

KAIROS MINERALS
LIMITED

ABN 84 006 189 331

ANNUAL REPORT 2017

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Review of Operations

COMPANY OVERVIEW

HIGHLIGHTS

Roe Hills Project (Eastern Gold Fields, WA; Kairos: 100%)

- Maiden gold-focused reconnaissance RC and diamond drilling program confirms significant gold mineralisation at all three key prospect areas tested, with mineralised intercepts of up to 14.6g/t.
- Follow-up wide-spaced RC drilling successfully extended the mineralised envelope at the Lady of the Lake prospect to at least 150m wide x 500m long, with the mineralisation remaining open in all directions.
- High-grade primary gold mineralisation discovered at the Lingerin Kiss prospect, 350m south of Silver Lake Resources' French Kiss deposit (Inferred and Indicated Resource totalling 1.945Mt at 1.89g/t Au for 118,490oz Au), where Silver Lake has commenced preparations for mining. Significant intercepts included:
 - **RHRC021: 6m @ 3.64 g/t Au from 102m including 3m @ 5.10 g/t Au**
 - **RHRC022: 2m @ 29.16 g/t Au from 121m including 1m @ 43.34 g/t Au**
 - **RHRC032: 15m @ 0.43 g/t Au from 87m including 3m @ 1.45 g/t Au**
- 3D Leapfrog Modelling shows strong continuity and extensional opportunities at both the Lingerin Kiss and Lady of the Lake mineralised trends.
- Substantial zone of near-surface cobalt-nickel-manganese mineralisation intersected over a continuous strike length of at least 700m and up to 150m in width at the ROE-1 prospect, with grades of up to 1.36% cobalt, in a 59-hole, 1,851m cobalt-focused Aircore drilling program. Significant assays include:
 - **RHAC002A: 8m @ 0.11% Co; 0.43% Ni and 0.40% Mn from 2m**
 - **RHAC003: 3m @ 0.27% Co; 0.48% Ni and 1.93% Mn from 2m including:**
 - **1m @ 0.70% Co; 0.67% Ni and 4.95% Mn from 2m depth.**
 - **RHAC023: 10m @ 0.10% Co, 0.64% Ni and 0.59% Mn from 4m**
 - **RHAC024: 6m @ 0.12% Co, 0.67% Ni and 0.34% Mn from 6m, including:**
 - **2m @ 0.24% Co, 0.76% Ni and 0.63% Mn from 6m depth**
 - **RHAC028: 4m @ 0.39% Co, 0.57% Ni and 1.0% Mn from 11m, including:**
 - **1m @ 1.36% Co, 1.29% Ni and 3.37% Mn from 11m depth**
 - **RHAC029: 12m @ 0.20% Co, 0.65% Ni and 0.73% Mn from 11m, including:**
 - **3m @ 0.40% Co, 1.0% Ni and 1.43% Mn from 12m depth.**
- The cobalt and manganese grades reported are exceptionally high compared to most other nickel-cobalt oxide deposits in WA and globally.
- A follow-up program of ~2,000m of Aircore drilling is planned later this year to test extensions of the ROE-1 cobalt prospect along with several other high-priority cobalt prospects identified throughout the Roe Hills Project.

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Mt York Gold-Lithium Project (Pilbara, WA)

- Mt York continues to emerge as significant WA gold project with the overall JORC 2012 Mineral Resource inventory increasing to 258,000oz following completion of Phase 2 JORC Mineral Resource estimates for the Main Hill and Breccia Hill deposits.
- Significant widths of gold mineralisation intersected within the previously untested +400m “Hinge Zone” between the historical Main Hill (66,000oz at 1.26g/t Au) and Breccia Hill (57,000oz at 1.4g/t Au) open pits.
- Mineralisation occurs as a series of stacked lodes within a 100m thick BIF (banded iron formation) unit previously considered to be barren.
- The stacked lodes are open both up- and down-dip and, importantly, remain untested near-surface within the immediate footwall to the historical open pits – providing an outstanding target for follow-up resource drilling.
- Ongoing evaluation of the lithium potential at Mt York has identified a southern strike extension of the rich Pilgangoora LCT pegmatite corridor for 2km to the south of world-class Pilgangoora Lithium Tantalum Project (Pilbara Minerals (ASX: PLS) – 156.3Mt at 1.25% Li₂O and 128ppm Ta₂O₅ and Altura Mining (ASX: AJM) – 40.3Mt @ 1.00% Li₂O), both of which under currently being developed.

Conglomerate-hosted Gold Target (Pilbara, WA)

- Subsequent to the end of the reporting period, Kairos’s Exploration Team completed an initial field assessment of the conglomerate-hosted gold potential of its extensive West, Central and East Pilbara tenement portfolio.
- The initial field review has confirmed the presence of prospective lower Fortescue Group Rocks, including the basal Mount Roe Basalt, over at least ~100km of strike within Kairos’ extensive tenement package.
- The target stratigraphy is considered to be the same as that which hosts the recent gold discoveries announced by Novo Resources (TSX-V: NVO), which has reported a significant new “Witwatersrand style” conglomerate-hosted gold discovery at its joint venture project with Artemis Resources (ASX: ARV) in the West Pilbara.
- No known previous detailed mapping or sampling for gold has been reported along the combined ~100km target sequence in any of Kairos’ tenements, although significant alluvial gold nuggets and historical mine production from strike equivalent conglomerate host rocks are reported in close proximity.
- Quad bike and/or helicopter-assisted stream sediment and rock chip sampling programs to commence across key locations in October/November 2017.

Corporate

- Highly-experienced Australian mining and exploration executive Mr Terry Topping appointed as Executive Chairman & CEO, further strengthening the Company’s Board. The Company’s long-serving Managing Director, Mr Joshua Wellisch, announced his resignation in August and stepped down in October following a transition period.
- Completion of successful Share Placement and Share Purchase Plan, which raised a total of \$1.5M to underpin ongoing exploration activities across the Company’s project portfolio.

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- A further \$1.7M was raised subsequent to the end of the reporting period through a heavily oversubscribed share placement. The funds will be used to fast-track the recently commenced review of Kairos' extensive West, Central and East Pilbara tenement portfolio for conglomerate-hosted gold potential.
- 398km² Bronco Plains Project secured 30km east of the Roe Hills Project, expanding Kairos' ground position in the highly prospective Southern Kurnalpi Terrane.
- Lithium JV secured with Altura Mining (ASX: AJM) at Kairos' Wodgina East Project.
- Kairos secured \$150,000 in EIS funding for nickel-copper exploration at Roe Hills Project.

ROE HILLS GOLD PROJECT, EASTERN GOLDFIELDS (KAIROS: 100%)

The Roe Hills Project is located 120km east of Kalgoorlie within the Kurnalpi Terrane of the Eastern Goldfields, eastern Yilgarn Craton (EYC) in a rapidly emerging gold province which is currently enjoying a significant level of exploration activity and investor interest.

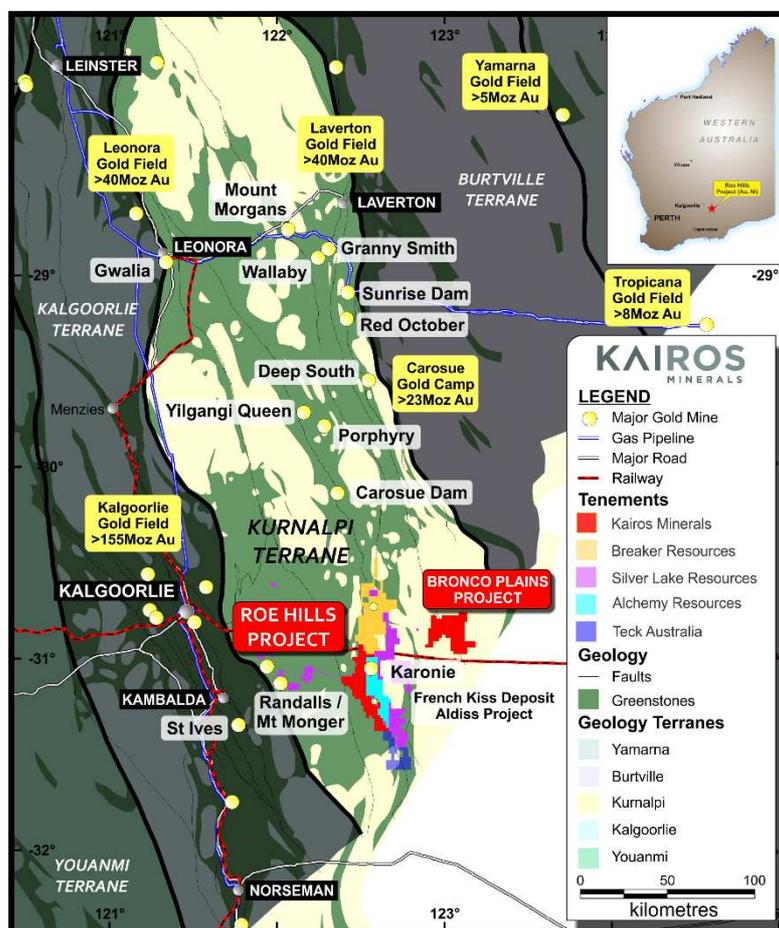


Figure 1: Roe Hills Project Location

The Company's tenure encompasses a dominant land-holding in the area comprising a total of 324km² and securing a 40km continuous strike length of the interpreted southern extensions of the highly prospective Leonora-Laverton greenstone belts, host to numerous significant historical and current gold mines in WA.

The Company's Roe Hills Project lies directly along strike to the south from the Lake Roe Gold Project, owned by Breaker Resources (ASX: BRB), which has reported a significant emerging greenfields gold discovery at the Bombora prospect. Breaker Resources has stated that it will publish a maiden Mineral Resource estimate for this project by the end of 2017.

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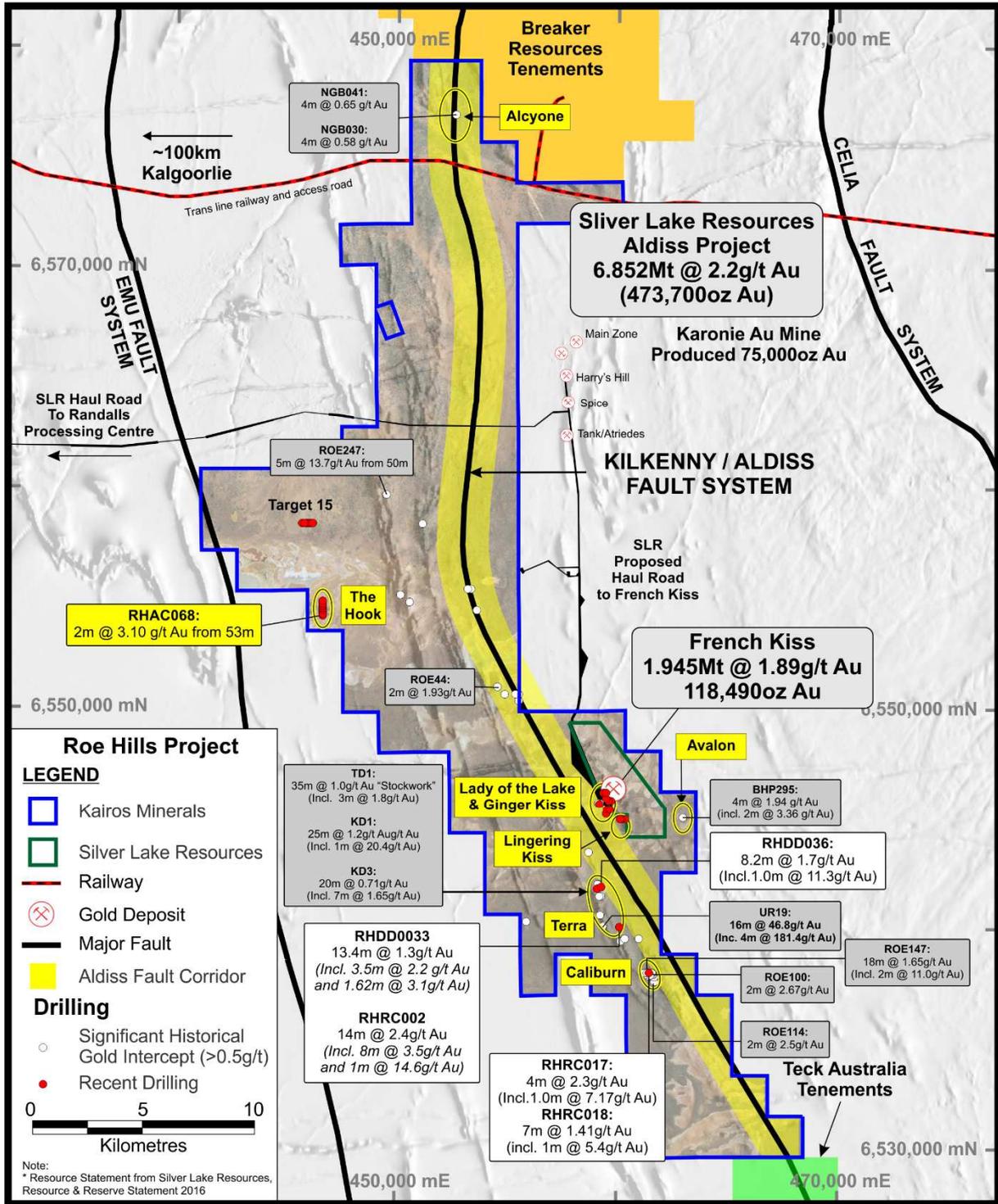


Figure 2: Roe Hills Gold Prospects

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GOLD EXPLORATION

Kairos announced results from its maiden drilling program at the Roe Hills Project in April 2017, intersecting significant gold mineralisation across all three key prospects tested and confirming the outstanding gold exploration potential of this emerging project. Significant intercepts included:

TERRA

- RHRC002: 14m @ 2.39 g/t gold from 79m, including
 - 8m @ 3.48 g/t gold from 80m; and
 - 1m @ 14.61 g/t gold from 85m
- RHDD033: 13.44m @ 1.27 g/t gold from 192.6m, including:
 - 3.45m @ 2.23 g/t gold from 195.4m; and
 - 1.62 g/t gold from 203.2m
- RHDD036: 8.21m @ 1.72 g/t gold from 180.79m, including:
 - 1.00m @ 11.32 g/t gold from 188m

LADY OF THE LAKE

- RHRC009: 21m @ 1.06 g/t gold from 94m, including:
 - 7m @ 2.70 g/t gold from 106m; and
 - 1m @ 10.98 g/t gold from 107m
- RHRC011: 54m @ 0.52 g/t gold from 4m, including:
 - 14m @ 0.88 g/t gold from 11m; and
 - 2m @ 1.05 g/t gold from 36m; and
 - 4m @ 1.70 g/t gold from 48m; and
 - 1m @ 2.63 g/t gold from 57m
- RHRC014: 14m @ 0.59 g/t gold from 51m, including:
 - 2m @ 2.65 g/t gold from 52m; and
 - 1m @ 1.01 g/t gold from 64m
- RHDD037: 3.78m @ 4.08 g/t gold from 125.39m, including:
 - 1.24m @ 10.09 g/t gold from 125.39m

CALIBURN (formerly Talc Lake)

- RHRC017: 16m @ 0.87 g/t gold from 106m, including
 - 4m @ 2.3 g/t gold from 106m; and
 - 1m @ 7.17 g/t gold from 108m
- RHRC018: 9m @ 1.15 g/t gold from 81m including
 - 4m @ 2.21 g/t gold from 81m and
 - 1m @ 5.40 g/t gold from 82m

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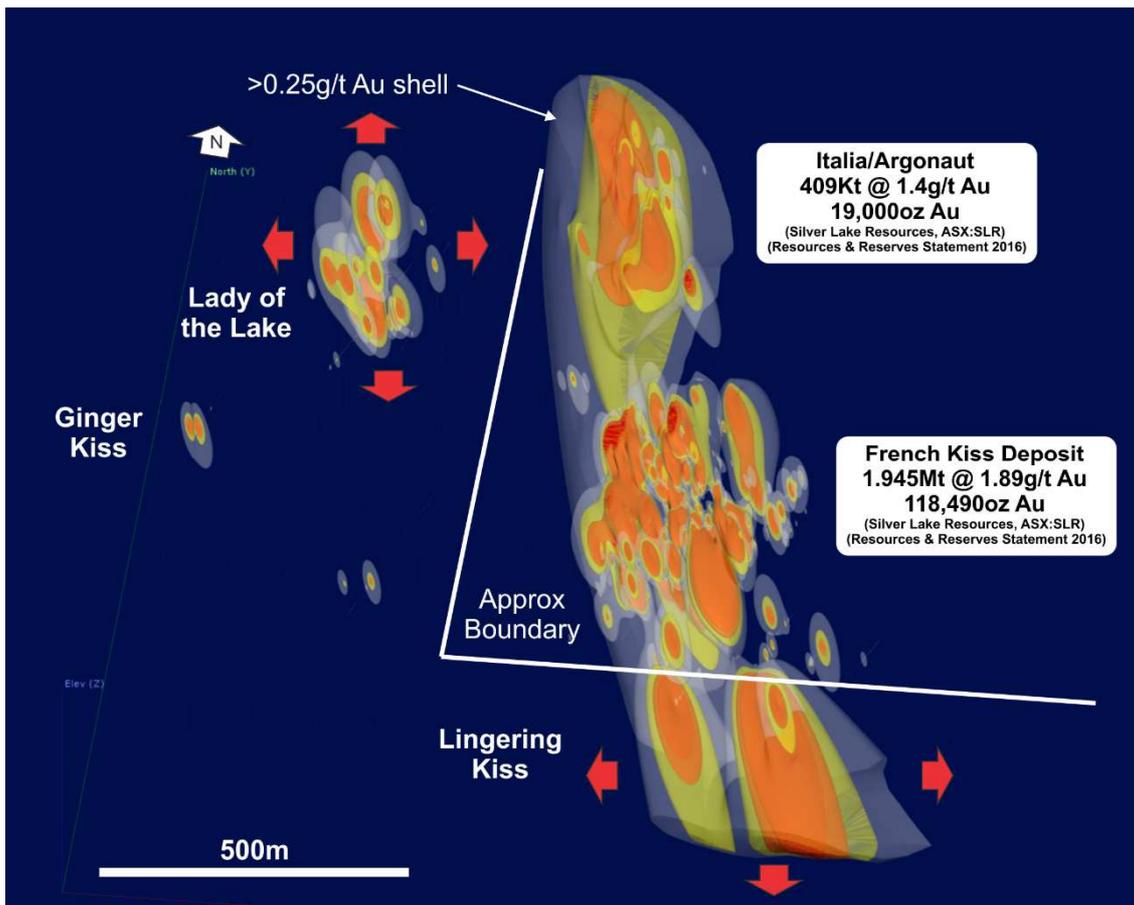


Figure 4: Leapfrog model gold shells (0.05g/t au)

The French Kiss Deposit is a key component of Silver Lake Resources' Aldiss Project, which the company plans to bring into production, commencing with the Harry's Hill Gold Deposit located ~15km further to the north, in FY2019. Significant intersections at Lingering Kiss included:

- **RHRC021:** **6m @ 3.64 g/t Au from 102m including**
 - **3m @ 5.10 g/t Au**
- **RHRC022:** **2m @ 29.16 g/t Au from 121m including**
 - **1m @ 43.34 g/t Au**
- **RHRC032:** **15m @ 0.43 g/t Au from 87m including**
 - **3m @ 1.45 g/t Au**

At Lady of the Lake, where an extensive zone of near surface gold mineralisation was discovered only a few months earlier, in March 2017, wide-spaced RC drilling testing dip and strike extensions has successfully expanded the mineralised envelope from ~100m wide x 350m in length to at least 150m wide x 500m in length.

