High-Grade Gold Producer Building a Multi-Asset Platform in Victoria & Tasmania

Metals & Mining

We initiate our coverage with Kaiser Reef Limited (ASX: KAU) with a target price of $0.468, representing an upside of 183.5%. KAU is an emerging Australian gold producer and explorer with a growing portfolio of high-grade, strategically located gold assets across Victoria and Tasmania. KAU's flagship asset, the Henty Gold Mine in Tasmania, is a historically prolific underground mine with over 1.4Moz of gold produced to date and now under KAU's ownership. Following significant infrastructure and drilling investment, Henty is positioned as a +30kozpa gold producer. Supporting this is the Maldon Goldfield in Victoria—one of Australia's highest-grade historic fields—with an existing processing plant and staged restart plan targeting scalable output. KAU also owns the high-grade A1 Gold Mine, currently ramping up production via the Nova Zone, underpinned by ~$25M in prior capital investment. With two wholly owned processing plants and a clear path to 50kozpa production, KAU is well-positioned to deliver value through production growth, asset optimisation, and regional consolidation.

Henty Acquisition: Unlocking Cash Flow Potential and Production Growth

The acquisition of the Henty Gold Mine represents a pivotal step in KAU's evolution into a mid-tier gold producer. Acquired through a mix of cash, shares, and deferred consideration, the transaction not only delivers an operating underground mine but also includes a fully operational 300ktpa processing plant with recoveries exceeding 90%. Henty brings a 5-year mine plan underpinned by a 449koz JORC Resource and immediate production, enhancing KAU's revenue profile and operational footprint. Henty adds scale and cash flow to KAU's portfolio and creates a platform for further exploration and operational synergies across the group's Victorian and Tasmanian assets.

Maldon Restart and A1 Ramp-Up Poised to Deliver Near-Term Upside

The A1 Gold Mine is shifting from remnant extraction to tapping high-grade zones such as the Nova Zone, underpinned by over A$25 million in infrastructure investment—unlocking meaningful production upside. In parallel, the historic Maldon Goldfield is progressing through a staged restart, leveraging its proven grades and underutilised processing plant to deliver scalable near-term production growth and enhanced returns.

Valuation Range of A$0.418–A$0.518 Per Share

We value KAU at A$0.418 per share in a base-case scenario and A$0.518 per share in a bull-case scenario using an asset-based comparable discounted cash flow methodology. Our mid-point fair valuation price of A$0.468 represents 183.5% upside potential to the current share price of A$0.165. The ongoing global economic uncertainty and rising inflation have strengthened gold's position as a safe-haven asset, driving sustained investor demand. This macro backdrop enhances the investment appeal of emerging producers like KAU.

Kaiser Reef Limited Valuation (A$m)	Base Case	Bull Case
Henty Processing Plant	117.8	157.4
Maldon Processing Plant	15.8	25.8
Henty Underground Resources Value	75.1	82.6
Union Hill Resources Value	22.1	24.3
Implied Enterprise Value	**230.8**	**290.1**
Implied Price (A$ per share)	**0.418**	**0.518**

Date	2 July 2025
Current Price (A$)	0.165
Target Price (A$)	0.418-0.518
Price / NAV (x)	0.35x
Market Cap (A$m)	97.935
52-week L/H (A$)	0.135/0.230
Free Float (%)	61.89%
Bloomberg	KAU AU
Reuters	KAU.AX

Price Performance (in A$)

Business description

Kaiser Reef Limited (ASX: KAU) is an Australian gold exploration and production company focused on high-grade, strategically located assets in Victoria and Tasmania. The company owns and operates the A1 Gold Mine and the Maldon Goldfield in Victoria and recently acquired the Henty Gold Mine in Tasmania—an established operation with strong infrastructure and production history.

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Disclosure - Readers should note that East Coast Research has been engaged and paid by the company featured in this report for ongoing research coverage.

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Investment Rationale

Kaiser Reef Limited (ASX: KAU) is an Australian gold exploration and production company focused on high-grade gold assets located along Australia's prolific East Coast. Headquartered in Melbourne, Victoria, KAU's portfolio includes three key projects: the A1 Gold Mine in Victoria, the Henty Gold Mine in Tasmania, and the Maldon Goldfield in central Victoria.

The company has transformed into a multi-asset gold producer with the acquisition of the Henty Gold Mine, adding meaningful scale and lifting annual production potential to over 30,000 oz. The A1 Mine, historically one of Victoria's highest-grade producers, is currently being ramped up with modern development into the Nova Zone. Meanwhile, KAU is advancing the restart of the Maldon Goldfield and leveraging its 100%-owned Maldon processing plant, offering significant strategic infrastructure within trucking distance of multiple operations.

With a strong balance sheet, growing production profile, and ownership of two processing plants, KAU offers investors leveraged exposure to gold with an operational foundation primed for growth.

Henty Acquisition Unlocking Immediate Gold Production and Long-Term Value

KAU recently completed the transformational acquisition of the Henty Gold Mine in Tasmania, solidifying its position as a multi-asset, high-grade gold producer. Acquired for A$31.6 million upfront, the transaction included a mix of cash and equity—A$15 million in cash, A$16.6 million in KAU shares (Catalyst Metals becoming a 19.99% shareholder)—along with deferred gold deliveries capped at 3,000 oz, and a 0.5% NSR royalty over a portion of the project area. Catalyst also retains an option to form a 50/50 joint venture over the Maldon Processing Plant, further strengthening regional synergies.

The Henty Gold Mine is a long-life, high-grade underground operation located in Tasmania's world-class Mt Read Volcanic Belt. Since 1996, it has produced over 1.4M oz at an average grade of ~9 g/t Au, highlighting its exceptional orebody quality. Henty hosts a JORC-compliant resource of 449koz @ 3.4 g/t Au and includes a fully permitted, 300,000tpa CIL processing plant with recoveries exceeding 90%.

Crucially, the project was acquired with existing infrastructure, a trained workforce, and near-term development potential, allowing KAU to generate immediate production of ~25,000–30,000oz per annum. With production already underway and early gold pours exceeding expectations, the asset is set to deliver strong cash flow and fast payback, positioning KAU for sustainable growth.

From an investment standpoint, the Henty acquisition not only adds scale and diversification to KAU's portfolio but also provides significant upside through near-mine exploration, operational improvements, and the ability to leverage existing infrastructure at low incremental cost.

Maldon Project – A High-Grade Asset Poised for Restart

KAU's Maldon Gold Project in Victoria represents a compelling near-term production opportunity backed by strong historical grades and existing infrastructure. With over 2.1 million ounces of historical production, the Maldon goldfield is one of Australia's most prolific high-grade camps. The company is now advancing a two-stage restart plan focused initially on the Union Hill deposit, with ore to be processed through its 100%-owned Maldon processing plant, located just 4.2km away.

The project boasts a JORC Inferred Resource of 186koz @ 4.4 g/t Au. Additionally, an Exploration Target has been identified, ranging between 1.75M to 2.7M tonnes at grades of 3.0 to 4.0 g/t Au. Importantly, the plant is currently underutilised and provides immediate low-cost processing capacity with historical recovery rates exceeding 88%.

With a clear development strategy, low restart capex, and proximity to KAU's other Victorian operations, Maldon is well-positioned to become a valuable second production hub—offering investors leveraged exposure to rising gold prices through organic growth and operational synergies.

A1 Unlocking Growth Through the High-Grade Nova Zone

KAU's A1 Gold Mine in Victoria is one of Australia's oldest and highest-grade gold mines, with historical production exceeding 600,000oz at an average grade of 25 g/t Au. In recent years, the mine has been constrained by remnant mining, limiting output to below 12koz per annum. However, a significant turning point has been reached with access to the Nova Zone, a newly developed area below the historic 23 Level that is now delivering strong high-grade intercepts.

The Nova Zone is showing exceptional geological continuity and high-grade mineralisation, positioning it as a key driver of future production growth. Intercepts such as 0.2m @ 65.1 g/t and 11.0m @ 3.7 g/t confirm the zone's potential to deliver consistent ore feed from virgin ground.

To fully unlock this potential, KAU is investing in a suite of capital upgrades at A1, including a modern decline extension, ventilation improvements, and expanded drilling access. These upgrades are aimed at de-bottlenecking operations, enhancing productivity, and enabling sustained mining at deeper levels. With development advancing and ore exposure increasing, A1 is set to deliver a step-change in production and support KAU's broader strategy of becoming a low-cost, multi-asset gold producer.

Rising Gold Prices and Stronger Production Position KAU for a Re-Rating

With the transformational acquisition of the Henty Gold Mine and ramp-up underway at the high-grade A1 Gold Mine, Kaiser Reef is poised to significantly lift its annual gold production beyond 30,000 ounces. This step-change in output marks a major shift for the company, transitioning from a single-asset producer to a diversified gold operator with two fully operational processing plants and three active gold projects across tier-one jurisdictions.

Importantly, this increase in production is well-timed with record-high Australian dollar gold prices, which are currently trading at over A$5,000/oz. The combination of growing volumes and a favourable pricing environment is expected to materially strengthen Kaiser's cash flows, margins, and financial resilience. As operations at A1 benefit from CAPEX-driven efficiency improvements and Henty continues to deliver steady output, Kaiser is well-positioned to capitalise on strong sector tailwinds. This operational and macro alignment supports a compelling re-rating opportunity for investors as the company enters a new phase of growth and scale.

Valuation Range: A$0.418 – A$0.518 Per Share

We value KAU at A$0.418 per share in a base-case scenario and A$0.518 per share in a bull-case scenario using an asset-based discounted cashflow valuation methodology. Our mid-point fair valuation price of A$0.468 represents a 183.5% upside potential to the current share price of A$0.165.

We assume a 10-year life of mine for the Henty operation, with annual production beginning at 28,000 ounces in year one and increasing to 30,000 ounces in subsequent years, eventually scaling to 35,000 ounces. A recovery rate of 85% has been used, based on the four-quarter average under Catalyst's operation. Initial CAPEX is estimated at A$1.5M (base case). A conservative conversion cost of A$15/oz for Indicated resources has been applied (conversion to reserves), with inferred resources excluded from valuation.

The Maldon model assumes a six-year life of mine with production ramping from 5,000 ounces in year one to 15,000 ounces (base case) and 16,500 ounces (bull case). Based on operating leverage volume driven efficiencies, AISC is assumed to decrease by 3% in years 2–3 and 4% in years 4–6. Recovery rates are based on historic 88–91% performance, and initial CAPEX is

modelled at A$1.5M. The plant's underutilised 250,000tpa capacity provides strong leverage for future expansion and third-party tolling.

The acquisition of the Henty Gold Mine has immediately increased KAU's production profile, with first gold already poured and a run-rate exceeding 25koz per annum. Ongoing development at the high-grade Nova Zone in A1, combined with dewatering and infrastructure upgrades, is expected to drive significant near-term production growth. Additionally, the strategic partnership with Catalyst around the Maldon processing plant opens the door to regional consolidation, potential JV expansion, and improved economies of scale—further supporting Kaiser's transition to a mid-tier producer.

KAU's success hinges on maintaining steady production ramp-up at Henty and A1, which may be impacted by underground mining challenges or unforeseen operational delays. Resource conversion risk remains, particularly at Union Hill, where much of the resource is still in the Inferred category. Rising operating costs, inflationary pressures, and fluctuations in gold prices could affect margins, while regulatory or environmental approvals for future developments may also pose hurdles. Nonetheless, the company's strong balance sheet and multi-asset structure help mitigate some of these risks.

Company Overview

Kaiser Reef: Building a High-Grade, Multi-Asset Gold Production Platform

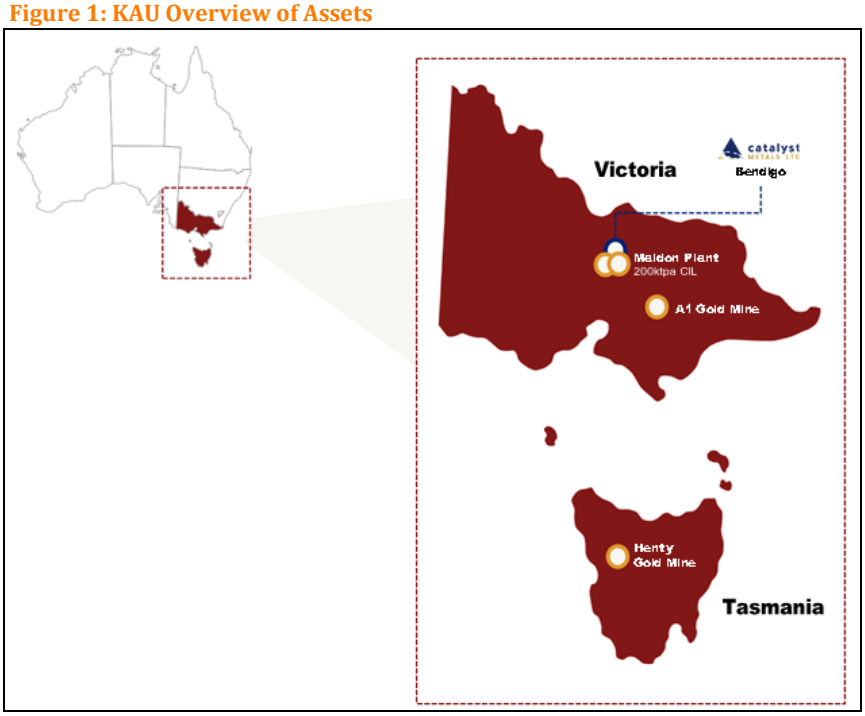
Kaiser Reef (ASX: KAU) is an Australian high-grade gold producer and explorer with a growing portfolio of assets across Tasmania and Victoria. The company's operations are anchored by three key gold projects, supported by two strategically located processing plants, providing a robust foundation for scalable production growth (Figure 1).

