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ABN 84 006 189 331

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2016

Table of Contents

| | |
|--|-----------|
| Directors' Report | 3 |
| Auditor's Independence Declaration | 18 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 19 |
| Consolidated Statement of Financial Position | 20 |
| Consolidated Statement of Changes in Equity | 21 |
| Consolidated Statement of Cash Flows | 22 |
| Notes to the Financial Statements | 23 |
| Directors' Declaration | 28 |
| Auditor's Review Report | 29 |
| Corporate Directory | 31 |

Directors' Report

The Directors of Kairos Minerals Limited ("KAI" or "the Company") provide the following Report in relation to the Company for the half year ended 31 December 2016.

Directors

The following persons were Directors of the Company during the half-year and up to the date of this report:

| | |
|---------------------|----------------------------|
| Mr Terrance Topping | Appointed on 15 March 2017 |
| Mr Joshua Wellisch | |
| Mr Neil Hutchison | |
| Mr Ian Finch | Resigned on 15 March 2017 |
| Mr Dehong Yu | Resigned on 15 August 2016 |

Results

For the six months ended 31 December 2016, the Company incurred a consolidated loss of \$2,278,784 (2015: \$1,137,071).

Review of Operations

Mt York Gold-Lithium Project (Pilbara, WA)

- Mt York emerging 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.
- Upgraded Indicated & Inferred Resource: 5.692Mt at 1.42g/t Au for 258,000oz, comprising:
 - *Phase I Indicated and Inferred Resources (ASX announcement – 1st August 2016):*
 - Iron Stirrup – 714Kt at 1.99g/t Au for 45,000oz
 - Old Faithful – 2.069Mt at 1.37g/t Au for 90,000oz
 - *Phase II Indicated and Inferred Resources – (ASX announcement – 5th October 2016)*
 - Main Hill – 1.641Mt at 1.26g/t Au for 66,000oz
 - Breccia Hill – 1.269Mt at 1.40g/t Au for 57,000oz
- All deposits remain open along strike and at depth within well-defined mineralised zones, providing rapid resource expansion opportunities.
- High-grade historical intercepts below both Main Hill and Breccia Hill resource boundary highlight the potential for high-grade shoots within the broader mineralised envelope.
- 13 RC holes and 15 diamond core holes completed at Mt York for 5,242m with assays awaited for 23 holes. Initial assays received for diamond holes KMDY001 to KMYD004 with best results including:
 - KMYD002: 11.92m @ 3.57g/t Au from 10.25m down-hole, including:
 - 7.18m @ 5.21g/t Au from 14.00m down-hole; and
 - 1.00m @ 20.5g/t Au from 15.00m down-hole;
 - 14.62m @ 0.59g/t Au from 102m down-hole, including:
 - 6.92m @ 1.12g/t Au from 109.70m down-hole
 - 6.90m @ 1.13g/t Au from 140.46m, including:
 - 1.83m @ 2.23g/t Au from 141.53m

Directors' Report

Roe Hills Gold Project (Eastern Gold Fields, WA)

- Maiden gold-focused drilling program commenced, with 8 holes (1,195m) completed in the December period and drilling resuming in January with a total of 17 holes for 3,420m proposed as part of the 2017 program. Drilling is continuing.

Corporate

- Lithium JV secured with Altura Mining (ASX: AJM) at Kairos' Wodgina East Project.
- Kairos secures \$150,000 in EIS funding for nickel-copper exploration at Roe Hills Project.

Summary

Kairos Minerals (ASX: KAI – “Kairos” or “the Company”) is pleased to report on another active and productive half yearly period, during which it embarked on an aggressive exploration and growth strategy at its two key WA gold projects, the Mt York Gold-Lithium Project in the Pilbara and the Roe Hills Project in the Eastern Goldfields (both 100 per cent owned) (Figure 1).

The announcement of an upgraded JORC 2012 compliant Mineral Resource inventory comprising 5.692 million tonnes at 1.42g/t Au for 258,000oz was a key highlight of the period, following a review and reinterpretation of historical data from the former Lynas Find gold project. This project was last operated in a significantly lower gold price environment in the mid-1990s.

The maiden Mineral Resource estimate, which encompasses four deposits (several of which were previously mined as shallow open pits) provides a strong foundation for the Company's gold strategy.

Systematic and methodical exploration work also continued during the period to identify gold exploration targets at Mt York, including immediate depth and strike extensions of the known deposits, and regional exploration targets with the potential to deliver new discoveries.

A maiden drilling program completed during the period has successfully identified potentially significant extensions to each of the known deposits at Old Faithful, Iron Stirrup, Main Hill and Breccia Hill, with final confirmation and interpretation awaiting the return of all outstanding assay data. In addition, visually encouraging results have been received from the initial drill assessment of several high priority gold-in-soil anomalies identified at the Golden Spur, Camelback, Gilt Dragon and Golden Gully Trends (refer Figures 2, 5 and 6). Assays are pending.

At the Roe Hills Project, which is located near Breaker Resources' (ASX: BRB) emerging Lake Roe gold discovery, drilling commenced in December before being temporarily suspended over the Christmas/New Year break. Drilling has now re-commenced and will continue over the coming weeks. Drilling has been focused on the +2km long Terra Gold Trend and the Ginger Kiss Gold Trend, situated immediately west of Silver Lake Resources (ASX: SLR) Aldiss Project/French Kiss Gold Deposit (**1.45Mt @ 1.89g/t Au for 118,490oz Au**).

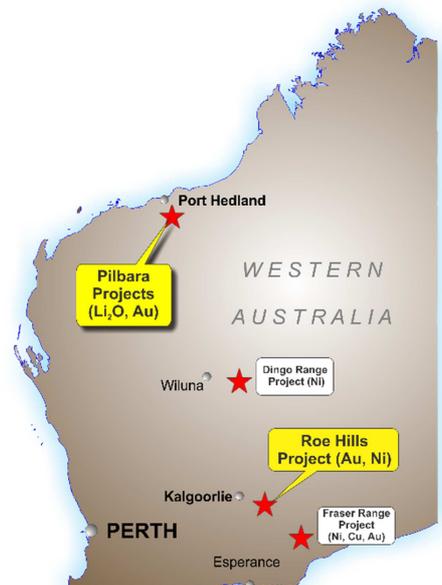


Figure 1. Kairos Project Locations

Directors' Report

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 (refer to Figure 2). The main gold deposits at the Mt York Project include Main Hill, Breccia Hill, Old Faithful and Iron Stirrup.

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).

Upgraded Mineral Resource

A key development during the half year period was the completion of an upgraded JORC 2012 compliant Mineral Resource estimate for the Mt York Gold-Lithium Project (refer Figures 2, 3 and 4).

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).

