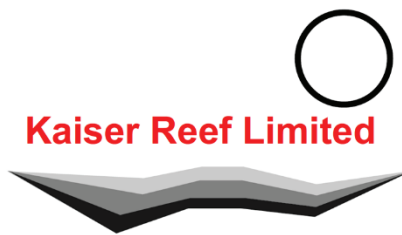




KAISER REEF ANNUAL REPORT

2021



Chairman's Letter to Shareholders

On behalf of the Directors of Kaiser Reef Limited (Kaiser), I am pleased to present to stakeholders the Company's Annual Report for the year ended 30 June 2021.

This report details the great leaps Kaiser has taken over the past year. Very few gold explorers ever become producers and we are pleased that Kaiser achieved this. I would like to reinforce this feat was completed against a challenging backdrop.

It has not been 2 years since our IPO on the Australian Stock Exchange in early 2020 and the Company now owns the high-grade underground A1 gold mine, processing plant and outstanding exploration ground at Maldon in Victoria. These assets are operated by a dedicated and highly skilled workforce. During this period, Kaiser has also expanded its land position in New South Wales and drilled Stuart Town amidst regional lockdowns rivalling those experienced in Victoria.

To make this leap from explorer to producer, Kaiser attracted strong support from investors who recognised the potential of the Victorian gold package as both a production asset, which Kaiser will continue to benefit from following the application of the capital investment Kaiser is applying, and the exciting blue-sky exploration opportunity at Maldon.

The operation at A1 and upgrades in the tailings storage facilities at the mill had initially been constrained by an extended period of chronic underinvestment. Led by a strong commitment from staff at the mine and mill, Kaiser has been progressing through a range of equipment purchases, mining and processing infrastructure investments and a large commitment to exploration. Exploration at the A1 mine has been highly successful and is directing the upcoming mining plan. I am very pleased with the progress made to date and the continued ramp-up and expansion of production at A1.

Exploration drilling has now commenced with diamond drilling at the Maldon Gold Project, which has a multi-million ounce production history but limited exploration. This is exciting and I believe that the multi-rig exploration programme Kaiser is now implementing at Maldon will deliver results which will comprise a central portion of the next annual report.

We at Kaiser are excited about the Company's future prospects and increasing production at A1. We look forward to remaining focused and achieving successful exploration results and delivering value to all stakeholders over the coming years.

Yours sincerely,

Adrian Byass

A handwritten signature in blue ink, appearing to read "Adrian Byass", is positioned below the typed name.



**SUSTAINABILITY
UPDATE**



Kaiser Reef Limited



Sustainability Objectives



THE AIM OF KAISER REEF'S SUSTAINABILITY OBJECTIVES AND EFFORTS IS TO DELIVER LONG TERM STAKEHOLDER VALUE THROUGH A SOCIALLY AND ENVIRONMENTALLY CONSCIOUS APPROACH. WE STRIVE TO OPERATE IN A SUSTAINABLE MANNER AND CREATE MUTUALLY BENEFICIAL RELATIONSHIPS WITH LOCAL COMMUNITIES AND SUPPLY CHAIN PARTNERS.

KAISER REEF'S SUSTAINABILITY APPROACH IS DRIVEN BY OUR CORE COMPANY VALUES OF RESPECT, RESPONSIBILITY, INTEGRITY AND SUSTAINABILITY.



Our Values

RESPECT

We respect our people, the communities we work in, our partners and the land on which we conduct our work.

RESPONSIBILITY

We take responsibility for our actions and promises.

INTEGRITY

We conduct our work with integrity as it is the backbone of our business.

SUSTAINABILITY

We seek to minimise our impact on the natural environment and to create long term, mutually beneficial relationships with our stakeholders.

A Message from the Executive Director

On behalf of the team at Kaiser Reef, I am pleased to present Kaiser Reef's sustainability update for 2021. This update reflects our values and ideals that guide the operations across the company and its subsidiaries.

Over the past year, the company has experienced vast changes. Kaiser Reef has transitioned from an exploration company focused on the New South Wales portion of the Lachlan Fold Belt, to an operating gold producer following the acquisition of the A1 Gold Mine in Victoria, the Maldon Goldfields and the Porcupine Flat Processing Plant. This ESG update therefore reflects a business in transition. Throughout this period of significant expansion, we have remained committed to maintaining a safe workplace environment, minimising our impact on the environment and building strong relationships with our local community.

We recognise that a commitment to sustainable development is inextricably linked to maintaining our social licence to operate. This sustainability update demonstrate our values and our commitment to building a safe and sustainable mining company.

I look forward to providing updates on our sustainability achievements going forward.







Jonathan Downes
Executive Director

A handwritten signature in blue ink, appearing to read 'Jonathan Downes', written over a light blue grid background.

Environmental Snapshot

Kaiser Reef strives to reach its environmental KPI's by comparing them within regulated limits. Over the past year, Kaiser Reef has managed risks and any potential environmental issues efficiently and responded to feedback swiftly. Some of the environmental KPI's Kaiser Reef achieved over the year are shown below.

 WHAT	 LOCATION	 REGULATION	 PERFORMANCE
Water Discharge Quality	A1 Mine	As per Victorian Water Act	-Distribution tank ordered to address potential corrosion**
Dust	Porcupine Flat	Levels should not exceed 4.0 g/m ² /m*	- Monitored Monthly - Acceptable***
Cyanide	Porcupine Flat	50ppm WAD cyanide*	- Monitoring traces of total cyanide in bores****
Noise	Porcupine Flat	Day: 46 dB (A) Evening: 41dB (A) Night: 36 dB (A)*	-Monitored continuously - Acceptable*****

*As per relevant State Government regulation.

**Any variations in discharge quality exceeding regulation to date are temporary and have been rectified as detected. The Company has not been the subject of penalty or fine by regulators in regards to this matter.

*** In some cases where dust has exceeded authorised levels the Company has implemented controls and system change to minimise and avert if possible in the future. The Company has not been the subject of penalty or fine by regulators in regards to this matter.

****Regular monitoring provides detection and allows rectification work to be conducted. The Company has not been the subject of penalty or fine by regulators in regards to this matter.

*****Constant monitoring has not detected any periods where noise has exceeded allowable limits.

Policies

Kaiser Reef acknowledges that the nature of mining can have ramifications that must be managed, monitored and mitigated. Our operations, and the operations of our subsidiaries, are guided by our environmental, social and governance policies. These policies include:

- 1) Environmental Policy
- 2) Health and Safety Policy
- 3) Stakeholder Engagement policy
- 4) Corporate Governance Policy

Environmental Policy & Rehabilitation

Kaiser Reef's Environmental Policy outlines the company's pledge to work sustainably in all aspects of its operations, including exploration, mining, processing and site rehabilitation. Going forward we will publish further information on our environmental performance and regulatory commitments.

The company commits to ensuring the rehabilitation of the land on which our facilities operate. As a part of our commitment to rehabilitation, we have partnered with the Maldon Urban Landcare group to conduct maintenance on the revegetated Eaglehawk open pit area. We provide tools to complete the revegetation process and supply the necessary funding to meet operational expenses such as herbicides and refuse disposal. The revegetated area is located close to the township and is now a popular walking track for members of the wider Maldon community.



Water Management

The Environmental Policy outlines various commitments and goals, including the company commitment to utilise water resources effectively. Kaiser Reef has taken action to deliver on this commitment at its Union Hill mine in Central Victoria.

The Union Hill mine produces high quality water, beyond the needs of its nearby Porcupine Flat processing plant. Several years ago the company identified the mutually beneficial opportunity to use this excess water in a sustainable way by distributing the water to the Nuggety Water Management Group, local council and proximal residents.

The majority of the excess water is provided to the Nuggety Water Management Group which consists of approximately 40 landowners and farmers who manage the distribution of the water and the maintenance of the majority of a 35km pipeline. The water is used for stock watering and to ensure dams are topped up for fire control. The remainder of the water is supplied to local neighbours in the Maldon area and to the council for topping up the South German dam.

Feedback from farmers and the local community is that the initiative is highly valued, particularly during periods of drought conditions. Kaiser Reef intends to continue this practice in the future.

Maldon Environmental Review Committee

An important element of our relationship with local stakeholders is our Maldon Environmental Review Committee (ERC). The ERC was established to review, discuss and provide feedback on environmental monitoring and community relations performance associated with Kaiser Reef's Maldon based mining, milling and exploration operations, as well as the potential future development of the Union Hill mine.

The ERC convenes on a quarterly basis with the objective of encouraging the company, community and other stakeholders to work collaboratively to improve their shared knowledge and understanding of community interests and concerns. Additionally, the ERC provides opportunity to improve community knowledge and understanding of Kaiser Reef's policies and activities related to the environment and government legislation. The meetings also provide a platform for community groups, local government and regulators, to ask questions, to express concerns and/or to provide feedback on opportunities for improvement or potential collaborations.

The ERC is comprised of an independent Chair and Secretariate, three personnel from Kaiser Reef, four representatives from the local community, and a member from the following organisations: (i) the Mount Alexander Shire Council, (ii) Victoria Environmental Protection Agency, (iii) Parks Victoria, (iv) Goulburn Murray Water, (v) Maldon Land Care Group, (vi) Nuggety Water Group and (vii) Victorian Department of Economic Development, Jobs, Transport and Resources.

Kaiser Reef places considerable value on the relationships which we have built with local communities and stakeholders of our Victorian operations. We view the support from local communities as paramount to our social license to operate.



Safety

We seek to ensure that our people work in an environment that is free from workplace injury, illness or harassment.

The total reportable injury frequency rate (TRIFR) for A1 Gold Mine is 124.8 per million hours worked. It is our objective to achieve zero Lost Time Injuries in the 2021 financial year and significantly reduce our TRIFR. We aim to achieve this through ongoing training, communication and rigorous enforcement of the company’s health and safety policy and procedures.