The recently acquired Henty Gold Mine in northwest Tasmania is a cornerstone asset, located in a world-class mineral province. It includes a 300,000 tonnes per annum carbon-in-leach (CIL) processing plant that consistently delivers gold recoveries exceeding 90%, producing a high-quality gold ore.

In Victoria, KAU owns the A1 Gold Mine, a historic underground operation currently being developed to access deeper, high-grade mineralisation. The mine provides a consistent ore feed and is key to KAU's near-term production profile.

Nearby, the company also controls the Maldon Goldfield, a past-producing district with significant exploration upside. The site is complemented by the Maldon Processing Plant, a fully permitted, 250,000 tonnes per annum CIL facility. This infrastructure gives KAU a major advantage in processing flexibility and future production scalability across its Victorian assets.

Figure 1: KAU Overview of Assets



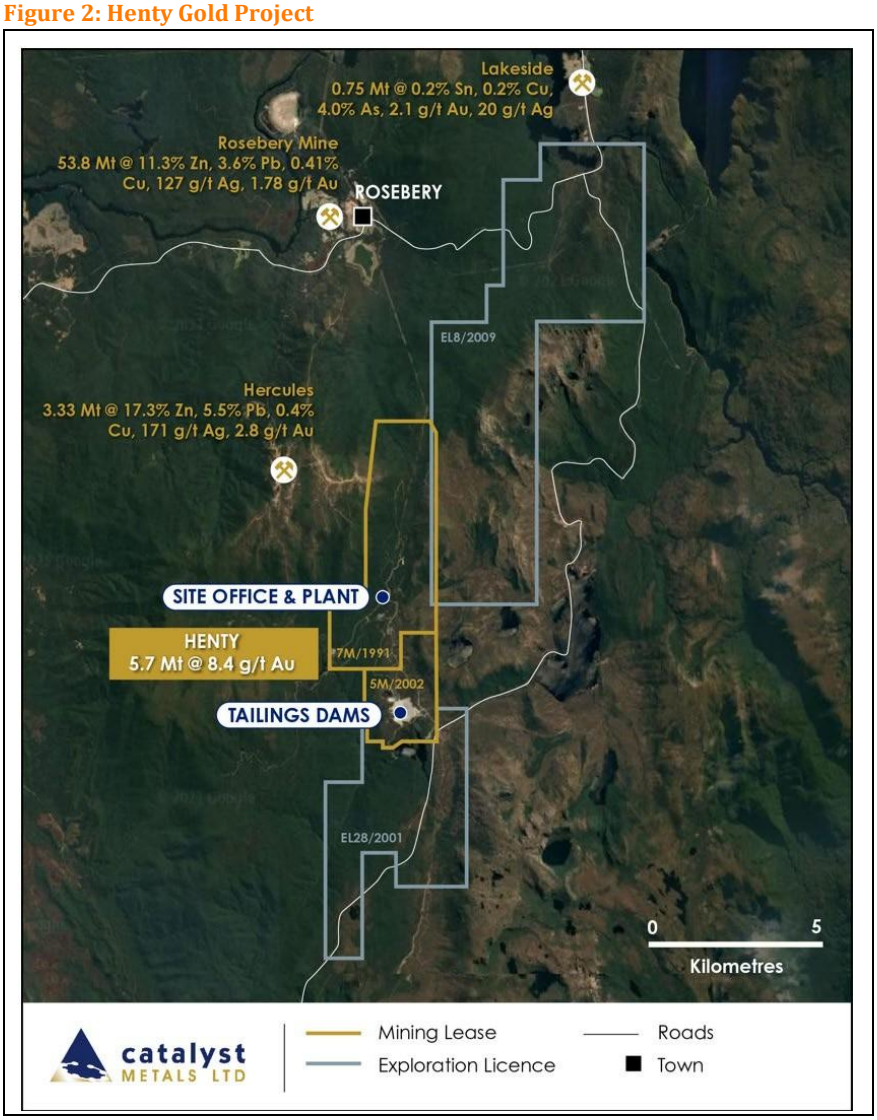
Source: Company

Henty Gold Project – Transformational Acquisition for KAU's Growth

KAU recently acquired its flagship Henty Gold Project, a high-grade, underground mine located in the Mt Read Volcanic Belt of Tasmania. The mine has been operating continuously since 1996. The acquisition of the project will position KAU as a multi-asset gold producer, with annual production targeting 30koz (Figure 2).

Since commencing operations in 1996, Henty has produced approximately 1.4M oz of gold at an average mined grade of 8.9 g/t. Henty has been in operation for 28 years, during which time various mining methods have been employed, including room and pillar, longhole open stoping with paste fill, rock fill, or no fill. Under KAU's ownership, the current mining plan incorporates a combination of longhole stoping and benching.

Figure 2: Henty Gold Project

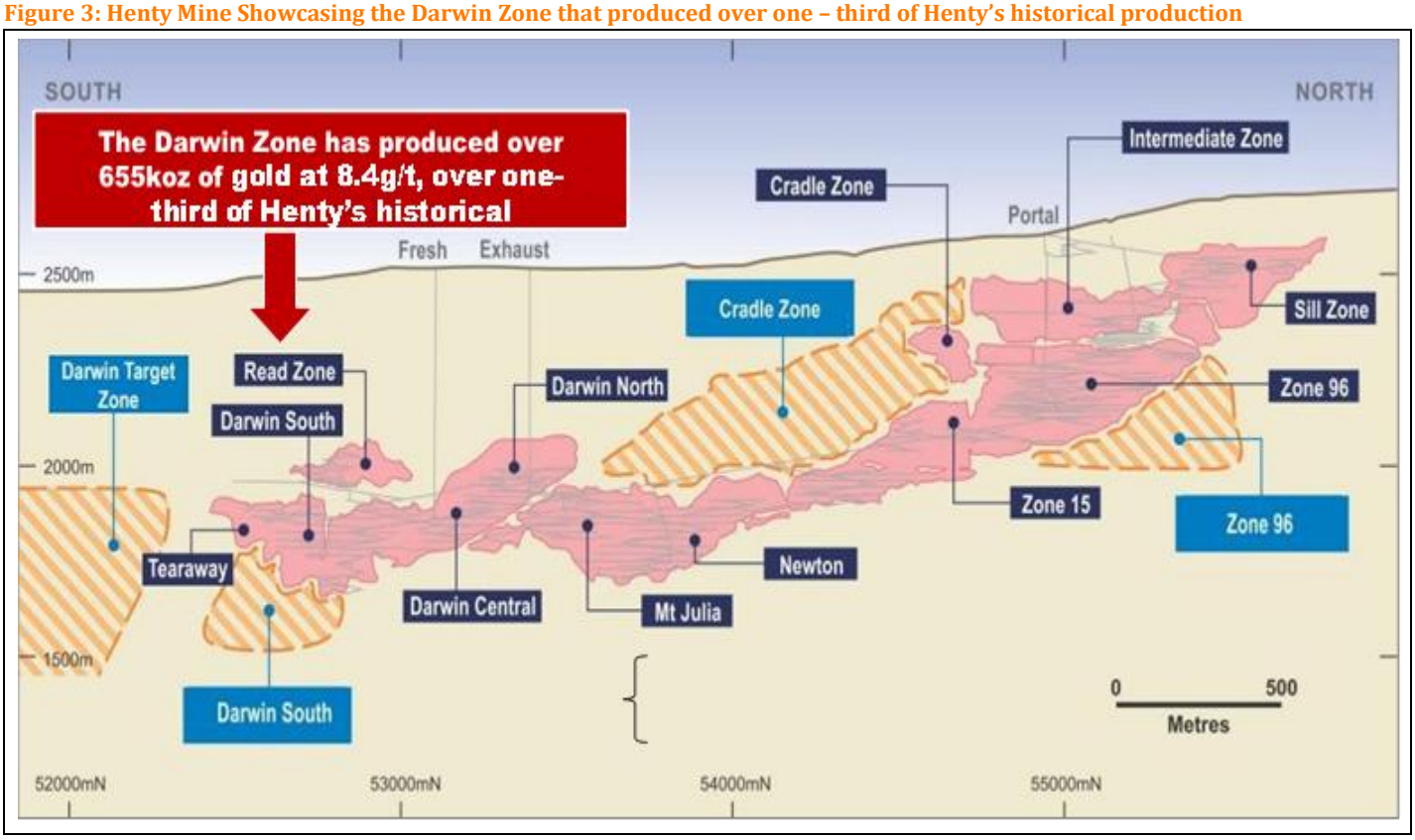


Source: Company

The project is accessed via a decline and employs multiple underground mining methods, including long-hole bench stoping, traverse open stoping, and cut-and-fill stoping. It is an owner-operated site supported by a skilled local and regional workforce, including drive-in and drive-out personnel (**Figure 3**).

Ore is processed through a CIL plant with a capacity of up to 300,000 tonnes per annum, delivering consistently high gold recoveries exceeding 90% and producing premium-quality Gold Doré bars.

Figure 3: Henty Mine Showcasing the Darwin Zone that produced over one – third of Henty's historical production



Source: Company

The Henty Mine hosts a JORC-compliant Mineral Resource of 4.1Mt at 3.4g/t Au for 449koz of contained gold (**Figure 4**), along with an Ore Reserve of 1.2Mt at 4.0g/t Au for 154koz (**Figure 5**). A robust 5-year mine plan has been developed based on the work completed to date. The mine has a strong production history, having delivered 1.4Moz at an average grade of 8.9g/t.

Figure 4: JORC (2012) Mineral Resource Estimate for Henty Gold Mine

Mineral Resource	Indicated			Inferred			Total		
	Tonnes (Mt)	Grade (g/t Au)	Ounces (koz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (koz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (koz)
Henty Underground	3.6	3.5	397	0.6	2.9	52	4.2	6.4	449
Total	3.6	3.5	397	0.6	2.9	52	4.2	6.4	449

Source: Company and East Coast Research

Figure 5: JORC (2012) Ore Reserves for Henty Gold Mine

Ore Reserves	Probable			Total		
	Tonnes (Mt)	Grade (g/t Au)	Gold (koz)	Tonnes (Mt)	Grade (g/t Au)	Gold (koz)
Henty Underground	1.2	4	154	1.2	4	154
Total	1.2	4	154	1.2	4	154

Source: Company and East Coast Research

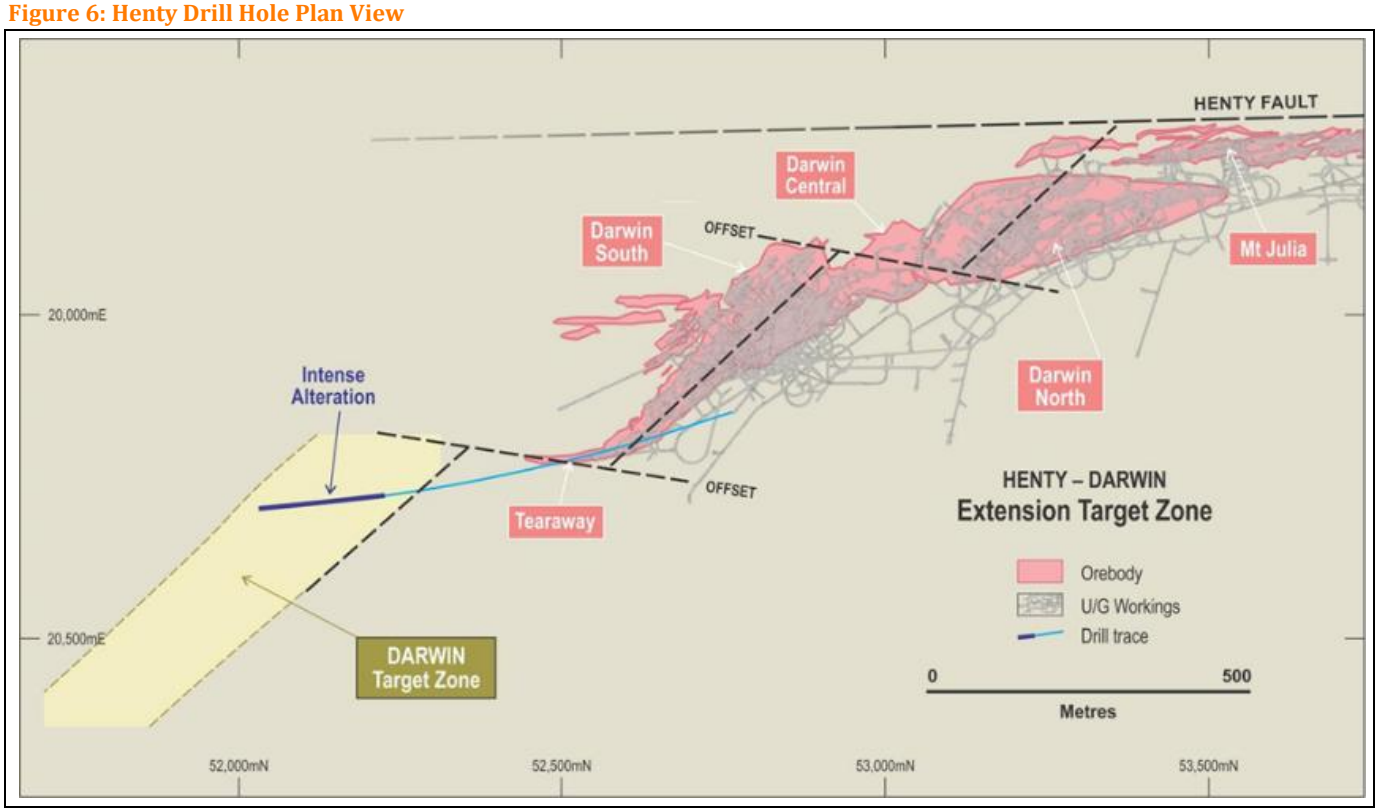
The Mineral Resource estimate is based on 57,606 metres of drilling across 5,025 diamond drill holes (DD), along with 5,116 face samples and 1,141 sludge holes completed since 1996. The current Mineral Resource extends to a vertical depth of approximately 935 metres from surface (to 1650 mRL).