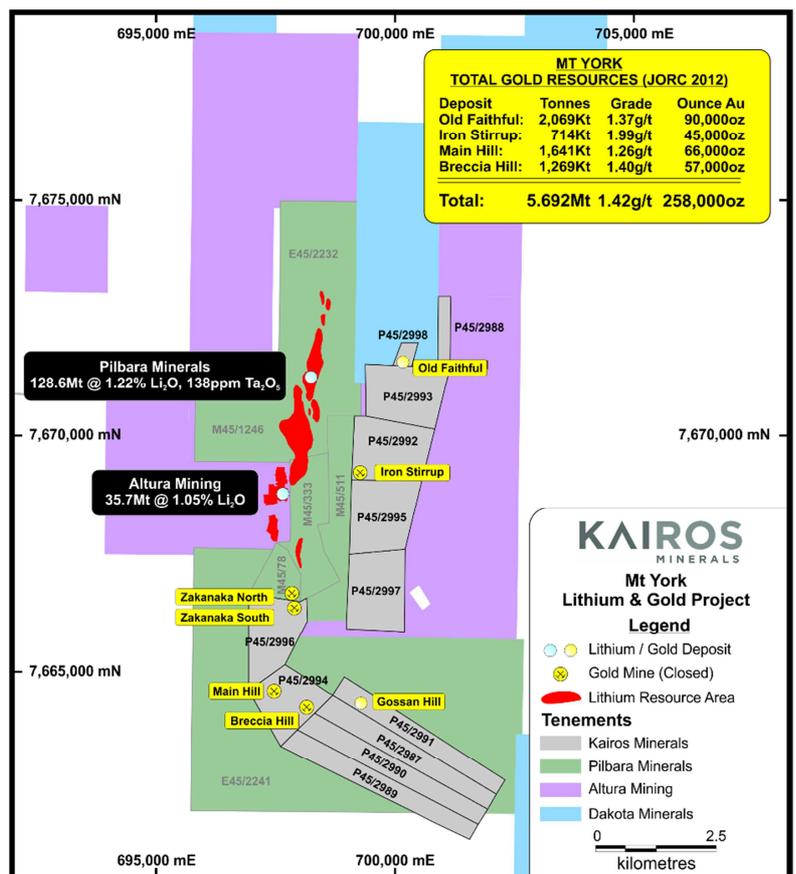


Figure 2. Mt York Project – Tenements and Prospect/Deposit Locations

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

Directors' Report

A Mineral Resource estimate for the Zakanaka deposit was not completed due to insufficient historical data. Zakanaka however represents a high priority exploration target which will be assessed during the 2017 campaign.

Mt York Project – JORC 2012 Mineral Resources

The total JORC 2012 Mineral Resource estimate for the Mt York Project, encompassing the Iron Stirrup, Old Faithful, Breccia Hill and Main Hill deposits and reported using a 0.5g/t gold cut-off grade, is set out in Table 1 below and deposit locations are shown in Figure 2.

Table 1 – October 2016 Kairos Minerals JORC 2012 Mineral Resource Table for Iron Stirrup, Old Faithful Prospects, Breccia Hill and Main Hill (reported at a 0.5g/t cut-off)

| Prospect | Material | Category | Tonnes (kt) | Au (g/t) | Ounces (koz) |
|-----------------------------------|--------------|-----------|-------------|----------|--------------|
| Iron Stirrup | Fresh | Indicated | 421 | 2.22 | 30 |
| | | Inferred | 293 | 1.67 | 15 |
| Old Faithful | Transitional | Indicated | 325 | 1.18 | 12 |
| | | Inferred | 327 | 1.37 | 14 |
| | Fresh | Indicated | 609 | 1.41 | 27 |
| | | Inferred | 807 | 1.41 | 37 |
| Main Hill | Oxide | Indicated | 361 | 0.99 | 11 |
| | | Inferred | 339 | 1.16 | 12 |
| | Transitional | Indicated | 298 | 1.55 | 15 |
| | | Inferred | 560 | 1.26 | 23 |
| | Fresh | Inferred | 83 | 1.85 | 5 |
| Breccia Hill | Oxide | Indicated | 157 | 1.24 | 6 |
| | | Inferred | 154 | 1.01 | 5 |
| | Transitional | Indicated | 275 | 1.4 | 12 |
| | | Inferred | 466 | 1.33 | 20 |
| | Fresh | Inferred | 217 | 1.96 | 14 |
| Total Indicated | | | 2,446 | 1.46 | 113 |
| Total Inferred | | | 3,246 | 1.40 | 145 |
| Total Indicated + Inferred | | | 5,692 | 1.42 | 258 |

The Resource estimate is the result of Kairos' ongoing review of the gold potential at Mt York.

The updated Mineral Resource was independently estimated by Auralia Mining Consulting Pty Ltd as part of a geological review and reinterpretation of the extensive historical database for the project. This work has been aimed at updating and re-estimating the resource estimates that were in place when Kairos acquired the Mt York Project earlier this year.

Directors' Report

Mt York Project – Background and Gold Potential

The Mt York Project includes four historical gold mines (Main Hill, Breccia Hill, Iron Stirrup, Zakanaka) which formed part of the Lynas Find Gold Project, owned and operated by Lynas Gold NL during the mid – 1990's. Figures 3 and 4 present vertical longitudinal projections of the Iron Stirrup and Main Hill – Breccia Hill Deposits respectively.

The Old Faithful Deposit, situated several kilometres north of Iron Stirrup, was discovered and broadly defined by Lynas Gold NL during the same period, however it was never developed and remains as an unmined resource.

The Main Hill and Breccia Hill prospects were originally explored by Lynas Gold NL in 1986 with an initial resource estimate being calculated later that year. Other companies to have held an interest in the project include Esso Exploration, Amax Iron Ore Corporation (Amax), Carpentaria Exploration Pty Ltd, Australian Consolidated Minerals (ACM) and Trafford Resources.

Gold mining of the oxide zone commenced at Main Hill/Breccia Hill in February 1995 via shallow open pits to a maximum depth of only about 30 vertical metres. The oxide material has for the majority been mined out however some remnant material remains behind. It is evident that the mineralisation often weakens near the base of the pits but improves in width and grade down dip from this at least within the area of current broad spaced drill testing.

The operations provided a significant contribution to the total production at Lynas Find which recovered 125,493oz of gold from 2.114Mt of ore with an average grade of 1.85g/t gold during the 4-year period from 1994 to closure of the mines in 1998 (Lynas 1998 Annual report).

