

SPEC BUY

Current Price **A\$0.23**
Price Target **A\$0.45**
TSR **100%**

Ticker: KAU ASX
Sector: Metals & Mining

Shares on issue (m) 594
Market Cap (A\$m) 134
Net cash (debt) (A\$m) 6
Enterprise Value (A\$m) 127

52 Week High A\$0.14
52 Week Low A\$0.24
ADTO (A\$m) 0.04

Key Metrics	FY26E	FY27E	FY28E
P/E (x)	3.1	2.8	2.7
EV/Ebit (x)	1.3	0.4	(0.4)
EV/Ebitda (x)	1.0	0.4	(0.3)
FCF yield (%)	29.1%	38.5%	41.6%
Dividend yield (%)	0.0%	0.0%	0.0%

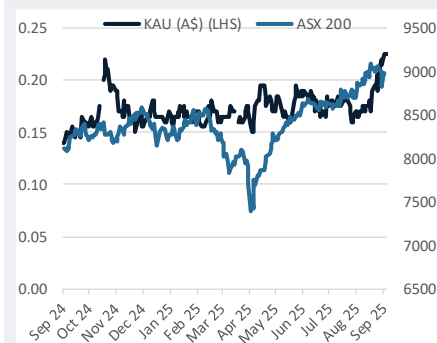
Financial Summary	FY26E	FY27E	FY28E
Revenue (A\$m)	168	176	181
Ebitda (A\$m)	79	84	86
Ebit (A\$m)	63	68	70
Earnings (A\$m)	43	48	50
Op cash flow (A\$m)	63	66	67
Capex (A\$m)	(17)	(11)	(7)
Free CF (A\$m)	39	51	56

Debt (cash) (A\$m)	(52)	(103)	(159)
Gearing (%)	(72%)	(156%)	(277%)

Gold production (koz)	FY26E	FY27E	FY28E
Henty (koz)	31.5	30.5	30.5
Maldon (koz)	0.0	0.0	0.0
Total (koz)	31.5	30.5	30.5

AISC	FY26E	FY27E	FY28E
Henty (A\$/oz)	3,075	2,963	2,851
Maldon (A\$/oz)	0	0	0
Group (A\$/oz)	3,075	2,963	2,851

Share price performance vs ASX 200



Source: Factset, Argonaut Research, September 2025
Please refer to important disclosures at the end of the report

Monday, 8 September 2025

Kaiser Reef (KAU)

A1 MINE PUT INTO CARE AND MAINTENANCE

Analyst | Patrick Streater

QUICK READ

KAU will place its A1 Mine in Victoria into care and maintenance following a strategic review of the operation. We have updated our production outlook for KAU, removing the A1 production from our base case (~10kozpa), with the lower production outlook slightly offset by higher Henty production estimates incorporated into our base case. Our price is lowered slightly from \$0.46 to \$0.45. Our Speculative Buy rating is maintained. Closing the A1 Mine will allow management to focus on its Henty operation and development of its Maldon project, where drilling is currently underway.

KEY POINTS

A1 into care & maintenance: KAU has decided to place the A1 gold Mine on care and maintenance after a strategic review was completed following lower-than-anticipated production from the Nova Zone. No details have been provided as to the plans for the mine, although we expect KAU will look to divest the mine, allowing management to focus on Henty and development opportunities at Maldon.

Updating our A1 and Henty outlooks: We have removed A1 Mine production from our base case, which was expected to produce 7koz in FY26 and 10kozpa thereafter up to FY28. Slightly offsetting the removal of A1 production, we have lifted our Henty medium-term production outlook from 28kozpa to 30kozpa following operating improvements in mill recoveries and mined grades. Adjustments to our base case lower our production outlook by 8% to 20% over FY26-FY28. KAU's group AISC benefits from the removal of A1 Mine's high-cost production, which is improved by around 12% to A\$2,900-3,000/oz over the medium term.

Maldon development is now a focus: Placing the A1 Mine into care and maintenance will see a greater management focus on the Henty operation, along with development work at the Maldon mine, where KAU has the operating and underutilised Maldon Mill in place. KAU is currently completing a 1,000m surface drill program at Union Hill (Maldon Project), which will define further extensions to the Eaglehawk Reef, that historically produced 491koz at 28g/t.