	2020-2021	2021-2022 GOAL
TOTAL HOURS WORKED	72,096	80,000+
TOTAL LOST TIME INJURIES	4	0
TOTAL RECORDABLE INJURIES	9	0
FATALITIES	0	0
TRIFR PER MILLION HOURS WORKED	124.8	0

The Porcupine Flat processing plant site includes decommissioned and operating Tailings Storage Facilities (TSF). The facilities are regulated by Victoria’s Earth Resources Regulation Department, designed, operated and risk assessed in accordance with Australian guidelines such as the Australian National Committee on Large Dams (ANCOLD) and are independently audited. Kaiser Reef commits substantial resources to sustaining the safe operation of these facilities. In future Sustainability Reports Kaiser Reef intends to publish additional information relating to TSF risk assessments and management, in line with ICMM Global Industry Standard for Tailings Management.



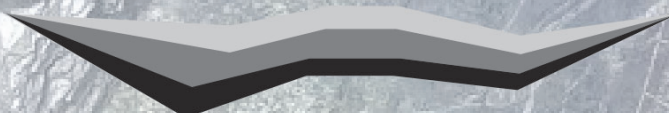
Supporting the Local Community

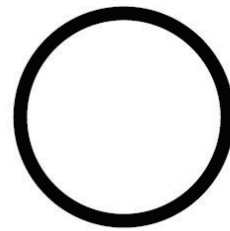
We are a proud member of our community and we endeavour to support its growth by prioritising procurement and recruitment from local regions. Our workers are proud members of their local communities and reside either permanently or whilst on shift in nearby towns. We have elected not to have a centralised 'mine camp' style facility and believe that this delivers a positive impact on workers and regional communities.

We are proud of what we have achieved over the past year and we look forward to reporting on future progress, collaborations and success.



Kaiser Reef Limited





Kaiser Reef Limited



Consolidated Financial Report

For the period ended 30 June 2021

Directors' Report**Contents**

	Page
Directors' report	3
Remuneration report	7
Auditor's independence declaration	13
Consolidated statement of profit or loss and other comprehensive income	15
Consolidated statement of financial position	16
Consolidated statement of changes in equity	17
Consolidated statement of cash flows	18
Notes to the consolidated financial statements	19
Directors' declaration	42
Independent auditor's report	43
Corporate directory	47
Additional information for public listed companies	48

Directors' Report

Directors' Report

Directors

The Directors present their report on the "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 2021.

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
Executive Director
- Stewart Howe (appointed 10 February 2021)
Executive Director
- David Palumbo (resigned 5 July 2021)
Non-Executive Director

The qualifications, experience and special responsibilities of the Directors are presented on page 6.

Principal activities

The principal activities of the Group were mineral exploration and development. During the year the nature of activities of the Group changed to include mining, production and the sale of gold.

Dividend paid or recommended

No dividend has been paid and the directors do not recommend the payment of a dividend for the period ended 30 June 2021.

Significant changes in the state of affairs

As announced 1 October 2020 and completed 21 January 2021, the Group acquired Golden River Resources Pty Ltd (GRR), who had recently undertaken a \$13,500,000 capital raising (via convertible notes converting into GRR shares) and held the proponent role in the Deed of Company Arrangement (DoCA) with Centennial Mining Limited. The \$13,500,000 raised in cash was paid upon effectuation of the DoCA to ultimately acquire the A1 and Maldon gold projects from the administrators of Centennial Mining Limited.

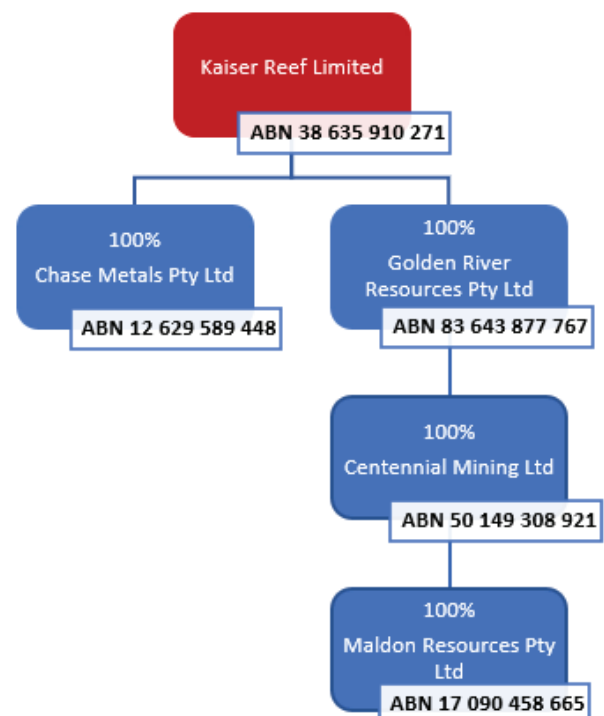
The Group entered into the GRR acquisition agreement on the following terms:

- 53,333,333 shares in Kaiser Reef Limited were issued to acquire 100% of the shares on issue of GRR;
- The Advisor to this transaction was also granted an additional 415,523 shares in Kaiser Reef Limited and 1,344,800 options with a \$0.50 exercise price and 3 year term to expiry; and
- 2,700,000 shares in Kaiser Reef Limited were issued to Brokers.

A further 25,000,000 shares were issued at \$0.30 to raise \$7,500,000 in working capital to support and develop the operations and exploration activities of the acquired Group.

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 2021 financial year. The key results for the year were:

- Successful acquisition on 21 January 2021 and integration of Centennial Mining Limited (through the acquisition of Golden River Resources Pty Ltd). This allowed the Group to transform from an exploration and development company to a mining, producing and gold sale company.

Acquired interests:

- Four granted Mining Leases, three in the Bendigo Block and one at Woods Point, with proven gold endowment;
- The producing A1 Gold Mine with historic high-grade production since 1861
- The Porcupine Flat operating gold processing plant (located at Maldon)
- A skilled Australian operational team operating the mine and processing plant
- The Maldon Goldfield with historic production of 1,740,000 ounces of gold at an average grade of 28 g/t gold.

Activities achieved since acquisition date:

- Approved and commenced the decline A1 Mine to develop the Queens Lode and opened new development headings
- Transitioned to owner- operator with the purchase of the mining fleet, excavator and drilling rig
- Secured senior appointments including a Mine Manager, Mill Manager, Company Secretary and numerous other high calibre appointments
- Expanded the tailings facility to support processing into the future
- Improved ventilation and electrical upgrading at A1 Mine (work ongoing)
- Conducted significant underground exploration and resource definition diamond drilling at the A1 Mine
- Prepared the Maldon site for drilling including appointments and permits (commenced drilling subsequent to this reporting period)
- NSW's Stuart Town drilling program initiated. Seven holes were completed in the program, three reverse circulation (RC) holes at Rockdale; three RC holes at Specimen Hill and one deep diamond hole in the Quartz Hill – Specimen Hill mine area.

Whilst the Directors' Report covers the year ended 30 June 2021, the financial statements cover the period from incorporation of GRR (28 August 2020) to 30 June 2021. As such, during the 2021 financial period the Group recorded a statutory loss of \$11,189,014 and an underlying net loss of \$3,338,247.

The significant items in the 2021 financial period as noted above excluded from the underlying net loss include costs associated with acquisition of Golden River Resources Pty Ltd and Centennial Mining Limited of \$2,213,458, and a further \$5,637,309 non-cash once off listing expense in relation to the reverse acquisition of Kaiser Reef Limited. Refer to Note 1 to the financial statement for further details of the accounting treatment of the acquisition transactions occurring during the current period.

The focus after acquisition was the future mine development and below extensional mine exploration at the newly acquired A1 mine to ensure longer future mining life.

The consolidated results for the period are summarised as follows, with negative balances representing loss:

	2021
EBITDA ⁽³⁾⁽⁶⁾	(10,398,284)
EBIT ⁽²⁾⁽⁶⁾	(11,176,516)
Loss before tax ⁽⁴⁾	(11,189,014)
Statutory loss⁽¹⁾ after tax	(11,189,014)
Total net significant items after tax	(7,850,767)
EBITDA ⁽⁶⁾ (excluding significant items)	(2,547,517)
EBIT ⁽⁶⁾ (excluding significant items)	(3,325,749)
Loss before tax (excluding significant items)	(3,338,247)
Underlying net loss after tax⁽⁵⁾⁽⁶⁾	(3,338,247)

Details of significant items included in the statutory loss for the period are reported in the table below. Descriptions of each item are provided in Note 3 to the Financial Report.

	2021
Centennial Mining acquisition costs	(2,213,458)
Listing expense	(5,637,309)
Significant items before tax	(7,850,767)
Income tax	-
Significant items after tax	(7,850,767)

- (1) Statutory loss is net loss after tax attributable to owners of the parent.
- (2) EBIT is loss before interest revenue, finance costs and income tax expense.
- (3) EBITDA is EBIT before depreciation and amortisation.
- (4) Loss before tax is loss before income tax expense.
- (5) Underlying net loss after income tax is net loss after income tax ("statutory loss") excluding significant items as described in Note 3 to the consolidated financial statements.
- (6) EBIT, EBITDA and underlying net 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 Centennial Mining Limited this has continued. Appointment of new management initiated a series of reviews and improvements to safety processes following the period of administration.

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

Current ore extraction is through air-leg mining methods. The ore is then treated at the Group's wholly owned CIL processing facility at Maldon. Production during the period was constrained while upgrades to mine power and ventilation infrastructure were implemented and new production fronts were developed. Sustaining infrastructure investment, decline extension and lateral development to open new ore headings had been run down during the administration period.

During the 5 month period under the Group's ownership, the A1 Mine produced 2,178 ounces and sold 2,192 ounces of gold at an average realised price of \$2,320 Australian dollars.

The A1 Mine operation commenced its decline heading to the Queens Lode in the final quarter which opened access to the 19 Intermediate Level ("19INT") is the first new level and ore to be accessed in several years. It provides growing confidence that the operations will continue to deliver high-grade ore to Kaiser's processing plant at Maldon, where ramp-up planning and staffing has also commenced in anticipation of increased production.