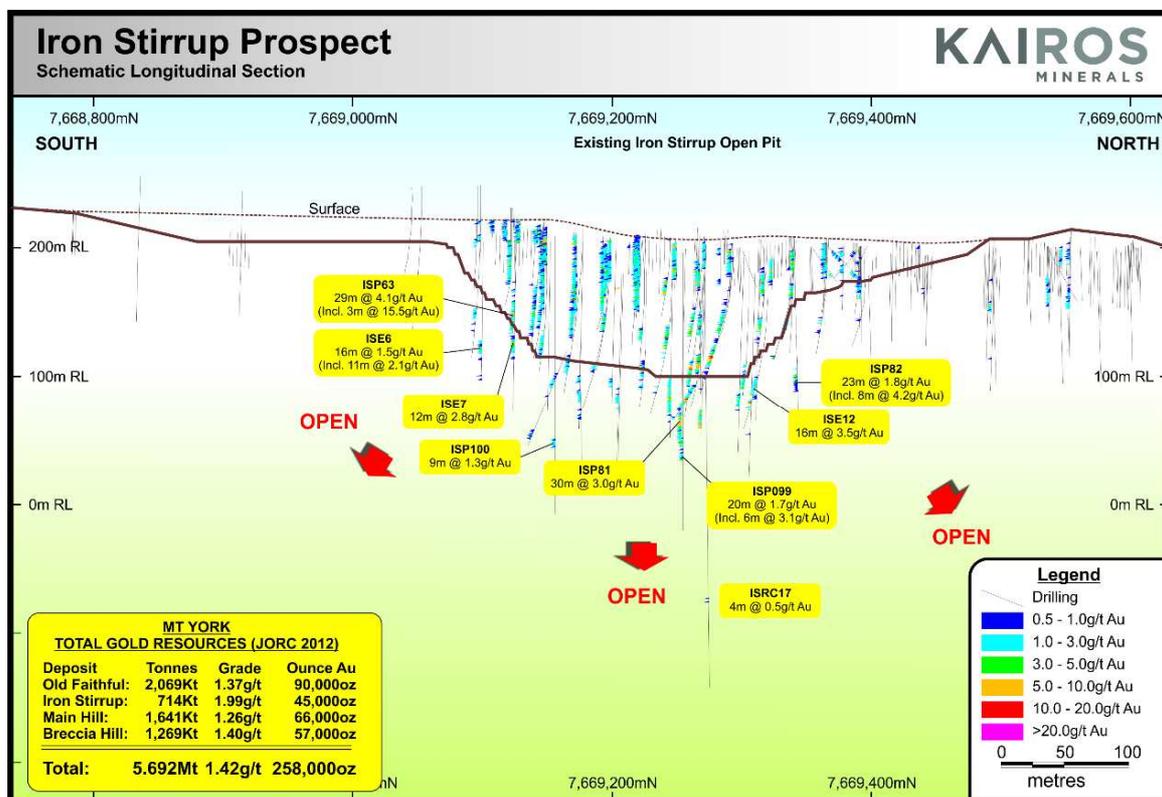


Figure 3. Mt York Project – Iron Stirrup Vertical Longitudinal Projection

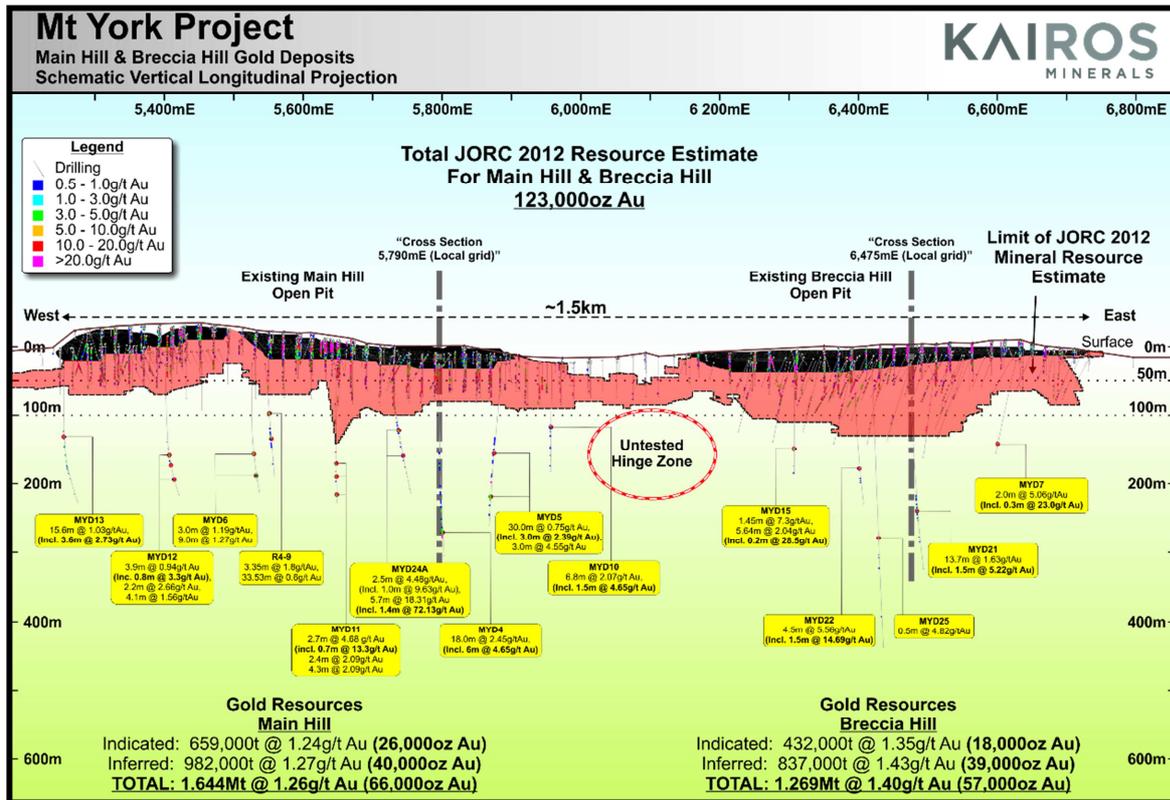


Figure 4. Mt York Project – Breccia Hill and Main Hill Deposits

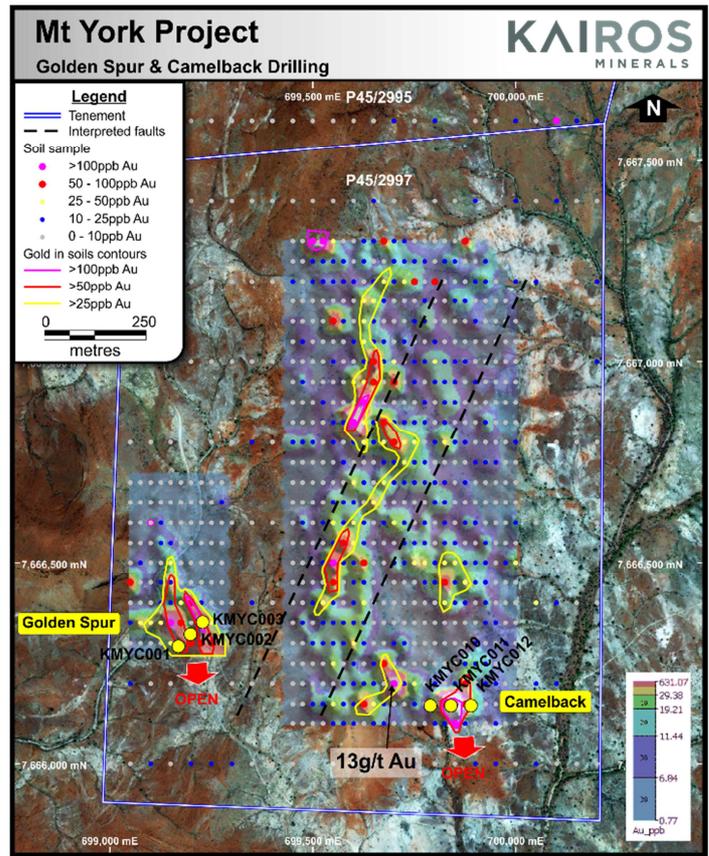
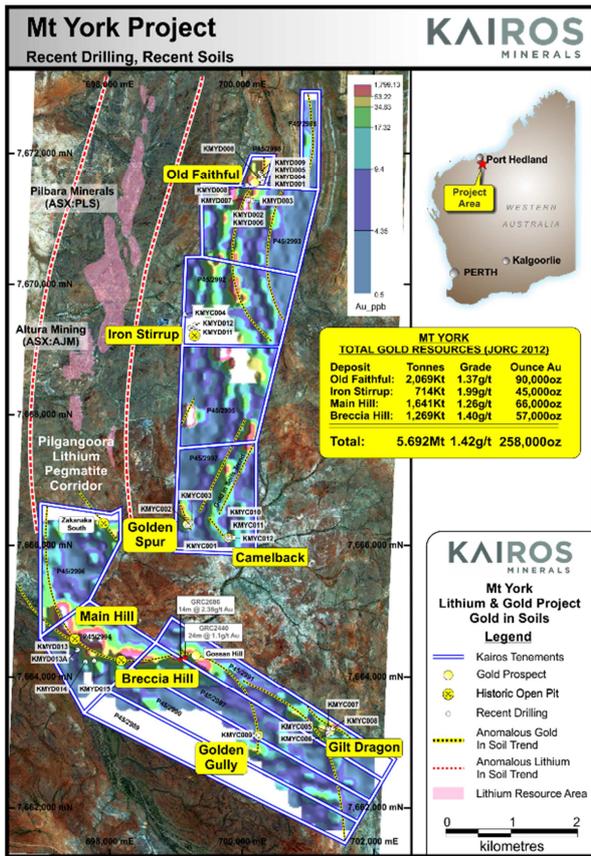
Next Steps

All the tenements which comprise the Mt York Project have now been granted. Due to the commencement of the wet season, exploration has been suspended and will recommence in 2017 field season. Key targets will include:

- Depth and strike extensions and repetitions to the known gold mineralisation at the Old Faithful Deposit;
- Depth and strike extensions to the known gold mineralisation in close proximity to the current base of the Iron Stirrup, Main Hill & Breccia Hill Pits in order to assess the potential for near-term pit expansion opportunities;
- Depth and strike extensions representing potential future underground mining opportunities; and
- Initial testing of high priority gold and lithium – tantalum-in-soil anomalies/trends.

Assays are pending on 23 holes and the Company is eagerly waiting on results and will release assays as they become available.

Directors' Report



Figures 5 & 3. Mt York Soil Geochemistry and Drilling Targets

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.

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.