VALUATION & RECOMMENDATION

Price target lowered from \$0.46 to \$0.45 with a Speculative Buy maintained. Key upcoming catalyst for KAU will be drilling and development updates at Maldon, along with continued and consistent free cash flow generation from Henty.

Figure 1 - Earnings and valuation summary

Kaiser Reef Limited

ASX: KAU	Share price (A\$)	A\$0.23
	Market Cap (A\$m)	134
Analyst: Patrick Streater	Shares (m)	594
www.argonaut.com		

Key metrics	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
EPS (Ac)	(1.70)	7.28	8.08	8.37	6.05	4.10
DPS (Ac)	0.00	0.00	0.00	0.00	0.00	0.00
P/E (x)	(56.8)	3.1	2.8	2.7	3.7	5.5
EV/Ebit (x)	(61.3)	1.3	0.4	(0.4)	(1.5)	(3.3)
EV/Ebitda (x)	172.2	1.0	0.4	(0.3)	(1.1)	(2.3)
EV/Production (x)	15,962	2,583	986	(827)	(2,338)	(3,441)

Free cash flow yield (%)	(16.8%)	29.1%	38.5%	41.6%	34.6%	25.3%
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net debt (cash) (A\$m)	(13.4)	(52.3)	(103.5)	(158.8)	(204.9)	(238.5)
Gearing (%)	(19%)	(72%)	(156%)	(277%)	(451%)	(661%)

Profit & Loss	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Sales revenue (A\$m)	36.3	167.5	176.0	180.7	161.9	143.1
Operating costs (A\$m)	(30.5)	(80.7)	(83.5)	(86.0)	(87.2)	(88.4)
Exploration expense (A\$m)	(0.8)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Corporate overhead (A\$m)	(4.4)	(8.1)	(8.3)	(8.6)	(8.8)	(9.1)
Ebitda (A\$m)	0.7	78.8	84.1	86.0	65.8	45.6
Depreciation (A\$m)	(2.7)	(15.9)	(15.9)	(16.4)	(16.9)	(13.9)
Ebit (A\$m)	(2.0)	62.9	68.2	69.7	49.0	31.7
Net interest (A\$m)	(0.4)	(1.1)	0.3	1.3	2.3	3.1
Pre-tax profit (A\$m)	(2.4)	61.8	68.5	71.0	51.3	34.8
Tax (A\$m)	0.0	(18.5)	(20.5)	(21.3)	(15.4)	(10.4)
Underlying earnings (A\$m)	(2.4)	43.2	47.9	49.7	35.9	24.3
Exceptional items (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Reported Earnings (A\$m)	(2.4)	43.2	47.9	49.7	35.9	24.3

Cash flow statement	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Net profit (A\$m)	(2.4)	43.2	47.9	49.7	35.9	24.3
Depreciation (A\$m)	2.7	15.9	15.9	16.4	16.9	13.9
Exploration, interest and tax (A\$m)	0.9	10.9	2.0	0.2	(1.8)	(1.2)
Working Capital (A\$m)	(2.8)	(7.0)	0.0	0.5	1.0	1.0
Other (A\$m)	7.5	0.0	0.0	0.0	0.0	0.0
Operating cash flow (A\$m)	5.9	63.0	65.9	66.8	52.0	38.0
Capital expenditure (A\$m)	(31.5)	(17.2)	(10.6)	(7.3)	(3.8)	(3.9)
Exploration (A\$m)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Other (A\$m)	3.6	(6.6)	(3.5)	(3.6)	(1.6)	0.0
Free cash flow (A\$m)	(22.4)	38.8	51.4	55.5	46.2	33.8
Dividends (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Equity (A\$m)	38.0	0.0	0.0	0.0	0.0	0.0
Debt draw / (repay) (A\$m)	8.4	(6.3)	(5.6)	(0.2)	(0.2)	(0.1)
Net cash flow (A\$m)	24.0	32.6	45.8	55.3	46.1	33.6