The Group has developed a strategy to ramp up production in the short and medium term, targeting an advanced exploration target called the Queens Lode. The Queens Lode is anticipated to allow mechanised mining to increase the production rate overall. The Queens Lode is currently the subject of a resource delineation drilling programme.

The Group is pleased to commence the new financial year on a strong footing and is continuing with the ramp up to access the potential for the A1 Mine to continue to mine and process high grade gold ore although the mining operations have been subject to the impact from ongoing and irregular COVID-19 related staffing issues and very tight labour market.

Maldon Processing Plant

There were no reportable safety or environmental incidents recorded at the Maldon processing facilities during the Group's ownership over the 5 month period to 30 June 2021. The plant processed 9,841 tonnes of ore at an average recovery of 94.3% over the 5 month period.

Mill tailings continues to be discharged into Tailings Storage Facility (TSF) No 5. Construction of the next lift of the TSF facility (TSF Lift 5C) commenced in March 2021 and was approximately 65% complete at the end of June 2021. The 1.5m lift is expected to be completed in September 2021.

A draft Community Engagement Plan (CEP) was presented to Environmental Review Committee (ERC) members in May 2021 and feedback has been requested from ERC members. A gap analysis is currently in progress to measure performance against the plan and prioritize action plans to improve engagement with the community.

During the period, water from the Union Hill underground mine was used for process operations and excess water was directed to the Nuggetty Water Management Group for agriculture irrigation.

Maldon Urban Landcare Group planned further working bees to conduct maintenance of the Eaglehawk Open Cut Pit revegetation site in Maldon, but work was hampered by bad weather and Covid restrictions.

The power agreements for supply of power to Maldon Resources (including Union Hill) and A1 Mine was re-negotiated during the period which will result in significant cost savings for power consumption. The new agreement will come into effect on 1 October 2021.

Impact of COVID-19

The Group continues to proactively manage the COVID-19 risk to the business.

As restrictions were put in place at the Group's various operations around Australia, measures were implemented in line with relevant local government advice. These measures included cancelling all non-essential travel, encouraging good hygiene practices and physical distancing across all workplaces, working from home where practicable, enforcing self-isolation policies when appropriate. The company supports the vaccination role out and conducts surveys to try to assess workforce progress relative to government vaccination targets.

The Group's supply chain was not disrupted with the mining and processing operation obtaining many of its resources within the local community it operates.

The State border restriction have added pressure on our labour force. Nevertheless, as a result of the Group's measures, and the efforts of staff across sites, the operations were able to continue normal operations.

NSW exploration activities were completed before the current NSW Covid-19 outbreak and fieldwork will not resumed until the second half of FY22 following extensive consultation, planning and risk management prior to restarting.

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 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
- Kingwest Resources Limited
 - o Non-Executive Director
- Sarama Resources Limited
 - o Non-Executive Director

Former listed company directorships in last three years:

- FertoZ Limited (resigned 22 June 2020)
 - o Non-Executive Director

Interest in Securities

- 3,000,000 fully paid ordinary shares
- 2,000,000 unlisted options exercisable at \$0.30 on 31 Jan 2023
- 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 12 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

- 100,000 fully paid ordinary shares
- 200,000 unlisted options exercisable at \$0.52 on 8 Feb 2024¹
- 200,000 unlisted options exercisable at \$0.60 on 8 Feb 2024¹

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. Jonathan was a founding director of Hibernia Gold (now Moly Mines Ltd) and Siberia Mining Corporation Ltd.

Other current listed company directorships:

- Galena Mining Limited
 - o Non-Executive Director
- Kingwest Resources Limited
 - o Non-Executive Director
- Corazon Mining Limited
 - o Non-Executive Director
- Nickel X Limited
 - o Non-Executive Director

Former listed company directorships in last three years:

- Ironbark Zinc Limited (resigned 2 December 2019)
 - o Managing Director

Interest in Securities

- 3,000,000 fully paid ordinary shares
- 2,000,000 unlisted options exercisable at \$0.30 on 31 Jan 2023
- 2,000,000 unlisted options exercisable at \$0.40 on 31 Jan 2024

David Palumbo

B.Com, CA and GAICD

Non-Executive Director & Company Secretary

Appointed as Director 15 September 2019

Resigned as a Director 5 July 2021

Mr Palumbo is a Chartered Accountant and graduate of the Australian Institute of Company Directors with over 14 years' experience across company secretarial, corporate advisory and financial management and reporting of ASX listed companies. David is an employee of Mining Corporate Pty Ltd, where he has been actively involved in numerous corporate transactions.

Other current listed company directorships:

- Krakatoa Resources Limited
 - o Non-Executive Director
- Albion Resources Limited
 - o Non-Executive Director

Interest in Securities

- 100,000 fully paid ordinary shares
- 100,000 unlisted options exercisable at \$0.30 on 31 Jan 2023
- 100,000 unlisted options exercisable at \$0.40 on 31 Jan 2024

¹ Options were granted to Mr Howe on 8 February 2021 and subject to shareholder approval at the AGM 17 Nov 2021

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 2021

2021	Short-term benefits				Post-employment benefits	Long-term benefits			Proportion of total performance related ⁸	
	Cash salary & fees	STI payment	Non-monetary benefits ⁵	Super-annuation		Leave ⁶	Share-based payments - Rights ⁷	Share-based payments - Options ⁷		Total
<i>Directors</i>										
Adrian Byass	81,578	-	3,997	-	-	-	-	-	85,575	n/a
Jonathan Downes	184,500	-	3,997	17,528	15,536	-	-	-	221,561	n/a
Stewart Howe ⁹	39,889	-	-	3,789	4,555	35,054	93,710	-	176,997	20% ¹⁰
David Palumbo ¹¹	54,750	-	-	-	-	-	-	-	54,750	n/a
Total Directors	360,717	-	7,994	21,317	20,091	35,054	93,710	-	538,883	
<i>Executives</i>										
Andy Tran ¹²	78,804	-	-	7,486	7,585	35,104	117,137	-	246,116	14% ¹⁰
Total Executives	78,804	-	-	7,486	7,585	35,104	117,137	-	246,116	-
Total 2021 KMP Remuneration	439,521	-	7,994	28,803	27,676	70,158	210,847	-	784,999	-
2020										
<i>Directors</i>										
Adrian Byass	22,278	-	-	-	-	-	-	-	22,278	n/a
Jonathan Downes	51,250	-	-	4,869	-	-	-	-	56,119	n/a
David Palumbo	16,709	-	-	-	-	-	-	-	16,709	n/a
Total Directors	90,237	-	-	4,869	-	-	-	-	95,106	

⁵ Non-monetary benefits for Executives comprise car parking and professional memberships including associated fringe benefits tax.

⁶ Leave includes long service leave and annual leave entitlements.

⁷ 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.

⁸ Calculated as 'STI payment' plus 'Share-based payments - Rights' divided by 'Total' remuneration.

⁹ Mr Howe was appointed Executive Director 10 February 2021.

¹⁰ 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. Refer to Performance rights condition on page 9.

¹¹ Mr Palumbo resigned as Non-Executive Director and Company Secretary 5 July 2021

¹² Mr Tran was appointed Chief Financial Officer 08 March 2021.

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 2021 are as tabled below:

2021	Balance at the beginning of year	Granted as remuneration during the year	Issued on exercise of the options during the year	Other Changes during the year	Balance at end of the year
<i>Directors</i>					
Adrian Byass	3,000,000	-	-	-	3,000,000
Jonathan Downes	3,185,000	-	-	-	3,185,000
Stewart Howe ¹³	-	-	-	100,000	100,000
David Palumbo	100,000	-	-	-	100,000
Total Directors	6,285,000	-	-	100,000	6,385,000
<i>Executives</i>					
Andy Tran ¹⁴	-	-	-	631,578	631,578
Total Executives	-	-	-	631,578	631,578

KMP Options Holdings

The number of options over ordinary shares in Kaiser Reef Limited held by each KMP for the year ended 30 June 2021 are as tabled below:

2021	Balance at the beginning of year	Granted as remuneration during the year	Issued on exercise of the options during the year	Other Changes during the year	Balance at end of the year	Vested and exercisable at 30 June 2021
<i>Directors</i>						
Adrian Byass	4,000,000	-	-	-	4,000,000	4,000,000
Jonathan Downes	4,000,000	-	-	-	4,000,000	4,000,000
Stewart Howe ¹⁵	-	400,000	-	-	400,000	400,000
David Palumbo	200,000	-	-	-	200,000	200,000
Total Directors	8,200,000	400,000	-	-	8,600,000	8,600,000
<i>Executives</i>						
Andy Tran ¹⁶	-	500,000	-	-	500,000	500,000
Total Executives	-	500,000	-	-	500,000	500,000

Valuation of Options Granted

During the year the Group granted the following options to KMP, which were valued at grant date with reference to a Black-Scholes valuation model with the following inputs:

Description	Stewart Howe Tranche 1	Stewart Howe Tranche 2	Andy Tran Tranche 3	Andy Tran Tranche 4
Number of options	200,000	200,000	250,000	250,000
Grant date	8/02/2021	8/02/2021	8/02/2021	8/02/2021
Grant date share price (\$)	0.42	0.42	0.42	0.42
Exercise price (\$)	0.52	0.60	0.52	0.60
Volatility (%)	100	100	100	100
Risk free rate (%)	0.11	0.11	0.11	0.11
Term (in years)	3	3	3	3
Fair value per option (\$)	0.24	0.23	0.24	0.23
Total value of options granted	\$48,064	\$45,646	\$60,080	\$57,057

The options have no attaching vesting conditions and were recognised as an expense in the statement of profit or loss immediately on grant date.

¹³ Mr Howe was appointed Executive Director 10 February 2021 and the shares were on market purchases.

¹⁴ Mr Tran was appointed Chief Financial Officer 8 March 2021 and the shares were on market purchases.

¹⁵ 200,000 options exercisable at \$0.52, expiring on 10 February 2024 and 200,000 options exercisable at \$0.60, expiring on 10 February 2024 were granted during the year as remuneration and are subject to shareholder approval at the AGM 17 Nov 2021.