During the period, Kairos commenced its maiden gold-focused drilling program at Roe Hills with eight holes completed for 1,195m. Drilling resumed in January following the Christmas break with a total of 17 holes for 3,420m proposed as part of the 2017 program. Results will be reported as assays are received.

The Roe Hills Project is flanked by Silver Lake Resources' (ASX: SLR) Mt Monger/Randalls Gold Operations to the west and the Aldiss Gold Project to the immediate east. Recently, Breaker Resources (ASX: BRB) has confirmed the discovery of a potentially significant new goldfield at its Lake Roe Project, located ~10km to the north-east of Kairos' tenement package within the same tectono-stratigraphic corridor.

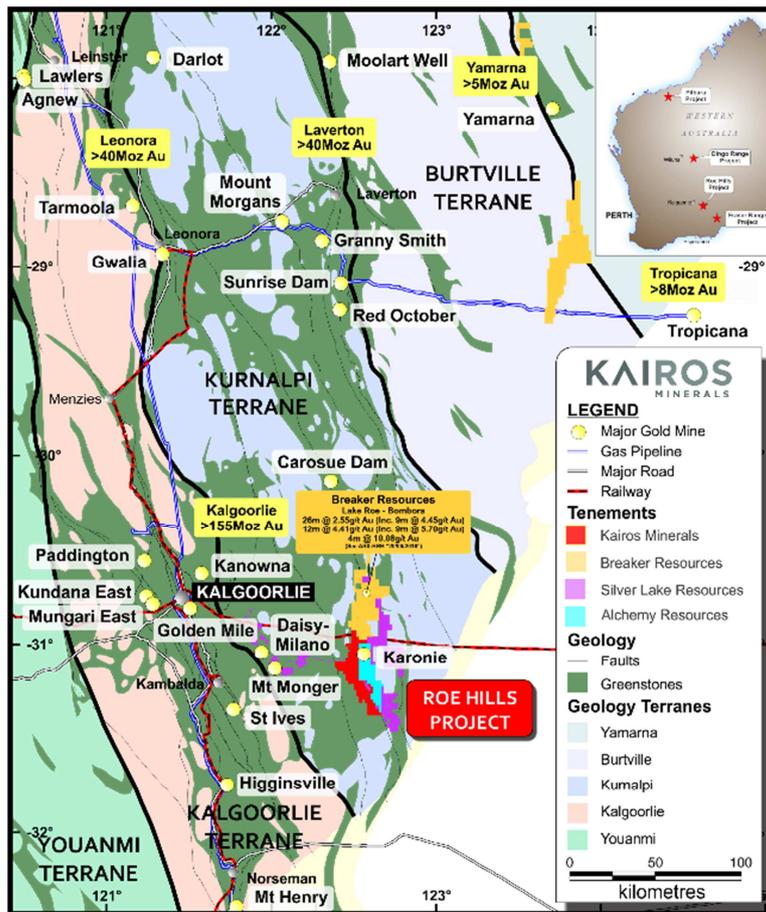


Figure 7. Eastern Goldfields, Roe Hills Project

Breaker has identified wide, shallow, high-grade gold mineralisation within altered doleritic host rocks at its Bombora and Bombora North discoveries as it aims to establish a continuous 2.2km long zone of Gold beneath transported cover including lake sediments. Recently reported results have included impressive intercepts such as 26m at 2.66g/t Au from 19m including 9m at 4.45g/t Au and 12m at 4.41g/t Au from 48m including 9m at 5.7g/t Au (see Breaker Resources ASX Announcement – 20 September 2016) (see Figure 8).