Balance sheet	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Current assets						
Cash at bank (A\$m)	24.7	57.7	103.5	158.8	204.9	238.5
Receivables (A\$m)	0.0	0.1	0.1	0.1	0.1	0.1
Inventories (A\$m)	7.5	24.0	23.9	22.7	20.3	17.8
Other (A\$m)	1.5	1.5	1.5	1.5	1.5	1.5
Current assets (A\$m)	33.7	83.3	129.0	183.1	226.7	257.8
Non-Current assets						
PP&E and Development (A\$m)	89.1	90.4	85.1	76.0	62.9	52.9
Exploration & evaluation (A\$m)	3.6	4.0	4.4	4.8	5.2	5.6
Other (A\$m)	3.2	10.1	10.1	9.6	8.5	7.5
Non-Current assets (A\$m)	95.8	104.5	99.6	90.4	76.6	66.0
Total assets (A\$m)	129.6	187.7	228.6	273.5	303.3	323.8

Current liabilities						
Payables (A\$m)	7.5	24.0	23.9	22.7	20.3	17.8
Short-term debt (A\$m)	12.0	5.8	0.4	0.3	0.3	0.2
Other (A\$m)	4.9	4.5	4.5	4.7	5.0	5.2
Current Liabilities (A\$m)	24.3	34.4	28.9	27.8	25.5	23.2

Non-current liabilities						
Long-term debt (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Lease liabilities (A\$m)	0.9	0.7	0.6	0.5	0.4	0.3
Provisions (A\$m)	19.5	18.0	18.1	19.0	19.9	20.9
Employee Benefits (A\$m)	0.3	10.2	11.1	10.2	7.2	4.7
Other (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Non-Current liabilities (A\$m)	20.6	28.9	29.8	29.6	27.5	26.0
Total liabilities (A\$m)	45.0	63.3	58.6	57.4	53.0	49.2

Net assets (A\$m)	84.6	124.5	169.9	216.0	250.3	274.6
Equity						
Contributed equity (A\$m)	80.5	80.5	80.5	80.5	80.5	80.5
Accumulated earnings (losses)	4.1	43.9	89.4	135.5	169.7	194.1
Total attributable equity	84.6	124.5	169.9	216.0	250.3	274.6
Minorities (A\$m)	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity (A\$m)	84.6	124.5	169.9	216.0	250.3	274.6

Source: KAU, Argonaut Research, September 2025

Recommendation

Price Target (A\$)	A\$0.45
TSR (%)	100%

SPEC BUY

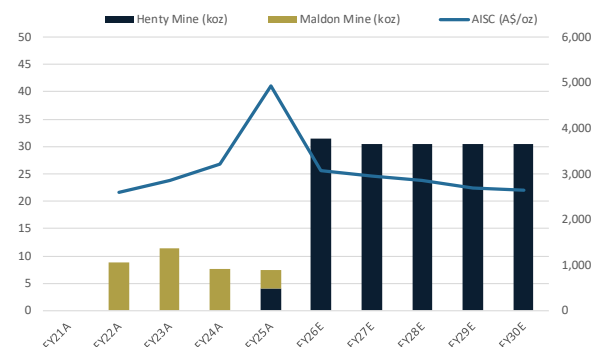


Commodity price assumption	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Gold price (US\$/oz)	2,821	3,406	3,750	3,850	3,450	3,050
A\$/US\$ exchange rate (x)	0.648	0.640	0.650	0.650	0.650	0.650
Gold price (A\$/oz)	4,365	5,322	5,769	5,923	5,308	4,692

Mine production details	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Gold production						
Henty Gold Mine (koz)	4.1	31.5	30.5	30.5	30.5	30.5
Maldon Gold Mine (koz)	3.5	0.0	0.0	0.0	0.0	0.0
Total (koz)	7.5	31.5	30.5	30.5	30.5	30.5

AISC	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Henty Gold Mine (A\$/oz)	2,676	3,075	2,963	2,851	2,696	2,655
Maldon Gold Mine (A\$/oz)	7,594	0	0	0	0	0
Group (A\$/oz)	4,924	3,075	2,963	2,851	2,696	2,655

Production Outlook



Reserves and Resources

Ore reserves			
Project	Ore (mt)	(g/t)	(koz)
Henty Gold Mine	1.2	3.97	154
A1 Gold Mine	0.0	0.00	0
Union Hill	0.0	0.00	0
Total	1.2	3.97	154
EV/Reserve (A\$/oz)			846