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The mineralised zone here comprises multiple, stacked higher grade lodes within a wide lower grade envelope. With such wide-spaced holes the orientation of the system remains equivocal, however the mineralised zone remains open in all directions. Significant new intersections at Lady of the Lake included:

- **RHRC025:** 3m @ 2.18 g/t Au from 9m; and
3m @ 5.24 g/t Au from 24m; and
9m @ 1.97 g/t Au from 103m, including
 - 3m @ 5.13 g/t Au
- **RHRC027:** 8m @ 2.72g/t Au from 59m, including
 - 4m @ 5.26 g/t Au

Preliminary geological modelling of gold mineralisation at Lady of the Lake, Lingering Kiss and French Kiss indicates strike continuity of the mineralised zones and the opportunities for rapid expansion with targeted drilling.

At Ginger Kiss, Terra and Caliburn, single bold step-out, essentially “wildcat” holes reported only weak mineralisation and/or low level anomalism. These remain to be fully interpreted, however the additional geological and structural information gained from the holes will greatly assist with planning of follow-up drilling within these strongly mineralised positions.

Regional Evaluation

Given the large number of ineffective historical drill-holes at Lady of the Lake, Lingering Kiss, Ginger Kiss and Terra, substantial areas throughout Roe Hills which were considered by previous operators to have been sterilised are now highlighted as being unexplored, and are currently being reviewed.

These will feed into the growing pipeline of priority targets being compiled by Kairos’ technical team and scheduled for drill testing in the coming months.

As a part of the recently completed program, 17 wide-spaced reconnaissance AC holes were drilled to provide a preliminary test of two previously untested magnetic features identified to the west of ROE1.

At Target 15, a relatively subtle feature discordant to the surrounding stratigraphy, all holes reported sulphidic sediments without returning any significant results.

At Target 12, now described as **The Hook**, drilling tested an E-W striking tightly folded and fault dislocated magnetite bearing gabbro with a strike extent in excess of 1km. RHCA068 was the final hole completed along a 600m N-S traverse with approximately 80m hole spacing and returned a significant intersection as follows:

- **RHAC068:** 2m @ 3.10 g/t Au from 53m

The result is highly encouraging and confirms the potential of this new highly prospective target in a previously ineffectively explored part of the project area.

In combination with the field-based drilling activities, a review of the historical database and interpretation of the detailed aeromagnetic and ground gravity geophysical surveys has been ongoing in order to progress evaluation of the broader Roe Hills Project area.

Whilst at an early stage, significant bedrock gold mineralisation has been identified within several highly ranked structural targets including:

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Located towards the northern end of the Roe Hills Project tenure, the Alcyone Prospect defines an extensive zone of highly sheared mafic rocks displaying abundant quartz veining with associated felsic porphyry intrusives and E-W Proterozoic Dolerite Dykes along the eastern & western flanks of a small (plate stage) granite intrusive. The structural setting is considered to be similar to that which hosts Breaker Resources' Bombora/Claypan shear discoveries to the north and that of the previously mined Trojan deposit to the west.

A small program of RAB drilling testing low-level stream BLEG geochemical anomalism was undertaken by Normandy Exploration in the late 1990's confirmed the auriferous nature of the area, but was never followed up. Significant historical drill intersections include:

- **NGB030:** **4m @ 0.58 g/t Au from 60m, and**
- **NGB041:** **4m @ 0.65 g/t Au from 72m**

Avalon

The Avalon Prospect occurs toward the eastern margin of Kairos' tenure, within P28/1297, one of nine recently approved PL's which completely surround SLR's FK Deposit on ML 28/171 and ML 28/289.

The detailed geology of the area is currently poorly understood, however resistive strike extensive "hogs-back" BIF's a rock unit known to host gold in the French Kiss area have already been identified, mapped and sampled (assays pending).

BHP completed broad spaced regional AC drilling across the area in 2001 and reported highly prospective, strongly altered & disseminated sulphide bearing mafic rock types including dolerite suggesting strong similarities to the FK/LOTL/LK/Terra settings. Significant historical intercepts which have never been followed up include:

- **BHP295:** **4m @ 1.94 g/t Au from 34m, including**
 - **2m @ 3.36 g/t Au**

Next Steps

In light of these outstanding results the Company is now generating addition RC drilling programs to define the scale of these new target areas, this work will draw on previous exploration drilling and ongoing exploration utilising;

- New structural interpretations of detailed magnetic and gravity data;
- Ongoing geochemical surveys;
- Reviews of previous historical data;
- Ongoing mapping and sampling;
- New geophysical EM and IP surveys; and
- Follow up AC/RC/Diamond drilling of priority targets and new anomalous trends.

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COBALT EXPLORATION

Aircore drilling undertaken during the reporting period intersected a significant zone of shallow cobalt-nickel-manganese oxide mineralisation at Roe Hills, with exceptionally high grades up to 1.36% Cobalt.

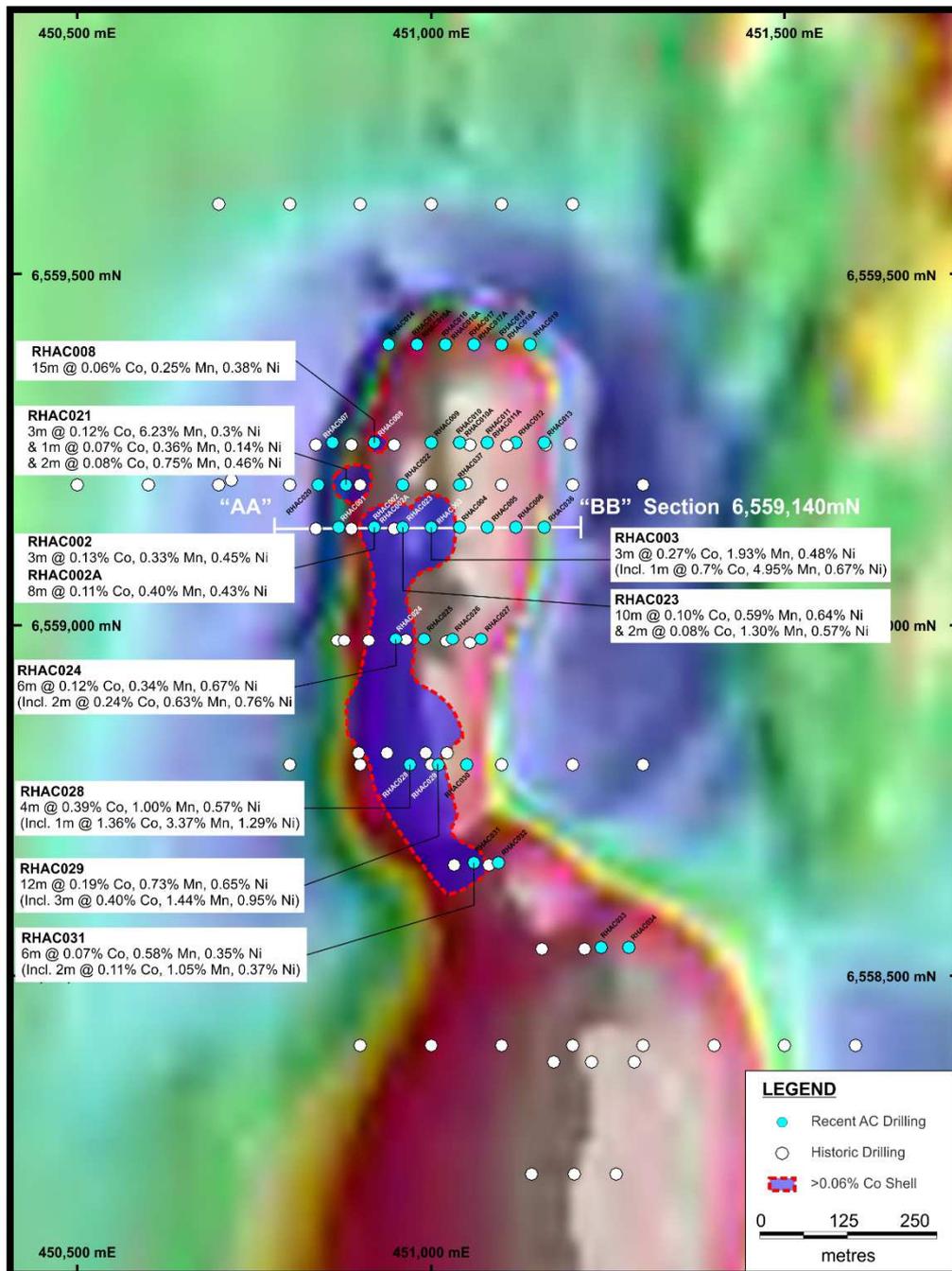


Figure 4. ROE-1 Cobalt Prospect

The initial phase of aircore drilling, comprising 59 holes for 1,852m, was designed to evaluate historical indications of near-surface high-grade cobalt mineralisation associated with a thickened sequence of high MgO serpentinised ultramafic rocks at the ROE-1 Prospect.

The drilling has outlined a continuous zone of high-grade cobalt-nickel-manganese mineralisation averaging 8m in thickness and 0.15% cobalt (applying a 0.05% cut-off) over a minimum strike length of 700m, a width of up to 150m and extending from just 2m below surface to a maximum drill intersection depth of 43m.

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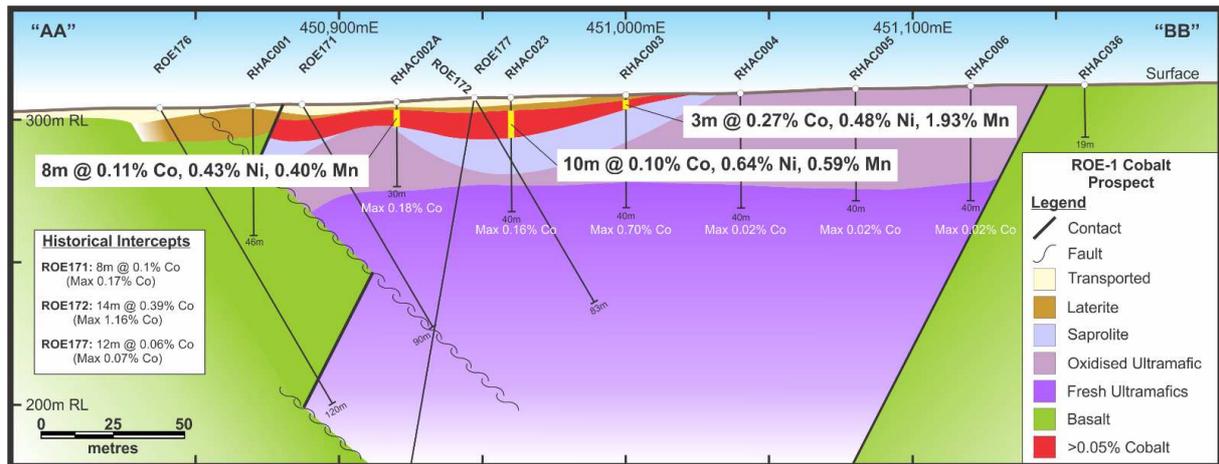


Figure 5: ROE-1 Schematic Long section (Co)

Unlike nickel-cobalt laterite deposits which display a complex geomorphology, the high grade zone at ROE-1 is tabular/sub-horizontal and sits within saprolite close to the interface with fresh rock (serpentinised olivine adcumulate ultramafic) rather than being “perched” within a broader unconsolidated weathered profile.

As the vast majority of the holes drilled were vertical, the intersection lengths as reported are equivalent to true widths.

A single traverse of holes drilled almost ~3km south of ROE-1 confirmed a wide sequence of high MgO ultramafic however the oxide profile at this location appears to be stripped and as a consequence none of the holes completed returned anomalous cobalt results. Additional drilling is required to determine the full extent and location of further potential mineralisation at ROE-1.

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MT YORK GOLD-LITHIUM PROJECT, PILBARA REGION (KAIROS: 100%)

The Mt York Lithium-Gold Project is located 120km south-east of Port Hedland in WA's East Pilbara region, immediately adjacent to the world-class Pilgangoora Lithium-Tantalum Project. The main gold deposits at the Mt York Project include Main Hill, Breccia Hill, Old Faithful and Iron Stirrup.

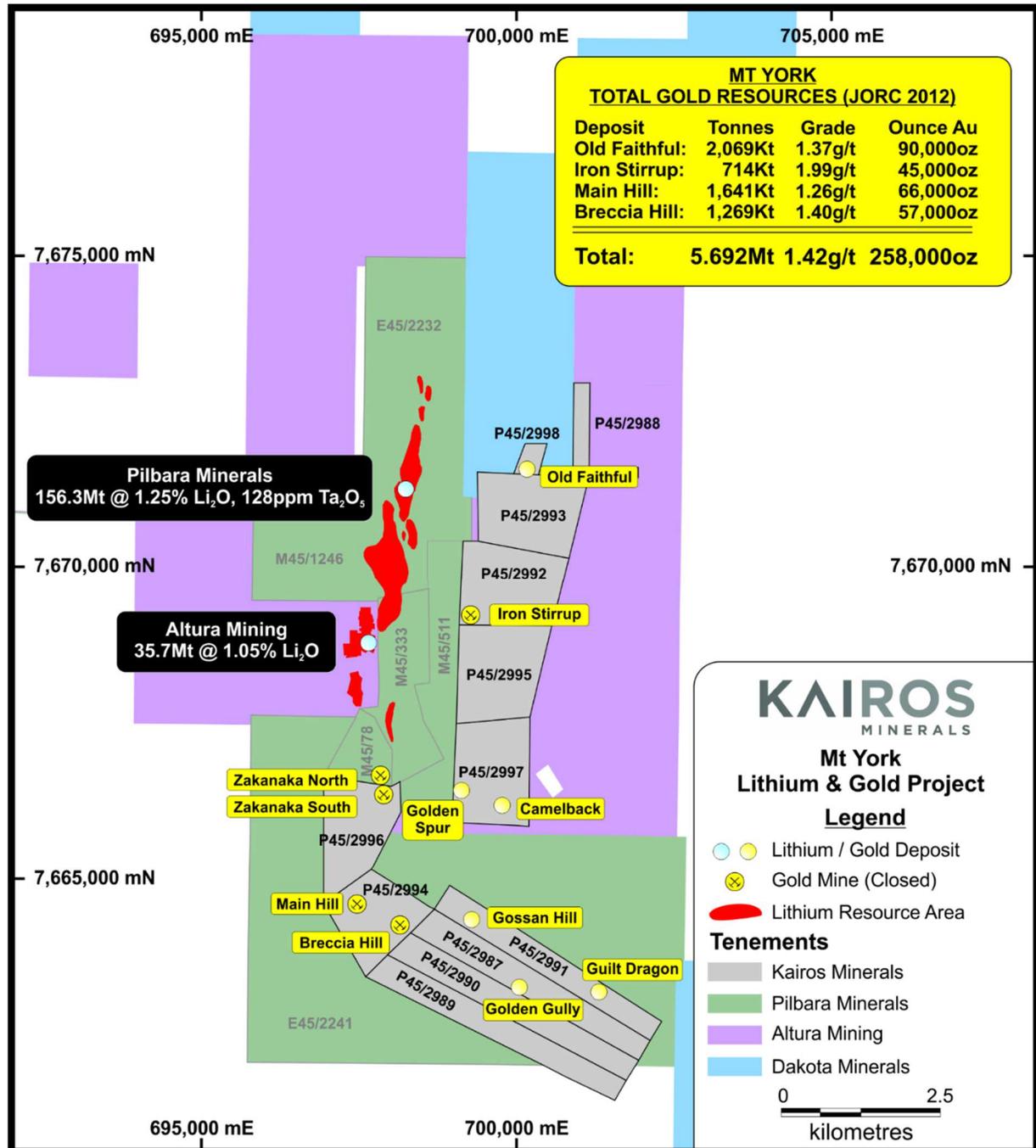


Figure 6: Mt York Project

The Iron Stirrup, Main Hill and Breccia Hill Deposits include existing shallow open pits which were mined in the mid-1990s as part of the Lynas Find gold mining operations at historically low gold prices of less than US\$300 per ounce. Significant depth extensions of the gold lodes beneath these pits were recently identified by Kairos from a review of historical data (refer to ASX release dated 28 June 2016).