Since acquiring the asset in 2021, Catalyst had implemented significant operational improvements, including upgrades to drill platforms, expanded drilling activity, investment in tailings infrastructure, underground equipment, and workforce development.

For the most recent drilling carried out by Catalyst, drill collar positions were established by Mine Surveyors. The drilling team used an azimuth-reading device to accurately align the drill rig with the planned azimuth and dip. Once drilling was completed, final collar locations were verified by Mine Surveyors (Figure 6).

Up until January 2019, downhole surveys were conducted using a Devi-flex tool with measurements taken at regular intervals. Since then, a gyroscopic downhole survey tool has been used for improved accuracy.

Figure 6: Henty Drill Hole Plan View



Source: Company

In terms of underground development, mine surveyors routinely record the progress of development drives. Upon completion of a stope, a cavity monitoring system is typically used to model the mined-out voids. For face channel sampling, the location is recorded by measuring the distance from the nearest survey station. These samples are logged in the site database and treated similarly to short drillholes, with collar and survey data recorded accordingly.

Henty Purchase Agreement: A Milestone for Growth

The terms of the Henty acquisition include an upfront cash payment of A$15.0 million, along with A$16.6 million in KAU shares issued to Catalyst, resulting in Catalyst becoming a 19.99% shareholder in the company. Additional deferred consideration includes monthly gold payments of 50oz (capped at 3,000oz) beginning six months after completion.

Catalyst will also receive a 0.5% net smelter return (NSR) royalty on gold produced from the Darwin Target Zone. KAU has agreed to reimburse Catalyst A$3.9 million in environmental bond payments over 12 monthly instalments. As part of the deal, Catalyst also retains an option to enter into a joint venture with KAU for the Maldon processing plant.

The total upfront consideration of A$31.6 million equates to an acquisition cost of under A$1,200/oz of production, representing a highly attractive entry point given current market conditions.

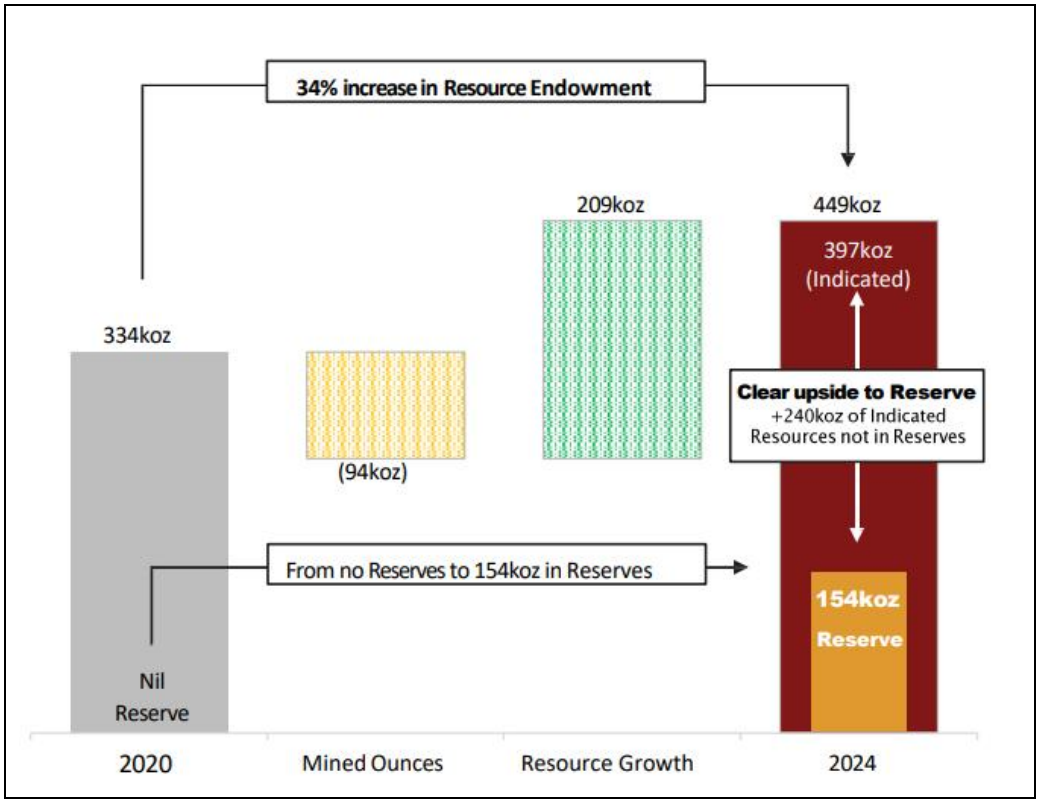
With gold prices remaining strong, driven by persistent macroeconomic uncertainty, central bank buying, and increased demand as a hedge against inflation and geopolitical risk, the outlook for gold continues to be robust. This favourable environment enhances the strategic value of

acquiring a high-grade, producing asset like Henty, positioning KAU to benefit from potential upside in both gold prices and production growth.

KAU is well-positioned to capitalise on the significant groundwork laid by Catalyst Metals at the Henty Gold Mine. Catalyst's prior investment in modern infrastructure, underground fleet upgrades, expanded drill platforms, and tailings management has established a strong operational foundation. These initiatives have not only extended mine life but also improved production reliability and exploration potential (**Figure 7**).

With these enhancements already in place, KAU inherits a streamlined and de-risked operation, allowing it to focus on production optimisation and resource growth from day one. This strategic handover sets the stage for sustained long-term success at Henty, positioning KAU to unlock further value with reduced upfront capital burden and accelerated cash flow generation.

Figure 7: Significant Resource and Reserve Growth (Since 2020)



Source: Company

Henty's First Gold Pour

KAU recently successfully completed its first gold pour at the Henty Gold Mine since acquiring the asset, producing over 1,200oz of gold, which is now being transported to the Perth Mint for refining and final settlement. With Henty now online, the company has officially transitioned into a 30,000oz per annum gold producer.

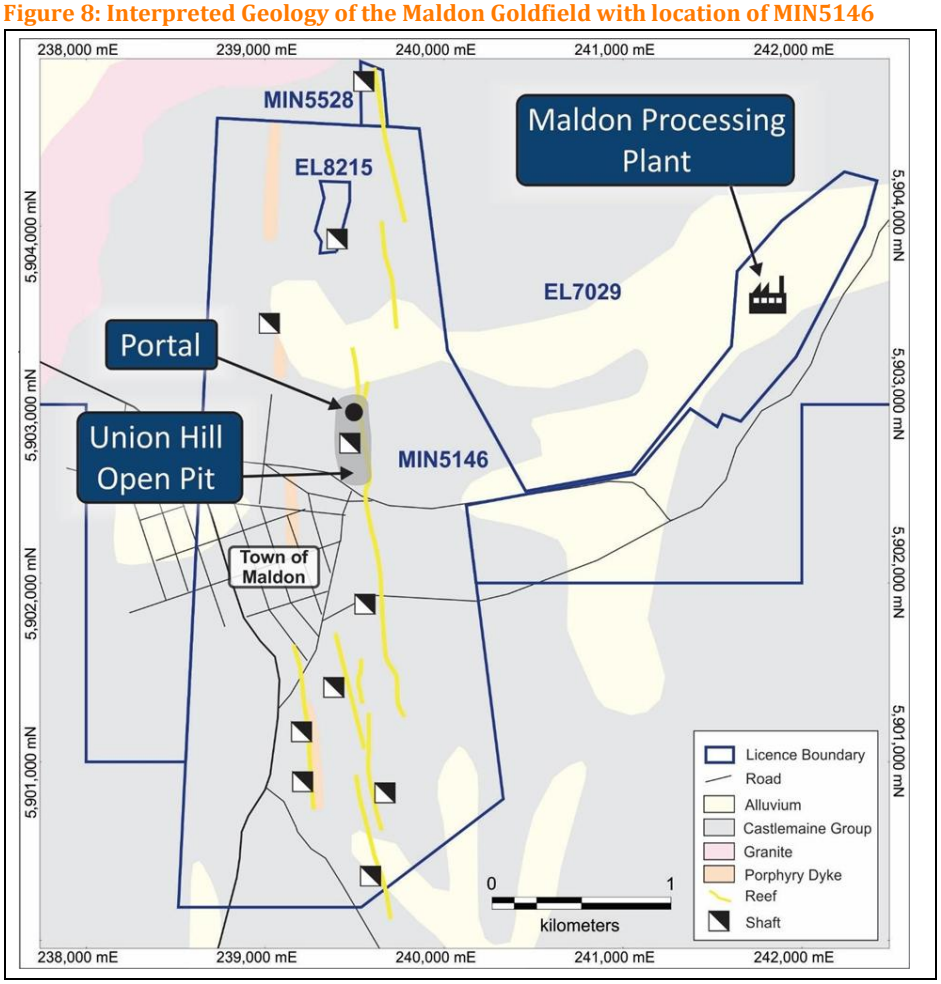
This achievement marks a pivotal step in KAU's evolution from a junior explorer to a multi-asset gold producer generating consistent cash flow. The strong initial production performance reflects the quality of the Henty asset and highlights the company's ability to swiftly integrate and optimise new operations. Additionally, it lays a solid platform for future growth, both operationally and strategically.

Maldon Goldfield – Strategic Asset Driving Future Production and Exploration Upside

The Maldon Goldfield, currently 100% owned by KAU, was a significant high-grade gold producer from the late 1800s to the early 1900s, with a historical gold output of more than 2.1M oz of gold. The site was briefly brought back to production in 2017; however, operations were suspended in 2019 due to declining gold prices of approximately A$ 1650/oz, limited working capital, and broader market weakness (Figure 8).

Since acquiring the asset in 2021, KAU has maintained the mine in a state of care and maintenance. The gold prices in June 2025 were approximately A$ 5,290/oz, demonstrating a significant tailwind for Australian gold producers, reinforcing the value of KAU's strategic position in historically productive, high-grade goldfields.

Figure 8: Interpreted Geology of the Maldon Goldfield with location of MIN5146



Source: Company

The Maldon Goldfield is situated just 4.1 km from the Maldon gold processing plant, providing strong logistical and operational advantages. The project hosts a JORC-compliant Inferred Resource of 1.3Mt grading 4.4 g/t Au for 187k oz (Figure 9), based on shallow, limited drilling.

Figure 9: Union Hill MRE table

Mineral Resource	Indicated			Inferred			Total		
	Tonnes (Mt)	Grade (g/t Au)	Ounces (koz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (koz)	Tonnes (Mt)	Grade (g/t Au)	Ounces (koz)
Union Hill	-	-	-	1.3	4.4	187	1.3	4.4	187
Total	**-**	**-**	**-**	**1.3**	**4.4**	**187**	**1.3**	**4.4**	**187**

Source: Company and East Coast Research

In addition, an exploration target ranging from 1.75 Mt to 2.7 Mt at 3–4 g/t Au has been identified, though it is not yet classified as a Mineral Resource due to the early stage and wide drill spacing. This target remains conceptual, and further drilling is required to determine its potential for conversion into a formal resource. The mineralisation across the goldfield remains open at depth, with recent drilling indicating strong down-plunge continuity of high-grade zones. One of the most prominent historic ore bodies, the German Reef, was abandoned in 1917 after a water influx halted mining despite reportedly high grades.

At the end of 2024, KAU released a mine restart plan for the Maldon Project, focused on bringing the Union Hill Gold Mine out of care and maintenance and back into exploration and production. The mining study outlines a pathway to reinitiate operations, targeting the historically productive and open-ended ore body. We believe that reactivating Union Hill would allow KAU to establish a strong second production front, complementing its existing operations and enhancing its overall production profile, strengthening the company's growth potential.