Mineral Resources

Project	Ore (mt)	(g/t)	(koz)
Henty Gold Mine	4.3	3.34	462
A1 Gold Mine	0.0	0.00	0
Union Hill	1.3	4.44	187
Total	5.6	3.60	649
EV/Resource (A\$/oz)			201

Board and Management

Stephen Formica	Non-Executive Chairman
Jonathan Downes	Managing Director
Brad Valiukas	Executive Director, Operations
Steward Howe	Executive Director

Substantial shareholders

	Shares (m)	Stake (%)
Catalyst Metals	118.0	19.9%
Top 20	308.1	51.9%

Valuation	Spot Prices		Argonaut forecasts	
Asset	A\$m	A\$/sh	A\$m	A\$/sh
Henty Gold Mine	219.9	0.32	189.3	0.28
Maldon Gold Mine	0.0	0.00	0.0	0.00
Resources	69.1	0.10	47.1	0.07
Hedge book	0.0	0.00	0.0	0.00
Corporate overhead	(22.4)	(0.03)	(22.4)	(0.03)
Unpaid capital	10.3	0.02	10.3	0.02
Cash	42.1	0.06	64.8	0.10
Debt	(1.2)	(0.00)	(1.2)	(0.00)
Total	317.7	0.47	287.8	0.42
Price Target (50/50 spot/base case)				0.45