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Upgraded Mineral Resource

Kairos completed an upgraded JORC 2012 compliant Mineral Resource estimate for the Mt York Gold-Lithium Project during the reporting period.

The resource was completed in two stages, with the Phase 1 JORC 2012 compliant Mineral Resource estimate completed in August 2016 comprising Indicated and Inferred Resources of 2.8Mt grading 1.53g/t Au for 135,000oz (see ASX release dated August 1, 2016).

Subsequently, in October 2016, the Company advised that the Indicated and Inferred gold resource had almost doubled to 5.692Mt grading 1.42 g/t for a total of 258,000oz (see ASX release dated 5 October 2016 and refer to detailed resource table below).

The increased Phase 2 Resource followed the re-assessment of existing resources at the Main Hill and Breccia Hill deposits, adding to the previously announced Resources at Iron Stirrup and Old Faithful. The upgraded Indicated and Inferred Mineral Resource inventory now comprises:

Previously announced Indicated and Inferred Resources (ASX announcement, 1 August 2016):

- Iron Stirrup – 714Kt at 1.99g/t for 45,000oz Au
- Old Faithful – 2.069Mt at 1.37g/t for 90,000oz Au
- Newly completed Indicated and Inferred Resources (ASX announcement, 5 October 2016):
- Main Hill – 1.641Mt at 1.26g/t for 66,000oz Au
- Breccia Hill – 1.269Mt at 1.40g/t for 57,000oz Au

GOLD EXPLORATION

Kairos commenced a maiden drilling program at the Mt York Project in September 2017, with the results delivering a series of wide, high grade gold intercepts from well outside the existing resource envelope, indicating that the gold system is significantly larger than initially thought.

Old Faithful

A total of 10 diamond holes were completed at Old Faithful (Indicated and Inferred Resource of 2.069Mt @ 1.37 g/t Au for 90,000oz Au).

The Old Faithful mineralised corridor is an extensive gold-bearing system hosted within sheared mafic and ultramafic lithologies, bounded by regionally recognizable chert/BIF sequences. Together with historical drilling, significant near-surface gold mineralisation at Old Faithful has now been drilled over a strike length at least 2km, a width of up to 150m and remains open along strike and at depth.

The results to date indicate the presence of a parallel series of previously unrecognised steeply west-dipping lodes at the Old Faithful deposit, suggesting that the structural setting at Old Faithful is akin to that of the nearby Iron Stirrup deposit, which was successfully exploited via open pit mining methods by Lynas Gold NL during the mid-1990s (refer previous announcements).

A highlight of the program has also been the identification of a previously unknown zone of intense alteration situated immediately adjacent to the eastern chert horizon. At surface, this position is obscured beneath chert scree and, as a consequence, it has never been identified in surface sampling.

In addition a conceptual target zone representing a potential fold repeat of the Old Faithful mineralised corridor has been interpreted immediately east of the deposit which has never been tested. This target will be reviewed and prepared for drill testing as a part of the 2017 campaign.

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Iron Stirrup

Located along the central western margin of the Project tenure, the Iron Stirrup deposit (Indicated and Inferred Resource of 714,000t @ 1.99 g/t Au for 45,000oz) extends over a strike length of 400m, attaining widths of up to 20m and extending from surface to a maximum drilled depth of 250m. Drilling at Iron Stirrup was designed to test for northern, southern and depth extensions to the deposit.

Three holes completed at the northern end of the deposit reported alteration assemblages typically associated with the Iron Stirrup gold system. Sampling of the interpreted position of the “Main Zone” in holes KMYD0011/12 currently remains incomplete due to time constraints & inclement (cyclonic) weather experienced late in the 2016 field season. This will be addressed in coming weeks as a priority once Kairos’ field team returns to site. A previously unrecognized “Footwall Zone” was identified in hole KMYD0011 about 140m stratigraphically beneath the IS Main Zone as summarized below:

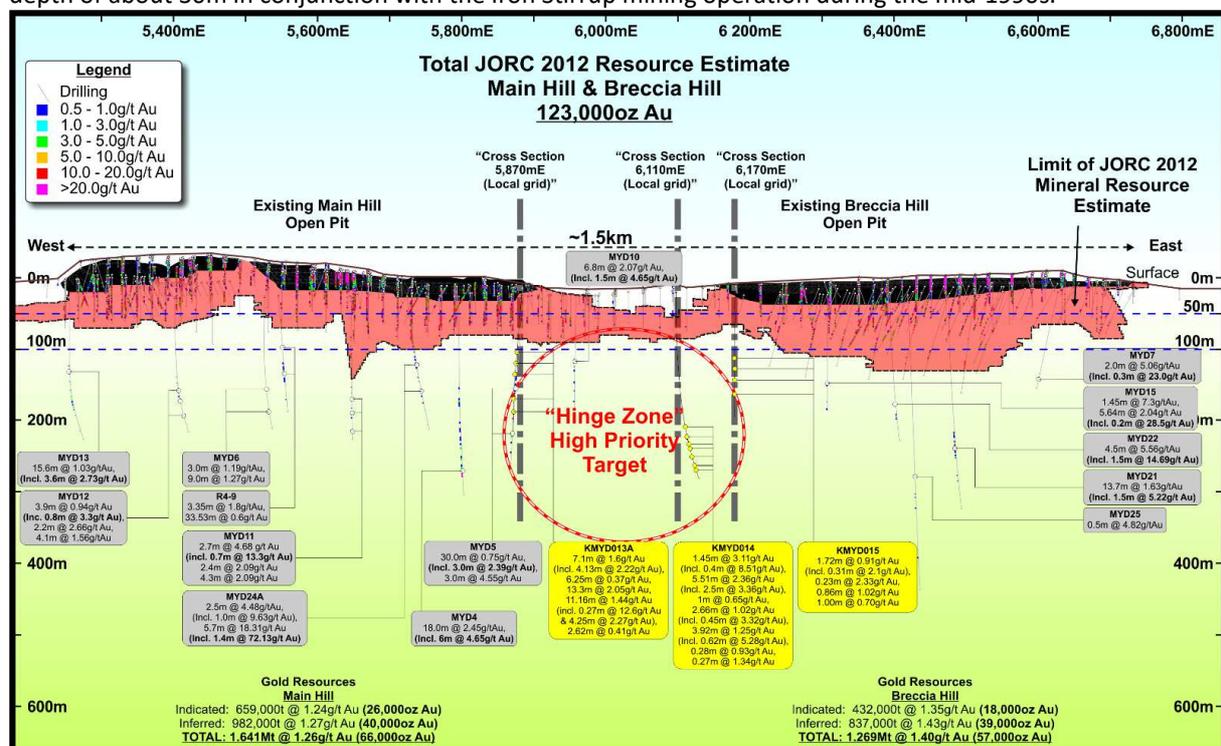
- KMYD0011: 0.58m @ 28.0 g/t gold from 299.72m

Although narrow at this location, the identification of high grade gold mineralisation well into the footwall at Iron Stirrup highlights the additional opportunity for further discoveries and resource expansion. Extensions to this mineralisation will be evaluated in future drilling at Iron Stirrup.

Drill testing of the southern and depth extensions was not completed during the 2016 campaign due to time constraints. These remain as high priority drill ready targets for the 2017 field season.

Main Hill and Breccia Hill

The Main Hill and Breccia Hill deposits (Indicated and Inferred Mineral Resources - Main Hill: 1.641Mt @ 1.26g/t Au for 66,000oz Au; Breccia Hill: 1.269Mt @ 1.40g/t Au for 57,000oz Au) define a zone of BIF-hosted gold mineralization traceable over a strike length of at least 1.5km and extending from surface to a maximum drilled depth of 250m. The deposits were partially mined by Lynas Gold NL as a series of shallow open pits to a maximum depth of about 30m in conjunction with the Iron Stirrup mining operation during the mid-1990s.

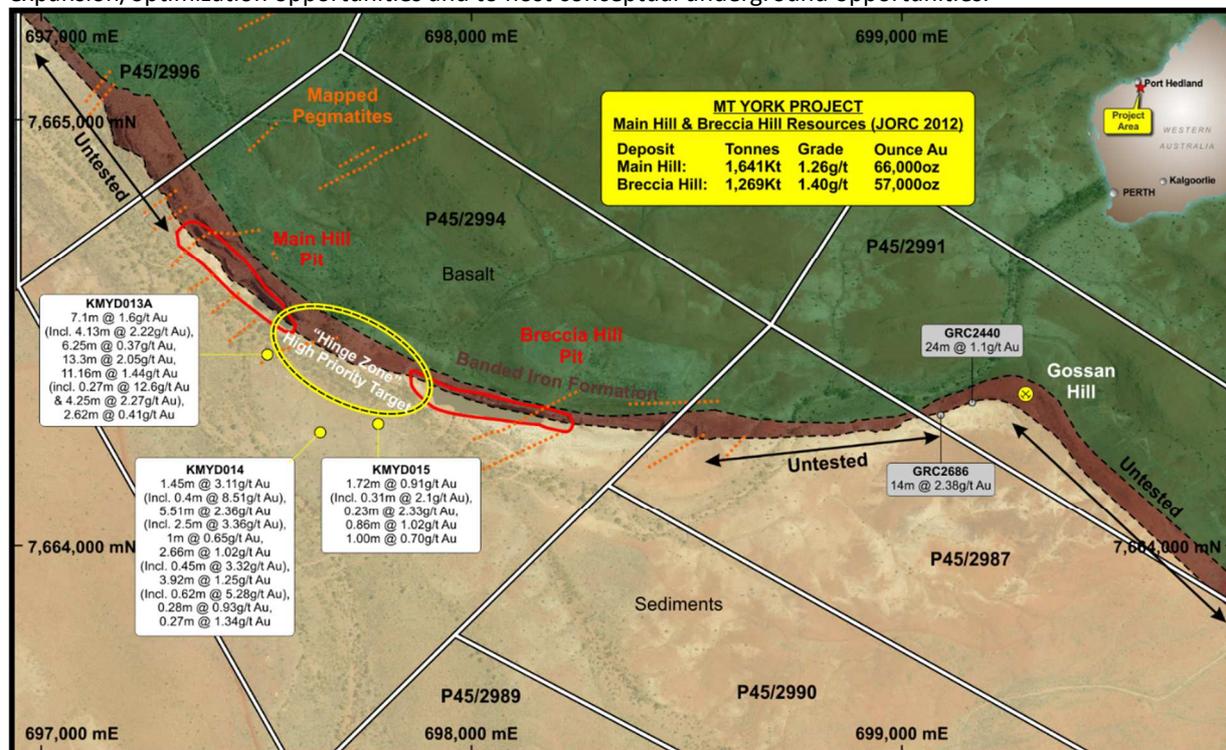


The deposits remain open along strike to the north and south and at depth. A central “hinge zone” defined by a marked flexure in the mineralised horizon separates the two deposits. This “gap” remained untested and

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unmined due to a weakened surface expression and a perception by previous operators that the position was barren.

The Hinge Zone represents a data shadow of some 400m in strike which Kairos' technical team identified as a key structural target with the potential to rapidly expand the current resource, significantly improve future pit expansion/optimization opportunities and to host conceptual underground opportunities.



Late in the 2016 field season, Kairos completed three diamond drill-holes for a total of 762.5m in order to provide an initial test of the Hinge Zone target at depths of between 100m and 200m below surface.

The holes confirmed the presence of both a thickening of the host BIF sequence (>100m thickness) and the presence of a stacked series of gold mineralised lodes well beyond the limits of the known deposits, confirming that the mineralised BIF sequence is significantly larger than was previously recognized.

Importantly, the up-dip position of the footwall lodes remains untested immediately adjacent to (north of) the existing open pits and represents a high priority near-surface target for drill testing during the 2017 field season.

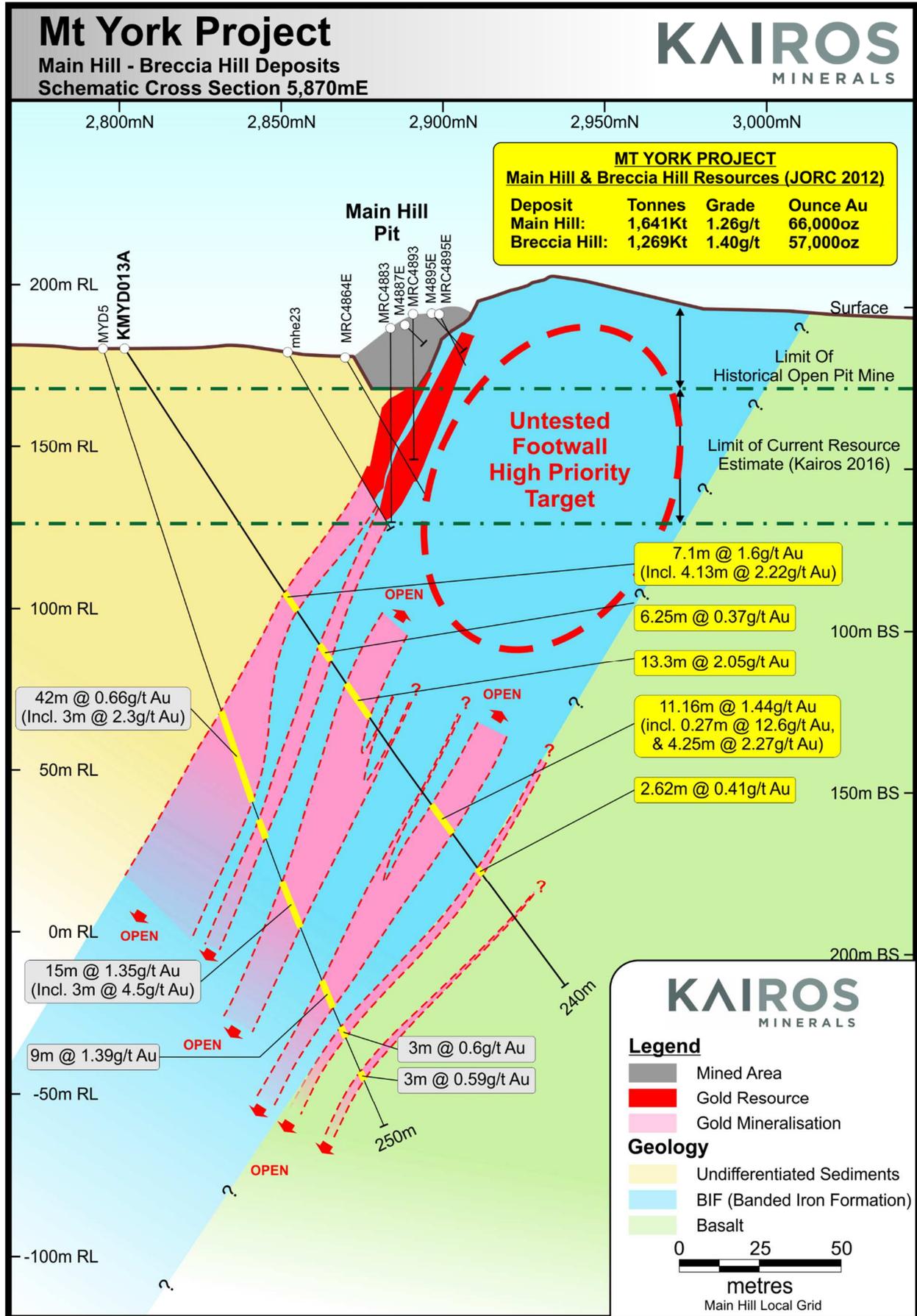
The results of this drilling support Kairos' view that the Main Hill and Breccia Hill deposits are part of a much larger, more extensive mineralised system than was previously recognized and that the two are connected.

In addition, two historical drill holes (GRC2440, GRC2686) located approximately 1km along strike to the east of the Breccia Hill pit have both reported significant gold intersections highlighting the exploration potential within close proximity to the existing resources:

- **GRC2440: 24m @ 1.1g/t Au**
- **GRC2686: 14m @ 2.38g/t Au**

Refer to ASX announcement dated 19th December 2016 "Further Strong Results from Mt York"

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New Prospects

Golden Spur Trend (includes Anomaly MY014)

The Golden Spur Trend defines a zone of gold-in-soil anomalism along with elevated pathfinder elements up to 150m wide extending over 0.3km at the 0.1g/t Au contour. The zone of anomalism remains open to the south.

Three RC holes were completed for a total of 270m as a first pass evaluation of the southern portion of the anomaly. Preliminary assays show encouraging, consistently elevated gold values in holes KMYC001 and KMYC002.

Camelback Trend (includes Anomaly MY012)

The Camelback Trend defines a zone of gold-in-soil anomalism along with elevated pathfinder elements up to 100m wide extending over at least 1.5km at the 0.1g/t Au contour.

Three RC holes (KMYC010-12) were completed for 288m as a first-pass evaluation of the southwestern portion of the anomaly showing peak values in excess of 0.5g/t Au.

Gilt Dragon Trend (includes Gloucester)

Positioned within a major dilational structural flexure 4km east of the Main Hill – Breccia Hill deposits, the Gilt Dragon Prospect defines a strong area of gold-in-soil anomalism with elevated pathfinder elements up to 300m wide extending over at least 1 km at the 0.1g/t Au contour with peak values in excess of 0.5g/t Au.