Previous gold exploration at Roe Hills was undertaken during the mid-late 1990's by several companies including BHP and WMC; however, despite promising early results gold exploration effectively ceased at Roe Hills in 2001 during a protracted period of historically low commodity prices. No follow-up evaluation or methodical modern exploration for gold has been undertaken during the past 15 years.

By contrast, the Laverton goldfield – which also lies within the Kurnalpi Terrane of the EYC, some 200km to the north of Roe Hills – has grown from a reported gold resource endowment of <3Moz in the early 1990's to a current endowment of >28Moz as a direct result of continued exploration effort, expenditure and subsequent success by companies such as Dacian Gold (Mt Morgans >3Moz); AngloGold Ashanti (Sunrise Dam > 10moz), Goldfields (Wallaby >8Moz, Granny Smith >2 Moz) & Saracen Mineral Holdings (Carosue Dam >4Moz) (see Figure 7).

Directors' Report

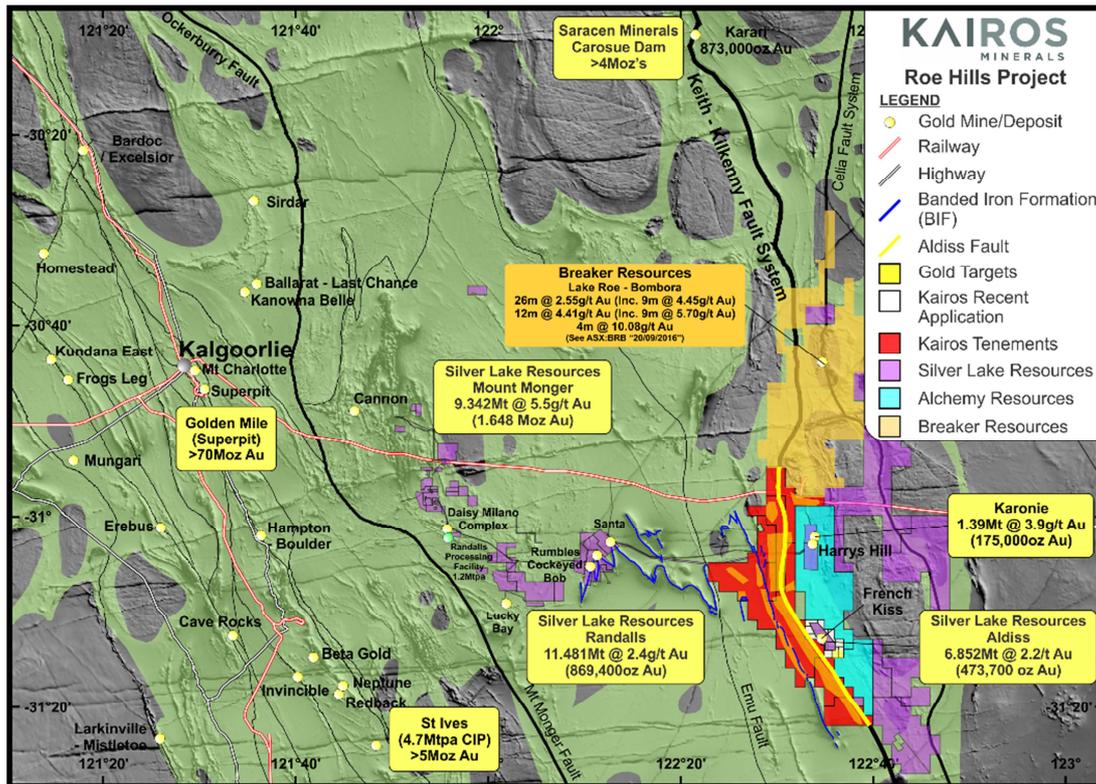


Figure 8. Roe Hills Project, Regional Location

The Laverton Goldfield is now widely recognized as Australia’s second largest gold district after Kalgoorlie, demonstrating the significant opportunities available through the application of modern exploration methodologies within historically under-explored regions such as Roe Hills.

Roe Hills Project – Key Developments

With the assistance of expert independent consultants, Kairos’ geological team has been progressing a detailed review of the gold exploration potential at the Roe Hills Project in preparation for a major new drilling program which commenced late in the period and which will continue into 2017.

This work has delivered a number of positive interim results, which are summarised below and shown in Figure 9:

- The Roe Hills Project represents a dominant land-holding in an under-explored high quality geological setting with proven gold endowment.
- The project is bounded by the Celia/Claypan and Emu Fault systems and covers 40 strike kilometres of the Keith-Kilkenny Lineament (locally known as the “Aldiss” Fault) – all of which are regionally extensive deep crust/mantle tapping structures, well recognized as controlling the distribution of many of WA’s major gold deposits.
- Numerous ENE and WNW “linking” structures transect the project stratigraphy, providing dilational traps within favourable lithologies defining multiple priority targets with the potential to host significant gold mineralisation.

Directors' Report

- An initial collaborative targeting exercise undertaken with geophysical and geological consultants Newexco Services Pty Ltd has identified multiple high-priority target areas for gold. These targets, including the Ginger Kiss and Terra trends and the western BIF. A summary of historical intercepts from these areas is presented below (previously announced in KAI June quarterly):

Terra Trend

- **Hole UR19** 16m @ 46.8g/t Au from 38m
Including 4m @ 181.4 g/t Au from 38m
- **TD1** 35m @ 1.0 g/t Au “stockwork” from 116.5m
Including 3m @ 1.8 g/t Au from 117.1m
- **Hole KD1** 25m @ 1.2 g/t Au from 161m
Including 1m @ 20.4 g/t Au from 165m
- **Hole KD3** 20m @ 0.71 g/t Au from 238m
Including 7m @ 1.65g/t Au from 237m

Ginger Kiss Trend

- **KR01** 26m @ 0.84 g/t Au from 74m
- **GKRC1** 4m @ 1.66 g/t Au from 74m
- **GKRC2** 2m @ 2.2 g/t Au from 74m
- **GKRC3** 2m @ 0.9 g/t Au from 76m
- **GKRC11** 4m @ 1.22 g/t Au from 64m

Talc Lake Trend

- **Hole ROE147** 18m @ 1.65 g/t Au from 138m
Including 2m @ 11.0 g/t Au from 138m

Sheehans Well Trend

- **Hole ROE247** 5m @ 13.7 g/t Au from 50m
- A review of historical geochemical data in conjunction with detailed mapping of the regolith (near-surface environment) by geochemical consultant Dr Nigel Brand has highlighted extensive areas within the Roe Hills tenement package where historical exploration and surface geochemistry is believed to have been ineffective. This conclusion significantly enhances the unrealized exploration potential of the Roe Hills Project.
- To further refine these targets and prioritise drill testing, the Company engaged Haines Surveys during the period to conduct detailed gravity surveys over the known and potential Gold-bearing structures at Roe Hills. This survey has now been completed and interpretation is ongoing.