Eight Key Charts

Figure 2: Maldon Gold Project production summary

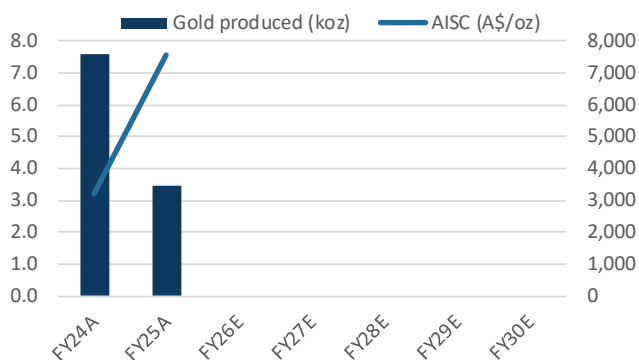


Figure 3: Maldon ore milled and grade profile

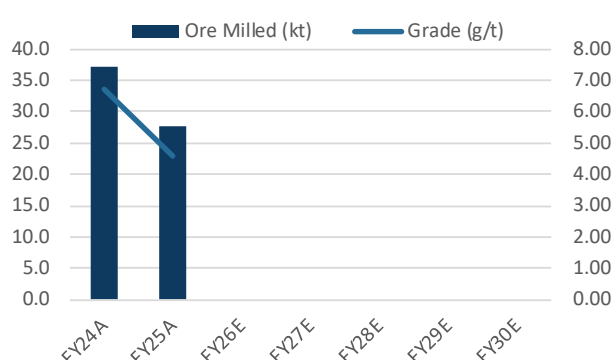


Figure 4: Henty Gold Project production summary

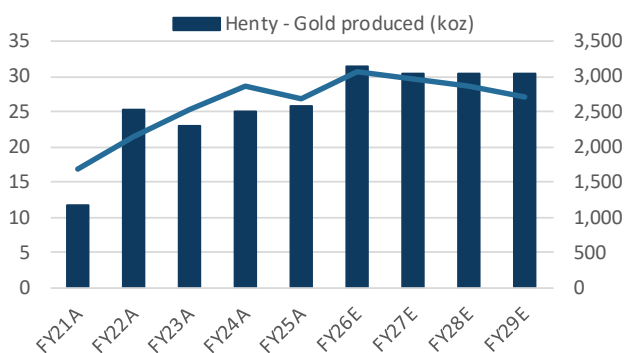


Figure 5: Henty ore milled and grade profile

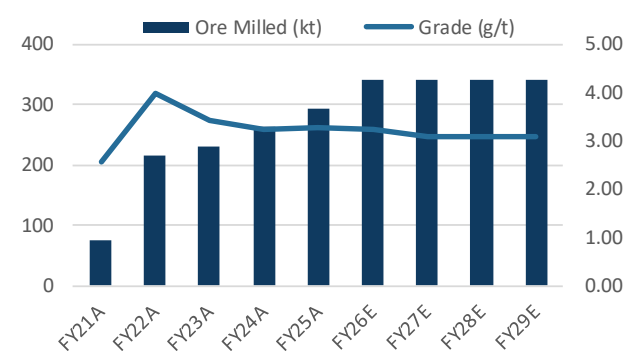


Figure 6: Reserves by project

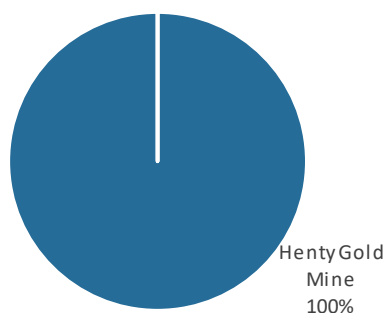


Figure 7: Resources by project

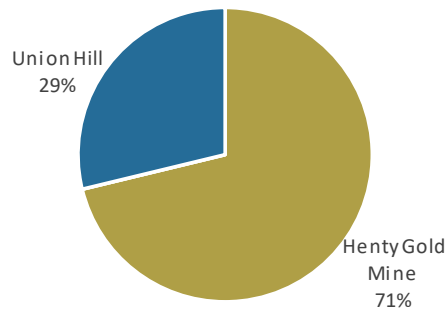


Figure 8: Net cash build vs market cap

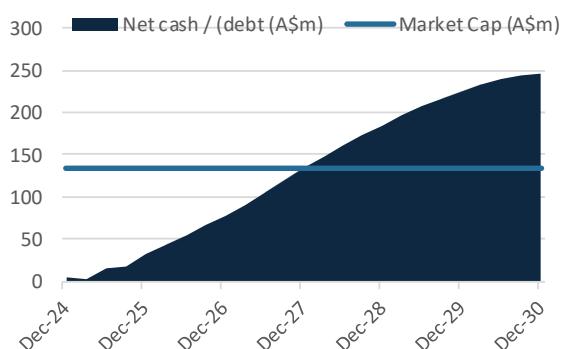
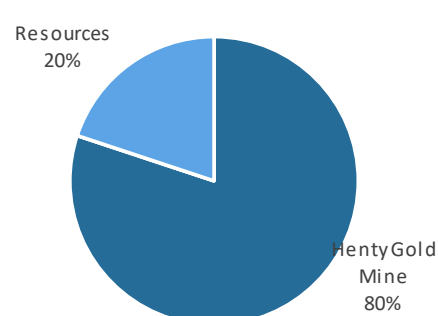


Figure 9: NPV Breakdown



Sources Fig 2-9: Factset, Argonaut Research, September 2025

A1 MINE PUT INTO CARE AND MAINTENANCE

Putting A1 Mine on care and maintenance

KAU has decided to place the A1 gold Mine on care and maintenance after a strategic review was completed following lower-than-anticipated production from the Nova Zone. No details have been provided as to the plans for the mine, although we expect KAU will look to divest the mine, allowing management to focus on Henty and development opportunities at Maldon.

Updating our A1 and Henty outlooks

We have removed A1 Mine production from our base case, which was expected to produce 7koz in FY26 and 10kozpa thereafter up to FY28. Slightly offsetting the removal of A1 production, we have lifted our Henty medium-term production outlook from 28kozpa to 30kozpa following operating improvements in mill recoveries and mined grades. Adjustments to our base case lower our production outlook by 8% to 20% over FY26-FY28. KAU's group AISC benefits from the removal of A1 Mine's high-cost production, which is improved by around 12% to A\$2,900-3,000/oz over the medium term.

Figure 11: Removal of A1 mine production downgrades our medium-term outlook.