Four RC holes (KMYC005-008) were completed for 480m along two traverses to provide a preliminary test of several peak soil samples. Two of the holes were also designed to test for depth extensions to gold anomalism identified in several shallow regional historical holes which were recently unearthed in project archives and subsequently located during field mapping. Each of the holes reported significant intervals of strong alteration with associated disseminated sulphide mineralization including pyrite, pyrrhotite and arsenopyrite, an assemblage typically associated with the known gold-bearing lodes at the Main Hill and Breccia Hill deposits.

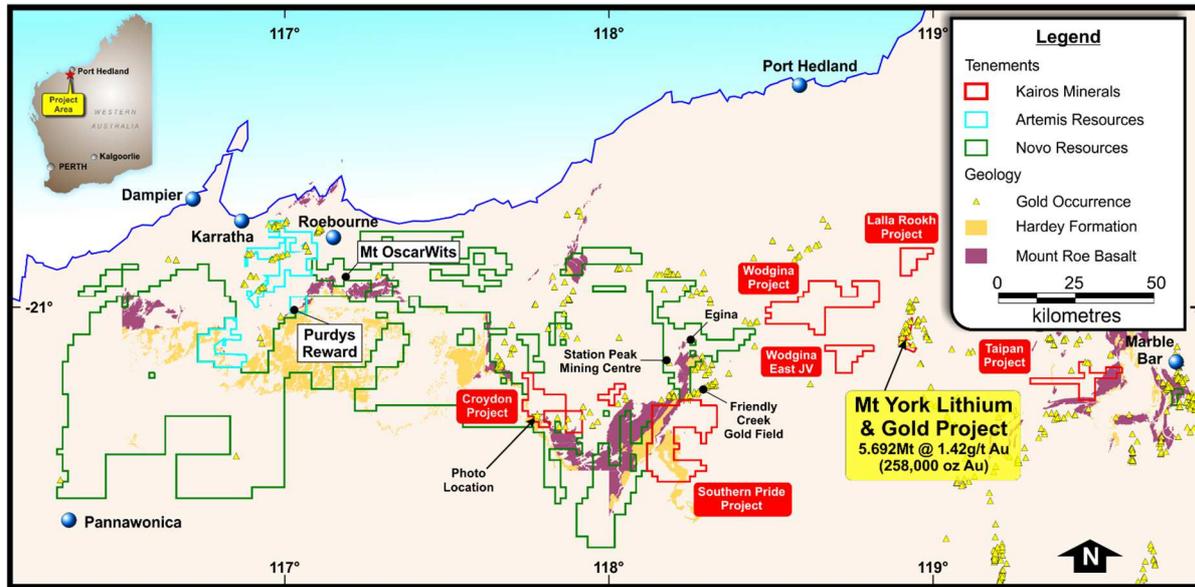
Golden Gully Trend (includes Anomaly UN01)

The Golden Gully Trend is situated 2.5km along strike to the east of the Main Hill–Breccia Hill deposits and is interpreted to represent the eastern extension of the BIF sequence which hosts those deposits. It is defined by gold-in-soil anomalism with associated elevated pathfinder elements up to 100m wide and extending over at least 300m at the 0.1g/t Au contour with peak values in excess of 0.5g/t gold.

One RC hole (KMYC009) was completed for 111m to provide an initial test beneath a peak soil value at the southern end of the anomalous trend.

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PILBARA CONGLOMERATE-HOSTED GOLD PROJECT



As a result of recent peer company activity in the Pilbara region and approaches by third parties seeking potential farm-in joint venture arrangements, Kairos decided subsequent to the end of the reporting period to fast-track a geological review of its extensive Pilbara lithium-gold tenement portfolio for conglomerate-hosted gold potential.

Kairos targeted key areas of the West, Central and East Pilbara district last year, primarily for lithium and gold potential, following the Company's acquisition and detailed review of the Mt York Gold-Lithium Project at the beginning of 2016.

As a result, the Company now holds 1,158 square kilometres of tenure in this region, which has recently experienced a significant increase in exploration activity as a result of the announcement of a new conglomerate-hosted gold discovery by Novo Resources Corporation (TSX-V: NVO) at its joint venture project with Artemis Resources (ASX: ARV).

The Novo/Artemis discoveries, including a significant quantity of gold nuggets found at surface, are associated with a regionally extensive geological formation known as the Fortescue Group of rocks.

These new discoveries have resulted in a significant pegging rush in the area, with Novo and other companies securing tenements which traverse the Fortescue Group formation across the broader Pilbara region.

As a result of joint venture approaches and observations of this peer company activity, Kairos has undertaken a preliminary desktop review of its Pilbara land package. This preliminary review has confirmed that several of its tenements are contiguous with tenements pegged by Novo Resources. In addition, a preliminary geological review indicates that part of its tenure secures significant strike lengths of the Fortescue Group Formation.

An initial field assessment of the Company's extensive Pilbara lithium-gold tenement portfolio was undertaken in mid-September by Kairos exploration team. This review has both confirmed and enhanced its prospectivity for Paleo-Placer "Witwatersrand-style" conglomerate-hosted gold mineralisation similar to the discoveries reported recently in the region by Novo and Artemis.

The recent field assessment, along with results from a review of available geological information for Kairos' tenements, has highlighted the presence of at least ~100 strike kilometres of prospective lower Fortescue Group rocks including both the base of the Hardey Formation and the basal sequence of the Mount Roe Basalt.

Review of Operations

Gold has been mined from conglomerates associated with both of these horizons historically at several locations in the Pilbara, including at Marble Bar and Nullagine.

No recorded detailed sampling for gold has been undertaken along these horizons within Kairos' tenements, although significant alluvial gold nugget occurrences are reported in the historical record in close proximity at several locations including Croydon, Friendly Creek and Marble Bar. Significant historical gold production from strike (stratigraphical) equivalent conglomerate host rocks is well documented from Marble Bar and Nullagine (Refer: Hickman 1983; Geology of the Pilbara Block and its Environs, GSWA Bulletin 127)

In light of the positive results from the field assessment, Kairos has decided to fast-track further field evaluation including stream sediment and rock chip sampling programs, which are set to commence within the coming weeks.

Because of the nature of the terrain, this initial sampling program will be undertaken with the use of quad bikes and/or helicopter assistance.

LITHIUM EXPLORATION

Mt York

Evaluation of the LCT "Lithium" Pegmatite potential of the Mt. York Project during FY2017 included geophysical surveys (radiometrics and magnetics), historical database review, field mapping, rock chip sampling of outcropping pegmatites and detailed soil geochemical surveys to test for the presence of buried pegmatite occurrences.

An extensive LCT pegmatite multi-element pathfinder geochemical soil anomaly was outlined over a strike length of 2km, NNW of the Main Hill Deposit, while strong lithium and tantalum values were returned from rock chips immediately north of the Breccia Hill Deposit – all of which occur within the southern extension of the Pilgangoora LCT Pegmatite Corridor.

Significant rock chip results included:

- 2.22% Li₂O (fresh rock waste dump boulders, source considered proximal)
- 0.44% Ta₂O₅ (mapped pegmatite outcrop)

Regional Activities

Kairos retains a significant lithium exploration portfolio covering ~1,158.7km² in the East Pilbara region. This includes the highly prospective Wodgina East Project, which was secured under the terms of a JV agreement with Altura in January 2017 as a strategic addition to Altura's Pilgangoora Lithium Project. The \$100,000 initial payment has been received and the Company looks forward to further activities progressing under the terms of the joint venture.

Maiden exploration programs of Kairos' regional projects are scheduled to commence as a part of the 2017 field season.

Review of Operations

CORPORATE

Board & Management Changes

During the reporting period, Kairos appointed highly experienced Australian mining and exploration executive Mr Terry Topping as Executive Chairman. Mr Topping has more than 25 years' experience in minerals exploration and development worldwide and has played a key role in the incubation, listing and development of numerous ASX-listed resource companies over the past two decades.

His previous management roles have included Executive Director of ASX-listed nickel, copper and gold explorer Rumble Resources (ASX: RTR); Managing Director of ASX-listed uranium explorer Cauldron Energy (ASX: CXU); and Executive Director of ASX-listed gold explorer Taipan Resources (later Intrepid Mines), which discovered the high-grade Paulsen's Gold Deposit, now being mined by Northern Star Resources (ASX: NST).

Mr Topping has a broad contact network throughout the global resource sector as well as extensive capital markets experience, where he has been involved in numerous IPO's, corporate transactions, capital raisings and project acquisitions and divestments.

Non-Executive Chairman, Mr Ian Finch, resigned from the Board during the reporting period. The Company appreciates Mr Finch's contribution during his tenure as director and wishes him the best for his future endeavours.

Subsequent to the end of the reporting period, by mutual agreement with the Company, Mr Joshua Wellisch resigned as Managing Director in order to pursue other business interests. Mr Wellisch will assist the Company during a management transition period over the next few months.

Mr Terry Topping will assume the role of Executive Chairman and CEO with responsibility for the day-to-day executive management of the Company moving forward.

Also subsequent to the end of the reporting period, Kairos appointed highly experienced mining executive Mr Bruno Seneque to its board as a Non-Executive Director. Mr Seneque is a Certified Practising Accountant and has 22 years' experience. Over the past 20 years, he has accumulated extensive experience in the mining industry in various roles including executive general management (Managing Director, Finance Director), CFO, company secretarial, corporate and mine site accounting.

Capital Raisings

In July 2016, the Company completed a placement of options at an issue price of \$0.005 (0.5 cents) per options. The offer raised approximately \$700K before costs.

In July 2016, the Company successfully completed a fully underwritten rights issue on the basis of two (2) new shares for every seven (7) shares held at an issue price of \$0.05 (5 cents) per share. The Offer raised approximately \$4.03M before costs.

In June 2017 Kairos raised \$1,000,000 through the issue of 47.619 million new fully paid ordinary shares at \$0.021 (2.1 cents) per share to sophisticated and institutional investors.

In addition, the Company also provided eligible shareholders with the opportunity to participate in a Share Purchase Plan ("SPP") at the same price of 2.1 cents per share to raise \$1,000,000. Under the SPP, eligible shareholders could apply for up to \$15,000 parcels of shares (714,286 shares).

The SPP closed on 9 May 2017, with applications totalling \$545,100 received from 116 shareholders. The Company appreciates the support of its shareholders. The SPP was fully underwritten by Patersons Securities, with Patersons and CPS Securities Limited acting as Joint Lead Manager to the Placement and SPP.

The funds raised by the Placement and the SPP will be applied primarily to further exploration works at the Company's Roe Hills Gold Project where early stage results indicate potential for a large-scale gold system along

Review of Operations

a largely untested strike length of circa 40kms. Funds will also be used to advance the Mt York gold project, along with working capital purposes.

Kairos successfully raised a further \$1.71 million in September 2017 after receiving firm commitments from sophisticated and professional investors to subscribe for a share placement comprising 90 million new shares at an issue price of 1.9c.

The new shares will be issued with a 1-for-1 free attaching option exercisable at 2.6c by 31 December 2019 subject to shareholder approval.

The placement is being undertaken to sophisticated wholesale investor clients of CPS Capital and Patersons Securities, and will be completed within the Company's existing 15% placement capacity under ASX Listing Rule 7.1 and 7.1A.

The proceeds of the raising will be used for the following purposes:

- To progress exploration activities at the Roe Hills Project;
- To fast-track the recently commenced evaluation of the conglomerate-hosted gold potential across the Company's extensive Pilbara gold-lithium tenement package; and
- For general working capital purposes.

New "Bronco Plains Project" tenements secured

Kairos significantly enhanced its strategic position in the Eastern Goldfields after securing the Bronco Plains Project, located 30km east of Roe Hills within the Southern Kurnalpi Terrane.

Bronco Plains was identified by Kairos' technical team as part of the Company's ongoing regional evaluation. The Project consists of three Exploration Licenses totalling an area of 389km², E28/2648, which has recently been granted, E28/2646, E28/2647 are currently under application.

Originally part of AngloGold's East Tropicana portfolio, Bronco Plains has multiple strong gold-in-soil anomalies within a favourable structural setting located towards the eastern margin of the Southern Kurnalpi Terrane and remains underexplored.

Kairos immediately commenced soil geochemical surveys, with the results to be used in combination with a full technical review of historical data to refine priority drill targets.

Joint Venture with Altura Mining

During the Period, Kairos entered into a lithium joint venture with Altura Mining Limited (ASX: AJM – "Altura") at its Wodgina East Project, located approximately 15km from the main Pilgangoora Lithium Mining Centre in the Pilbara region of Western Australia.

The farm-out deal, with one of the major lithium developers region, will allow Kairos to realise value from one of its key East Pilbara lithium projects while continuing to focus on developing the gold resources at its 100%-owned Mount York Gold-Lithium Project. Under the terms of the agreement, Altura can earn a 75% interest in the lithium rights over the Wodgina East tenements (E45/4780 and E45/4715) by spending a total of \$1.25 million over 5 years, with an upfront cash payment of \$100,000 upon execution. Once Altura has earned its interest, Kairos will retain a free-carried 25% interest in the project.

Kairos acquired the Wodgina East Lithium Project earlier this year as part of an extensive and high-quality lithium portfolio which it established in the East Pilbara lithium-tantalum province following its acquisition of the Mt York Project. Located ~90km south-east of Port Hedland, Wodgina East is strategically situated immediately adjacent to Mineral Resources' (ASX: MIN) Wodgina Tantalum-Lithium Project and ~15km from the Pilgangoora Lithium Mining Centre.

It includes an extensive pegmatite field with well-documented lithium (spodumene) mineralization and grades of up to 1.6% Li₂O reported from historical reconnaissance rock chip sampling. The regional geological and

Review of Operations

structural setting is similar to that of the Pilgangoora Syncline which hosts the major lithium-tantalum deposits at Pilgangoora.

Despite its high prospectivity, the Wodgina East Project remains essentially unexplored for lithium due to an historical focus on tantalum mining. The key terms of the farm-in agreement between Kairos and Altura are set out below:

- Altura must pay \$100,000 (ex GST) to Kairos within seven days of the execution of the Letter Agreement;
- Altura and Kairos have agreed to strategic cooperation on certain other aspects relating to their respective East Pilbara tenure;
- Kairos must use all reasonable endeavours to procure the grant of E45/4780 and E45/4715 as soon as reasonably practicable;
- Once granted, Kairos must keep the tenements in good standing by complying with their expenditure conditions, while granting Altura the right to explore for and mine for lithium on the tenements;
- Altura may acquire a 75% interest in the lithium rights over E45/4780 and E45/4715 by spending \$250,000 per annum on exploration or mining activities for a five-year period, or by spending a total of \$1.25 million less any expenditure already incurred;
- Once Altura has acquired a 75% interest in E45/4780 and E45/4715, Kairos must do anything necessary to enable Altura to become the registered holder of a 75% interest in the tenements and Kairos will retain a 25% free-carried interest.

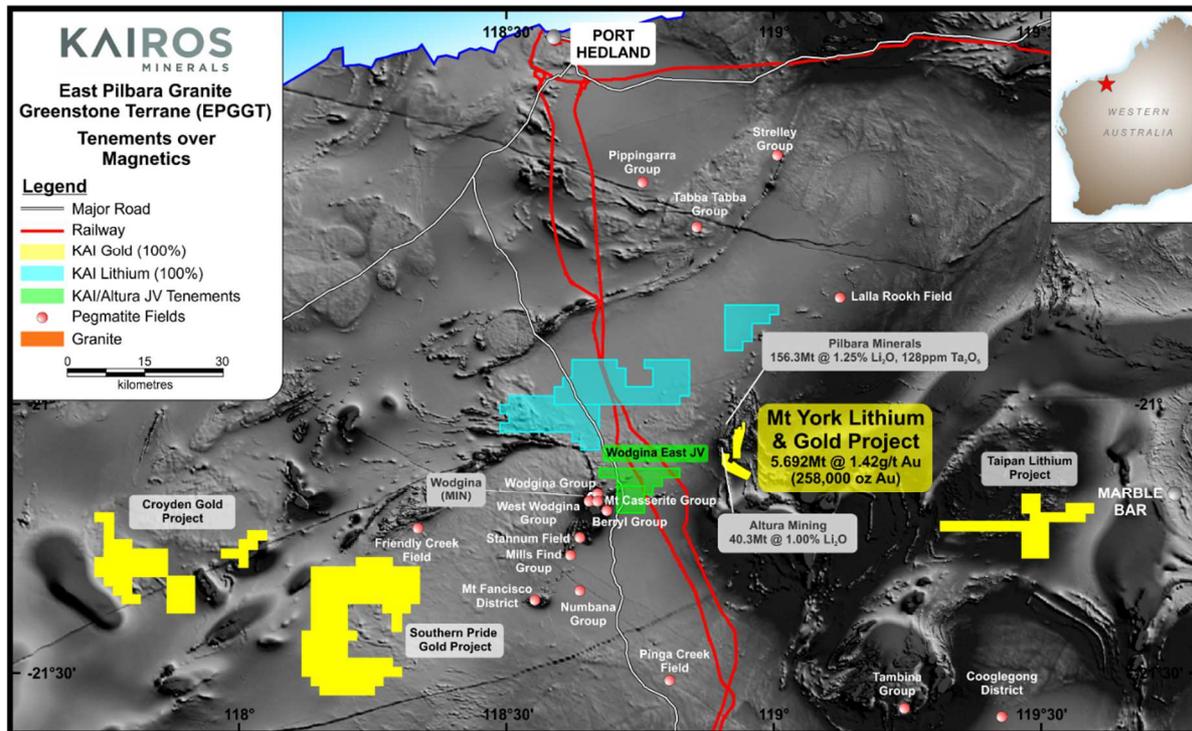
EIS Funding Secured for Roe Hills

During the Period, Kairos secured a co-funding grant of \$150,000 under the Western Australian Government's Exploration Incentive Scheme (EIS) for future nickel-copper focused drilling at the Company's Roe Hills Project, located 70km east of Kambalda in Western Australia.