Maldon Project Restart – A Phased Two-Stage Development Strategy

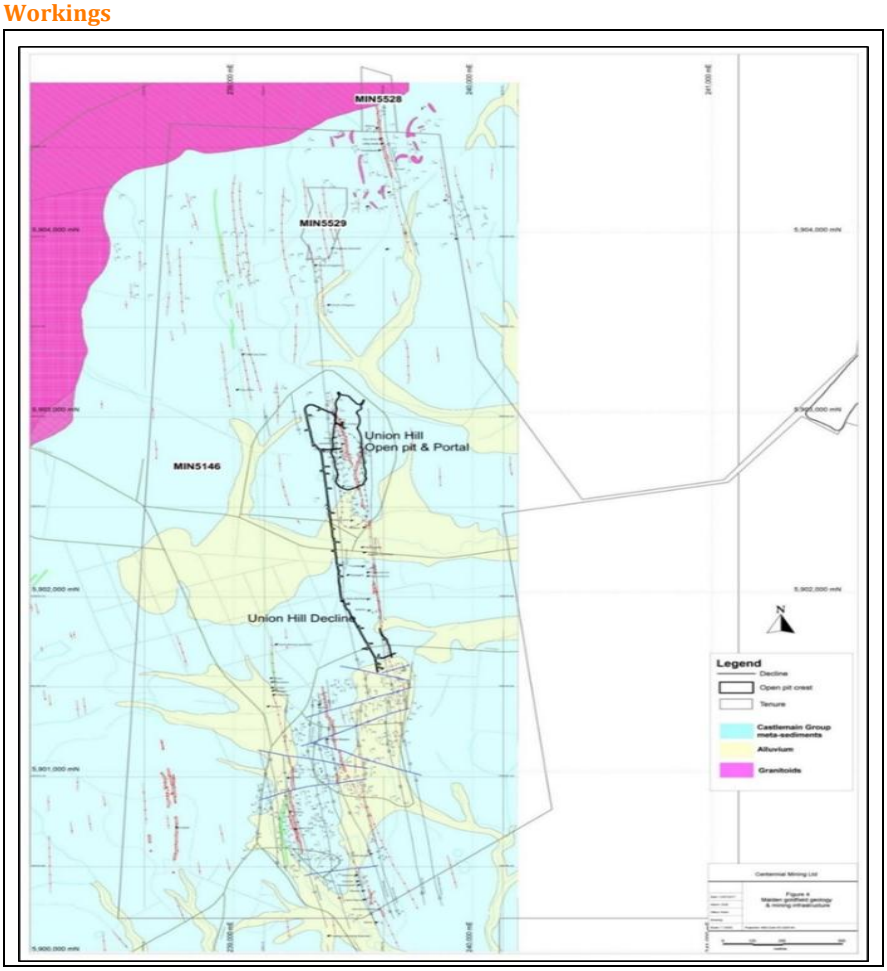
KAU has developed an early structured two-stage restart scoping strategy for the Maldon Project, designed to systematically reduce risk while unlocking the site's long-term production potential.

Stage 1 involves initiating mining from the Union Shoot, with ore planned to be trucked approximately 4.1km to the nearby Maldon Gold Processing Plant, which is currently underutilised and operating at around 20% of its capacity. This phase represents a low-impact "soft start" and will focus on establishing a second emergency escapeway and accessing the Union Shoot resource, as outlined in the 2022 Mineral Resource Estimate. As the Union Shoot is currently classified entirely under the Inferred category, KAU cannot yet report forecast cash costs or revenues. To advance the project, the company is preparing a targeted drilling program aimed at upgrading the resource to the Indicated or Measured categories under the JORC 2012 Code. This reclassification will support the release of a formal Scoping Study and accompanying financial metrics. The Stage 1 mine plan is expected to span approximately 8 months from commissioning, after which operations are intended to seamlessly transition into Stage 2.

Stage 2 will focus on the development of a new 4.3m x 4.3m decline, positioned south of and parallel to the existing 5.5m x 5.5m decline. This new development will provide access to the upper levels of the Alliance Shoot and later, the Alliance South Lode, which has already been partially accessed and is classified as a defined resource. The second stage is anticipated to take 15 months and will also involve extending existing stockpile drives to develop crosscuts between the two declines, enabling efficient underground connectivity and ore movement.

This staged development plan reflects a disciplined approach that aims to rapidly advance the project from early production into full-scale operations, while progressively de-risking the asset through resource upgrades and infrastructure expansion (Figure 10).

Figure 10: Interpreted Geology of the Maldon Goldfield showing major Reefs and Union Hill Mine Workings



Source: Company

KAU is planning a comprehensive drilling program that spans both Stage 1 and Stage 2 of the Maldon restart strategy. The primary objectives of this program are to upgrade the existing resources to higher JORC categories, from Inferred to Indicated or Measured, thereby increasing the geological confidence and enabling more robust economic assessments. In parallel, the program aims to expand the overall resource base through targeted step-out drilling.

The initial goal of this campaign is to delineate over 500,000 oz of gold, with early indications suggesting that mineralisation remains open along strike and at depth. Based on the outcome of the initial program, KAU anticipates launching a larger, follow-up campaign with the aim of defining a 1M oz gold resource, firmly positioning Maldon as a long-life, high-grade production asset within the company's portfolio.

Maldon Processing Plant

The Maldon Processing Plant, located just 4.2km by truck from the Union Hill mine, is a 100%-owned, fully permitted asset that serves as a strategic hub for KAU's Victorian operations. Originally built to process ore from Union Hill, the plant has a nameplate capacity of ~250,000 tonnes per annum (tpa), yet currently operates at just 20–30% of capacity. This underutilisation presents a clear opportunity for near-term production growth and broader regional consolidation.

The mill has consistently demonstrated strong metallurgical performance, with recovery rates between 88% and 91% on Maldon ore and up to 97% recovery from A1 Mine feedstock. Recent upgrades, such as the installation of modern hydrocyclones, a gravity circuit, and an advanced Process Logic Control system, are expected to further enhance recoveries and processing

efficiency. Given the plant's history with treating local ore types, metallurgical risk is considered low.

Strategically positioned within 320km trucking distance of A1 and other key assets in the Bendigo goldfields, the plant not only supports KAU's current production and restart plans at Maldon (Union Hill), but also offers potential for third-party toll treatment, unlocking further commercial opportunities.

Importantly, Kaiser has also entered into a strategic partnership framework with Catalyst Metals, centred around the Maldon facility. Under this agreement, Catalyst has the option to form a 50/50 joint venture with KAU at the plant, along with the right to fund any future expansion at their own cost. This arrangement provides Catalyst immediate access to a fully permitted processing solution, while KAU benefits from shared infrastructure and avoids capex dilution.

The partnership establishes a cost-effective processing pathway for both companies, laying the groundwork for economies of scale, operational synergy, and regional consolidation. In one of Australia's most historically prolific gold provinces, this alignment positions KAU and Catalyst to jointly capitalise on growth, reduce unit costs, and accelerate development timelines across their Victorian gold portfolios.

A1 Gold Mine – One of Australia's Longest-Running Gold Operations

Located 23km southeast of Jamieson in Eastern Victoria, the A1 Gold Mine is one of Australia's most historic and high-grade gold operations. Since commencing in 1861, the mine has produced over 600,000 ounces of gold at an impressive average recovered grade of 25 g/t, firmly establishing its reputation as a premier high-grade producer. Historically, the A1 Mine achieved an average of approximately 800 ounces per vertical metre, with certain levels exceeding 1,000 ounces per vertical metre—a benchmark for globally significant gold mines.

Over the past 30 years, the mine was limited to remnant mining, which constrained output and resulted in significantly lower productivity, averaging less than 12,000 ounces per annum and fewer than 237 ounces per vertical metre. However, a major turning point for Kaiser Reef came with the development of the Nova Zone, a new high-grade area of mineralisation that remains open at depth. This milestone has enabled a shift from remnant extraction to modern, high-productivity underground mining.

Kaiser has already invested over A$25 million in critical infrastructure upgrades, including a new decline, ventilation improvements, and power supply enhancements. These upgrades have enabled access below the historic 23 level into virgin ore sources, significantly improving the mine's long-term production potential.

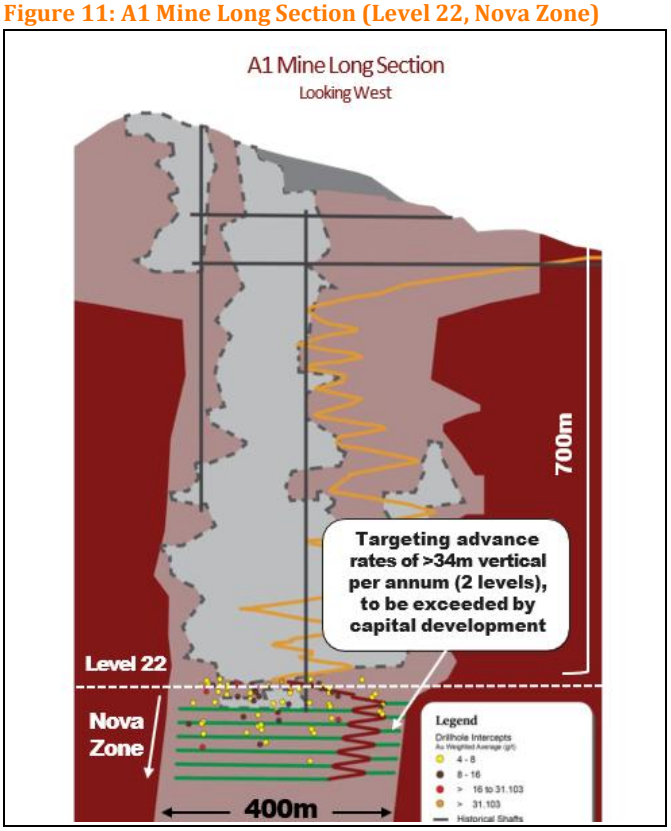
Ongoing investment is focused on de-bottlenecking the operation, including the advancement of a full-scale modern decline, expanded drilling platforms, and continued ventilation improvements. These efforts are designed to increase drilling coverage, improve access to stopes, and support higher mining rates. The Nova Zone (**Figure 11**) has returned high-grade drill intercepts , such as:

- 0.2m @ 52.2 g/t
- 0.6m @ 42.4 g/t
- 0.4m @ 40.9 g/t
- 0.8m @ 32.7 g/t
- 0.2m @ 65.1 g/t
- 11.0m @ 3.7 g/t

These results confirm geological continuity and the high-grade nature of mineralisation below historical workings. As Kaiser transitions A1 into a modern, scalable underground operation, the mine is positioned to deliver significantly higher and more sustainable gold production in the near term.

Importantly, early internal assessments suggest that extending the decline a further 120 metres vertically could unlock substantial additional resources. Based on historical production intensity and current geological modelling, this deeper extension may host between 800K to 1Moz of gold, showcasing the long-term scale potential of the A1 operation. This underpins KAU's strategy to establish A1 as a high-margin, long-life producer within its growing portfolio.

Figure 11: A1 Mine Long Section (Level 22, Nova Zone)



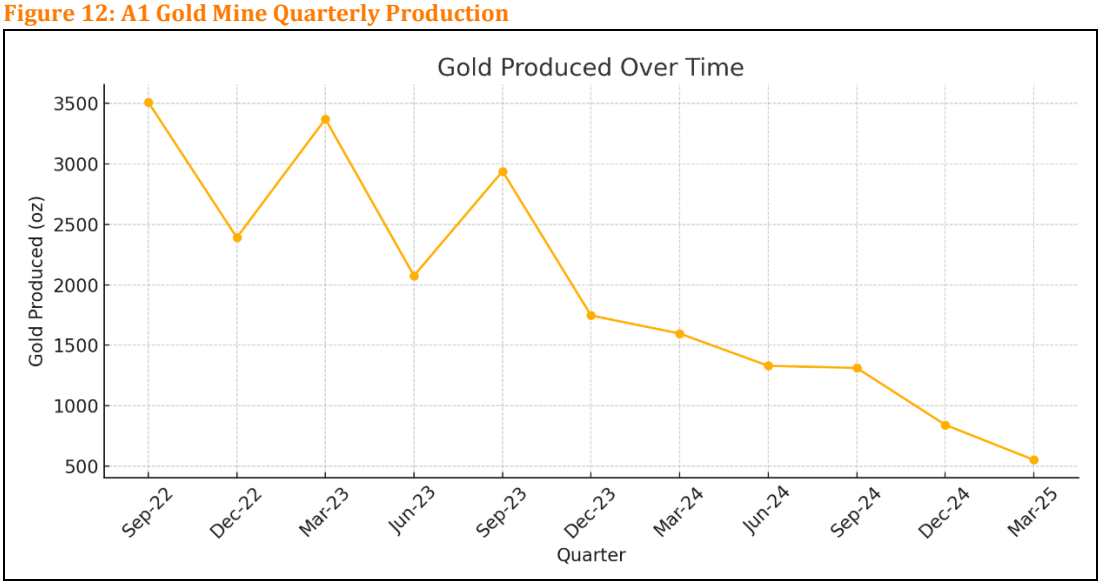
Source: Company

Production at A1

The A1 Gold Mine has experienced significant fluctuations in production and financial metrics over the past 11 quarters. From its peak gold production of 3,512 oz in September 2022, the mine has seen a gradual decline, producing only 551 oz in March 2025. This downward trend is mirrored in both revenue and operating costs, which peaked at A$9.48M and A$8.09M respectively in March 2023 and have since dropped to A$3.5M and A$1.98M by March 2025.

Despite the decreasing output, the mine has consistently maintained strong gold recovery rates (typically above 94%), reflecting efficient processing operations and good mineralogy. Recent quarters suggest a recalibration phase for the mine, potentially as it transitions to new zones such as the Nova Zone. Continued development and investment in this high-grade area may offer upside to future production and profitability.