¹⁶ 250,000 options exercisable at \$0.52, expiring on 8 March 2024 and 250,000 options exercisable at \$0.60 expiring on 8 March 2024 were granted during the year as remuneration and are subject to shareholder approval at the AGM 17 Nov 2021.

Directors' Report

Remuneration Report (Audited) continued

KMP Performance Rights

The number of rights over ordinary shares in Kaiser Reef Limited held by each KMP for the year ended 30 June 2021 are as tabled below:

2021	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	-	-	-	-	-
Stewart Howe ¹⁷	-	350,000	-	-	350,000
David Palumbo	-	-	-	-	-
Total Directors	-	350,000	-	-	350,000
<i>Executives</i>					
Andy Tran ¹⁸	-	400,000	-	-	400,000
Total Executives	-	400,000			400,000

Valuation of Rights Granted

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

Tranche	Value Per Right	Stewart Howe		Andy Tran		Valuation Methodology
		Number of Rights Granted	Total Value*	Number of Rights Granted	Total Value*	
A	\$0.42	75,000	\$31,500	100,000	\$42,000	Share price at grant date
B	\$0.42	75,000	\$31,500	100,000	\$42,000	Share price at grant date
C	\$0.29	100,000	\$28,980	100,000	\$28,980	Trinomial pricing model
D	\$0.42	100,000	\$42,000	100,000	\$42,000	Share price at grant date
Total		350,000	\$133,980	400,000	\$154,980	

*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.

Tranche C rights include a market based vesting hurdle linked to the market capitalisation of the Group and were valued at grant date with reference to a trinomial pricing model with the following inputs:

Description	Input
Underlying share price (\$)	0.42
Exercise price (\$)	Nil
Grant date	8 February 2021
Performance measurement period	2.5 years
Share price barrier (\$)	1.305
Volatility (%)	100
Risk-free rate (%)	0.11
Value per right (\$)	0.29
Total value of rights granted	\$57,960

¹⁷ Rights were granted to Mr Howe on 08 February 2021 and are subject to shareholder approval at the AGM 17 Nov 2021

¹⁸ Rights were granted to Mr Tran on 08 February 2021 and are subject to shareholder approval at the AGM 17 Nov 2021

Directors' Report

Remuneration Report (Audited) continued

Performance rights conditions

The performance rights granted to Mr Howe will vest into shares upon satisfaction of the following conditions:

Within 12 months of the start date:

PRODUCTION: 75,000 Shares when A1 Mine operations reaches and maintains a production profile of 5,000 t/month or more over a 3 rolling month period and during that period the Company's mining and treatment operations are cash flow positive.

PROCESSING: 75,000 Shares when the Company increases utilisation its gold processing facility in excess of 60% of nameplate (nameplate 150,000 tonnes p.a.) for a three-month period and during that period the Company's mining and treatment operations are cash flow positive,

and within 30 months of the start date:

MARKET CAPITALISATION: 100,000 Shares when the Company reaches a market capitalisation of \$150 million (over a 5 day VWAP period)

PROCESSING: 100,000 Shares when the Company operates the Maldon Process plant at 90% of nameplate capacity (nameplate 150,000 tonnes p.a.) for a 6 month period and during that period the Company's mining and treatment operations are cash flow positive.

The performance rights granted to Mr Tran will vest into shares upon satisfaction of the following conditions:

Within 12 months of the start date:

PRODUCTION: 100,000 Shares when A1 Mine operations reaches and maintains a production profile of 5,000 t/month or more over a 3 rolling month period and during that period the Company's mining and treatment operations are cash flow positive.

PROCESSING: 100,000 Shares when the Company increases utilisation its gold processing facility in excess of 60% of nameplate (nameplate 150,000 tonnes p.a.) for a three-month period and during that period the Company's mining and treatment operations are cash flow positive,

and within 30 months of the start date:

MARKET CAPITALISATION: 100,000 Shares when the Company reaches a market capitalisation of \$150 million (over a 5 day VWAP period)

PROCESSING: 100,000 Shares when the Company operates the Maldon Process plant at 90% of nameplate capacity (nameplate 150,000 tonnes p.a.) for a 6 month period and during that period the Company's mining and treatment operations are cash flow positive.

END OF REMUNERATION REPORT (AUDITED)

Directors' Report

Meeting of Directors

During the period 1 Directors' meeting was held. Attendance by each Director during the year were as follows:

	Number of eligible to attend	Attended
A Byass	1	1
J Downes	1	1
S Howe	1	1
D Palumbo	1	1

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 (WA) 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 18 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.

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.

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.

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 lodge with both the NSW and Victorian government.

There were no externally reportable environmental incidents during the year ended 30 June 2021 at any of the Group's operating sites.

Auditor independence

A copy of the Auditor's Independence Declaration required under section 307C of the Corporations Act 2001 is set out on page 46 and forms part of this Directors' Report.

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, except as described below.

On 5 July 2021 Non-Executive Director David Palumbo resigned from the Board and as Company Secretary of the Group. Steven Brockhurst and Aida Tabakovic were appointed as joint Company Secretary.

Effective 3 August 2021, the Group's appointed external auditor changed to BDO Audit (WA) Pty Ltd.

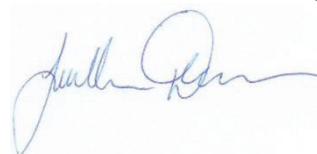
On 6 September 2021, the Group announced a share placement of 10,000,000 shares and non-renounceable 1 for 8 rights issue to raise approximately \$5.1 million (before costs). The new Shares to be issued under the Placement and Rights Issue will be issued at a price of \$0.20 per Share, representing a 15.1% and 15.8% discount to the volume weighted average share price over the last 5 and 10 trading days respectively, prior to the Company's trading halt (as per the ASX announcement dated 2 September 2021).

The Group has also entered into an Underwriting Agreement with Westar Capital Limited to act as the underwriter to the Rights Issue and will be paid 6% of the underwritten amount, as well as 8,000,000 options with an exercise price of \$0.30 expiring on 30 September 2021. 6,000,000 will be issued upon completion of the place and rights issue and a further 2,000,000 will be issued subject to shareholder approval.

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

For and on behalf of the Board

Dated at Melbourne this 30th day of September 2021.



Jonathan Downes
Executive Director



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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF KAISER REEF LIMITED

As lead auditor of Kaiser Reef Limited for the period ended 30 June 2021, 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.

A handwritten signature in black ink, appearing to read 'Dean Just', is written over a light grey rectangular background.

Dean Just

Director

BDP Audit (WA) Pty Ltd

Perth, 30 September 2021

Financial Report

Contents

Consolidated Financial Statements	Page
About this report	14
Consolidated statement of profit or loss and other comprehensive income	15
Consolidated statement of financial position	16
Consolidated statement of changes in equity	17
Consolidated statement of cash flows	18
Notes to the consolidated financial statements	
A. Key results	
1 Business combinations	19
2 Revenue and expenses	22
3 Significant items	22
4 Tax	23
5 Earnings per share	25
6 Property, plant and equipment	26
7 Mine properties	27
8 Exploration and evaluation	28
9 Rehabilitation provision	29
10 Working capital	30
11 Financial risk management	31
12 Net debt	33
13 Parent entity disclosures	34
14 Controlled entities	34
15 Employee benefit expenses and provisions	35
16 Share-based payments	36
17 Contributed equities	39
18 Remuneration of auditors	39
19 Events occurring after the balance sheet date	39
20 Contingencies	39
21 Basis of preparation	40
22 Accounting standards	41
Signed reports	
Directors' declaration	42
Independent auditor's report	43
ASX information	
Corporate directory	47
Additional information for public listed companies	48

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. The consolidated financial statements of the Company as at and for the period ended 30 June 2021 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.

The Group were party to a reverse takeover transaction with Golden River Resources Pty Ltd ('GRR') on 20 January 2021 as disclosed in Note 1 to the financial report.

Consequently, the financial statements cover the period from incorporation of GRR (28 August 2020) to 30 June 2021. Refer to Note 1 for further details of the accounting treatment of the acquisition transactions occurring during the current period.

The Board of Directors approved the consolidated financial statements on 30 September 2021.

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

Consolidated statement of profit or loss and other comprehensive income

for the period ended 30 June 2021

	Notes	Consolidated 28 Aug 2020 to 30 Jun 2021
Operations		
Revenue	2	5,085,396
Mine operating costs	2	(6,588,459)
Gross loss		(1,503,063)
Other revenue	2	6,359
Exploration expensed		(220)
Corporate costs		(777,116)
Depreciation and amortisation	6	(778,232)
Expenses associated with acquisition transactions	1,3	(2,213,458)
Share based payments	16	(270,661)
Listing expense on acquisition of Golden River Resources Pty Ltd	1,3	(5,637,309)
Operating loss		(11,173,700)
Finance costs	12	(15,314)
Loss before income tax		(11,189,014)
Income tax expense		-
Net loss after tax		(11,189,014)
Other comprehensive income		-
Total comprehensive loss attributable to equity holders of the Company		(11,189,014)
Earnings per share		
Basic loss per share (cents per share)	5	(18.63)
Diluted loss per share (cents per share)	5	(18.63)

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 2021

	Notes	Consolidated 2021
Assets		
Current assets		
Cash and cash equivalents	12	4,787,279
Trade and other receivables	10	1,162,019
Inventories	10	2,218,627
Total current assets		8,167,925
Non-current assets		
Trade and other receivables	10	857,000
Property, plant and equipment	6	3,390,922
Mine properties	7	7,644,508
Exploration and evaluation	8	6,439,832
Total non-current assets		18,332,262
Total assets		26,500,187
Liabilities		
Current liabilities		
Trade and other payables	10	2,334,779
Provisions	15	1,200,725
Interest bearing liabilities	12	281,330
Total current liabilities		3,816,834
Non-current liabilities		
Rehabilitation provision	9	1,667,000
Other Provisions	15	227,781
Total non-current liabilities		1,894,781
Total liabilities		5,711,615
Net assets		20,788,572
Equity		
Contributed equity	14	31,499,826
Reserves	16	477,760
Accumulated losses		(11,189,014)
Total equity		20,788,572