The Company plans to undertake drilling next year to further evaluate the significant nickel and copper potential of the highly-prospective Roe Hills greenstone belt. The Roe Hills Project encompasses approximately 40 strike kilometres of highly prospective volcano-sedimentary terrane comprising at least five separate ultramafic sequences. The proposed drilling campaign for next year will comprise a combination of diamond and Reverse Circulation drilling totalling 11 holes for approximately 3,700m of drilling.

Kairos is exploring the belt for Kambalda-style komatiite/ultramafic hosted primary and structurally remobilised high-grade massive nickel sulphide mineralisation. Structural repetition of the target sequences via folding and faulting is interpreted to have significantly increased the amount of prospective ultramafic contact available to explore.

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COMPETENT PERSON STATEMENT:

Competent Person: The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled and reviewed by Mr Steve Vallance, who is the Technical Manager for Kairos Minerals Ltd and who is a Member of The Australian Institute of Geoscientists. The information was also reviewed by Mr Terry Topping, who is a Director of Kairos Minerals Ltd and who is also a Member of AusIMM. Both Mr Vallance and Mr Topping have sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' (the JORC Code 2012). Mr Vallance and Mr Topping have consented to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Directors' Report

The Board of Directors of Kairos Minerals Limited and its subsidiaries ('the Consolidated Entity') present their report for the year ended 30 June 2017.

Directors

The names of the Directors in office at any time during, or since the end of the year are:

Mr Terry Topping	Executive Chairman
<i>First appointed to the Board</i>	15 March 2017
<i>Experience</i>	Mr Topping has more than 25 years experience in minerals exploration and development worldwide and has played a key role in the incubation, listing and development of numerous ASX-listed resource companies over the past two decades. His previous management roles have included Executive Director of ASX-listed nickel, copper and gold explorer Rumble Resources (ASX: RTR); Managing Director of ASX-listed uranium explorer Cauldron Energy (ASX: CXU); and Executive Director of ASX-listed gold explorer Taipan Resources (later Intrepid Mines), which discovered the high-grade Paulsen's Gold Deposit, now being mined by Northern Star Resources (ASX: NST). Mr Topping has a board contact network through the global resources sector as well as extensive capital markets experience, where he has been involved in numerous IPO's, corporate transactions, capital raisings and project acquisitions and divestments.
<i>Qualification</i>	AIMM, AIG
<i>Interest in shares and options¹</i>	1,484,164 ordinary shares
<i>Directorships held in other listed entities</i>	Orinoco Gold Ltd
Mr Bruno Seneque	Non-Executive Director
<i>First appointed to the Board</i>	4 August 2017
<i>Experience</i>	<p>Mr Seneque has 22 years' experience as a qualified accountant. He has accumulated extensive experience in the mining industry in various roles including executive general management (Managing Director, Finance Director), CFO, company secretarial, corporate and mine site accounting.</p> <p>He was previously Managing Director of Fox Resources Ltd, which operated the Radio Hill nickel-copper mine in Karratha, producing nickel and copper concentrates. He was also Financial Controller/Company Secretary for Haddington Resources Ltd (now Altura Mining Ltd) which produced tantalum concentrates from the Bald Hill tantalum mine which is now being developed by Tawana Resources NL for lithium production.</p>
<i>Qualification</i>	Bachelor of Business (Accounting), CPA
<i>Interest in shares and options¹</i>	206,218 ordinary shares
<i>Directorships held in other listed entities</i>	Tyranna Resources Ltd

Directors' Report

Mr Neil Hutchison	Non-Executive Director
<i>First appointed to the Board</i>	15 April 2014
<i>Experience</i>	Mr Hutchison is a geologist with over 15 years' experience in conducting regional exploration, target generation, resource drill out, project reviews and evaluations, as well as managing the nickel exploration group at the highly successful Cosmo Nickel Project.
<i>Interest in shares and options¹</i>	2,126,667 ordinary shares and 1,500,000 options over ordinary shares. 766,667 Performance Rights as approved by shareholders on 28 July 2015. 1,000,000 Performance Rights as approved by shareholders on 29 July 2016.
<i>Directorships held in other listed entities</i>	Nil

¹ The relevant interests of each Director in shares and options as at the date of this report

Mr Joshua Wellisch	Former Managing Director
<i>First appointed to the Board</i>	28 March 2013
<i>Experience</i>	Mr Wellisch is a corporate professional and company director whose career has included acquisition and management of mineral geological projects in the energy and minerals sector. Mr Wellisch has held several private and public board positions in various capacities over the past 8 years. He has a breadth of experience in capital raisings, corporate structuring and public company transactions predominantly in the mining and exploration sector.
<i>Qualification</i>	Bachelor of Science in Information Technology and Post Graduate Diploma in Project Management.
<i>Date of resignation</i>	4 August 2017

Mr Ian Finch	Former Non-Executive Chairman
<i>First appointed to the Board</i>	3 March 2016
<i>Experience</i>	Mr Finch is a geologist with over 45 years' experience in mining, exploration and corporate management and has worked extensively throughout Southern Africa, Indonesia and Australia. Mr Finch has an Honours Degree in Geology from the University of Birmingham in England and has been a member of the Australian Institute of Mining and Metallurgy for the past 35 years.
<i>Date of resignation</i>	15 March 2017

Directors' Report

Mr Dehong Yu	Non-Executive Director
<i>First appointed to the Board</i>	15 July 2013
<i>Resigned from the Board</i>	15 August 2016
<i>Experience</i>	Mr Yu is a business development executive with over 20 years' experience in international trade relations. He established his business operation in Australia within property development and expanded into mining exploration utilizing his extensive network of Chinese investors. He brings to the Board his experience in mining exploration investment.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Mr Adrien Wing, a CPA qualified and works with a number of public companies listed on the Australian Securities Exchange as a corporate/accounting consultant and company secretary, has held the position of Company Secretary from 2 October 2013.

Principal Activity

The principal activity of the Consolidated Entity during the financial year was resource exploration. There have been no significant changes in the nature of those principal activities during the financial year.

Dividends

The Directors did not pay any dividends during the financial year. The Directors do not recommend the payment of a dividend in respect of the 2017 financial year.

Earnings per Share

Basic loss per share: 0.82 cents (2016: 1.2 cents)

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year.

Directors' Report

Events Since the End of the Financial Year

On 4 August 2017, Mr Joshua Wellisch resigned as Director in order to pursue other business interests. Mr Terry Topping assumed the role of Executive Chairman and CEO and Mr Bruno Seneque was appointed as a Non-Executive Director.

On 15 September 2017, the Company announced a capital raising of \$1.71 million for 90 million shares at 1.9 cents per share to sophisticated and professional investors completed under the Company's existing 15% placement capacity under ASX listing rules. The new shares will be issued with a 1-for-1 free attaching option exercisable at 2.6 cents per share by 31 December 2019, subject to shareholder approval.

Other than the matters listed above, no other matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Consolidated Entity, the result of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

Likely Developments and Expected Results of Operations

The likely developments in the Consolidated Entity's operations, to the extent that such matters can be commented upon, are covered in the Review of Operations contained elsewhere in this Annual Report. In the opinion of the Directors, disclosure of information regarding the expected results of those operations in financial years after the current financial year is not predictable at this stage. Accordingly, no further information has been included in this Report.

Review and Results of Operations

The Consolidated Entity's net loss after income tax for the financial year was \$3,162,721 (2016: \$2,037,730). The Review of Operations provides further details regarding the progress made by the Consolidated Entity since the prior financial year, which has contributed to its results for the year.

Environmental Regulations

The Consolidated Entity holds participating interests in a number of exploration licences. The various authorities granting such licences require the holder to comply with directions given to it under the terms of the grant of the licence.

The Board is not aware of any breaches of the Consolidated Entity's licence conditions.

Meetings of Directors

During the financial year, 3 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number attended	Number eligible to attend
Mr Terrence Topping ³	1	1
Mr Joshua Wellisch	3	3
Mr Ian Finch ¹	2	2
Mr Dehong Yu ²	-	1
Mr Neil Hutchison	3	3

¹ Resigned as a Director/Chairman 15th March 2017

² Resigned as a Director 15th August 2016

³ Appointed as a Director/Chairman 15th March 2017

Directors' Report

Indemnification and Insurance of Directors and other Officers

The company has not indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Options over Unissued Shares

At the date of this report, the unissued ordinary shares of Kairos Minerals Limited under option are as follows:

ASX Code	Number under option	Date of Expiry	Exercise Price
KAIAQ	1,500,000	30 December 2017	\$0.10

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Kairos Minerals Limited.

Shares Issued as a Result of the Exercise of Options

During the year ended 30 June 2017 25,030 options were exercised at a cost of 10 cents per option (2016: 46,084 at 10 cents per option).

Proceedings on Behalf of the Consolidated Entity

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

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

Non-Audit Services

No fees for non-audit services were paid or payable to the external auditor of the Parent Entity during the year ended 30 June 2017 (2016: nil).

Auditor's Independence Declaration

The lead Auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, for the year ended 30 June 2017 has been received and can be found in the section titled 'Auditor's Independence Declaration' within this Annual Report.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Consolidated Entity support, and adhere to, good corporate governance practices. Refer to the Company's Corporate Governance Statement at www.kairosminerals.com.au.

Directors' Report

Remuneration Report (Audited)

The information provided under Sections A to F includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures.

The information in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

This report details the nature and amount of remuneration for each Director and Key Management Personnel of the Consolidated Entity.

The Directors and Key Management Personnel of the Consolidated Entity during the year were:

Mr Terrence Topping	Executive Chairman	(Appointed 15 th March 2017)
Mr Joshua Wellisch	Managing Director	(Appointed 28 th March 2013)
Mr Neil Hutchison	Non-Executive Director	(Appointed 15 th April 2014)
Mr Ian Finch	former Chairman	(Appointed 3 rd March 2016) (Resigned 15 th March 2017)
Mr Dehong Yu	Non-Executive Director	(Appointed 15 th July 2013) (Resigned 15 th August 2016)
Mr Adrien Wing	Company Secretary	(Appointed 2 nd October 2013)

Section A: Principles used to determine the nature and amount of Remuneration

Remuneration Governance

The remuneration of all Executive and Non-Executive Directors, Officers and Employees of the Consolidated Entity is determined by the Remuneration Committee, whose responsibilities are addressed by the Board as a whole.

The Consolidated Entity is committed to remunerating Senior Executives and Executive Directors in a manner that is market-competitive and consistent with "Best Practice" including the interests of Shareholders. Remuneration packages are based on fixed and variable components, determined by the Executives' position, experience and performance, and may be satisfied via cash or equity.

Non-Executive Directors are remunerated out of the aggregate amount approved by Shareholders and at a level that is consistent with industry standards. Non-Executive Directors do not receive performance based bonuses and prior Shareholder approval is required to participate in any issue of equity. No retirement benefits are payable other than statutory superannuation, if applicable.

Voting at the Company's 25 November 2016 Annual General Meeting ("AGM")

The Company received 99.8% of "for" votes in relation to its remuneration report for the year ended 30 June 2016.

Remuneration Policy versus Consolidated Entity Financial Performance

Over the past 5 years the Consolidated Entity has continued to acquire and maintain many participating interests in mining projects and companies that Directors believe have the potential to provide ongoing benefits to Shareholders. This is represented by the Consolidated Entity's direct participation in mining projects and joint ventures.

The majority of the Consolidated Entity's investments have been realised over the past years and have provided trading profits and cash in-flows to fund ongoing activities. A number of projects and joint ventures are not at a stage where production or positive cash flows have been established, which may affect the Consolidated Entity's current performance and shareholder wealth.

The Consolidated Entity's earnings in the past 5 years have remained negative which is due to the nature of the Consolidated Entity as an early stage exploration Company. Shareholder wealth reflects this speculative and volatile market sector. No dividends have ever been declared by the Consolidated Entity.

Directors' Report

The earnings of the consolidated entity for the five years to 30 June 2016:

Loss financial year ended 2017	(\$3,162,721)
Loss financial year ended 2016	(\$2,037,730)
Loss financial year ended 2015	(\$1,447,470)
Loss financial year ended 2014	(\$2,585,273)
Loss financial year ended 2013	(\$5,263,314)

Factors that are considered to affect total shareholder return are summarised below (on a post consolidation basis):

	2017	2016	2015	2014	2013
Share price at financial year end (\$A)	0.015	0.05	0.08	0.05	0.04
Basic earnings per share (cents per share)	(0.82)	(1.2)	(1.1)	(1.1)	(15.7)

Directors have been compensated for work undertaken and the responsibilities assumed in being Directors of this Consolidated Entity based on industry practice, as opposed to the Consolidated Entity's performance which is difficult to ascertain given the nature of the activities undertaken, as described above.

Performance Based Remuneration

The purpose of performance based remuneration is to reward individual performance in line with the Consolidated Entity's objectives. Consequently, performance based remuneration is paid to an individual where the individual's performance clearly contributes to a successful outcome for the Consolidated Entity. Details on Performance Rights granted to Key Management Personnel is disclosed in Section B below.

Section B: Details of Remuneration

Details of Remuneration for the year ended 30 June 2017

The remuneration for Key Management Personnel of the Consolidated Entity during the year was as follows:

FY 2016/17	Short-term employee benefits			Post-employment benefits	Share-based payments	Total	Performance
	Cash salary and fees	Other	Non-monetary benefits	Superannuation Contribution	Equity-settled		Related Remuneration %
	\$	\$	\$	\$	\$	\$	%
Terrence Topping ²	24,000	-	-	-	-	24,000	-
Joshua Wellisch ¹	262,800	-	-	-	286,750	549,550	52.2
Ian Finch ^{1,3}	55,000	-	-	-	103,230	158,230	65.2
Dehong Yu ⁴	6,154	-	-	-	-	6,154	-
Neil Hutchison ¹	40,000	-	-	-	57,350	97,350	58.9
Adrien Wing ¹	94,000	-	-	-	103,230	197,230	52.3
	481,954	-	-	-	550,560	1,032,514	

¹ Details of the equity issued to Directors and Company Secretary can be found in "Section C: Share Based Compensation". Performance Rights of \$550,560 issued to the Directors and Company Secretary approved by shareholders on 29 July 2016 detailed under 'Performance Income' below.

² Appointed 15 March 2017

³ Resigned 15 March 2017

⁴ Resigned 15 August 2016

Subsequent to balance date

The Board has approved a salary package for Mr Topping of \$262,800 p.a. (inclusive of superannuation at 9.5%) effective from 1 September 2017. The contract can be terminated by either party subject to a 6 month notice period.

Directors' Report

Details of Remuneration for the year ended 30 June 2016

The remuneration for Key Management Personnel of the Consolidated Entity during the year ended 30 June 2016 was as follows:

FY 2015/16	Short-term employee benefits			Post-employment benefits	Share-based payments	Total	Performance
	Cash salary and fees	Other	Non-monetary benefits	Superannuation Contribution	Equity-settled		Related
	\$	\$	\$	\$	\$	\$	%
Joshua Wellisch	239,200	-	-	-	383,944	623,144	61.6
Ian Finch ¹	20,000	-	-	-	-	20,000	-
Dehong Yu	40,308	-	-	-	76,789	117,097	65.6
Neil Hutchison	36,667	-	-	-	76,789	113,456	67.7
Adrien Wing	73,500	-	-	-	153,578	227,078	67.6
	409,675	-	-	-	691,100	1,100,775	

¹ Appointed 3 March 2016

Performance Income as a Proportion of Total Remuneration

All executives are eligible to receive incentives by the recommendation of the Board. The performance payments are based on a set monetary value, set number of shares, or options, or as a portion of base salary. There is no fixed proportion between incentive and non-incentive remuneration.

The number of performance rights issued by the Company to key management personnel, including their personal related parties is as set out below:

	Balance at start of the year	Received as compensation*		Conversion No.**	Value at date of Conversion	Balance at the end of the year/resignation date
		No	\$		\$	
2017						
Terrence Topping ¹	-	-	-	-	-	-
Joshua Wellisch	3,850,000	7,500,000	286,750	(2,500,000)	105,000	8,850,000
Dehong Yu ³	766,667	-	-	-	-	766,667
Neil Hutchison	766,667	1,500,000	57,350	(500,000)	21,000	1,766,667
Ian Finch ²	-	2,700,000	103,230	(900,000)	37,800	1,800,000
Adrien Wing	1,533,334	2,700,000	103,230	(900,000)	37,800	3,333,334
	6,916,668	14,400,000	550,560	(4,800,000)	201,600	16,516,668

* Performance Rights of \$550,560 issued approved by shareholders on 29 July 2016. Refer below for disclosure of the assumptions used in valuing these performance rights.

**Converted Series F performance rights to shares based on a share price of \$0.042 at the date of conversion on 9 September 2016. Refer also to "Section C: Share Based Compensation" set out below.

¹ Appointed 15 March 2017

² Resigned 15 March 2017

³ Resigned 15 August 2016

Directors' Report

The Monte-Carlo simulation model has been used when valuing the Company's performance share rights within this report. The nature of the performance rights are that, at any time during the market vesting period, subject to meeting the vesting conditions, an ordinary share in KAI will automatically vest to the holder of the performance right.