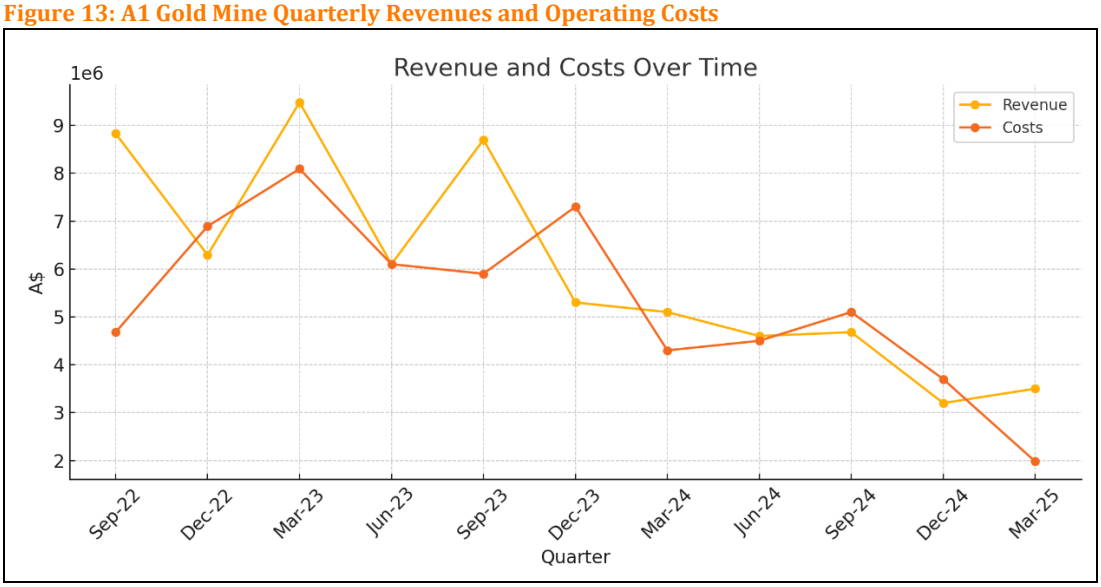
Figure 12: A1 Gold Mine Quarterly Production



Source: East Coast Research

(**Figure 12**) illustrates a declining trend in gold production from a peak of 3,512 oz in Sep-22 to just 551 oz by Mar-25. This reflects the historical reliance on remnant mining and the need for new ore zones like the Nova Zone to sustain output.

Figure 13: A1 Gold Mine Quarterly Revenues and Operating Costs

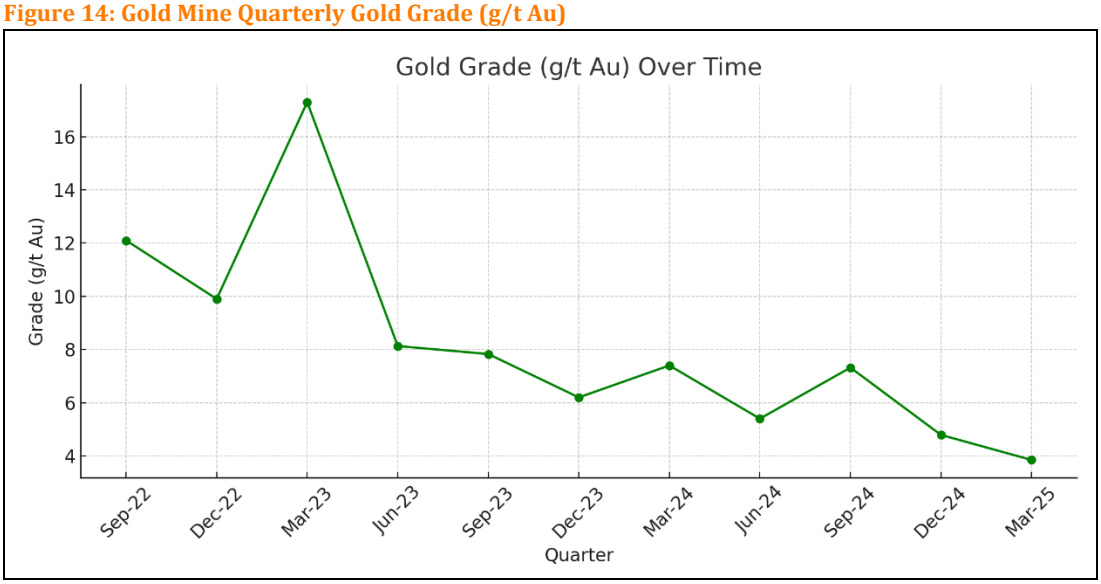


Source: East Coast Research

The revenue and operating cost (**Figure 13**) trends at the A1 Gold Mine reflect both the challenges and the transition phase the operation has undergone. While operating costs have at times exceeded revenues, particularly during periods of development and infrastructure upgrades, this has largely been a result of strategic investment aimed at accessing new high-grade ore zones like the Nova Zone.

Importantly, revenues have shown resilience, averaging between A$4.6M and A$9.4M over key quarters, supported by consistently strong gold recovery rates above 90%. With the recent breakthrough into unmined, high-grade mineralisation and the completion of key infrastructure, including dewatering and decline development, KAU is now positioned to shift from capital-intensive development to more consistent and scalable gold production.

Figure 14: Gold Mine Quarterly Gold Grade (g/t Au)



Source: East Coast Research

As ore production increases from the Nova Zone, we anticipate stronger revenue generation and improved cost efficiencies, potentially leading to margin expansion and a return to cash flow positivity. This transition marks a pivotal inflection point for the A1 operation and underpins KAU's near-term re-rating potential.

Exploration at A1

In December 2024, KAU commenced an underground diamond drilling campaign at the A1 Gold Mine, specifically targeting unmined levels within the Nova Zone. The primary objective was to confirm and expand upon previous high-grade intercepts, focusing on extending mineralisation beyond the historic workings below the 23 Level.

Previous deep drilling at A1 had already returned strong results, providing clear evidence of high-grade gold continuity below the historically mined zones. One standout result came from drillhole A1UDH-563, which intersected four auriferous quartz structures and a stylolitic quartz vein, likely extending the Austral Reef. Several of these mineralised veins were west-dipping and located beneath the 23 Level, highlighting the untapped potential of the deeper system. Given the nature of A1's geology—a dyke-hosted high-grade vein system with multiple orientations—drilling routinely intersects several gold-bearing lodes or reefs in a single hole, enhancing the efficiency of resource growth.

During the March 2025 quarter, Kaiser achieved a number of critical development milestones -

- Breakthrough to the historic 23 Level, following extensive dewatering, marking the end of a 40-year period focused solely on remnant ore.
- Continued development of site infrastructure, including sill pillar establishment at the 1150 level.
- A strategic shift from capital and waste development toward active ore development, setting the stage for increased gold production in the June quarter.
- Diamond drilling continued, returning multiple gold-bearing intervals that support ongoing resource definition.

Final dewatering of the lower levels is now largely complete, effectively removing a key bottleneck that had previously restricted operations at depth. With the decline advance and multiple development breakthroughs now in place, Kaiser is well-positioned to ramp up ore development across several lodes, with ore production expected to progressively increase through the June quarter.

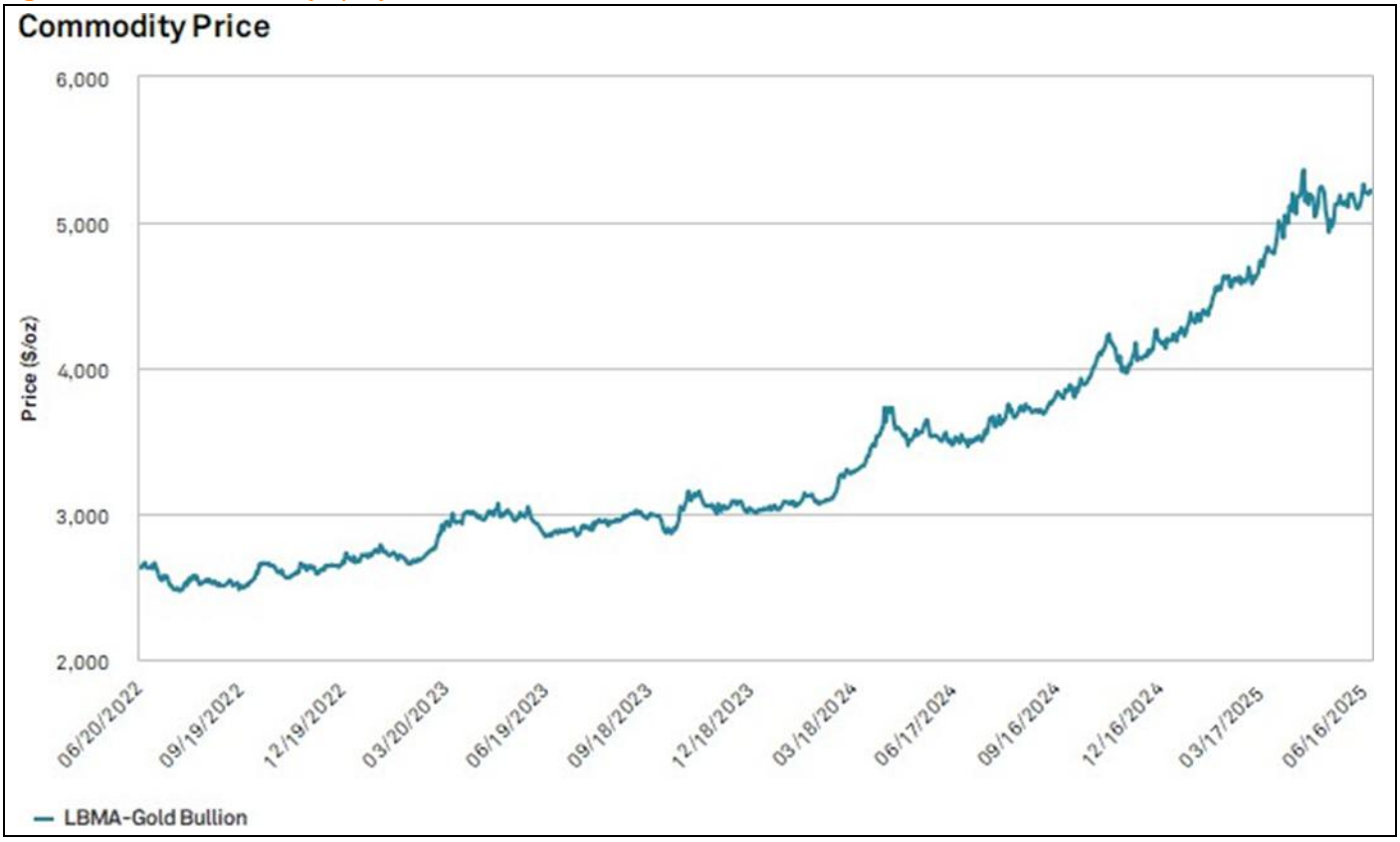
These developments mark a major turning point for A1, as KAU transitions from remnant-based operations to modern, high-grade underground mining, unlocking the long-term potential of the Nova Zone and supporting its broader production growth targets.

Gold – A Safe-Haven Asset in a Shifting Global Landscape

Gold is more than just a metal, it is a symbol of legacy, a universal currency of trust, and a reflection of global sentiment. In a world grappling with persistent inflation, geopolitical flashpoints, and mounting risks within the financial system, gold has once again solidified its position as the ultimate safe-haven asset. The London Bullion Market Association (LBMA) gold price reached a record high of US$3,435.35/oz on June 13, following Israel's strike on Iran's nuclear facilities. Although prices have since eased slightly below the US$3,400/oz level, they remain resilient.

In 2024, gold shattered historical records by surpassing US$3,000/oz, attracting unprecedented demand from central banks, institutional investors, and individual savers alike. This enduring strength stems not only from gold's scarcity, but also from its unmatched ability to preserve value, diversify portfolios, and perform across economic cycles (**Figure 15**).

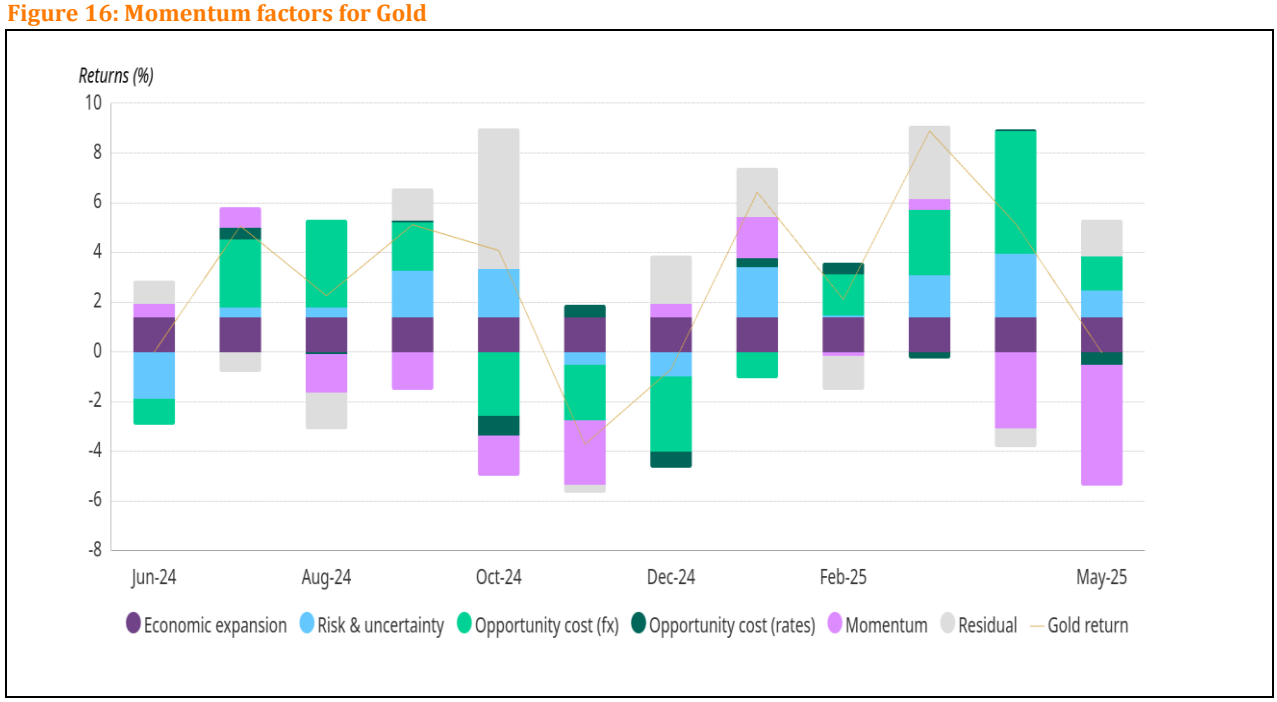
Figure 15: Gold Price Chart (A$/oz)



Source: S&P Global, 2025.