Y/E June	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
Production (koz) - old	8	34	38	38	31	28
Production (koz) - new	8	31	30	30	30	30
Change	0%	(8%)	(20%)	(20%)	(0%)	9%

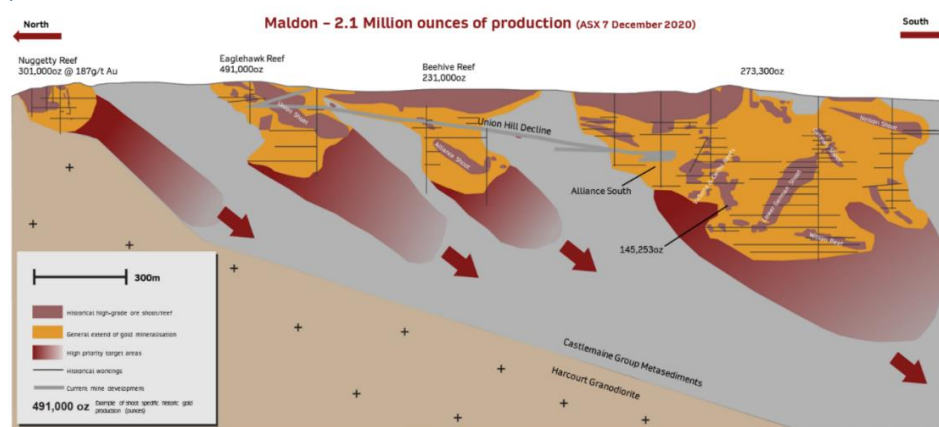
Y/E June	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E
AISC (A\$/oz) - old	4,924	3,665	3,356	3,226	2,740	2,873
AISC (A\$/oz) - new	4,924	3,075	2,963	2,851	2,696	2,655
Change	0%	(16%)	(12%)	(12%)	(2%)	(8%)

Source: KAU, Argonaut Research, September 2025

Maldon development is now a focus

Placing the A1 Mine into care and maintenance will see a greater focus on the Henty operation, along with development work at the Maldon mine, where KAU has the operating and underutilised Maldon Mill in place. KAU is currently completing a 1,000m surface drill program at Union Hill (Maldon Project), which will define further extensions to the Eaglehawk Reef, which historically produced 491koz at 28g/t.

Figure 12 – Long section of the Maldon project with an existing modern decline in place.



Source: KAU

Putting A1 into care & maintenance downgrades our FY26-FY28 outlook

Henty becomes KAU's sole operating mine

Restart of the Maldon Mine now becomes a key focus for KAU

The Union Hill deposit is located on a granted mining lease and includes an existing 2.4km modern decline.

VALUATION AND RISKS

Price target and valuation

Our price target is derived using a 50/50 blend of our sum-of-the-parts NPV using Argonaut gold prices and current spot prices. The Henty Mine accounts for the majority of our valuation. We also capture value for resources not currently incorporated in our mining inventory. Our valuation also captures corporate overhead costs and the current net cash position.

Figure 13: Price target is a 50/50 blend of spot and Argonaut NPV

Valuation	Spot Prices		Argonaut forecasts	
Asset	A\$m	A\$/sh	A\$m	A\$/sh
Henty Gold Mine	219.9	0.32	189.3	0.28
Maldon Gold Mine	0.0	0.00	0.0	0.00
Resources	69.1	0.10	47.1	0.07
Hedge book	0.0	0.00	0.0	0.00
Corporate overhead	(22.4)	(0.03)	(22.4)	(0.03)
Unpaid capital	10.3	0.02	10.3	0.02
Cash	42.1	0.06	64.8	0.10
Debt	(1.2)	(0.00)	(1.2)	(0.00)
Total	317.7	0.47	287.8	0.42
Price Target (50/50 spot/base case)				0.45

Source: KAU, Argonaut Research, September 2025

**Price target lowered from
\$0.46 to \$0.45**

**Speculative Buy rating
maintained**

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Argonaut Securities Pty Ltd acted as Joint Lead Manager and Joint Bookrunner to the Placement to raise \$25M announced in March 2025 and will receive fees commensurate with these services. Argonaut PCF Limited is acting as Kaiser Reef's Financial Advisor in connection with the acquisition of the Henty Gold Mine from Catalyst Metals Limited (CYL) and will receive fees commensurate with this service.

Argonaut holds or controls 5,936,649 KAU options exercisable at \$0.182 set to expire on or before 1 May 2028.

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