Input	Assumption
Number of Rights	Series D – 6,700,000 Series E – 6,700,000 Series F – 6,700,000
Valuation Date	28 July 2016
Vesting Period (Years)	Series D – within 4 years (by 4 August 2020) Series E – within 5 years (by 4 August 2021) Series F – within 5 years (by 4 August 2021)
Spot Price	\$0.06
Exercise Price	\$0.00
Company Volatility	60%
Vesting condition	Series D – Market capitalisation of the Company of \$50 million or more Series E – Market capitalisation of the Company of \$60 million or more Series F – Raising capital of \$5 million or more
Risk free rate	1.69%
Dividend yield	0%
Fair value per Right	Series D – \$0.0315 Series E – \$0.0322 Series F – \$0.0510

Section C: Share Based Compensation

Details of Shares Issued

The number of shares in the Company held by key management personnel, including their personal related parties is as set out below:

	Balance at start of the year	Performance Rights Converted **	Received as salary	Issue Price	Net change other *	Balance at the end of the year/ resignation date
2017						
Terrence Topping ¹	769,878	-	-	-	714,286	1,484,164
Joshua Wellisch	1,650,000	2,500,000	-	-	714,286	4,864,286
Ian Finch ²	-	900,000	-	-	-	900,000
Dehong Yu ³	333,333	-	-	-	-	333,333
Neil Hutchison	1,626,667	500,000	-	-	-	2,126,667
Adrien Wing	1,566,666	900,000	-	-	(766,666)	1,700,000
	5,946,544	4,800,000	-	-	661,906	11,408,450

* The net change other column above includes those shares acquired and sold by Directors as well as shares issued during the year to Directors' for their participation in any placements/rights issues.

** Converted Series F performance rights to shares. Refer to "Section B: Details of Remuneration" set out above.

¹ Appointed 15 March 2017

² Resigned 15 March 2017

³ Resigned 15 August 2016

Directors' Report

Details of Options Issued

The number of Options over ordinary shares in the Company held by key management personnel (KMP), including their personal related parties is as set out below:

	Balance at start of the year	Received as compensation	Options Exercised No.	Options Lapsed No.	Net change other *	Balance at the end of the year/ resignation date
2017						
Terrence Topping	-	-	-	-	-	-
Joshua Wellisch	6,000,000	-	-	-	-	6,000,000
Ian Finch	-	-	-	-	-	-
Dehong Yu	5,500,000	-	-	-	-	5,500,000
Neil Hutchison	1,500,000	-	-	-	-	1,500,000
Adrien Wing	-	-	-	-	6,183,334	6,183,334
	13,000,000	-	-	-	6,183,334	19,183,334

* The net change other column above includes those options that have been acquired and disposed of by KMP as well as options issued during the year for KMP participation in any placements/rights issues.

Section D: Employment Contracts of Directors and Key Management Personnel

During the year ended 30 June 2017, there were no Employment Contracts of Directors and Key Management Personnel. No external remuneration consultants were engaged during the year.

Section E: Loans to Directors and Other Key Management Personnel

There were no loans made to Directors or other Key Management Personnel of the Company, including their personally related parties.

Section F: Other Transactions with Key Management Personnel

An amount of \$15,000 was recorded as a receivable as at 30 June 2017 owing from Mr Joshua Wellisch in respect to shares issued. This amount was received in July 2017.

There were no other transactions with Key Management Personnel not disclosed above or in Note 20. End of Remuneration Report (Audited).

Signed in accordance with a resolution of the Board of Directors made pursuant to s298(2)(a) of the Corporations Act 2001.



Neil Hutchison
Non-Executive Director

Dated: 29th September 2017.

Auditor's Independence Declaration



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DECLARATION OF INDEPENDENCE BY RICHARD DEAN TO THE DIRECTORS OF KAIROS MINERALS LIMITED

As lead auditor of BDO East Coast Partnership for the year ended 30 June 2017, 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 Kairos Minerals Limited and the entities it controlled during the year.

A handwritten signature in black ink, appearing to read 'Richard Dean', is written over a light blue horizontal line.

Richard Dean
Partner

BDO East Coast Partnership

Melbourne, 29th September 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2017

	Note	30 June 2017 \$	30 June 2016 \$
REVENUE			
Interest revenue from external parties	2	2,973	1,844
Net gain on sale of shares	2	-	53,598
Other	2	10,800	11,700
TOTAL REVENUE		13,773	67,142
EXPENSES			
Tax and audit fees	3	(87,728)	(71,522)
Depreciation		(8,302)	(3,083)
Directors' and consultants' fees	3	(1,114,751)	(1,090,697)
Impairment reversal/(expense) on other financial assets		(325)	44,985
Travel and marketing		(255,576)	(263,517)
Professional fees	3	(344,660)	(332,713)
Rent		(69,000)	(48,000)
Administration and other expenses		(449,344)	(318,787)
Exploration costs written off	14	(846,808)	(30,538)
Bad debts		-	9,000
Loss before income tax		(3,162,721)	(2,037,730)
Income tax expense	4	-	-
Loss for the year after income tax		(3,162,721)	(2,037,730)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Gain on the revaluation of available-for-sale financial assets		-	825
Other comprehensive income for the year, net of tax		-	825
Total comprehensive loss for the year		(3,162,721)	(2,036,905)
Loss attributable to:			
Owners of Kairos Minerals Ltd		(3,162,721)	(2,037,730)
Non-controlling interests		-	-
		(3,162,721)	(2,037,730)
Total comprehensive loss attributable to:			
Owners of Kairos Minerals Ltd		(3,162,721)	(2,036,905)
Non-controlling interests		-	-
		(3,162,721)	(2,036,905)
Loss per share for the year attributable to the members of Kairos Minerals Limited:			
Basic (loss) per share (cents per share)	7	(0.82)	(1.20)
Diluted (loss) per share (cents per share)	7	(0.82)	(1.20)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2017

	Note	30 June 2017 \$	30 June 2016 \$
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	8	1,424,940	1,346,006
Trade and other receivables	9	1,103,345	119,510
Other financial assets	10	675	1,000
Other assets	11	23,996	27,999
Total Current Assets		2,552,956	1,494,515
<i>Non-current assets</i>			
Property, plant and equipment	13	19,011	18,797
Exploration and evaluation costs	14	10,970,306	7,311,271
Total non-current assets		10,989,317	7,330,068
TOTAL ASSETS		13,542,273	8,824,583
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables	15	979,248	925,040
Total current liabilities		979,248	925,040
TOTAL LIABILITIES		979,248	925,040
NET ASSETS		12,563,025	7,899,543
EQUITY			
Contributed equity	16	56,108,725	48,491,529
Available for sale financial assets		875	875
Performance Rights reserve		900,107	691,100
Accumulated losses		(44,445,571)	(41,282,850)
Parent interests		12,564,136	7,900,654
Non-controlling interests		(1,111)	(1,111)
TOTAL EQUITY		12,563,025	7,899,543

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

Consolidated Entity	Contributed Equity	Available for sale financial assets	Performance Rights reserve	Accumulated losses	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2015	43,501,008	31,449	-	(39,245,120)	(1,111)	4,286,226
Income / (loss) for the year after tax	-	-	-	(2,069,129)	-	(2,069,129)
Other comprehensive income	-	825	-	-	-	825
Transfer to profit and loss on sale of investment	-	(31,399)	-	31,399	-	-
Total comprehensive income / (loss) for the year	-	(30,574)	-	(2,037,730)	(1,111)	(2,068,304)
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued (net of costs)	4,684,490	-	-	-	-	4,684,490
Options exercised	6,031	-	-	-	-	6,031
Options Issued	300,000	-	-	-	-	300,000
Share-based payments	-	-	691,100	-	-	691,100
Balance at 30 June 2016	48,491,529	875	691,100	(41,282,850)	(1,111)	7,899,543
Income / (loss) for the year after tax	-	-	-	(3,162,721)	-	(3,162,721)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	(3,162,721)	-	(3,162,721)
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued (net of costs)	6,288,450	-	-	-	-	6,288,450
Performance Rights converted	341,700	-	(341,700)	-	-	-
Performance Rights converted prior year	217,783	-	(217,783)	-	-	-
Options exercised	2,503	-	-	-	-	2,503
Options Issued	766,760	-	-	-	-	766,760
Performance Rights granted (Note 3)	-	-	768,490	-	-	768,490
Balance at 30 June 2017	56,108,725	875	900,107	(44,445,571)	(1,111)	12,563,025

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	30 June 2017 \$	30 June 2016 \$
<i>Cash flows from operating activities</i>			
Payments to suppliers and employees (inclusive of GST)		(1,548,566)	(1,118,710)
Receipts from customers (inclusive of GST)		10,407	11,700
Interest received		2,973	1,844
Net cash flows used in operating activities	19	(1,535,186)	(1,105,166)
<i>Cash flows from investing activities</i>			
Payment for purchases of plant and equipment		(8,516)	(15,891)
Farm-in interest proceeds		100,000	-
Payment for tenement and exploration		(4,399,208)	(3,080,467)
Research and development tax incentive		-	745,156
Proceeds from the sale of shares		-	130,307
Net cash flows used in investing activities		(4,307,724)	(2,220,895)
<i>Cash flows related to financing activities</i>			
Proceeds from issues of securities		6,502,948	3,606,031
Capital raising costs		(581,104)	(247,884)
Net cash flows from financing activities		5,921,844	3,358,147
Net increase in cash and cash equivalents		78,934	32,086
Cash and cash equivalents at the beginning of the year		1,346,006	1,313,920
Cash and cash equivalents at the end of the financial year	8	1,424,940	1,346,006

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 1: BASIS OF PREPARATION

Corporate Information

The financial report of Kairos Minerals Limited (the Consolidated Entity) for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the Directors on 30 September 2017.

Kairos Minerals Limited is a listed public company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX: KAI). The financial report covers the Consolidated Entity of Kairos Minerals Limited and controlled entities.

The principal activity of the Company is resource exploration.

Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards, as appropriate for profit orientated entities. The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian dollars.

Management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions made by management in preparation of these financial statements are;

- Share based payment transactions
The Consolidated Entity measures the cost of the share-based payments at fair value at the grant date using the Black-Sholes formula after taking into account the terms and conditions upon which the instruments were granted (see note 16)
- Exploration and evaluation costs
One or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment (the list is not exhaustive):
 - (a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
 - (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
 - (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
 - (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where an impairment test is performed, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Going concern

The Consolidated Entity incurred a net loss after income tax of \$3,162,721 for the year ended 30 June 2017 and had net cash outflows from operating and investing activities of \$5,842,910. At 30 June 2017, the Consolidated Entity had cash and cash equivalents of \$1,424,940 (2016: \$1,346,006) and had working capital, being current assets less current liabilities, of \$1,573,708 (2016: \$569,475).

Based on planned and committed expenditure, the company will need to raise additional capital within the next 12 months to fund its activities. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the entity to continue as a going concern. The financial report has been prepared on a going concern basis which assumes the realisation of assets and discharge of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- The budgets and forecasts reviewed by the directors for a period of 12 months from the date of signing the financial report include anticipated capital raisings and anticipate that the business will continue to hold cash and cash equivalents to fund its operations and exploration commitments. The ability of the Consolidated Entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity.
- Management will actively manage discretionary and exploration expenditures in line with the funds available.
- On 15 September 2017, a capital raising of \$1.71 million for 90 million shares at 1.9 cents per share was announced to sophisticated and professional investors to be completed under the Company's existing 15% placement capacity under ASX listing rules. The new shares will be issued with a 1-for-1 free attaching option exercisable at 2.6 cents per share by 31 December 2019, subject to shareholder approval.
- Should additional funding be required the Consolidated Entity may attempt future equity capital raising initiatives, however it should be noted that while this source of funding has been used in the past, any future capital raising would be dependent on financial market conditions at the time that any additional equity funds are being sought.

Based on the above, the directors are satisfied adequate plans are in place and that the Consolidated Entity will have sufficient sources of funding to meet its obligations and anticipated expenditure through to 30 September 2018 (12 months from date of audit report). On this basis the financial report has been prepared on the going concern basis.

Should the Consolidated Entity be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Statement of Compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

New and amendments standards adopted by the Group

All required new and amending Standards have been adopted from 1 July 2016. Adoption of these Standards did not have any effect on the financial position or performance of the Consolidated Entity. All other accounting policies adopted by the Consolidated Entity are consistent with the most recent Annual Report for the year ended 30 June 2016.

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and therefore have not been adopted by the Consolidated Entity for the annual reporting period ended 30 June 2017:

Ref	Title	Summary
AASB 9	<i>Financial Instrument and its consequential amendments</i>	AASB 9 Financial Instruments and its consequential amendments This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity is currently assessing the impact and will adopt this standard and the amendments from 1 July 2018.
AASB 15	<i>Revenue from Contracts with Customers</i>	AASB 15 Revenue from Contracts with Customers This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. As the Company does not have any material revenue from customers at this time, the impact of its adoption is not considered significant to the business.
AASB 16	<i>Leases</i>	AASB 16 Leases This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. As the Company does not have significant operating leases, the impact of its adoption is not considered significant to the business.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

Accounting Policies

The following is a summary of the material accounting policies adopted by the Consolidated Entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

a) Principles of Consolidation

A controlled entity is any entity controlled by Kairos Minerals Limited. The parent entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

A list of controlled entities is contained in Note 12 to the financial statements. All of the controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.

Where controlled entities have entered or left the Consolidated Entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

b) Income Tax

The charge for current income tax expense is based on the profit or loss for the year adjusted for any non-assessable or non-deductible items. It is calculated using the tax rates that have been enacted or are substantially enacted as at the end of the reporting period.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The tax Consolidated Entity has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution of the group's income tax. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the parent entity.

c) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal.

Depreciation

The depreciable amount of all fixed assets are depreciated on a straight-line basis over their useful lives to the Consolidated Entity commencing from the time the asset is held ready for use.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Plant and equipment	20% to 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting 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 disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

d) Exploration and Development Expenditure

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

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

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

The costs of restoration obligations are provided for in full at the time of the activities which give rise to the need of restoration. Restoration costs include reclamation, site closure and monitoring of those activities, and are based on undiscounted prospective current cost estimates which satisfy anticipated legal requirements. Estimates of future costs are measured at least annually.

Where part of a joint venture is farmed out in consideration of the farminee undertaking to incur further expenditure on behalf of both the farminee and the entity in the joint venture area of interest, exploration expenditure incurred and carried forward prior to farmout continues to be carried forward without adjustment, unless the terms of the farmout are excessive based on the diluted interest retained. A decision is then made to reduce exploration expenditure to its recoverable amount.

e) Financial Assets

Recognition and initial measurement

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Consolidated Entity commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit and loss, in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method, or at cost. Fair value represents the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised costs are calculated as:

- i) the amount at which the financial asset or financial liability is measured at initial recognition;
- ii) less principle repayments;
- iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- iv) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payment or receipts (including fees, transaction costs, and

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of profit or loss and other comprehensive income.

The Consolidated Entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and the asset falls within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit and loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. They are measured and held at amortised cost.

Available-for-sale financial assets

Available for sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither fixed maturity nor fixed or determinable payments. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

De-recognition

Regular purchases and sales of financial assets are recognised or derecognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the profit and loss as gains or losses from investment securities.

Fair value

Fair value is determined based on current bid prices for all quoted investments at reporting dates. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms-length transactions, reference to similar instruments, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the profit and loss.

f) Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the profit and loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

h) Revenue Recognition

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

All revenue is stated net of the amount of goods and services tax (GST).

i) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

j) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender is recognised as an expense on an accruals basis.

k) Share capital

Ordinary share capital is recognised as the fair value of the consideration received by the Consolidated Entity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

l) Earnings per share

Basic earnings per share is determined by dividing the net profit/(loss) for the period by the weighted average number of ordinary shares outstanding during the financial year. Where a net loss is made for the period, basic earnings per share and dilutive earnings per share are the same, because, the inclusion of options in the earnings per share calculation does not result in future dilution.

m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

n) Investment in subsidiaries

Investments in subsidiaries are carried at the lower of cost of acquisition or at their recoverable amount in the Consolidated Entity's financial statements.

o) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and assessing their performance.

p) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the result of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 22.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 2: REVENUE

	30 June 2017	30 June 2016
	\$	\$
<u>Operating and other revenue</u>		
Interest revenue from external parties	2,973	1,844
Net gain on sale of shares	-	53,598
Other	10,800	11,700
Total revenue	13,773	67,142

NOTE 3: EXPENDITURE

	30 June 2017	30 June 2016
	\$	\$
<u>Tax & Audit Fees</u>		
Audit fees	52,090	38,265
Taxation fees	35,638	33,257
Tax & Audit Fees	87,728	71,522
<u>Directors' & consultants' fees</u>		
Directors	387,954	336,175
Consultants	203,000	217,000
Share based payments – equity settled ^{1,2}	523,797	537,522
Directors' & consultants' fees	1,114,751	1,090,697
<u>Professional fees</u>		
Legal fees	8,590	24,077
Other	186,960	155,058
Share based payments – equity settled ^{1,2}	149,110	153,578
Professional fees	344,660	332,713

¹ Performance Rights were issued to Directors and Company Secretary pursuant to the July 2016 General Meeting of the Company. In addition, an amount of \$95,583 was provided to consultants for other services. The total value of Performance Rights issued during the year was \$768,490. This amount has been credited to a reserve in the Statement of Changes in Equity

² Where appropriate, elements of share based payments have been capitalised in exploration and evaluation assets.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 4: INCOME TAX EXPENSE

	30 June 2017	30 June 2016
	\$	\$
a) The components of tax expense comprise		
Current income tax benefit	604,740	1,002,863
Deferred tax (expense)/income relating to the originating and reversal of temporary differences	848,440	(649,546)
Tax losses not recognised	(1,453,180)	(353,317)
	-	-
b) The prima facie tax on profit from continuing activities before tax is reconciled to the income tax expense as follows:		
Prima facie tax benefit on loss from continuing activities before income tax at 27.5% (2016: 28.5%)		
- Consolidated Entity	869,748	580,753
<u>Add:</u>		
Tax effect of:		
- Section 40/880 deduction	100,653	59,236
<u>Less:</u>		
Tax effect of:		
- share based payments	(353,624)	(281,713)
- entertainment/other	(12,037)	(7,834)
	604,740	350,442
Tax effect of current period losses not recognised as deferred tax assets	(604,740)	(350,442)
Income tax expense attributes	-	-
c) Unrecognised deferred tax balances		
<u>Deferred tax liabilities</u>		
Deferred exploration & evaluation costs	10,970,306	7,311,270
Other	23,996	27,999
	10,994,302	7,339,269
Tax effect @ 27.5% (2016: 28.5%)	3,023,433	2,091,692
<u>Deferred tax assets</u>		
Investments	179,034	178,709
Other	897,902	589,987
Tax losses **	29,753,227	17,552,198
	30,830,163	18,320,894
Tax effect @ 27.5% (2016: 28.5%)	8,478,295	5,221,455
Net deferred tax asset not recognised	5,454,862	3,129,763

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 4: INCOME TAX EXPENSE (CONT.)