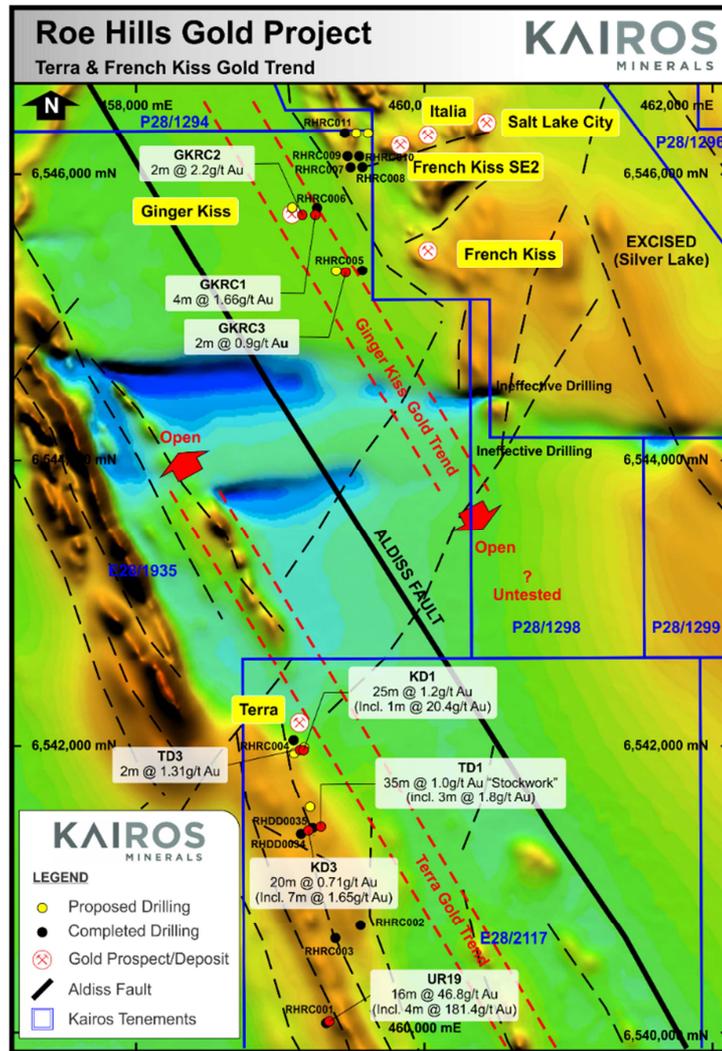


Figure 9. Roe Hills – Terra and Ginger Kiss Gold Trends, Planned and Completed Drilling

As is common throughout much of the Kurnalpi Terrane the targeted gold-bearing sequences at both Kairos' Roe Hills Project and Breaker Resources' Lake Roe Gold Project occur hidden beneath transported cover including lake sediments.

Gravity surveys are a geophysical remote sensing technique used to complement detailed magnetic data in defining geological structures, particularly in areas of transported cover where traditional exploration techniques (i.e. surface geochemistry) are ineffective.

They are a critical component of modern multi-disciplinary exploration and have contributed to many recent significant gold discoveries.

Directors' Report

Next Steps

Multi-disciplinary project assessment and target generation will continue in the March 2017 Quarter utilising the best available data from geology, geophysics (detailed magnetics and the recently acquired detailed gravity survey data) and geochemistry in collaboration with leading expert consultants.

Continued drill testing of key targets will be undertaken with the re-commencement of field activities following scheduled Christmas break. A nominal 17 RCP and/or diamond cored holes for approximately 3,500m planned for completion during Q1/Q2 2017.

Results will be reported following receipt and interpretation of all assay data.

Corporate

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 (Figure 10).

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 – see Figure 2) 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 (Figure 10).

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

Directors' Report

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.

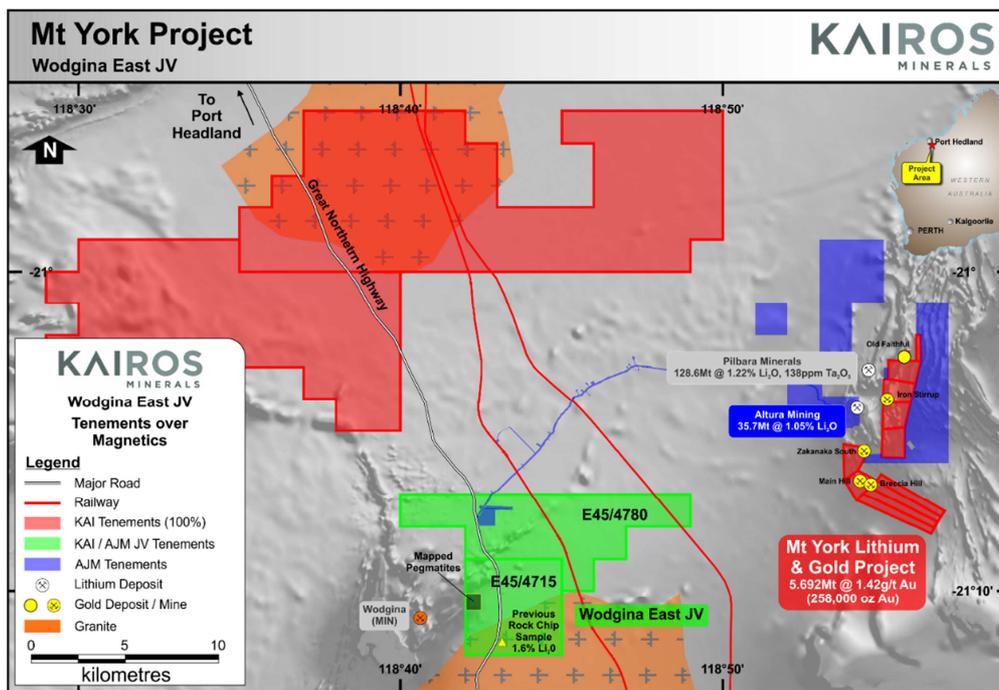


Figure 10. Wodgina East tenements subject to joint venture with Altura Mining

Directors' Report

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 (Figures 7 & 8).