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

Consolidated statement of changes in equity

for the period ended 30 June 2021

	Note	Consolidated			Total
		Contributed Equity	Share base payment reserve	Accumulated Losses	
Balance at 28 August 2020		2,500	-	-	2,500
<i>Transactions with owners of the Company recognised directly in equity:</i>					
Share-based payments	16	934,657	477,760	-	1,412,417
Equity issued in relation to acquisitions	1	10,035,000	-	-	10,035,000
Conversion of convertible notes		13,500,000	-	-	13,500,000
Ordinary shares issued for working capital		7,500,000	-	-	7,500,000
Cost of Equity issued		(472,330)	-	-	(472,331)
<i>Total comprehensive loss for the period</i>					
Loss attributable to equity holders of the Company		-	-	(11,189,014)	(11,189,014)
Other comprehensive gain/(loss)		-	-	-	-
Balance at 30 June 2021	17	31,499,826	477,760	(11,189,014)	20,788,572

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

Consolidated statement of cash flows

for the period ended 30 June 2021

	Notes	Consolidated 28 Aug 20 to 30 Jun 2021
Cash Flows From Operating Activities:		
Receipts from customers (inclusive of GST)		5,088,940
Payments to suppliers and employees (inclusive of GST)		(7,552,594)
Interest received		2,816
Interest paid		(15,314)
Net cash outflow from operating activities	12	(2,476,152)
Cash Flows From Investing Activities:		
Payments for property, plant and equipment		(1,096,875)
Payments for development of mining properties		(993,751)
Payments for exploration and evaluation		(737,619)
Cash paid for acquisition of Centennial Mining Limited	1	(13,500,000)
Cash acquired on reverse acquisition	1	6,639,738
Net cash outflow from investing activities		(9,688,507)
Cash Flows From Financing Activities:		
Proceeds from issue of convertible notes	11	13,500,000
Proceeds from issue of ordinary shares		3,653,280
Payment for cost of shares issued		(461,250)
Insurance premium funding		488,294
Insurance premium funding principal repayments		(218,396)
Lease principal repayments		(9,990)
Net cash inflow from financing activities		16,951,938
Net increase in cash and cash equivalents		4,787,279
Cash and cash equivalents at the beginning of the period		-
Cash and cash equivalents at the end of the period	12	4,787,279

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 the notes to the consolidated financial statements.

1 Acquisition accounting

Business Combination Accounting – Centennial Mining Limited Acquisition

The acquisition method of accounting used to account for business combination regardless of whether equity instrument or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of

- (i) 12 months from the date of the acquisition or
- (ii) when the acquirer receives all the information possible to determine fair value.

Reverse acquisition accounting – Golden River Resources Pty Ltd Acquisition

On the 20 January 2021 Kaiser Reef Limited acquired 100% of the issued capital of Golden River Resources Pty Ltd ('GRR'). Under Australian Accounting Standards GRR was deemed to be the accounting acquirer in this transaction. The acquisition has been accounted for as a share based payment by which GRR acquires the net assets and listing status of Kaiser Reef Limited.

Accordingly, the consolidated financial statements of Kaiser Reef Limited have been prepared as a continuation of the business and operations of GRR. As the deemed acquirer GRR has accounted for the acquisition of Kaiser Reef Limited from 20 January 2021. There are no comparatives as GRR was incorporated in the current reporting period, on 28 August 2020.

The implications of the acquisition by GRR in the financial statements are as follows:

Consolidated income statement and other comprehensive income

- The consolidated statement of profit or loss and other comprehensive income comprises the total comprehensive income for the period from 28 August 2020 to 30 June 2021.
- There are no comparatives as GRR was incorporated in the current reporting period, on 28 August 2020.

Consolidated Statement of Financial Position

- The consolidated statement of financial position as at 30 June 2021 represents the combination of GRR and Kaiser Reef Limited.
- There are no comparatives as GRR was incorporated in the current reporting period, on 28 August 2020.

Consolidated Statement of Changes in Equity

- The consolidated statement of changes in equity comprises:
 - The equity of GRR on incorporation as at 28 August 2020; and
 - The total comprehensive loss for the period and transactions with equity holders, being 10 months to GRR's year ended 30 June 2021 and the period 20 January 2021 to 30 June 2021 of Kaiser Reef Limited.
 - The equity balance of the combined GRR and Kaiser Reef Limited at 30 June 2021.

Consolidated Statement of Cashflows

- The consolidated statement of cash flows comprises:
 - The cash balance of GRR at incorporation on 28 August 2020; and
 - The transactions of GRR from incorporation to 30 June 2021 and the period 20 January 2021 to 30 June 2021 of Kaiser Reef Limited.
 - The cash balance of the combined GRR and Kaiser Reef Limited Group at 30 June 2021.
- There are no comparatives as GRR was incorporated in the current reporting period, on 28 August 2020.

Equity structure

The equity structure (the number and type of the equity structure and the equity instruments issued) in the financial statements reflects the consolidated equity structure of Kaiser Reef Limited and GRR.

Financial Report

1 Acquisition accounting (continued)

Deemed Consideration

The consideration in a reverse acquisition is deemed to have been incurred by the legal Subsidiary (GRR) in the form of equity instruments issued to the shareholders of the legal parent (KAU).

The acquisition date fair value of consideration transferred has been determined by reference to the fair value of the issued shares of KAU immediately prior to the acquisition. Hence the purchase consideration is 33,450,000 (KAU share just prior to acquisition) at capital raising price of \$0.30 which is \$10,035,000.

Kaiser Reef Limited also issued 3,115,523 shares to brokers and advisors for services provided in relation to the transaction with a deemed value of \$934,657 based on the share price of \$0.30.

Below are key balances recognised as a result of the reverse acquisition:

Kaiser Reef Limited Share Capital	
Historical issued capital at transaction date	5,494,554
Elimination of Kaiser Reef Ltd issued capital	(5,494,554)
Deemed consideration on acquisition	10,035,000
3,115,523 shares to brokers and advisors	934,657
Total Kaiser Reef Limited share capital on completion	10,969,657
Kaiser Reef Limited share option reserve	
Historical share option reserve at acquisition date	230,995
Elimination of historical share option reserve	(230,995)
Issue of 1,344,800 options to advisors	207,099
Total Kaiser Reef Limited share option reserve on completion	207,099
Kaiser Reef Limited accumulated losses pre-completion	
Historical accumulated losses at 30 June 2020	318,998
Loss incurred from 1 July 2020 to 20 January 2021	1,002,160
Total Kaiser Reef Limited accumulated losses at acquisition date	1,339,158
Elimination of Kaiser Reef Limited accumulated losses	(1,339,158)
Total Kaiser Reef Limited accumulated losses on completion	-
Assets and liabilities acquired	
Cash and cash equivalents	6,639,738
Exploration and evaluation assets	1,852,798
Other assets	43,089
Trade and other trade payables	(228,768)
Other payables	(3,909,166)
Net assets	4,397,691
Listing expense	
Deemed Consideration	10,035,000
Less: net assets of Kaiser Reef Limited	(4,397,691)
Total Kaiser Reef Listing expense ⁽¹⁾	5,637,309

(1) Non-Cash once off expense as prescribed by Australian Accounting Standards for the reverse acquisition of Kaiser Reef Limited.

Notes to the Financial Report

1 Acquisition accounting (continued)

Acquisition accounting – Centennial Mining Limited Acquisition

On 21 January 2021, the Group, through its subsidiary Golden River Resources Pty Ltd, acquired 100% of the issued capital of Centennial Mining Limited (“Centennial Mining”), a gold mining, development and exploration company with operations in Victoria, Australia.

The acquisition of Centennial Mining achieves all of the Group’s strategic objectives, including:

- Valuable mining and exploration licences in the Victorian gold region, which had in the past high-grade mining areas;
- Project the Group from a gold exploration and development to a gold mining and producer; and
- A processing facility in Victoria which can produce Dore

The acquisition was completed through a deed of company arrangement.

The initial accounting for the acquisition of Centennial Mining has been provisionally determined at 30 June 2021. At the date of finalisation of the financial report, the necessary calculations have not been finalised and therefore the fair value of the assets have been provisionally determined based on management’s best estimate of the likely fair value of the assets. The Group has until 21 January 2022 to finalise the estimates.

	Consolidated 2021
Consideration transferred	
Cash and cash equivalents	13,500,000
Total Consideration	13,500,000
Goodwill arising on acquisition	
Consideration transferred	13,500,000
Less: Fair value of identifiable net assets acquired	(13,500,000)
Total goodwill arising on acquisition	-
Consideration paid in cash	13,500,000
Less: Cash and cash equivalents balance acquired	-
Net cash out flow on acquisition of subsidiaries	13,500,000

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
Assets	
Current assets	
Trade and other receivables	280,510
Inventories	1,047,158
Total current assets	1,327,668
Non-current assets	
Trade and other receivables	857,000
Property, plant and equipment	2,524,050
Mine properties	7,174,002
Exploration and evaluation	3,849,418
Total non-current assets	14,404,470
Total assets	15,732,138
Liabilities	
Current liabilities	
Provisions	(565,138)
Total current liabilities	(565,138)
Non-current liabilities	
Rehabilitation provision	(1,667,000)
Total non-current liabilities	(1,667,000)
Total liabilities	(2,232,138)
Net identifiable assets acquired	13,500,000
Net assets acquired	13,500,000

Acquisition related costs

Acquisition related costs totalling \$2,213,458 were incurred during the period.

Impact of acquisition on the Group’s result

Included in the net loss before tax is \$1,714,613 attributable to Centennial Mining Limited. Revenue for the year was \$5,088,940 from 2,192 ounces of gold sold with 2,344 ounces of gold produced.

Had the acquisition occurred at the start of the current period, on incorporation at 28 August 2020, the acquired business would have contributed a net loss before tax of \$3,287,977 and revenue of \$8,115,840.