Gold prices closed the month of May relatively unchanged, slipping just 0.7% to US$3,278, despite experiencing some volatility throughout the month. On a year-to-date basis, gold has still posted a remarkable gain of 26% (**Figure 16**).

Figure 16: Momentum factors for Gold

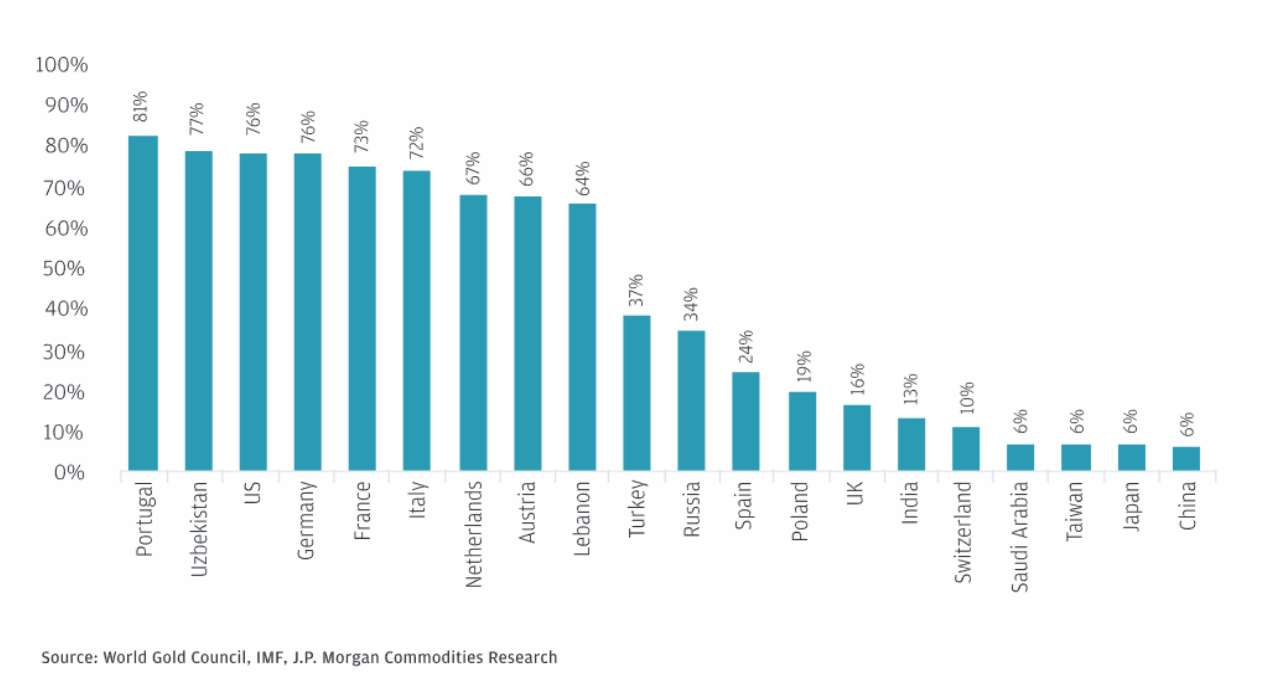


Source: S&P Global, 2025.

Central Banks Accumulating Gold

Over the past three years, central banks have steadily purchased over 1,000 tonnes of gold annually—more than twice the 400–500 tonne average of the previous decade. This surge in accumulation has occurred against a backdrop of rising geopolitical tensions and economic uncertainty, complicating the landscape for both reserve managers and investors.

Figure 17: Global REE Demand in States Policies Scenario (STEPS)

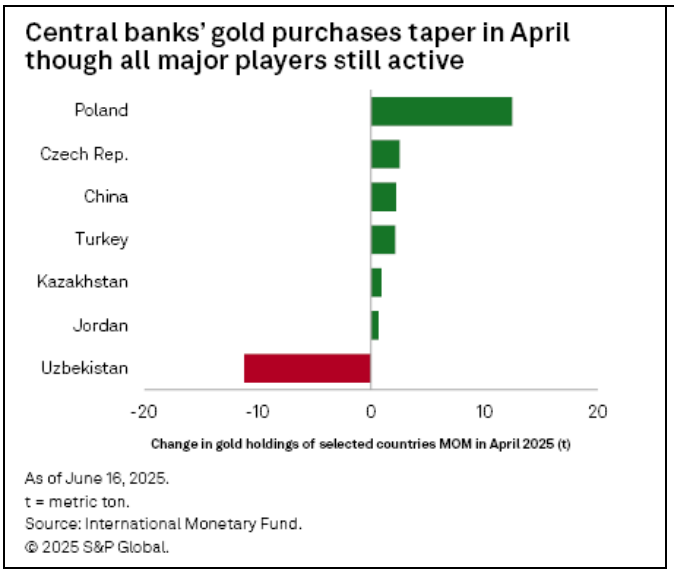


Source: World Gold Council, IMF, J.P. Morgan Commodities Research

Investor sentiment has also shifted notably. Gold-backed exchange-traded funds (ETFs) saw significant inflows, with April 2025 alone accounting for $11 billion. This brought the total assets

under management in global gold ETFs to $379 billion, reflecting growing investor concerns around inflation, economic vulnerability, and currency instability.

Figure 18: Central banks' gold purchases across countries



Source: S&P Global, 2025

However, the gold market hasn't been entirely shielded from potential disruptions. Analysts have cautioned about possible challenges ahead, such as a tapering in central bank purchases or reduced investor demand if global conditions stabilize. Diplomatic progress in major geopolitical hotspots could also reduce the urgency for safe-haven assets, potentially easing the robust demand for gold.

M&A Activity in Gold Miners

In 2025, the gold mining sector is witnessing a surge in mergers and acquisitions (M&A), underpinned by record-high gold prices and a strategic push by miners to secure long-life, high-quality assets. This wave of consolidation comes at a time when many producers are under pressure to replenish reserves and improve production pipelines. According to S&P Global, gold-related M&A dominated the mining sector in 2024, accounting for 70% of total deal value, or approximately $19.31 billion across 43 transactions—a significant uptick compared to previous years.

The current M&A landscape reflects a blend of strategic consolidation, regional focus, and diversification into critical minerals. Notable deals include Gold Fields' May 2025 announcement to acquire Australia's Gold Road Resources for A$3.7 billion (US$2.39 billion), aimed at gaining full control of the Gruyere gold mine and reinforcing its Australian footprint. In another strategic pivot, Harmony Gold's US$1.6 billion acquisition of MAC Copper underscores a growing trend among gold producers to diversify into copper, a key metal supporting the global energy transition.

However, not all M&A efforts have been smooth. Regis Resources recently exited the bidding process for the Ravenswood gold mine, citing concerns over its hedge book and operational complexities. This highlights that even in a bullish gold price environment, due diligence and risk assessment remain critical, particularly when legacy issues or valuation mismatches arise.

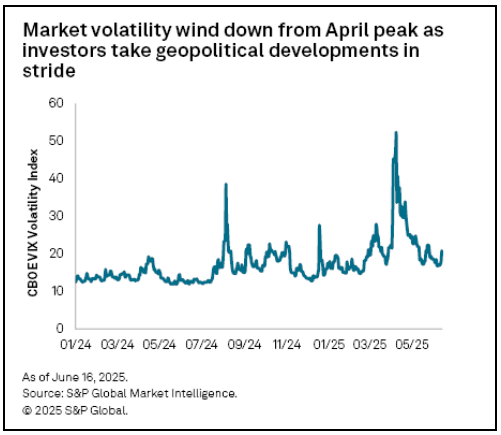
A defining feature of this M&A cycle is the emphasis on operational synergies and geographic consolidation. Companies are increasingly targeting assets within core jurisdictions to drive efficiency and unlock long-term value. Northern Star Resources' landmark $5 billion acquisition of De Grey Mining is a prime example, adding the high-grade Hemi gold deposit to its portfolio and significantly strengthening its growth pipeline in Western Australia.

Meanwhile, Chinese mining majors such as Zijin Mining are actively expanding their global presence through alternative financing structures, including streaming and royalty agreements. Their recent moves in Africa and South America are designed to secure future gold supply chains while minimizing upfront capital risks and operational exposure. As the gold price remains elevated and producers face mounting pressure to deliver growth, M&A is expected to remain a dominant strategic theme throughout the remainder of 2025.

Gold Outlook for 2025

As we near the midpoint of 2025, gold remains a focal point for investors thanks to its strong performance. After hitting a record high of US$3,430 per ounce in April, the metal settled around US$3,270 by the end of May, marking a 25% year-to-date increase. Several key drivers underpin this sustained momentum. Central banks have continued their aggressive gold buying, with emerging markets—particularly China and India—leading the way as they seek to diversify their reserves and lessen dependence on the U.S. dollar. Investor sentiment has also shifted notably, with fears of inflation and economic uncertainty driving substantial inflows into gold-backed ETFs, reflecting a broader preference for tangible assets.

Figure 19: Market Volatility



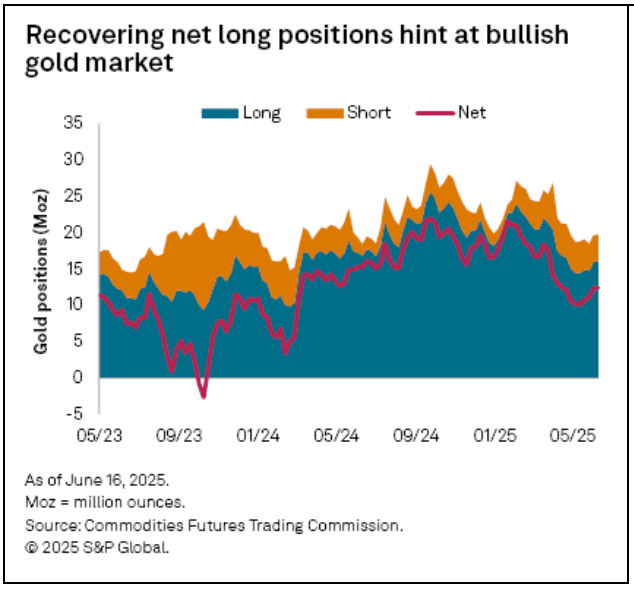
Source: S&P Global, 2025

Nevertheless, the gold market faces some potential challenges. A slowdown in central bank purchases or changing investor sentiment—should global economic stability return—could weigh on demand. Likewise, diplomatic resolutions to major geopolitical conflicts may reduce the need for safe-haven assets. Analysts remain divided on gold's outlook. Goldman Sachs maintains a bullish stance, forecasting a year-end price of US$3,700 per ounce, supported by ongoing central bank demand and investor inflows. In contrast, Citi predicts a short-term pullback, revising its forecast to US$3,150 amid signs of easing trade tensions.

Structural Shift in Gold Allocations

With central banks systematically raising gold's share of total reserves and countries allowing insurance funds to invest in gold, these factors will significantly support demand, while supply is unlikely to respond much to higher prices. UBS forecasts that central banks will buy around 1,000 metric tons in 2025 (up from 950 metric tons) after purchases of more than this level over the last three consecutive years. For ETFs, the reversal of the multi-year net-selling trend in mid-2024 will likely continue over 2025. UBS has altered the expectation for ETF net buying in 2025 to 450 metric tons (from 300 metric tons), alongside strong retail coin/bar demand.

Figure 20: Net long positions in gold market



Source: S&P Global, 2025

KAU Valuation: Multi-Asset Approach Supported by Dual Processing Hubs

The valuation of KAU has been derived using a blended methodology that combines a Discounted Cash Flow (DCF) analysis and a peer comparison based on EV/Resource multiples, providing both intrinsic and market-aligned perspectives.

The DCF component is focused on the company's two key processing hubs—Henty, acquired recently, and Maldon, which KAU already owns. This analysis incorporates forecast annual gold production, recovery rates, revenue assumptions based on current gold prices, and updated cost estimates. Inputs are primarily drawn from management guidance and historical estimates, which have been refined to reflect the latest MREs (resultant higher capacity utilisation), current market conditions, and the improved gold price environment. This provides a technically robust and commercially relevant foundation for valuation.

In parallel, the Peer Comparables approach benchmarks KAU against a group of ASX-listed junior gold explorers and emerging producers. Valuation is based on EV/Resource multiples, with all resource figures standardised to gold ounces (Moz) to ensure consistency. This relative valuation highlights how KAU is positioned in the market and helps identify potential undervaluation compared to peers with similar asset profiles and development stages.

Together, this dual approach strengthens the investment case for KAU by quantifying both its near-term cash flow potential and its strategic value in the emerging producers' sector.

DCF Assumptions for Henty Processing Plant

Life of Mine (LOM)

For the purposes of this valuation, the LOM has been conservatively assumed to span a 10-year period in both the Base case and Bull case. This assumption reflects a realistic and sustainable production horizon based on current resource estimates, historical mining performance, and ongoing exploration potential across the Henty project. While further drilling and resource upgrades may ultimately extend the mine life beyond this initial estimate, a 10-year LOM provides a prudent and transparent framework for forecasting production, revenue, and cash flow in our financial model. This approach ensures that the valuation remains grounded in current data while still allowing room for upside as exploration success and operational enhancements unfold.

