information is current as at 27 September 2023.

#### 1. Shareholding

##### a. Distribution of Shareholders

- (i) *Ordinary share capital*  
- 147,877,227 fully paid shares held by 1,169 shareholders. All issued ordinary share carry one vote per share and carry the rights to dividends.

Category (size of holding)	Class of Equity Security	
	Number of Holders	Fully Paid Ordinary Shares
1 - 1,000	36	6,400
1,001 – 5,000	206	601,853
5,001 – 10,000	174	1,365,962
10,001 – 100,000	514	20,029,016
100,001 – and over	239	125,873,996
	<b>1,169</b>	<b>147,877,227</b>

- b. The number of shareholdings held in less than marketable parcels is 138.
- c. The Company had the following substantial shareholders at the date of this report.

#### *Fully Paid Ordinary Shares*

Holder	Number	%
Timothy Neesham	10,735,000	7.26

## Financial Report

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. **20 Largest holders of quoted equity securities (fully paid ordinary shares)**

	Name	Number Held	Percentage %
1.	TIM NEESHAM GROUPED HOLDINGS	10,735,000	7.26
2.	HUNT PROSPERITY PTY LTD <INVESTIUS PB MICRO CAP A/C>	6,200,000	4.19
3.	CITICORP NOMINEES PTY LIMITED	4,293,085	2.90
4.	PELTON CAPITAL PTY LTD	4,111,724	2.78
5.	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	3,950,000	2.67
6.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,736,338	2.55
7.	STEVESAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C>	3,331,250	2.25
8.	VALIANT EQUITY MANAGEMENT PTY LTD <BYASS FAMILY A/C>	3,205,000	2.17
9.	KIANDRA NOMINEES PTY LTD <JK DOWNES FAMILY A/C>	3,200,000	2.16
10.	NEWTON6 PTY LIMITED <THE NEWTON SUPER FUND A/C>	2,915,000	1.97
11.	THE SUN W INVESTMENT PTY LTD <SUN FAMILY A/C>	2,266,667	1.53
12.	MAJI MAZURI PTY LTD & MAWINGO PTY LTD	2,219,256	1.50
13.	BFB HOLDINGS PTY LTD <BFB INVESTMENT A/C>	1,687,500	1.14
14.	TYF HOLDINGS PTY LTD <TYF INVESTMENT A/C>	1,575,000	1.07
15.	NEWMER INVESTMENTS PTY LTD	1,500,380	1.01
16.	MRS ANNA VORONTSOVA	1,373,172	0.93
17.	DR NEIL NAKULA TANUDISASTRO	1,275,000	0.86
18.	HOLICARL PTY LIMITED <HUNTER GRAIN S/F A/C>	1,236,000	0.84
19.	MR STEPHEN KAM LO TONG & MRS PATSY LIN HAP TONG <BIALLA SUPER FUND A/C>	1,150,000	0.78
20.	MRS ELIZABETH ANNE MACRAE	1,036,250	0.70
	<b>Total</b>	<b>61,025,622</b>	<b>41.27</b>
	<b>Total issued capital – ordinary shares</b>	<b>147,877,227</b>	<b>100.00</b>

2. **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on the Australian Securities Exchange Limited.

3. **Restricted Securities**

The Company does not have any restricted securities on issue as at the date of this report

4. **Unquoted Securities**

The Company has the following unquoted securities on issue as at the date of this report:

- 1,344,800 options exercisable at \$0.50 on or before 25 January 2024
- 4,500,000 options exercisable at \$0.40 on or before 31 January 2024
- 8,000,000 options exercisable at \$0.30 on or before 30 September 2024
- 250,000 options exercisable at \$0.52 on or before 8 March 2024
- 250,000 options exercisable at \$0.60 on or before 8 March 2024
- 200,000 options exercisable at \$0.52 on or before 16 December 2024
- 200,000 options exercisable at \$0.60 on or before 16 December 2024
- 750,000 options exercisable at \$0.30 on or before 5 September 2025
- 3,000,000 options exercisable at \$0.30 on or before 27 November 2027