Notes to the Financial Report

2 Revenue and Mine Operating Costs

	Consolidated 28 August 2020 to 30 June 2021
Revenue	
Gold sales	5,085,396
Silver sales	3,543
Interest income	2,816
Total	5,091,755
Mine Operating Expenses	
Gold operation expenditure	(3,943,489)
Employee expense	(2,644,970)
Gross operating loss	(1,503,063)

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.

3 Significant items

Significant items are those items where their nature or amount is considered material to the financial report. Such items included within the consolidated results for the year are detailed below.

	Consolidated 28 August 2020 to 30 June 2021
Centennial Mining Limited acquisition costs ⁽¹⁾	(2,213,458)
Listing expense ⁽²⁾	(5,637,309)
Total significant items – pre tax	(7,850,767)
Tax Effect	
Tax effect on acquisition cost	-
Total significant items – post tax	(7,850,767)

(1) Centennial Mining Limited acquisition costs

Costs relating to the acquisition of Centennial Mining Limited included due diligence costs, share registry charges, stamp duty and integration costs.

(2) Golden River Resources listing expense

Non-Cash once off expense from the reverse acquisition of Kaiser Reef Limited (refer to Note 1).

Notes to the Financial Report

4 Income Tax

Income tax expense	Consolidated 28 August 2020 to 30 June 2021
Current tax expense	-
Under provision in respect of the prior year	-
Deferred income tax cost/(benefit)	-
Total income tax expense	-

Numerical reconciliation of income tax expense to prima facie tax payable

	Consolidated 28 August 2020 to 30 June 2021
Loss before income tax	(11,189,014)
Tax at the Australian tax rate of 26%	(2,909,144)
Tax effect of amounts not deductible/ (taxable) in calculating taxable income:	
Entertainment	1,845
Share based payments	70,372
Fines & penalties	718
Reverse acquisition / acquisition of subsidiary	2,041,199
Change in corporate tax rate	30,577
Deferred tax assets not brought to account	(120,896)
Tax losses not brought to account	885,329
Income tax expense	-

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the consolidated income statement, 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 profit 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 2021 included: Golden River Resources Pty Ltd (head entity), Centennial Mining Limited 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. At 30 June 2021, the Australian tax consolidated group did not have any unused tax losses.

Current tax liability

As at 30 June 2021, 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 Centennial Mining Limited are expected to be available for use by the Group in accordance with AASB 112 and IFRIC 23.

At 30 June 2021, tax losses not recognised relating to entities associated of \$885,329 (tax effected) were not booked. As the Group has provisionally accounted for the acquisition in Note 1, the Group is currently considering the availability of transferred carried forward tax loss from acquisitions. The number shown above does not include these losses.

Notes to the Financial Report

4 Income Tax (continued)

Deferred tax balances	Consolidated 2021
Deferred tax liabilities	
Property, plant and equipment	(763,190)
Mine properties	(1,911,127)
Exploration and evaluation assets	(1,151,350)
Total	(3,825,667)
Offset of deferred tax assets	3,825,667
Net deferred tax liability recognised	-
Deferred tax assets	
Trade and other payables	18,745
Interest bearing borrowings	2,858
Provisions - current	163,254
Rehabilitation provision – non-current	416,750
Provisions – non-current	55,906
Other tax deductible amounts	4,115,509
Tax losses	885,329
Total	5,658,351
Offset against deferred tax liabilities	(3,825,667)
Net deferred tax assets not brought to account	1,832,684

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

5 Earnings per share

	Consolidated 28 August 2020 to 30 June 2021 Cents
Basic earnings/(loss) per share	(18.63)
Diluted earnings/(loss) per share	(18.63)

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

	Consolidated 28 August 2020 to 30 June 2021
Basic and diluted earnings/(losses) per share:	
Loss after tax for the period	(11,189,014)

Weighted average number of shares

	Consolidated 2021 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	60,051,653
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	60,051,653

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 period.

Diluted earnings/(losses) per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings 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 shares during the period.

Notes to the Financial Report

6 Property, plant and equipment

Non-current	Consolidated 2021
Land and buildings	
At the beginning of the period	-
Acquired fixed assets – business combination	28,550 ⁽¹⁾
Additions	-
Depreciation (range 3-15 years)	(1,252)
Disposals	-
At the end of the period	27,298
Plant and equipment	
At the beginning of the period	-
Acquired fixed assets - business combination	2,520,484
Additions	758,713
Assets under construction	338,162
Disposals	-
Depreciation (range 3-15 years)	(253,735)
At the end of the period	3,363,624
Total	3,390,922

Reconciliation of depreciation and amortisation to the consolidated income statement

	Consolidated 28 August 2020 to 30 June 2021
Depreciation	
Land and buildings	(1,252)
Plant and equipment	(253,735)
Amortisation	
Mine properties	(523,245)
Total	(778,232)

(1) Right of use assets totaling \$10,810 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 sheet 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.

The Group's leasing activities

The Group leases offices, warehouses, equipment and vehicles as part of its operational requirements. Contracts are typically made for fixed periods of 6 months to 5 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 will individually access 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**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.

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 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

7 Mine properties

Non-current Mine properties	Consolidated 2021
At beginning of the period	-
Acquired mine properties (Centennial Mining)	7,174,002
Additions	993,751
Amortisation for the period	(523,245)
At end of the period	7,644,508

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 reserves. The calculation of amortisation takes into account future costs which will be incurred to develop all the mineable reserves. Changes to mineable reserves 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 resource estimates. These calculations require the use of estimates and assumptions in relation to reserves, 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.

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: Centennial 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, 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 2021, the Group determined that there were no indicators of impairment for the Centennial Mining cash generating unit due to strong spot gold and consensus forecast prices at 30 June 2021, existing long life mining at A1 mine and further development of resources, together with the relatively low carrying value to recover.

Ore Reserves

The Group determines and reports Ore Reserves 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 reserves. Due to the fact that economic assumptions used to estimate reserves change from period to period, and geological data is generated during the course of operations, estimates of reserves may change from period to period.

Accounting judgements and estimates— Ore Reserves

Reserves are estimates of the amount of gold product that can be economically extracted from the Group's properties. In order to calculate reserves, 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 reserves 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 reserves 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 reserves affect expectations about the timing or cost of these activities.

Notes to the Financial Report

8 Exploration and evaluation

Non-current	Consolidated 2021
At beginning of the period	-
Acquired exploration (Centennial Mining)	5,702,213
Additions	737,619
At end of the period	6,439,832

Commitments for exploration

	2021
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.	1,168,690

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 reach a stage that permits reasonable assessment of the existence of economically recoverable reserves.

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.

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 reserves and 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

9 Rehabilitation provision

	Consolidated 2021
Non-current	
Provision for rehabilitation	1,667,000
	1,667,000
Movements in Provisions	
Rehabilitation	
Balance at start of period	-
Acquired rehabilitation (Centennial Mining)	1,667,000
Balance at end of period	1,667,000

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.

Notes to the Financial Report

10 Working capital

Trade and other receivables

	Consolidated 2021
Current	
Trade receivables	12,504
Other receivables	620,145
Prepayments	529,370
	1,162,019
Non-current	
Rehabilitation Bond	857,000
Total	2,019,019

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 income statement. 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 2021
Current	
Consumables	841,467
Ore stockpiles	424,080
Gold in circuit	590,930
Bullion on hand	362,150
Total	2,218,627

Raw materials and 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 2021
Current	
Trade payables	617,801
Other payables	1,716,978
Total	2,334,779

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

11 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 2021 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

11 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 2021					
	Floating Interest rate	1 year or less	Over 1 to 2 years	Over 2 to 5 years	Total
Financial assets					
Cash and cash equivalents	-	4,787,279	-	-	4,787,279
Receivables	-	1,162,019	-	-	1,162,019
Non-current bonds	0.3%	-	-	857,000	857,000
	-	5,949,298	-	857,000	6,806,298
Financial liabilities					
Trade and other payables	-	1,070,974	-	-	1,070,974
Right-of-use assets lease liability	3%	11,432	-	-	11,432
Insurance premium funding	4%	269,898	-	-	269,898
	-	1,352,304	-	-	1,352,304
Net financial assets	-	4,596,994	-	857,000	5,453,994

Cash flow reconciliation of loans

Financial assets	Balance as at 28 August 2020	Net Cash Flows	Interest payable	Non-Cash Settlement	Balance as at 30 June 21
Convertible notes ⁽¹⁾	-	13,500,000	-	(13,500,000)	-
Insurance premium funding	-	269,898	-	-	269,898
	-	13,769,898	-	(13,500,000)	269,898

(1) During the period the Group issued 13,500,000 convertible notes to Noteholders on the following key terms:

- (i) Face value of \$1 per Note;
- (ii) Conversion price of \$1 per Note;
- (iii) Each Note converts into 1 ordinary share of Golden River Resources Pty Ltd (GRR), with conversion occurring automatically upon the acquisition of GRR by Kaiser Reef Limited;
- (iv) Conversion occurs on a 1 note to 1 ordinary share ratio;
- (v) Nil interest payable; and
- (vi) Term to maturity of 12 months from issue date, if not converted.

The notes were converted into issued capital during the period in line with the above terms.

Notes to the Financial Report

12 Net debt**Cash and cash equivalents**

	Consolidated 2021
Cash at bank and on hand	4,787,279
Term deposits	-
	4,787,279

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.

Non-cash investing and financing activities:

- 2,700,000 and 415,523 shares were issued during the period to brokers and advisors respectively, for services provided in conjunction with the acquisition transactions as disclosed in Notes 1 and 16.
- Advisors also were also granted 1,344,800 options as disclosed in Note 16.
- 13,500,000 convertible notes converted into \$13,500,000 issued capital as disclosed in Note 11.