The benefit of tax losses and timing differences will only be achieved if:

- (i) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and
- (ii) the losses are transferred to an eligible entity in the Consolidated Entity; and
- (iii) the Consolidated Entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- (iv) no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deductions for the losses.

** These carry forward tax losses include gross tax losses from prior financial years amounting to \$24,468,938. These losses are subject to further review by the consolidated entity to determine if they satisfy the necessary legislative requirements under the income tax legislation for the carry-forward and recoupment of tax losses. Included in tax losses are transferred losses into the tax Consolidated Entity relating to the years from 2000 to 2002.

Additionally, a deferred tax asset has not been recognised in respect of these items because it is not probable that future profit will be available against which the Consolidated Entity can utilise the benefits.

d) Tax-Consolidation Group

Kairos Minerals Limited is the head entity in the tax Consolidated Entity.

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

a) Key Management Personnel Compensation

The aggregate compensation made to Directors of Kairos Minerals Ltd and other Key Management Personnel of the Consolidated Entity is set out below:

	30 June 2017	30 June 2016
	\$	\$
Short-term employee benefits	481,954	409,675
Share based payment - equity settled	550,560	691,100
	1,032,514	1,100,775

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 6: AUDITORS' REMUNERATION

	30 June 2017	30 June 2016
	\$	\$
Remuneration of the auditor of the parent entity for:		
- Audit and review fees	52,090	38,265
	52,090	38,265

NOTE 7: EARNINGS PER SHARE

	30 June 2017	30 June 2016
Basic (loss) per share (cents)	(0.82)	(1.20)
Diluted (loss) per share (cents)	(0.82)	(1.20)
a) Net (loss) used in the calculation of basic and diluted loss per share	(\$3,162,721)	(\$2,037,730)
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	384,371,840	170,230,108

NOTE 8: CASH AND CASH EQUIVALENTS

	30 June 2017	30 June 2016
	\$	\$
Cash at bank	1,414,940	1,336,006
Term deposits	10,000	10,000
	1,424,940	1,346,006

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	1,424,940	1,346,006
	1,424,940	1,346,006

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 9: TRADE AND OTHER RECEIVABLES

	30 June 2017	30 June 2016
	\$	\$
Current		
Sundry receivables *	22,008	6,615
Research and development tax claim	808,203	-
Good and services tax refund due	273,134	112,895
	1,103,345	119,510

* No receivables are past their due date or impaired.

NOTE 10: OTHER FINANCIAL ASSETS

	30 June 2017	30 June 2016
	\$	\$
Current		
Financial assets (held for trading) at fair value through profit or loss	675	1,000
	675	1,000

NOTE 11: OTHER ASSETS

	30 June 2017	30 June 2016
	\$	\$
Current		
Prepayments	23,996	27,999
	23,996	27,999

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 12: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*	
		30 June 2017	30 June 2016
Parent Entity			
Kairos Minerals Limited	Australia		
Subsidiaries of Kairos Minerals Limited			
Delcarmen Energy Pty Ltd	Australia	100.00	100.00
Xplor Pty Ltd	Australia	100.00	100.00
Enoch's Point Pty Ltd	Australia	96.86	96.86
Horizon Energy Pty Ltd	Australia	96.86	96.86
Golden Mount Pty Ltd	Australia	96.86	96.86
Westside Nickel Pty Ltd	Australia	100.00	100.00
Coal First Pty Ltd	Australia	100.00	100.00
Next Commodities Pty Ltd	Australia	100.00	100.00

* Percentage of voting power is in proportion to ownership

NOTE 13: PLANT AND EQUIPMENT

	30 June 2017	30 June 2016
	\$	\$
Plant and equipment		
At cost	34,881	26,366
Accumulated depreciation	(15,870)	(7,569)
Total plant and equipment	19,011	18,797
Movements in carrying amounts		
Movements in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:		
Balance at the beginning of year	18,797	5,989
Additions	8,516	15,891
Depreciation expense	(8,302)	(3,083)
Carrying amount at the end of the year	19,011	18,797

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 14: EXPLORATION AND EVALUATION ASSETS

	Note	30 June 2017	30 June 2016
		\$	\$
<i>Fraser Range project (100%)</i>			
Balance at the start of the year		2,483	-
Exploration expenditure capitalised		32,337	2,483
Capitalised exploration costs written down		(2,273)	-
		32,547	2,483
<i>Roe Hills project (100%)</i>			
Balance at the start of the year		3,873,895	2,194,120
Exploration expenditure capitalised		2,221,930	2,424,931
R & D rebate		(808,203)	(745,156)
		5,287,622	3,873,895
<i>Dingo Range project (100%)</i>			
Balance at the start of the year		954,407	861,864
Exploration expenditure capitalised		180,128	92,543
		1,134,535	954,407
<i>Balladonia project (100%)¹</i>			
Balance at the start of the year		841,291	777,630
Exploration expenditure capitalised		3,244	63,661
Capitalised exploration costs written down		(844,535)	-
		-	841,291
<i>Mt York project (100%)</i>			
Balance at the start of the year		1,384,159	-
Exploration expenditure capitalised		2,813,468	1,384,159
		4,197,627	1,384,159
<i>Wodjina project (100%)</i>			
Balance at the start of the year		255,036	-
Exploration expenditure capitalised		308	285,574
Farm-in interest proceeds		(100,000)	-
Capitalised exploration costs written down		-	(30,538)
		155,344	255,036
<i>Mooloo project (100%)</i>			
Balance at the start of the year		-	-
Exploration expenditure capitalised		91,844	-
		91,844	-
<i>Taipan project (100%)</i>			
Balance at the start of the year		-	-
Exploration expenditure capitalised		192	-
		192	-
<i>Croyden project (100%)</i>			
Balance at the start of the year		-	-
Exploration expenditure capitalised		47,069	-
		47,069	-
<i>Woodcutters project (100%)</i>			
Balance at the start of the year		-	-
Exploration expenditure capitalised		23,526	-
		23,526	-
Total capitalised exploration expenditure		10,970,306	7,311,271

1 Tenements were impaired due to being lapsed and surrendered on reporting date.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 14: EXPLORATION AND EVALUATION ASSETS (CONT.)

At reporting date the group owned:

	Percentage Owned (%)*	
	30 June 2017	30 June 2016
Roe Hills Project	100.00	100.00
Fraser Range Project	100.00	100.00
Dingo Range Project	100.00	100.00
Balladonia Project ¹	-	100.00
Mt York Project	100.00	100.00
Wodjina Project	100.00	100.00
Mooloo Project	100.00	-
Tiapan Project	100.00	-
Woodcutters Project	100.00	-

¹ This tenement was surrendered during the 2017 financial year.

Ultimate recovery of exploration costs is dependent upon the Company maintaining appropriate funding through success in its exploration activities or by capital raising, or sale/farm-out of its exploration tenement interests to support continued exploration activities.

NOTE 15: TRADE AND OTHER PAYABLES

	30 June 2017	30 June 2016
	\$	\$
Current		
Trade payables	828,435	863,117
Sundry payables and accrued expenses	150,813	61,923
	979,248	925,040

NOTE 16: CONTRIBUTED EQUITY

	Note	30 June 2017	30 June 2016
		\$	\$
Ordinary shares fully paid	16(a)	53,271,279	46,420,843
Options over ordinary shares	16(b)	2,837,446	2,070,686
		56,108,725	48,491,529

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 16: CONTRIBUTED EQUITY (CONT.)

	Note	30 June 2017		30 June 2016	
		No.	\$	No.	\$
16 a) Ordinary Shares					
At the beginning of reporting period		282,637,665	46,420,843	1,680,292,541	41,730,322
<i>Shares issued during year</i>					
- Issue of shares	(i)	165,173,473	5,811,185	764,000,000	4,600,000
- Issue of shares in lieu of payment for services	(ii)	7,823,693	398,426	96,955,803	550,374
- Issue of shares for exploration tenements	(iii)	1,151,741	54,132	-	-
- Issue of shares for exploration milestone achievements	(iv)	10,000,000	450,000	-	-
- Exercise of Options	(v)	25,030	2,503	46,084	6,031
- Issue of shares to directors and company secretary		-	-	29,833,332	-
- Issue of shares in respect to the satisfaction of Performance Rights	(vi)	6,700,000	341,700	-	-
- Transfer in respect to the satisfaction of Performance Rights from prior year	(vi)	-	217,783	-	-
- Issue of shares to suppliers for consulting services		12,005,296	310,662	-	-
- Reduction of share capital		-	-	(2,288,490,095)	-
Transaction costs relating to share issues			(735,955)	-	(465,884)
At reporting date		485,516,898	53,271,279	282,637,665	46,420,843

Note	30-Jun-17	Details	Number	Issue Price \$	Total \$
(i)	28 July 2016	Rights Issue	17,333,423	0.05	866,671
(i)	5 Aug 2016	Rights Issue	63,430,481	0.05	3,171,915
(ii)	5 Aug 2016	Issue of shares to suppliers for consulting services	7,823,693	various	398,426
(iii)	16 Aug 2016	Issue of shares for exploration tenements	1,151,741	0.047	54,132
(iv)	24 Oct 2016	Issue of shares for exploration milestone achievements	10,000,000	0.045	450,000
(v)	9 Sept 2016	Exercise of Options (KAIO)	25,030	0.10	2,503
(vi)	9 Sept 2016	Issue of shares in respect to the satisfaction of Series F Performance Rights	6,700,000	nil	341,700
(i)	22 May 2017	Placement	47,619,048	0.021	1,000,000
(ii)	22 May 2017	Issue of shares to suppliers for consulting services	12,005,296	0.026	310,662
(i)	8 June 2017	Share Purchase Plan	25,957,232	0.021	545,100
(i)	19 June 2017	Share Purchase Plan	10,833,289	0.021	227,499
Total			202,879,233		7,368,608

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 16: CONTRIBUTED EQUITY (CONT.)

Note	30-Jun-16	Details	Number	Issue Price \$	Total \$
i)	27 Aug 2015	Share placement	200,000,000	0.006	1,200,000
i)	4 Feb 2016	Share placement	300,000,000	0.004	1,200,000
i)	22 Jun 2016	Share placement	24,000,000	0.050	1,200,000
i)	22 Apr 2016	Issue of Securities to Tyranna and Tribal	200,000,000	0.004	800,000
i)	22 Apr 2016	Issue shares for Wodgina project, WA	40,000,000	0.005	200,000
					4,600,000
ii)	27 Aug 2015	Issue of shares for consulting services	8,000,000	0.006	48,000
ii)	7 Dec 2015	Issue of shares for exploration services	32,083,333	0.006	192,500
ii)	7 Dec 2015	Issue of shares for exploration services	2,491,032	0.006	14,946
ii)	7 Dec 2015	Issue of shares for exploration services	1,662,180	0.006	9,973
ii)	7 Dec 2015	Issue of shares for consulting services	5,000,000	0.006	30,000
ii)	15 Apr 2016	Issue of shares for consulting services	20,833,333	0.0048	100,000
ii)	15 Apr 2016	Issue of shares for exploration services	830,719	0.0047	3,904
ii)	15 Apr 2016	Issue of shares for exploration services	3,508,443	0.0047	16,490
ii)	15 Apr 2016	Issue of shares for exploration services	3,232,602	0.0047	15,193
ii)	15 Apr 2016	Issue of shares for consulting services	9,000,000	0.005	45,000
ii)	15 Apr 2016	Issue of shares for consulting services	6,000,000	0.004	24,000
ii)	22 Jun 2016	Issue of shares for consulting services	500,000	0.100	50,000
ii)	22 Jun 2016	Issue of shares for consulting services	3,814,161	0.0001	368
					550,374
iii)	22 Jun 2016	Exercise of options	46,084	0.1309	6,031
					6,031
iv)	22 Apr 2016	Conversion of Series A performance rights by Director - Wellisch ¹	16,500,000	-	-
iv)	22 Apr 2016	Conversion of Series A performance rights by Director - Hutchinson ¹	3,333,333	-	-
iv)	22 Apr 2016	Conversion of Series A performance rights by Director - Yu ¹	3,333,333	-	-
iv)	22 Apr 2016	Conversion of Series A performance rights by Company Secretary - Wing ¹	6,666,666	-	-
					-
v)	4 May 2016	Reduction of share capital	(2,288,490,095)		-
					-
		Total	(1,397,657,876)		5,156,405

¹ The valuation assumptions used in the calculation of performance rights is set out on the following page.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 16: CONTRIBUTED EQUITY (CONT.)

The Monte-Carlo simulation model has been used when valuing the Company's performance share rights within this report. The nature of the performance rights are that, at any time during the market vesting period, subject to meeting the vesting conditions, an ordinary share in KAI will automatically vest to the holder of the performance right.

Input	Assumption*
Number of Rights	Series A – 29,833,332 Series B – 29,833,332 Series C – 39,333,336
Valuation Date	28 July 2016
Vesting Period (Years)	Series A – within 4 years (by 28 July 2019) Series B – within 5 years (by 28 July 2020) Series C – within 5 years (by 28 July 2020)
Spot Price	\$0.008
Exercise Price	\$0.00
Company Volatility	85%
Vesting condition	Series A – Market capitalisation of the Company of \$20 million or more Series B – Market capitalisation of the Company of \$30 million or more Series C – Market capitalisation of the Company of \$40 million or more
Risk free rate	2.23%
Dividend yield	0%

* Refer to Directors' remuneration report "Section B" and "Section C" for further details. The initial number of performance rights issued per the table above was 99,000,000. This was reduced to 9,900,000 post consolidation.

	Note	30 June 2017		30 June 2016	
		No.	\$	No.	\$
16 b) Options					
At the beginning of reporting period		-	2,070,686	1,141,667,860	1,770,686
<u>Options movements during year</u>					
- Issue of options	i)	140,852,158	704,260	360,000,000	194,000
- Exercise of options		-	-	(46,084)	-
- Issue of options to consultants	ii)	12,500,000	62,500	98,286,666	106,000
- Expiration of options	iii)	-	-	(231,825,185)	-
- Reduction of options	iv)	-	-	(1,368,083,257)	-
At reporting date		153,352,158	2,837,446	-	2,070,686

Note	30-Jun-17	Details	Class	Number	Issue Price \$	Total \$
i)	5 Aug 2016	Issue of options under Rights Issue	KAIOE	106,081,868	0.005	530,409
i)	16 Aug 2016	Issue of options under Rights Issue	KAIOE	34,770,290	0.005	173,851
ii)	16 Aug 2016	Issue of options in lieu of payment	KAIOE	12,500,000	0.005	62,500
		Total		153,352,158		766,760

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 16: CONTRIBUTED EQUITY (CONT.)

Note	30-Jun-16	Details	Class	Number	Issue Price \$	Total \$
i)	27 Jul 2015	Issue of options to Alignment Capital	MPJO ¹	60,000,000	0.002	120,000
i)	8 Dec 2015	Issue to placement holders – free attaching options	MPJO ¹	100,000,000	-	-
i)	4 Feb 2016	Issue to placement holders free attaching options	MPJO ¹	100,000,000	-	-
i)	15 Apr 2016	Issue of options to Tyranna and Tribal	Unlisted	100,000,000	0.001	74,000
						194,000
ii)	27 Aug 2015	Issue of options in lieu of payment	MPJO ¹	6,120,000	-	-
ii)	27 Aug 2015	Issue of options in lieu of payment	MPJO ¹	8,000,000	0.001	8,000
ii)	7 Dec 2015	Issue of options to brokers in lieu of payment	MPJO ¹	24,000,000	0.002	48,000
ii)	15 Apr 2016	Issue of options in lieu of payment	MPJO ¹	4,166,666	-	-
ii)	15 Apr 2016	Issue of options in lieu of payment for services	MPJO ¹	50,000,000	0.001	50,000
ii)	15 Apr 2016	Issue of options in lieu of payment	MPJO ¹	6,000,000	-	-
						106,000
iii)	5 Oct 2015	Expiration of options	MPJAI	(1,400,000)	-	-
iii)	30 Jun 2016	Expiration of options	MPJO ¹	(230,425,185)	-	-
						-
iv	4 May 2016	Reduction of options	MPJO ¹	(1,368,083,257)	-	-
						-
		Total		(1,141,621,776)		300,000

¹. Options designated as MPJO were reclassified as KAIO during 2016. KAIO options had an expiry date of 30 June 2016 and an exercise price of \$0.01. These options have now expired.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 16: CONTRIBUTED EQUITY (CONT.)