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 re-mobilised 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.

Exploration completed by Kairos in 2015 identified broad widths of low grade disseminated, blebby and narrow massive nickel sulphides in numerous holes throughout the project area, all of which require further evaluation. In addition, numerous high-priority conductors identified by surface (MLEM/FLEM) and down-hole (DHEM) electromagnetic surveys remain untested.

The exploration program at Roe Hills will be completed by one of Australia's most highly-credentialed nickel exploration teams, led by Technical Manager Steve Vallance (who played a key role in several of Jubilee Mines' nickel discoveries at the Cosmos Nickel Project) and internationally-acclaimed komatiite nickel sulphide specialist and geoscientific consultant, Dr Robin Hill.

Kairos' technical team also includes Neil Hutchison, Sarah Dowling and Newexco (Adrian Black, Bill Aman). Collectively, the members of Kairos' Technical Team have played key roles in the discovery and delineation of more than \$10 billion worth of nickel in Western Australia.

Kairos will continue to monitor the nickel market and finalise the timing for the drilling, most likely against the backdrop of positive improvements in the nickel price.

COMPETENT PERSON STATEMENT:

The information in this report that relates to the Mineral Resources based on information compiled by Mr Christopher Speedy who is a Member of Australian Institute of Geoscientists working for Auralia Consulting Pty Ltd. Mr Speedy has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person (CP) as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Speedy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Where the Company refers to the Mineral Resources in this report (referencing this release made to the ASX), it confirms that it is not aware of any new information or data that materially affects the information included in the announcement and all material assumptions and technical parameters underpinning the resource estimate with that announcement continue to apply and have not materially changed.

Directors' Report

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 Neil Hutchison, who is a Non Exec Director of Kairos Minerals Ltd and who is also a Member of The Australian Institute of Geoscientists. Both Mr Vallance and Mr Hutchison 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 Hutchison have consented to the inclusion in the report of the matters based on their information in the form and context in which it appears.

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

References

| Reference Documents | | |
|---------------------|---|-----------|
| Date | Title | Reference |
| 5/10/16 | Gold Resource Upgrade to Over 250koz | 1 |
| 28/10/16 | Gold Drilling advances at Mt York & Roe Hills | 2 |
| 09/11/16 | New High priority gold targets confirmed at Mt York | 3 |
| 17/11/16 | High grade gold hits up to 20g/t at Mt York | 4 |
| 28/11/16 | Lithium JV with Altura at KAI's Wodgina East Project | 5 |
| 08/12/16 | Drilling of key gold targets commence at Roe Hills | 6 |
| 12/12/16 | KAI secures 150k in EIS funding for Roe Hills Exploration | 7 |
| 19/12/16 | Further strong results from Mt York | 8 |
| 22/12/16 | Roe hills Drilling update | 9 |
| 28/10/16 | Pilbara Minerals Quarterly Report – September 2016 | 10 |
| 28/10/16 | Altura Mining Minerals Quarterly Report – September 2016 | 11 |
| 14/10/16 | Silver Lake Resources Annual Report 2016 | 12 |

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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



Mr Joshua Wellisch
Managing Director

Perth, Australia

Dated this the 16th day of March 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 for the review of Kairos Minerals Limited for the half-year ended 31 December 2016, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kairos Minerals Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'R. Dean', written in a cursive style.

Richard Dean
Partner

BDO East Coast Partnership

Melbourne, 16 March 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2016

| | Note | 31 December 2016 \$ | 31 December 2015 \$ |
|---|------|---------------------------|---------------------------|
| REVENUE | | | |
| Interest from external parties | | 1,964 | 1,299 |
| Net gain on sale of shares | | - | 34,891 |
| Other | | 5,400 | 6,300 |
| TOTAL REVENUE | | 7,364 | 42,490 |
| EXPENSES | | | |
| Tax and audit fees | | (20,683) | (11,265) |
| Depreciation | | (4,023) | (1,178) |
| Directors' and consultants' fees | | (845,684) | (765,514) |
| Impairment reversal on other financial assets | | - | 34,898 |
| Impairment on other financial assets | | (500) | (9,679) |
| Impairment on tenement assets | 5 | (853,182) | - |
| Travel and marketing | | (82,412) | (61,323) |
| Administration and other expenses | | (225,944) | (97,495) |
| Professional and consulting fees | | (217,220) | (244,005) |
| Rent | | (36,500) | (24,000) |
| Loss before income tax | | (2,278,784) | (1,137,071) |
| Income tax expense | | - | - |
| Loss for the period after income tax | | (2,278,784) | (1,137,071) |
| 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 | | - | 17,865 |
| Other comprehensive income for the period, net of tax | | - | 17,865 |
| Total comprehensive income/ (loss) for the period | | (2,278,784) | (1,119,206) |
| Loss attributable to: | | | |
| Owners of Kairos Minerals Limited | | (2,278,784) | (1,137,071) |
| Non-controlling interests | | - | - |
| | | (2,278,784) | (1,137,071) |
| Total comprehensive income attributable to: | | | |
| Owners of Kairos Minerals Limited | | (2,278,784) | (1,119,206) |
| Non-controlling interests | | - | - |
| | | (2,278,784) | (1,119,206) |
| Basic (loss) per share (cents per share) | 6 | (0.63) | (0.62) |
| Diluted (loss) per share (cents per share) | 6 | (0.63) | (0.62) |

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2016

| | Note | 31 December 2016 \$ | 30 June 2016 \$ |
|-----------------------------------|------|------------------------|--------------------|
| ASSETS | | | |
| <i>Current assets</i> | | | |
| Cash and cash equivalents | | 3,016,489 | 1,346,006 |
| Trade and other receivables | | 467,279 | 119,510 |
| Other financial assets | | 500 | 1,000 |
| Other assets | | 22,883 | 27,999 |
| Total Current Assets | | 3,507,151 | 1,494,515 |
| <i>Non-Current Assets</i> | | | |
| Property, plant and equipment | | 20,654 | 18,797 |
| Exploration and evaluation costs | 5 | 9,828,042 | 7,311,271 |
| Total Non-Current Assets | | 9,848,696 | 7,330,068 |
| TOTAL ASSETS | | 13,355,847 | 8,824,583 |
| LIABILITIES | | | |
| <i>Current Liabilities</i> | | | |
| Trade and other payables | | 1,813,694 | 925,040 |
| Total Current Liabilities | | 1,813,694 | 925,040 |
| TOTAL LIABILITIES | | 1,813,694 | 925,040 |
| NET ASSETS | | 11,542,153 | 7,899,543 |
| EQUITY | | | |
| Contributed equity | 4 | 53,644,433 | 48,491,529 |
| Reserves | | 1,460,465 | 691,975 |
| Accumulated losses | | (43,561,634) | (41,282,850) |
| Parent interests | | 11,543,264 | 7,900,654 |
| Non-controlling interests | | (1,111) | (1,111) |
| TOTAL EQUITY | | 11,542,153 | 7,899,543 |