Reconciliation of loss from ordinary activities after income tax to net cash flows from operating activities

	Consolidated 28 August 2020 to 30 June 2021
Loss after tax for the period	(11,189,014)
Depreciation and amortisation	778,232
Listing expense (reverse acquisition)	5,637,309
Non-cash expenses associated with acquisition	1,873,979
Equity settled share-based payments	270,661
Change in operating assets and liabilities	
Receivables and prepayments	(807,679)
Inventories	(1,171,468)
Other assets	(22,553)
Trade creditors and payables	786,481
Provisions and other liabilities	1,367,900
Net cash outflows from operating activities	(2,476,152)

Interest bearing liabilities

	Consolidated 2021
Current Secured	
Lease liabilities	11,432
Insurance premium funding	269,898
Total current	281,330

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 income statement 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 above

Loss before income tax includes the following specific expenses:

	Consolidated 28 August 2020 to 30 June 2021
<i>Finance Costs</i>	
Interest paid/payable	15,314
	15,314

Notes to the Financial Report

13 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2021, the parent company of the Group was Kaiser Reef Limited.

Financial statements

	Parent Entity	
	1 July 2020 to 30 June 2021	2 September 2019 to 30 June 2020
Result of the parent entity		
Loss after tax for the year	(10,874,821)	(314,192)
Total comprehensive loss for the year	(10,874,821)	(314,192)
Financial position of the parent entity	30 June 2021	30 June 2020
Current assets	4,339,200	4,059,783
Total assets	20,956,403	5,445,343
Current liabilities	(167,831)	(77,329)
Total liabilities	(167,831)	(77,329)
Total equity of the parent entity comprising:		
Share capital	31,499,826	5,494,956
Reserves	477,760	187,250
Accumulated losses	(11,189,014)	(314,192)
Total equity	20,788,572	5,368,014

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 \$5,304,121.

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

14 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 2021.

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

(1) On 20 January 2021, the Group acquired Golden River Resources Pty Ltd (GRR)

(2) On 21 January 2021, the Group acquired Centennial Mining Limited and its wholly owned subsidiary Maldon Resources Pty Ltd through a deed of company agreement (DOCA).

Notes to the Financial Report

15 Employee benefit expenses and other provisions

Expenses

	Consolidated 28 August 2020 to 30 June 2021
<i>Employee related expenses</i>	
Wages and salaries	3,212,357
Retirement benefit obligations	259,945
Equity settled share-based payments	263,705
	3,736,007

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.

Retirement benefit obligations

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 16 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.

Key management personnel

	Consolidated 1 July 2020 to 30 June 2021
Short term employee benefits	447,515
Post-employment benefits	28,804
Leave	27,676
Share-based payments	281,004
	784,999

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

Other provisions

	Consolidated 2021
Current	
Employee benefits – annual leave	386,048
Employee benefits – long service leave	74,677
Other provisions	740,000 ¹
	1,200,725
Non-current	
Employee benefits - long service leave	227,781
	227,781

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.

¹Provision for stamp duty associated with the acquisition of Centennial Mining Limited. Refer to Note 3.

Notes to the Financial Report

16 Share-based payments Reserve

Details	Consolidated 2021
Balance at 20 January 2021	-
Value of options and rights vested during the period	477,760
Closing balance 30 June 2021	477,760

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 income statement 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 Limited Performance Rights Plan to be approved by shareholders:

Consolidated 2021								
Grant Date	Expiry Date	Fair value	Balance at start of the period (Number)	Granted during the period (Number)	Vested during the period (Number)	Expired during the period (Number)	Balance at end of the period (Number)	Exercisable at end of the year (Number)
08 Feb 2021	10 Feb 2022 ⁽¹⁾	\$0.42	-	150,000	-	-	150,000	-
08 Feb 2021	08 Mar 2022 ⁽¹⁾	\$0.42	-	200,000	-	-	200,000	-
08 Feb 2021	10 Aug 2024 ⁽¹⁾	\$0.29	-	200,000	-	-	200,000	-
08 Feb 2021	08 Sep 2024 ⁽¹⁾	\$0.42	-	200,000	-	-	200,000	-
Total			-	750,000	-	-	750,000	-

(1) The performance rights are yet to be issued and are subject to shareholder approval at the annual general meeting set for 17 November 2021. The rights will expire 12 (tranche 1 and 2) and 30 (tranche 3 and 4) months from date of appointment of the recipient.

Valuation of Performance Rights at Grant Date

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

Tranche	Value Per Right	Number of Rights Granted	Total Value*	Valuation Methodology
A	\$0.42	175,000	\$73,500	Share price at grant date
B	\$0.42	175,000	\$73,500	Share price at grant date
C	\$0.29	200,000	\$57,960	Trinomial pricing model**
D	\$0.42	200,000	\$84,000	Share price at grant date
Total		750,000	\$288,960	

*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.

**Tranche C rights include a market based vesting hurdle linked to the market capitalisation of the Group and were valued at grant date with reference to a trinomial pricing model with the following inputs:

Description	Input
Underlying share price (\$)	0.42
Exercise price (\$)	Nil
Grant date	8 February 2021
Performance measurement period	2.5 years
Share price barrier (\$)	1.305
Volatility (%)	100
Risk-free rate (%)	0.11
Value per right (\$)	0.29
Total value of rights granted	\$57,960

The weighted average remaining contractual life of performance rights outstanding at the end of the year was 2.08 year. Conditions associated with rights granted during the period ended 30 June 2021 included:

- i. Rights are granted for no consideration. The vesting of rights granted in 2021 is subject to set key performance objectives to be achieved.
- ii. Performance rights do not have an exercise price.
- iii. Any performance right which does not vest will lapse.
- iv. Grant date varies with each issue.

Notes to the Financial Report

16 Share-based payments Reserve (continued)

Performance Rights – Vesting Conditions

Tranche	Performance Period	Performance Hurdle	Probability Applied
A	12 months from appointment	Rights vest into shares when A1 Mine operations reaches and maintains a production profile of 5,000 t/month or more over a 3 rolling month period and during that period the Company's mining and treatment operations are cash flow positive.	100%
B	12 months from appointment	Rights vest into shares when the Company increases utilisation its gold processing facility in excess of 60% of nameplate (nameplate 150,000 tonnes p.a.) for a three-month period and during that period the Company's mining and treatment operations are cash flow positive,	100%
C	30 months from appointment	Rights vest into shares when the Company reaches a market capitalisation of \$150 million (over a 5 day VWAP period).	N/A
D	30 months from appointment	Rights vest into shares when the Company operates the Maldon Process plant at 90% of nameplate capacity (nameplate 150,000 tonnes p.a.) for a 6 month period and during that period the Company's mining and treatment operations are cash flow positive.	100%

KMP Options

Valuation of Options at Grant Date

During the period the Group granted the following options, which vested immediately and were valued at grant date with reference to a Black Scholes valuation model with the following inputs:

	Advisor	KMP tranche 1 ⁽¹⁾	KMP tranche 2 ⁽¹⁾	KMP tranche 3 ⁽¹⁾	KMP tranche 4 ⁽¹⁾
Number of options	1,344,800	200,000	200,000	250,000	250,000
Grant date	20/01/2021	8/02/2021	8/02/2021	8/02/2021	8/02/2021
Grant date share price	0.30	0.42	0.42	0.42	0.42
Exercise price	0.50	0.52	0.60	0.52	0.60
Volatility	100	100	100	100	100
Risk free rate (%)	0.3	0.11	0.11	0.11	0.11
Term (in years)	3	3	3	3	3
Fair value per option (\$)	0.15	0.24	0.23	0.24	0.23
Total fair value	207,099	48,064	45,646	60,080	57,057

(1) The options granted on 8 February 2021 are subject to shareholder approval at the annual general meeting set for 17 November 2021.

Other Share Based Payments

During the period 2,700,000 and 415,523 shares were issued to brokers and advisors for services provided in conjunction with the acquisition transactions. These shares were valued at \$810,000 and \$124,627 respectively, based on the prospectus share price of \$0.30 and recognised as an expense in the statement of profit or loss and other comprehensive income.

Expenses arising from share based payment transactions

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

	Consolidated 28 August 2020 to 30 June 2021
Advisor options (acquisition expenses)	207,099
KMP options	210,847
KMP performance rights	63,648
Total share based payment expense	477,760

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.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using either the Trinomial 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.

Notes to the Financial Report

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.

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 Trinomial 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

17 Contributed equity

Details	Number of shares	\$
Opening balance 28 August 2020	2,500,000	2,500
Elimination of Golden River Resources Pty Ltd shares on issue at acquisition date	(2,500,000)	-
Recognition of Kaiser Reef Limited shares on issue at acquisition date	33,450,001	-
Shares issued on notional acquisition of Kaiser Reef Ltd	53,333,353	10,035,000
Conversion of GRR convertible notes	-	13,500,000
Shares issued on capital raising of working capital	25,000,000	7,500,000
Share issued as consideration for broker and advisory services	3,115,523	934,657
Share issue fees	-	(472,331)
Closing balance 30 June 2021	114,898,877	31,499,826

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.

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.

18 Remuneration of auditors

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

	Consolidated 1 July 2020 to 30 June 2021
BDO Audit (WA) Pty Ltd – Audit of the Consolidated Financial Report	57,500
Non-audit services	
BDO Corporate Tax (WA) Pty Ltd - Taxation consulting services	41,645
BDO Corporate Finance (WA) Pty Ltd – Investigating Accounting Report	14,420
Total remuneration for audit and non-assurance related services	113,565

The above information stated covers the full financial year ended 30 June 2021.

19 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.

On 5 July 2021 Non-Executive Director David Palumbo resigned from the Board and as Company Secretary of the Group. Steven Brockhurst and Aida Tabakovic were appointed as joint Company Secretary.

Effective 3 August 2021, the Group's appointed external auditor changed to BDO Audit (WA) Pty Ltd.

On 6 September 2021, the Group announced a share placement of 10,000,000 shares and non-renounceable 1 for 8 rights issue to raise approximately \$5.1 million (before costs). The new Shares to be issued under the Placement and Rights Issue will be issued at a price of \$0.20 per Share, representing a 15.1% and 15.8% discount to the volume weighted average share price over the last 5 and 10 trading days respectively, prior to the Company's trading halt (as per the ASX announcement dated 2 September 2021).