Production and Recovery Rate

In our valuation model, we assume quarterly gold production of approximately 7,000 ounces, resulting in annual production of 28,000 oz in the first year as operations stabilise under KAU's ownership. From the second year onward, production is projected to align with management's guidance of 30,000 oz per annum. Over the LOM, we anticipate that annual output will progressively increase to 35,000 oz, supported by ongoing optimisation, underground development, and resource conversion.

The gold recovery rate is estimated at 87.5%, based on the average recovery achieved across the last four quarters under Catalyst Metals' operation at Henty. This figure reflects a conservative and reliable benchmark, considering the consistent performance of the processing plant and the metallurgical characteristics of the ore.

Our estimates for Production and Recovery Rate are the same across both cases.

Initial Capital Expenditure (CAPEX)

The initial CAPEX, representing the upfront investment required to recommence and optimise operations, has been set at A$1.5 million in the base case scenario. This includes costs associated with early-stage development, equipment upgrades, and site mobilisation. In the bull case, which assumes a more efficient ramp-up and favourable cost conditions, the initial CAPEX is reduced to A$1.2 million. This assumption reflects KAU's strategic advantage in owning fully permitted

processing infrastructure and previously developed underground access, which significantly lowers capital intensity compared to greenfield operations.

All-In Sustaining Cost (AISC)

The AISC used in our valuation model is based on the average of the last four quarters during which Catalyst Metals operated the Henty project. This provides a reliable benchmark grounded in recent operational data.

In our base case, we apply a dynamic cost trajectory to reflect the natural evolution of mining operations over time. We assume AISC of 3,063 in the first year. Specifically, we assume that AISC will increase by 3% in years 2 and 3, reflecting inflationary pressure and early-stage optimisation costs. For years 4 to 6, we project a 2.5% reduction in AISC, driven by operational efficiencies, improved mining access, and scale benefits as production stabilises. In the later stages of the mine life, years 7 to 10, we assume AISC will rise again by 2.5% annually, accounting for the increasing cost of deeper or lower-grade ore extraction and the additional exploration and development work required to sustain production.

For our bull case, we assume that AISC will increase by 2% in years 2 and 3. For the subsequent years (year 4 to 6), we assume a 2.5% reduction in AISC and in year 7 to 10 the AISC will rise again by 2% to account for the expenses of deeper and lower-grade extraction and exploration

This assumption balances realism with conservatism, recognising both the near-term efficiency gains and the longer-term challenges associated with extracting in-situ and residual resources.

Price of Gold

In our valuation model, we assume a gold price of A$4,200 per ounce in the base case, reflecting a conservative yet realistic outlook based on current market conditions and recent trading ranges. For the bull case scenario, we apply a higher gold price of A$4,400 per ounce, capturing potential upside from continued macroeconomic uncertainty, central bank demand, and gold's role as a hedge against inflation and geopolitical risk. These pricing assumptions provide a balanced view of potential revenue streams, allowing us to assess KAU's value under both stable and favourable market conditions.

Growth Exploration Costs (Year 4 – 5)

In our valuation, we assume a conversion cost of A$15 per ounce in the base case and A$13 per ounce in the bull case for upgrading Indicated Resources to Reserves. These figures are consistent with industry benchmarks for brownfield underground operations and reflect the cost of infill drilling, technical studies, and permitting.

To maintain a conservative approach, we have excluded Inferred Resources from the valuation model. This ensures that only higher-confidence resources are considered, aligning with standard market practices and reducing speculative bias.

We further assume that conversion and exploration activities will intensify in years 4 and 5, with growth exploration costs built into the model during this period. These costs reflect KAU's ongoing commitment to extending mine life and unlocking additional value across its project portfolio.

Net Working Capital (NWC)

To maintain a consistent and conservative approach throughout our valuation, we have assumed NWC at 15% of total revenues generated over the life of mine in both the base and bull case scenarios. By incorporating NWC at this level, the model ensures sufficient liquidity is maintained across all phases of the mine life while remaining financially prudent.

Tax Rate

Both cases assume an implied tax rate of 30%.

Discount Rate (WACC)

In our valuation, we apply a discount rate of 11.13% in the base case and 10.0% in the bull case, reflecting the WACC. These rates are grounded in estimates sourced from Aswath Damodaran's market data

The base case WACC is derived from an estimated cost of equity of 8.4% and a cost of debt of 7.0%, adjusted to reflect Kaiser's capital structure and market conditions. To account for company-specific and project-level risk—particularly in relation to underground mining, operational transition, and exploration uncertainties—we have included a company-specific risk premium of 3%. The slightly lower discount rate in the bull case reflects improved confidence in execution, stronger production visibility, and potential cost optimisation as the projects mature.

Free Cashflow Discount

To maintain a conservative outlook in our valuation, we apply a 20% discount to all cash flows from year 6 onwards. While the LOM is modelled over a 10-year horizon, the initial mine plan is underpinned by a defined 5-year production profile. Beyond this period, the cash flows are subject to greater uncertainty due to the reliance on resource conversion, ongoing exploration success, and potential changes in operating conditions. By applying this discount, we account for the increased risk and reduced visibility associated with long-term projections, ensuring the valuation remains grounded in a prudent and risk-adjusted framework.

Financing Costs

In our valuation model, we assume that all operating and capital costs will be funded through internal financing, given Kaiser Reef's strong balance sheet position. As of the latest financials, KAU holds A$27.2 million in cash against a relatively modest debt level of A$10 million, resulting in a healthy net cash position. This financial strength eliminates the need for external funding in the near term, allowing the company to execute its development plans without incurring additional interest expenses or dilution. As a result, no financing costs have been included in the model, further supporting a clean, equity-holder-focused valuation.

DCF Assumptions for Maldon Processing Plant

Our assumptions for Maldon Processing Plant are based around the production targets of A1 Mine. For the Union Hill Project, we have valued it based on the EV/Resource multiple.

Notably, the Nova Zone at KAU's A1 Gold Mine marks a pivotal shift from low-yield remnant mining to the development of high-grade mineralisation. Situated below the historic 23 Level, recent drilling has confirmed strong geological continuity and high gold grades, with mineralisation remaining open at depth, highlighting substantial potential for resource expansion.

Preliminary evaluations indicate that advancing the decline by an additional 120 vertical metres could significantly grow the resource base. Based on historical mining trends and current geological data, this deeper extension could potentially contain between 800K and 1Moz of gold, underscoring A1's potential to become a long-life, high-margin operation and a key growth pillar in KAU's asset portfolio.

LOM

We have assumed a 6-year LOM, based on current production estimates. This timeframe reflects a conservative production outlook while allowing for potential upside through future MRE and exploration success.

Production and Recovery Rate

Production at the Maldon Processing Plant is assumed to begin at 5,000oz in year 1, in line with management guidance. Under our base case, production is projected to ramp up steadily to 15,000oz by the end of the assumed 6-year life of mine. This is driven by a 15% short-term growth

rate and a 10% long-term growth rate, reflecting a gradual increase in operational output as the project scales.

In the bull case, we assume the same 6-year mine life, with a more optimistic 17% short-term growth rate and 12% long-term growth rate, supporting a production ramp-up to approximately 16,500oz. These assumptions reflect the potential for higher efficiency, improved resource conversion, and stronger execution in a favourable operating environment.

We have assumed a recovery rate of 93.2%. This is the average recovery rate for the last 4 quarters from A1.

Gold Prices

Gold prices are assumed at A$4,200 per oz in the base case, reflecting a balanced view aligned with recent market trends and sustained price levels. In the bull case, we adopt a more optimistic outlook with gold priced at A$4,400 per oz, capturing potential upside from continued global demand, inflationary pressures, and gold's role as a safe-haven asset.

AISC

The AISC in the first year is assumed to be A$3,816 per oz, based on the average of the last four quarters at the A1 Gold Mine, which provides a relevant operational benchmark.

In the base case, we assume the AISC will decrease by 3% annually over years 2 and 3, followed by a further 4% annual reduction over years 4 to 6, reflecting expected improvements in operational efficiency and economies of scale as production ramps up.

In the bull case, a more optimistic cost trajectory is assumed, with AISC falling by 4% annually in years 2 and 3, and by 5% annually from years 4 to 6, supported by better-than-expected throughput, higher-grade material, and enhanced processing performance.

Tax Rate

Both cases assume an implied tax rate of 30%.

Discount Rate (WACC)

For consistency across both projects, we have applied the same discount rate assumptions when estimating the WACC. A discount rate of 11.13% has been used in the base case, while the bull case assumes a more favourable rate of 10.0%. These rates reflect our earlier outlined methodology, incorporating market-based inputs, a company-specific risk premium, and sector benchmarks, ensuring a uniform and prudent approach to valuing both the Henty and Maldon assets.

Initial CAPEX

The initial CAPEX for the Maldon Processing Plant is assumed to be A$1.5 million in the base case, reflecting the anticipated costs associated with restarting operations, minor plant upgrades, and early development activities. In the bull case, where improved cost efficiency and a smoother ramp-up are expected, the initial CAPEX is reduced to A$1.2 million. These upfront investments are modest due to KAU's existing ownership of fully permitted infrastructure, significantly lowering the capital intensity compared to a greenfield development. It's worth noting that KAU has already invested A$25 million in capital works at the A1 Mine, including upgrades to the decline, ventilation systems, and power infrastructure. These developments have allowed the company to extend mining operations below the historic 23 level, opening access to new, high-potential ore zones, including the Nova Zone.

Peer Comparison Valuation

We have employed a peer comparison valuation approach to assess the value of Kaiser Reef's resource base, focusing specifically on the Henty Underground and Union Hill deposits. According to the latest JORC (2012) Mineral Resource Estimates, Henty hosts 4.2Mt at 6.4 g/t Au for 449koz,

while Union Hill contains 1.3Mt at 4.4 g/t Au for 187koz, bringing KAU's total resource base to 5.5Mt at 10.8 g/t Au for 636koz of gold.

To estimate value, we used an Adjusted Average EV/Resource multiple (A$/Moz) derived from a selected group of comparable ASX-listed gold peers. For consistency and conservatism, we applied a 50% discount to inferred resources across all peers.

For KAU, we applied a 25% discount to the Henty Underground EV/Resource multiple, reflecting the project's higher grade and significant portion of Indicated Resources, which reduces geological and operational risk. In contrast, we applied a 50% discount to Union Hill's EV/Resource multiple, acknowledging that most peers in the comparison group have larger market capitalisations, more advanced project pipelines, and greater resource scale. However, we anticipate KAU will gradually close this valuation gap as it continues to deliver production and resource growth across its portfolio.

This adjusted peer-based approach offers a conservative but market-aligned view of KAU's resource valuation, factoring in both the quality of its assets and its current stage of development.

Figure 21: Peer Comparison Table for KAU

Company	ASX Code	Market Cap^ (A$m)	EV^ (A$m)	Total Resources (Moz)	Grade (g/t)	Inferred Resources (Moz)	Weighted Average Comparable Total Resources (Moz)	EV / Weighted Average Comparable Total Resources (A$m/Moz)
Meeka Metals	ASX:MEK	440.25	385.37	1.24	3.00	0.54	0.97	398.32
Black Cat Syndicate	ASX:BC8	647.36	622.80	2.49	2.90	1.16	1.91	326.16
Horizon Minerals	ASX:HRZ	125.77	115.40	1.80	1.84	0.81	1.40	82.60
Brightstar Resources	ASX:BTR	269.37	254.50	3.01	1.50	2.04	1.99	128.05
Magnetic Resources	ASX:MAU	419.96	411.00	1.92	1.81	0.53	1.66	247.88
Kaiser Reef	***ASX:KAU***	***106.84***	***89.24***	***0.19***	***4.40***	***0.19***	***0.09***	***954.42***

Source: East Coast Research

Median	**1.66**	**247.88**
Average	**1.58**	**236.60**

Source: East Coast Research

Adjusted Average * EV / Weighted Average Comparable Total Resources (A$m/Moz)	
50%	**118.30**
75%	**177.45**

Source: East Coast Research

In our peer-based valuation, we apply an EV/average resource multiple of A$177.45/oz for the Henty Underground and A$118.30/oz for the Union Hill deposit.

In the base case, this results in a valuation of A$75.1 million for Henty Underground, while in the bull case, we apply a 10% premium, lifting the valuation to A$82.6 million.

For Union Hill, the base case valuation is A$22.1 million, increasing to A$24.3 million in the bull case after applying the same 10% premium. These figures reflect the differing resource confidence, grade profiles, and strategic positioning of each asset within KAU's portfolio.

Equity valuation

We derive a Base Case share price valuation of A$0.418, representing an upside potential of 153.2% from the current share price of A$0.165. Under the Bull Case, the share price valuation increases to A$0.518, implying an upside of 213.8%. This results in a mid-point valuation of A$0.468, offering investors a potential upside of 183.5% relative to the current market price.

The equity valuation incorporates a cash balance of A$27.2 million and total debt of A$10 million. The debt is structured in two tranches: the first is a prepayment facility of A$2 million, and the second tranche accounts for a gold loan A$8 million. These figures reflect KAU's strong liquidity position and manageable debt profile, which are key considerations in determining the company's net equity value.

Tranche 1 – Prepayment Agreement (A$2 million)

Tranche 1 of the debt facility involves a Prepayment Agreement between Kaiser Reef and Auramet, under which Kaiser has committed to sell 100% of the gold or other precious metals produced from the project to Auramet. This agreement will remain in effect from the completion of the acquisition until the later of March 31, 2027, or the date when all prepaid gold deliveries and outstanding obligations under the gold loan have been fully satisfied.