During 2016, the Company issued 10,000,000 unlisted options to Tyranna and Tribal forming part of the "Completion" which was valued with a Black-Scholes calculation, using the following criteria:

Recipient	Tenement Acquisition
Quantity	10,000,000
Entitlement date	15/04/2016
Expiry date	30/06/2017
Share price	\$0.004
Exercise price	\$0.10
Implied volatility	100%
Option life (years)	1.2
Expected dividends	-
Risk free rate	1.97%

None of the options issued above had any vesting or escrow conditions.

	30 June 2017		30 June 2016	
	No.	\$	No.	\$
16 c) Performance Rights				
At the beginning of reporting period	6,916,668	691,100	-	-
<i>Movements during year</i>				
- Issued to key management personnel	20,100,000	768,490	9,900,000	691,100
- Conversion to shares	(6,700,000)	(341,700)	(2,983,332)	-
- Prior year conversion transfer to contributed equity	-	(217,783)	-	-
At reporting date	20,316,668	900,107	6,916,668	691,100

The number of performance rights issued by the Company during the 2017 year is set out below:

	Received as compensation*		Conversion No.**	Balance at the end of the year
	No	Fair Value \$		
2017				
Joshua Wellisch	7,500,000	286,750	(2,500,000)	5,000,000
Neil Hutchison	1,500,000	57,350	(500,000)	1,000,000
Ian Finch	2,700,000	103,230	(900,000)	1,800,000
Adrien Wing	2,700,000	103,230	(900,000)	1,800,000
Other contractors	5,700,000	217,930	(1,900,000)	3,800,000
	20,100,000	768,490	(6,700,000)	13,400,000

* Performance Rights issued approved by shareholders on 29 July 2016.

**Converted Series F performance rights to shares. Refer to tables above.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 17: COMMITMENTS AND CONTINGENCIES

Mabo Decision

The decision of the High Court of Australia in June 1992 in Mabo and Others v The State of Queensland (no. 2) (1992) 175 CLR 1 recognised traditional native title rights of Aboriginal Australians to land in certain circumstances. As a consequence of the Mabo decision the Federal Parliament enacted the Native Title Act 1993. The Mabo decision and subsequent native title claims have resulted in uncertainties concerning the security of title to interests in land, including exploration and mining tenements on an Australia-wide basis.

The Company and controlled entities hold tenements in Western Australia and Queensland. Some of these tenements may be subject to native title claims. Because of the uncertainties described above, the granting of exploration rights and ultimately mining from those tenements will depend on the outcome of the Native Title Claims and/or current negotiations by the Company.

The full impact of the consequences of the Mabo decision cannot be determined, but may in the future include:

- Tenements being made subject to conditions relating to native title
- Delays in the granting of new tenements or for renewals or extensions of existing tenements
- Claims for recognition of native title or for compensation by persons claiming native title

Other than as disclosed above the Consolidated Entity is not involved in any legal or arbitration proceedings nor, so far as the Directors are aware, of such proceedings pending or threatened against the Consolidated Entity

NOTE 18: OPERATING SEGMENTS

The consolidated entity is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews NPBT (net profit before tax). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The company owns interests in exploration assets and financial assets that are based in Australia.

NOTE 19: CASH FLOW INFORMATION

	30 June 2017	30 June 2016
	\$	\$
Reconciliation of Cash Flow from Operations with Result after Income Tax:		
(Loss) for the Period	(3,162,721)	(2,037,730)
Add back depreciation expense	8,302	3,083
Add back equity settled expense	768,490	988,468
Add back provision for diminution	-	(34,898)
Add back impairments of other financial assets	325	(11,577)
Add back exploration write off	846,808	30,538
Add back net gain on disposal of shares	-	(53,598)
(Increases)/Decreases in Accounts Receivable	(393)	27,339
Decreases/(Increases) in Other Current Assets	4,003	(16,791)
Cash flow from operations	(1,535,186)	(1,105,166)

NOTE 20: RELATED PARTY TRANSACTIONS

An amount of \$15,000 was recorded as a receivable as at 30 June 2017 owing from Mr Joshua Wellisch in respect to shares issued. This amount was received in July 2017. No other related party transactions were made during the year other than director remuneration disclosed at Note 5 and Note 16.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 21: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Financial Instruments

The Consolidated Entity's financial instruments consist of cash and cash equivalents, trade and other receivables, other financial assets, and trade and other payables.

	30 June 2017	30 June 2016
	\$	\$
Cash and cash equivalents	1,424,940	1,346,006
Trade and other receivables	1,103,345	119,510
Other financial assets held for trading	675	1,000
Trade and other payables	(979,248)	(925,040)

The Consolidated Entity does not have any derivative instruments at 30 June 2017 (30 June 2016: Nil).

b) Risk Management Policy

The Board is responsible for overseeing the establishment and implementation of the risk management system, and reviews and assesses the effectiveness of the Consolidated Entity's implementation of that system on a regular basis.

The Board seeks to ensure that the exposure of the Consolidated Entity to undue risk which is likely to impact its financial performance, continued growth and survival is minimised in a cost effective manner.

c) Significant Accounting Policy

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and other financial assets are represented at their fair values determined in accordance with the accounting policies disclosed in Note 1.

d) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may issue new shares or reduce its capital, subject to the provisions of the Company's constitution.

The capital structure of the Company consists of equity attributed to equity holders of the Company, comprising issued capital and accumulated losses.

e) Financial Risk Management

Interest Rate Risk

The Company is exposed to interest rate risks via the cash and cash equivalents that it holds. Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The objective of managing interest rate risk is to minimise the Company's exposure to fluctuations in interest rates that might impact its interest revenue and cash flow.

Cash at bank balances of \$1,424,940 (2016: \$1,313,920) are subject to interest rate risk, being held in accounts with floating interest rates. There is no other exposure to interest rate risk.

The Consolidated Entity has conducted a sensitivity analysis of the Consolidated Entity's exposure to interest rate risk. The analysis shows that if the Consolidated Entity's interest rate was to fluctuate as disclosed below and all other variables had remained constant, then the interest rate sensitivity impact on the Consolidated Entity's loss after tax and equity would be as follows:

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 21: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

	30 June 2017	30 June 2016
	\$	\$
1% (2016: +1.00%)	14,249	13,460
-1% (2016: -1.00%)	(14,249)	(13,460)

Credit Risk

The Consolidated Entity is exposed to credit risk via its cash and cash equivalents and trade and other receivables. Credit risk is the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Company. To reduce risk exposure for the Company's cash and cash equivalents, it places them with high credit quality financial institutions.

Receivables past due and impaired are \$nil (2016: \$nil). All other receivables past due are not considered impaired. Management believe that these receivables are recoverable and are satisfied that payment will be received in full.

Liquidity Risk

The Company is exposed to liquidity risk via its trade and other payables. Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet the commitments associated with its financial instruments. Responsibility for liquidity risk rests with the Board who manage liquidity risk by monitoring the Company's undiscounted cash flow forecasts to ensure the Company is able to meet its debts as and when they fall due.

Contracts are not entered into unless the Board believes that there is sufficient cash flow to fund the activity. The Board considers when reviewing its undiscounted cash flows forecasts whether the Company needs to raise additional funding from the equity markets. The Company has analysed its trade and other payables below:

	0-30 days	30-60 days	60-90 days	90+ days	Total
2017					
<u>Trade and other payables</u>					
- Trade and other payables	653,515	32,191	35,735	106,994	828,435
- Accrued expenses	150,813	-	-	-	150,813
	804,328	32,191	35,735	106,994	979,248
2016					
<u>Trade and other payables</u>					
- Trade and other payables	474,002	111,197	135,129	128,492	848,820
- Accrued expenses	76,220	-	-	-	76,220
	550,222	111,197	135,129	128,492	925,040

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2017

NOTE 22: PARENT COMPANY INFORMATION

The following information has been extracted from the financial reports and records of the Parent Entity, Kairos Minerals Ltd, and has been prepared in accordance with the accounting standards.

	Parent Entity	
	30 June 2017	30 June 2016
	\$	\$
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	2,540,070	1,481,790
Non-current assets	11,002,203	7,392,528
Total assets	13,542,273	8,874,318
Liabilities		
Current liabilities	979,248	925,058
Total liabilities	979,248	925,058
Net assets	12,563,025	7,949,260
Equity		
Issued capital	56,108,725	48,491,529
Available for sale financial asset	875	875
Performance Rights reserve	900,107	691,100
Accumulated losses	(44,446,682)	(41,234,244)
Total equity	12,563,025	7,949,260
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total loss	(3,212,438)	(1,988,012)

NOTE 23: EVENTS OCCURRING AFTER THE REPORTING DATE

On 4 August 2017, Mr Joshua Wellisch resigned as Director in order to pursue other business interests. Mr Terry Topping assumed the role of Executive Chairman and CEO and Mr Bruno Seneque was appointed as a Non-Executive Director.

On 15 September 2017, the Company announced a capital raising of \$1.71 million for 90 million shares at 1.9 cents per share to sophisticated and professional investors completed under the Company's existing 15% placement capacity under ASX listing rules. The new shares will be issued with a 1-for-1 free attaching option exercisable at 2.6 cents per share by 31 December 2019, subject to shareholder approval.

Other than the matters listed above, no other matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Consolidated Entity, the result of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

NOTE 24: COMPANY DETAILS

The registered office and principal place of business of the Company is:

Level 1, 14 Outram Street, West Perth, Western Australia, Australia 6005.

Directors' Declaration

The Directors' of the Company declare that;

1. In the Directors' opinion the financial statements and the notes and the remuneration disclosures that are contained within the Remuneration report within the Directors' report are in accordance with the Corporations Act 2001 , including:
 - a. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2017 and of its performance, for the financial year ended on that date; and
 - b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001 and other mandatory professional reporting requirements.
2. the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in note 1; and
3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the chief executive officer and chief financial officer for the financial year ended 30 June 2017.

This declaration is made in accordance with a resolution of the Board of Directors.



Neil Hutchison
Non-Executive Director

Melbourne
Dated: 29th September 2017.

Independent Auditor's Report



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Level 18, 727 Collins Street
Melbourne VIC 3008
GPO Box 5099 Melbourne VIC 3001
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Kairos Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kairos Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (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 1 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.

Exploration and Evaluation expenditures

Key audit matter	How the matter was addressed in our audit
<p>The company has incurred significant exploration and evaluation expenditures which have been capitalised. As the carrying value of exploration and evaluation expenditures represents a significant asset of the company, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of this asset requires impairment.</p> <p><i>AASB 6: Exploration for and Evaluation of Mineral Resources</i> contains detailed requirements with respect to both the initial recognition of such assets and ongoing requirements to continue to carry forward the assets.</p> <p>Note 1(d) to the financial statements contains the accounting policy and note 14 contains the disclosures in relation to exploration and evaluation expenditures.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> • Obtaining evidence that the company has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditures by obtaining independent searches; • Reviewing budgets and assessing assumptions made by the entity to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the areas of interest were planned; and • Reviewing ASX announcements and reviewing minutes of directors' meetings to ensure that the company had not decided to discontinue activities in any of its areas of interest.



Other information

The directors are responsible for the other information. The other information comprises the information contained in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_files/ar2.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 30 to 34 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Kairos Minerals Limited, for the year ended 30 June 2017, 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 East Coast Partnership

A handwritten signature in black ink, appearing to read 'Richard Dean', written over a faint 'BDO' watermark.

Richard Dean

Melbourne, 29th September 2017

Shareholder Information

As at 25th September 2017:

Number of Holders of Equity Securities

Ordinary Shares

582,568,745 fully paid ordinary shares are held by 5,483 individual shareholders.
All ordinary shares carry one vote per share.

Options

KAIAQ – 1,500,000 options exercisable at \$0.10 on or before 30 Dec 2017, are held by 3 individual shareholders;

Options do not carry a right to vote.

Voting rights will be attached to the unissued shares when the options have been exercised.

Distribution of Holders in Each Class of Equity Securities

Shareholders (KAI)

	No. of Shareholders
1 – 1,000	2,240
1,001 – 5,000	424
5,001 – 10,000	329
10,001 – 100,000	1,687
100,001 –	803
Total number of shareholders	5,483
Unmarketable Parcels	3,186

Shareholder Information *(Continued...)*

Twenty Largest Holders of Quoted Securities

Fully paid ordinary shares

Shareholders	Number	%
1 TYRANNA RES LTD	31,299,531	5.37%
2 SABET HOSSEIN	22,723,540	3.90%
3 PATINA RES PL	15,758,472	2.70%
4 BNP PARIBAS NOM PL	8,898,247	1.53%
5 FOREIGN DIMENSIONS PL	8,700,000	1.49%
6 CHITRIN DAVID	7,500,000	1.29%
7 NORTHERN STAR NOM PL	6,200,000	1.06%
8 327TH P & C NOM PL	6,158,340	1.06%
9 TAN KONG HOCK + ANG M M M	5,142,857	0.88%
10 COLIN & IMELDA BOURKE SUP	5,100,000	0.88%
11 LEONOV LEON ISSAEVICH	5,000,000	0.86%
12 AET SFS PL	4,736,842	0.81%
13 ALITIME NOM PL	4,578,947	0.79%
14 SABET HOSSEIN	4,200,000	0.72%
15 REIAJA PL	4,105,263	0.70%
16 DARNETTA PL	4,000,000	0.69%
17 WILLOWDALE HLDGS PL	3,947,369	0.68%
18 LTJ INV PL	3,864,286	0.66%
19 WATES GAVIN ANTHONY	3,428,572	0.59%
20 SANGREAL INV PL	3,000,000	0.51%
TOTAL	158,342,266	27.17%

Shareholder Information *(Continued...)*

Unquoted Equity Securities Holdings Greater than 20%

Nil

Substantial Shareholders

There are no substantial Shareholders who have notified the Consolidated Entity in accordance with Section 671B of the Corporations Act.

Shareholder Enquiries

Shareholders with enquiries about their shareholdings should contact the Share Registry:

Security Transfer Registrars

770 Canning Highway

Applecross, Western Australia 6153

Telephone: +61 (0)8 9315 2333 Facsimile: +61 (0)8 9315 2233

Email: registrar@securitytransfer.com.au

Change of Address, Change of Name, Consolidation of Shareholdings

Shareholders should contact the Share Registry to obtain details of the procedure required for any of these changes.

Removal from the Annual Report Mailing List

Shareholders who wish to receive a hard copy of the Annual Financial Report should advise the Share Registry or the Company in writing. Alternatively, an electronic copy of the Annual Financial Report is available from www.asx.com.au or www.kairosminerals.com.au. All shareholders will continue to receive all other shareholder information.

Tax File Numbers

It is important that Australian resident shareholders, including children, have their tax file number or exemption details noted by the Share Registry.

CHES (Clearing House Electronic Sub-register System)

Shareholders wishing to move to uncertificated holdings under the Australian Securities Exchange (ASX) CHES system should contact their stockbroker.

Uncertificated Share Register

Shareholding statements are issued at the end of each month that there is a transaction that alters the balance of your holding.

Shareholder Information *(Continued...)*

Interests in Mining Tenements as at 30 June 2017

Project/Tenements	Location	Held	Events Subsequent to Balance Date
Roe Hills Project E28/1935 E28/2117 E28/2118 E28/2495 E28/2548 E28/2585 P28/1292 P28/1293 P28/1294 P28/1295 P28/1296 P28/1297 P28/1298 P28/1299 P28/1300 E28/2593 E28/2594	W.A., Australia	100%	N/A
Fraser Range Project E69/3308 E69/3411	W.A., Australia	100%	N/A
Dingo Range E53/1731 E53/1732 E53/1733 P53/1624 E53/1814 E53/1927 E53/1928	W.A., Australia	100%	N/A
Mt York (Pilbara Lithium Gold Project) P45/2987 P45/2989 P45/2988 P45/2990 P45/2991 P45/2992 P45/2993 P45/2994 P45/2995 P45/2996 P45/2997 P45/2998 L45/0422	W.A., Australia	100%	N/A
Wodjina Project E45/4715 E45/4780 E45/4731 E45/4740	W.A., Australia	100% JV Altura JV Altura	N/A
Southern Pride Project E47/3523 E47/3522	W.A., Australia	100%	N/A

Shareholder Information *(Continued...)*

Croydon Project E47/3519 E47/3520 E47/3521	W.A., Australia	100%	N/A
Lalla Rookh Project E45/4741	W.A., Australia	100%	N/A
Taipan Project E45/4806	W.A., Australia	100%	N/A
Woodcutters Project E28/2646 E28/2647 E28/2648	W.A., Australia	100%	N/A
Mooloo Project E08/2857	W.A., Australia	100%	N/A

Corporate Directory

COMPANY

Kairos Minerals Limited
ABN 84 006 189 331

DIRECTORS

Mr Terry Topping	Executive Chairman
Mr Bruno Seneque	Non-Executive
Mr Neil Hutchison	Non-Executive

COMPANY SECRETARY

Mr Adrien Wing

COMPANY WEBSITE

www.kairosminerals.com.au

REGISTERED OFFICE

Level 1, 14 Outram Street
West Perth, Western Australia
Australia 6005

Phone: +61 (0)8 9226 1141
Facsimile: +61 (0)3 9614 0550

SOLICITORS

DLA Piper
Level 31, Central Park
152-158 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Security Transfer Registrars
770 Canning Highway
Applecross, Western Australia
Australia 6153

Telephone: +61 (0)8 9315 2333
Facsimile: +61 (0)8 9315 2233

Email: registrar@securitytransfer.com.au

AUDITORS

BDO East Coast Partnership
Level 18, 727 Collins Street
Docklands, Victoria
Australia 3000

SECURITIES QUOTED

Australian Securities Exchange (ASX)

ASX Code: KAI Ordinary Fully Paid Shares

BANKERS

National Australia Bank
Melbourne, Victoria
Australia 3000