The Group has also entered into an Underwriting Agreement with Westar Capital Limited to act as the underwriter to the Rights Issue and will be paid 6% of the underwritten amount, as well as 8,000,000 options with an exercise price of \$0.30 expiring on 30 September 2021. 6,000,000 will be issued upon completion of the place and rights issue and a further 2,000,000 will be issued subject to shareholder approval.

20 Contingencies

The Directors are not aware of any contingencies for the year ending 30 June 2021.

21 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 2021.

Mining Corporate Pty Ltd – related party to David Palumbo Transition facilitation services, company secretarial, accounting and bookkeeping services during the year.

Total for the current year: \$187,913 was charged by *Mining Corporate Pty Ltd* and \$63,240 for the comparative year ended 30 June 2020.

Total outstanding to *Mining Corporate Pty Ltd* for the transition facilitation services, company secretarial, accounting and bookkeeping services during the current year was \$15,619 and \$13,493 for the comparative year ended 30 June 2020.

Refer to Note 15 for details of KMP remuneration.

Refer to Note 16 for details of share based payments granted in the current year to KMP.

Notes to the Financial Report

22 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 2021 and the results of all subsidiaries for the period from 28 August 2020 to 30 June 2021 as disclosed in Note 1.

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.

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 period ended 30 June 2021 the Group recorded a loss of \$11,189,014 and had net cash outflows from operating activities of \$2,476,152.

The ability of Group to continue as a going concern is dependent on securing additional funding through raising of debt or equity to continue to fund its development and exploration activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the Group's working capital requirements as at the date of this report.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- 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;
- Subsequent to period end, as disclosed in Note 19, the Group announced a share placement and underwritten rights issue to raise approximately \$5,122,472 (before costs). As at the date of this report, \$2,000,000, representing the placement proceeds, has been received by the Group; and
- The capital raising proceeds are expected to provide the Group with sufficient funding to undertake further development of the A1 mine resulting in improved production which will generate positive operating cash flow sufficient to fund the Group's operations.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

Notes to the Financial Report**23 Accounting standards****New Standards adopted**

The accounting policies applied by the Group in this 30 June 2021 consolidated financial report are consistent with Australian Accounting Standards. All new and amended Australian Accounting Standards and interpretations mandatory as at 1 July 2020 to the group have been adopted and have not had a material impact upon recognition.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

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 2021. 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.

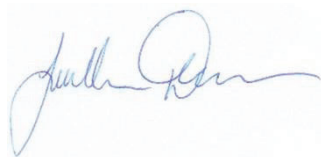
Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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 14 to 41 and the remuneration report in the Directors' report, set out on pages 7 to 11, 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 2021 and of its performance for the financial period 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 chief executive officer and chief financial officer for the financial period ended 30 June 2021.
- 3 The directors draw attention to page 14 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

Executive Director

Perth
30 September 2021



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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 2021, 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 period 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 2021 and of its financial performance for the period 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.

Material uncertainty related to going concern

We draw attention to Note 22 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Reverse asset acquisition accounting

Key audit matter	How the matter was addressed in our audit
<p>During the reporting period, Kaiser Reef Limited acquired 100% of the shares of Golden River Resources Pty Ltd as disclosed within Note 1.</p> <p>There is a significant level of judgement involved in determining whether the acquisition meets the definition of a business combination or an asset acquisition in accordance with the accounting standards.</p> <p>Judgement is also involved in determining whether the acquisition constitutes a reverse acquisition.</p> <p>As a result, we have determined that this is a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the transaction, including an assessment of the accounting acquirer and whether the transaction constituted a business combination or asset acquisition; • Reviewing management's assessment of the accounting for the reverse acquisition as an asset acquisition; • Reviewing the valuation of the consideration transferred, being shares; • Reviewing the assets and liabilities acquired and agreeing material balances to supporting documentation; • Reviewing the accounting treatment applied with reference to AASB 2 <i>Share Based Payment</i>; and • Assessing the adequacy of the Group's disclosures of the acquisition in the financial report.



Accounting for business acquisition

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the financial reporting period, the Group acquired Centennial Mining Ltd as disclosed in Note 1.</p> <p>The accounting for this acquisition is a key audit matter due to the material nature of the acquisition and the related estimates and judgements associated with the identification and determination of the fair value of net assets and liabilities acquired.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewing the purchase and sale agreement to understand the terms and conditions of the acquisition including evaluating management's application of <i>AASB 3 Business Combinations</i>; • Assessing how the group estimated fair value of assets and liabilities identified in the acquisition; • Evaluating the group's determination of purchase consideration to underlying purchase and sale agreement and cash paid; • Comparing assets and liabilities recognised on acquisition against executed agreements and the historical financial information of the acquired business; • Reviewing the purchase price allocation; and • Assessing the adequacy of the Group's disclosures of the acquisition in the financial report.

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 2021, 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 at:

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 7 to 11 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Kaiser Reef Limited, for the year ended 30 June 2021, 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 (WA) Pty Ltd

Dean Just

Director

Perth, 30 September 2021

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 2, 267 St Georges Terraces
Perth WA 6000

COMPANY SECRETARY

A Tabakovic
S Brockhurst

AUDITOR

BDO Audit (WA) Pty Ltd
Level 1, 38 Station Street
Subiaco WA 6008, AUSTRALIA

PRINCIPAL PLACE OF BUSINESS

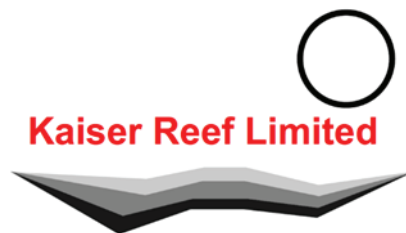
Unit 3, Churchill Court
335 Hay Street
Subiaco WA 6008
Telephone: +61 8 9481 0389
Email: admin@kaiserreef.com.au
Website: www.kaiserreef.com.au

REGISTERED OFFICE

Level 11, 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



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 28 September 2021.

1. Shareholding

a. Distribution of Shareholders

- (i) *Ordinary share capital*
- 124,898,877 fully paid shares held by 1,069 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	27	6,584
1,001 – 5,000	227	641,878
5,001 – 10,000	176	1,377,117
10,001 – 100,000	450	17,923,402
100,001 – and over	189	104,949,896
	1,069	124,898,877

- b. The number of shareholdings held in less than marketable parcels is 126.
c. The Company had the following substantial shareholders at the date of this report.

Fully Paid Ordinary Shares

Holder	Number	%
Bath Resources Pty Ltd	6,666,667	5.34
CS Third Nominees Pty Ltd <HSBC Cust Nom AU Ltd 13 A/C>	6,545,218	5.24

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.	BATH RESOURCES PTY LTD	6,666,667	5.34%
2.	CS THIRD NOMINEES PTY LTD <HSBC CUST NOM AU LTD 13 A/C>	6,545,218	5.24%
3.	PELTON CAPITAL PTY LTD	3,975,000	3.18%
4.	VALIANT EQUITY MANAGEMENT PTY LTD <BYASS FAMILY A/C>	3,000,000	2.40%
4.	LIQUIDITY PARTNERS PTY LTD	3,000,000	2.40%
4.	KIANDRA NOMINEES PTY LTD <JK DOWNES FAMILY A/C>	3,000,000	2.40%
5.	MAJI MAZURI PTY LTD & MAWINGO PTY LTD	2,600,000	2.08%
6.	A22 PTY LIMITED	2,421,697	1.94%
7.	STEV SAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C>	1,950,000	1.56%
8.	BROOKAVA PTY LTD	1,827,324	1.46%
9.	THE SUN W INVESTMENT PTY LTD <SUN FAMILY A/C>	1,766,667	1.41%
10.	DULYNE PTY LTD <THE ATLANTIS SUPER FUND A/C>	1,676,308	1.34%
11.	TYF HOLDINGS PTY LTD <TYF INVESTMENT A/C>	1,666,667	1.33%
12.	HOLICARL PTY LIMITED <HUNTER GRAIN S/F A/C>	1,500,000	1.20%
12.	BFB HOLDINGS PTY LTD <BFB INVESTMENT A/C>	1,500,000	1.20%
13.	MR DAVID PHILLIP RICKARDS & MRS KERRY ANNE RICKARDS	1,475,000	1.18%
14.	JEFF TOWLER BUILDING PTY LTD	1,336,667	1.07%
15.	ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>	1,306,360	1.05%
16.	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	1,304,991	1.04%
17.	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	1,300,000	1.04%
17.	MR CALCIDON CAMILLERI	1,300,000	1.04%
18.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,259,896	1.01%
19.	STEV SAND PTY LTD	1,100,000	0.88%
20.	NEWTON6 PTY LIMITED <THE NEWTON SUPER FUND A/C>	1,080,000	0.86%
	Total	54,558,462	43.68%
	Total issued capital – ordinary shares	124,898,877	100.00%

Financial Report**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 has the following restricted securities on issue as at the date of this report

- 6,650,000 fully paid ordinary shares – escrowed to 28 February 2022
- 11,440,523 fully paid ordinary shares – escrowed to 28 February 2022
- 10,500,000 unlisted options with various exercise prices – escrowed to 28 February 2022
- 1,344,800 unlisted options – escrowed to 28 February 2022

4. Unquoted Securities

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

- 4,250,000 options exercisable at \$0.30 on or before 31 January 2023
- 4,500,000 options exercisable at \$0.40 on or before 31 January 2024
- 1,750,000 options exercisable at \$0.30 on or before 21 February 2023
- 250,000 options exercisable at \$0.40 on or before 10 August 2022
- 1,344,800 options exercisable at \$0.50 on or before 25 January 2024

5. Use of Funds

Between the date of official re-instating on ASX and the date of this report the Company has used the cash to further develop and explore the Victorian and New South Wales projects in a way consistent with its business objectives and as set out in the prospectus pursuant to the Prospectus dated 7 December 2020.