Under the terms, KAU may receive prepayments of up to A$2 million, allowing it to sell gold up to 20 days prior to its delivery to the refinery (the Prepayment Period). The pricing for this Prepaid Gold will be determined by the New York Commodity Exchange spot gold price, less -

1. US$7.50 per ounce, and

2. An interest adjustment based on the One-Month SOFR plus 5.00% per annum for the duration of the prepayment.

Importantly, the Prepayment Facility is unsecured, though it is subject to standard covenants, warranties, and default provisions typical of commercial lending agreements. This structure provides short-term liquidity support to Kaiser while maintaining financial flexibility and avoiding encumbrances on its core assets.

Tranche 2 – Gold Loan (A$8 million)

Tranche 2 of KAU's financing arrangement with Auramet is structured as a Gold Loan facility amounting to A$8 million, with repayments made in physical gold rather than cash. The repayment schedule spans 18 equal monthly deliveries starting on 30 April 2025 and concluding on 30 September 2026, with each instalment consisting of 1/18th of the total Repayment Gold, rounded up to the nearest whole ounce.

The Repayment Gold is calculated as the number of troy oz equal to A$9,340,650 divided by the Gold Price, where the Gold Price represents Auramet's average forward price (in AUD) corresponding to the delivery obligations, determined three business days prior to the loan funding date.

As part of the agreement, KAU will also grant Auramet gold call options for the right to purchase a total of 8,400 ounces of London Good Delivery gold bullion. These options are priced at A$125 per ounce above the prevailing spot price at the time of execution, with European-style expiration dates ranging from February to September 2026 (1,050 oz per month).

In addition, KAU will issue 3,000,000 stock options to Auramet, exercisable at A$0.20 per share, subject to shareholder approval. These options have a 24-month maturity and offer further upside participation to Auramet.

For security, and pending necessary approvals, the loan is backed by first-priority mortgages over all assets of Henty Gold Pty Ltd and Unity Mining Pty Ltd. Until those securities are formalised, Auramet holds first-priority security over specified assets of KAU, which will be discharged once the subsidiary-level security is granted.

Under the offtake terms, KAU has also agreed to sell 100% of its gold production to Auramet at market rates through to six months beyond the loan maturity date, further aligning the structure with ongoing cash flow from operations.

KAU currently has 593,546,150 shares outstanding, which forms the basis for calculating the company's equity value, market capitalisation, and related per-share valuation metrics in our analysis.

Figure 22: Asset-based relative valuation for KAU

KAU Valuation (A$ m)	Base Case	Bull Case
Henty Gold Mine	117.8	157.4
Henty Underground Resources	75.1	82.6
Henty Processing Plant	**192.8**	**240.0**
A1 Gold Mine	15.8	25.8
Union Hill Resources	22.1	24.3
Maldon Processing Plant	**38.0**	**50.2**
Firm value	**230.8**	**290.1**
Cash	27.2	27.2
Debt	10.0	10.0
Minority Interest	-	-
Total Market Value	**248.0**	**307.3**
Shares Outstanding (m)	593.5	593.5
Implied price (A$)	**0.418**	**0.518**
Current price (A$)	0.165	0.165
Upside (%)	*153.2%*	*213.8%*
Mid-point Target Price (A$)	**0.468**	
Price / NAV (X)	**0.35x**	

As of 1 July 2025
Source: Company ASX announcements, East Coast Research

Our valuation results in a Price/NAV multiple of 0.35x, indicating that KAU is currently trading at a significant discount to its underlying asset value.

This multiple reflects a conservative modelling approach, grounded in prudent assumptions around gold prices, costs, resource conversion, and mine life. At the same time, it captures the considerable upside potential offered by KAU's dual processing infrastructure, growing resource base, and transition to a multi-asset gold producer.

This valuation highlights an attractive opportunity for investors seeking exposure to a well-positioned, underappreciated gold producer with clear pathways to growth.

Catalyst for the re-rating of KAU

KAU is currently trading at a significant discount to its mid-point fair valuation. Achieving key operational milestones could catalyze a re-rating of the stock and enhance shareholder value.

Development of High-Grade Nova Zone and A1 Mine Optimisation - Ongoing development of the high-grade Nova Zone at the A1 Gold Mine is expected to materially enhance production grades and mining efficiency. Coupled with KAU's underground mining expertise, this project could significantly boost throughput and near-term margins.

Strategic Value of the Maldon Processing Hub - The fully permitted Maldon Processing Plant offers a unique strategic advantage in Victoria's goldfields. With potential to support regional consolidation, it positions KAU as a key infrastructure partner for surrounding gold projects, while the nearby Union Hill deposit provides strong grade and scalability to feed the plant in the medium term.

Transformational Henty Acquisition - The acquisition of the Henty Gold Mine for A$31.6 million adds a producing, high-grade asset to Kaiser's portfolio. With initial production of ~25koz per annum, a short payback period, and substantial operational upside, Henty acts as a catalyst for KAU's transformation into a cash-generating, multi-asset gold producer.

Production Growth Outlook - KAU is on track to exceed 30,000 ounces of annual production following the Henty transaction, with the potential to scale beyond 50,000 ounces per annum through production ramp-up, optimisation, and exploration-driven resource expansion across its portfolio. This positions the company firmly on a growth trajectory that few juniors can currently match.

Strengthened Financial Position - Following the Henty acquisition, KAU is expected to become robustly cashflow positive, supported by a solid balance sheet with net cash reserves. This financial strength enhances operational flexibility and lowers the risk profile, supporting growth initiatives without immediate need for dilutive capital raises.

Proven Leadership and Operational Team - KAU is led by an experienced team of mine developers and operators with a track record of delivering success in the Australian gold sector. Their ability to manage both brownfield and operating assets provides confidence in the company's execution capability.

Exploration Upside and Resource Growth - Significant exploration potential remains across all project areas, particularly at Henty (Darwin Zone), A1 (Nova Zone), and Union Hill. Successful drilling and resource conversion could materially extend mine life and improve valuation multiples.

Risks

While we view KAU as a compelling investment opportunity, particularly given the current scenario, several key risks could impact the investment thesis –

Operational Execution Risk - As KAU transitions into a multi-asset gold producer, its success will heavily rely on consistent execution across multiple sites—Henty, A1, and Union Hill. Underground mining carries inherent complexities, including ground conditions, orebody variability, and equipment constraints. Any delays in development, production ramp-up, or recovery rates below expectations could materially impact cash flows and valuation.

Resource Conversion and Mine Life Uncertainty - While KAU has a defined resource base, much of its valuation relies on the successful conversion of Indicated Resources to Reserves and ongoing exploration success to extend mine life, particularly at Union Hill and Henty. If exploration drilling fails to meet expectations or conversion costs are higher than anticipated, this could reduce the projected asset life and long-term value.

Cost Inflation and AISC Volatility - Cost assumptions are critical to margin forecasts. Inputs such as diesel, labour, explosives, and consumables are exposed to inflationary pressures. While KAU has built in cost growth assumptions, higher-than-expected increases in AISC (All-In Sustaining Costs) would compress operating margins, especially during early-stage production.

Gold Price Sensitivity - As a pure-play gold producer, KAU is inherently exposed to gold price volatility. A sustained drop in AUD gold prices would directly impact revenue and project economics. Although the company benefits from operating in Australian dollars and maintaining processing infrastructure, its low-cost margin buffer would shrink in a falling price environment.

Project Integration and Management Bandwidth - Managing multiple assets—each at different stages of development—requires operational coordination and strategic oversight. As a relatively lean junior, there's a risk that management bandwidth may be stretched, particularly with simultaneous activities such as restarting Maldon, ramping up Henty, and exploring Union Hill.

Financing and Capital Allocation Risk - While KAU currently has a strong balance sheet, any delays in production ramp-up or unexpected capital needs (e.g. development overruns or tailings expansion) could strain cash reserves. Though no external funding is currently required, reliance on internal cash flows adds sensitivity to production stability and timing.

Regulatory and Permitting Risk - Mining operations in Australia are generally stable, but still subject to state regulatory oversight, environmental approvals, and community engagement. Delays or changes in regulatory conditions, especially regarding tailings storage or underground development approvals, could impact project timelines.

Appendix I: KAU SWOT Analysis

Figure 23: SWOT analysis

Strengths	Weakness
High-Grade Gold Portfolio - KAU owns multiple high-grade gold assets, including the Henty Gold Mine (6.4 g/t Au) and Union Hill at Maldon (4.4 g/t Au), providing strong resource quality that enhances project economics. **Established Processing Infrastructure** - KAU owns two 100%-owned gold processing plants (Henty and Maldon), significantly reducing capital intensity and providing operational flexibility and toll-treatment potential. **Near-Term Production Growth** - With the Henty acquisition (already producing ~30kozpa) and the ramp-up of A1 and Maldon, KAU is positioned for scalable, near-term production increases. **Strategic Asset Locations** - Assets are located in Tier-1 Australian jurisdictions (Victoria and Tasmania), close to infrastructure, labour markets, and other mining operations. **Strong Financial Position** - A solid balance sheet with low gearing and adequate cash reserves supports internal funding for growth without immediate reliance on equity or debt markets. **Experienced Management Team** - Led by a team with proven mine development and operational expertise, KAU is well-positioned to execute on its strategic plans and optimise performance across assets.	**Reliance on Inferred Resources** - A significant portion of KAU's current resource base, particularly at Union Hill and A1, is classified as inferred under JORC, which limits the ability to disclose financial forecasts and increases geological risk. **Limited Production History Under KAU** - While Henty is a producing asset, KAU has only recently acquired it. Operational performance under KAU's ownership is yet to be proven over a full production cycle. **Small-Scale Operations** - Despite multiple assets, KAU is still a relatively small producer compared to mid-tier peers, limiting economies of scale and potentially affecting cost competitiveness. **High Operating Costs at A1** - Historical production from A1 has been constrained due to remnant mining and logistical challenges, leading to elevated unit costs which may weigh on margins until modern development ramps up.
Opportunities	**Threats**
Production Expansion via Henty and A1 - The acquisition of the Henty Gold Mine and the ramp-up of production from the Nova Zone at A1 provide a clear path toward achieving 50koz+ annual production, significantly boosting revenue and margins. **Maldon Restart Upside** - The staged restart of the high-grade Maldon Goldfield, supported by an existing processing plant, offers near-term scalability and potential for rapid resource upgrades through drilling. **Underutilised Processing Capacity** - KAU owns two 100%-owned processing plants (Henty and Maldon), both currently operating well below capacity. This provides significant leverage to future production growth and potential toll-treatment agreements with third parties. **Strategic Partnership with Catalyst Metals** - The option agreement with Catalyst at the Maldon plant may unlock capital-efficient expansion.	**Operational Risks at Henty and A1** - Both mines are underground operations with associated technical and geological complexities. Challenges such as ground stability, water ingress, or unexpected dilution could increase costs or disrupt production. **Exploration and Development Delays** - KAU's near-term growth relies on timely execution of exploration programs, particularly at Maldon and the Nova Zone. Any delays in drilling, permitting, or development may defer production targets and investor returns.

Source: East Coast Research

Appendix II: Highly experienced leadership with a strong track record

KAU has a robust leadership team with diversified experience and skills. The current board and management members of KAU possess rich and diverse experience across the resources industry, in exploration and mining, as well as strategic management and finance (**Figure 24**).

Figure 24: KAU's management and board members

Name and Designation	Profile
Jonathan Downes **Managing Director**	• Jonathan is a Geologist with over 30 years of experience in the mining industry. • Extensive expertise across exploration, development, and operational stages. • Proven track record in advancing mining projects from early-stage exploration to production. • Deep understanding of resource evaluation, project feasibility, and mine development strategies. • Currently serves on the boards of Brightstar Resources Limited and Nickel X Limited.
Steve Formica **Chairman**	• Steve has over 35 years of experience as a businessman and operations manager across various privately held ventures. • Brings strong practical management and business development expertise. • Has worked across multiple industry sectors. • Serves as chairman and non-executive director for several listed companies. • Successful investor in numerous ASX-listed entities.
Brad Valiukas **Executive Director**	• Brad is a Mining engineer with 25 years of experience in operational, management, and executive roles. • Expertise spans both underground and open pit operations across various commodities. • Experience includes projects throughout Australia and internationally. • Held senior roles at Northern Star Resources Limited, Focus Minerals Ltd, and Mincor Resources NL. • Proven track record in underground mining, including multiple mine start-ups and rectifications.
Stewart Howe **Executive Director**	• Stewart has over 40 years of experience in the global resources industry, including 18 years in mining. • Has served in advisory roles to boards, private equity firms, and financiers. • Experienced company director with a strong governance background. • Former Chair of the Board at Whittle Consulting Group. • Board experience includes roles with government-owned entities and NGOs.

Source: Company

Appendix III: Analyst's Qualifications

Riddhesh Chandwadkar

The lead analyst on this report, is an equity research analyst at Shares in Value (East Coast Research). Riddhesh has a Bachelor's degree from the University of Mumbai and a Master's in Commerce (Finance and Strategy) from the University of Sydney. He has passed Level 1 of the CFA Program. Riddhesh has experience working across Equity Capital Markets as an investment analyst looking at Capital Raising and Mergers and Acquisitions for ASX listed companies.

Rahul Tiwari

The analyst on this report, is an equity research analyst at Shares in Value (East Coast Research). Rahul has a bachelor's and master's degree in Applied Finance from Macquarie University, a M aster's in Accounting from UNSW, and an MBA from Cornell University in the USA. Rahul has several years of experience across wealth management and investments, infrastructure project finance, private equity and high tech.

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