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2016

| Consolidated Entity | Contributed equity \$ | Reserves \$ | Accumulated losses \$ | Non-controlling interests \$ | Total \$ |
|--|--------------------------|------------------|--------------------------|---------------------------------|--------------------|
| Balance at 30 June 2016 | 48,491,529 | 691,975 | (41,282,850) | (1,111) | 7,899,543 |
| Loss for the period attributed to owners | - | - | (2,278,784) | - | (2,278,784) |
| Other comprehensive income | - | - | - | - | - |
| Total comprehensive income / (loss) for the period | - | - | (2,278,784) | - | (2,278,784) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Shares issued (net of costs) | 4,386,144 | - | - | - | 4,386,144 |
| Options issued | 766,760 | - | - | - | 766,760 |
| Performance rights issued | - | 768,490 | - | - | 768,490 |
| Balance at 31 December 2016 | 53,644,433 | 1,460,465 | (43,561,634) | (1,111) | 11,542,153 |
| Balance at 30 June 2015 | 43,501,008 | 31,449 | (39,245,120) | (1,111) | 4,286,226 |
| Loss for the period | - | - | (1,137,071) | - | (1,137,071) |
| Other comprehensive income | - | 17,865 | - | - | 17,865 |
| Total comprehensive income / (loss) for the period | - | 17,865 | (1,137,071) | - | (1,119,206) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Shares issued (net of costs) | 1,242,683 | - | - | - | 1,242,683 |
| Options issued | 176,000 | - | - | - | 176,000 |
| Performance rights issued | - | 691,100 | - | - | 691,100 |
| Balance at 31 December 2015 | 44,919,691 | 740,414 | (40,382,191) | (1,111) | 5,276,803 |

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2016

| | 31 December 2016 \$ | 31 December 2015 \$ |
|---|------------------------|------------------------|
| <i>Cash flows from operating activities</i> | | |
| Payments to suppliers and employees | (943,501) | (434,231) |
| Receipts from customers | - | 6,300 |
| Interest received | 1,911 | 1,299 |
| Net cash flows used in operating activities | (941,590) | (426,632) |
| <i>Cash flows related to investing activities</i> | | |
| Payment for purchases of plant and equipment | (6,367) | (634) |
| Payment for tenement and exploration | (1,703,273) | (1,896,862) |
| Proceeds from sale of shares | - | 85,834 |
| Net cash flows used in investing activities | (1,709,640) | (1,811,662) |
| <i>Cash flows related to financing activities</i> | | |
| Proceeds from issues of securities | 4,747,873 | 1,200,000 |
| Capital raising costs | (426,160) | (84,737) |
| Net cash flows from financing activities | 4,321,713 | 1,115,263 |
| Net increase/(decrease) in cash and cash equivalents | 1,670,483 | (1,123,031) |
| Cash and cash equivalents at the beginning of the period | 1,346,006 | 1,313,920 |
| Cash and cash equivalents at the end of the period | 3,016,489 | 190,889 |

The accompanying notes form part of these financial statements.

Note 1 - Basis of Preparation

The general purpose financial report for the interim half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Accounting Policies

All amended Accounting Standards have been adopted from 1 July 2016. The adoption of these Standards did not have any material effect on the financial position or performance of the Company. All other accounting policies adopted by the Company are consistent with the most recent Annual Report for the year ended 30 June 2016.

Going Concern

The Consolidated Entity incurred a net loss after income tax of \$2,278,784 for the period ended 31 December 2016 and had net cash outflows from operating and investing activities of \$2,651,230. At 31 December 2016, the Consolidated Entity had cash and cash equivalents of \$3,016,489 and had positive working capital, being current assets less current liabilities, of \$1,693,954.

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 month from the date of signing the financial report anticipate the business will hold cash and cash equivalents to fund its operations and exploration commitments.
- Management of the consolidated entity will actively manage the current level of discretionary expenditures in line with the funds available to the consolidated entity.
- Exploration expenses on the current exploration program and working capital requirements will also be actively managed.
- The Company has the capacity to place securities under Chapter 7 of ASX Listing Rules which will be used for working capital and project expenditure; and
- 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 successfully occurring, 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. 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 ordinary course of business, and at amounts that differ from those stated in the half year financial statements. These half year financial statements do not include any adjustments related to the recoverability and classification or recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the consolidated entity be unable to continue as a going concern.

Notes to the Financial Statements *Continued...*

Note 2 - Segment Information

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 consolidated entity no longer invests in a portfolio of listed investments.

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.

Note 3 - Contingent Liabilities and Assets

The level of the Company's contingent liabilities and contingent assets have not changed materially from those disclosed in the annual report for the year ended 30 June 2016.

Note 4 - Contributed Equity

| | Note | 31 December 2016 \$ | 30 June 2016 \$ |
|------------------------------|------|------------------------|--------------------|
| Ordinary shares fully paid | 4a | 50,806,987 | 46,420,843 |
| Options over ordinary shares | 4b | 2,837,446 | 2,070,686 |
| | | 53,644,433 | 48,491,529 |

| | Note | 31 December 2016 | | 30 June 2016 | |
|--|-------|--------------------|-------------------|--------------------|-------------------|
| | | No. | \$ | No. | \$ |
| 4a) Ordinary Shares | | | | | |
| At the beginning of reporting period | | 282,637,665 | 46,420,843 | 1,680,292,541 | 41,730,322 |
| <u>Shares issued during period</u> | | | | | |
| - Issue of shares | (i) | 80,763,904 | 4,043,613 | 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 to Milford Resources for exploration tenements | (iii) | 1,151,741 | 54,132 | - | - |
| - Issue of shares to Tyranna and Tribal 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 | - | - | - |
| - Reduction of share capital | | - | - | (2,288,490,095) | |
| Transaction costs relating to share issues | | | (562,530) | | (465,884) |
| At reporting date | | 389,102,033 | 50,806,987 | 282,637,665 | 46,420,843 |

Notes to the Financial Statements *Continued...*

During the Half Year ended 31 December 2016, the Company issued the following securities:

| Note | 31-Dec-16 | 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 | 3,176,942 |
| (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 to Milford Resources for exploration tenements | 1,151,741 | 0.047 | 54,132 |
| (iv) | 24 Oct 2016 | Issue of shares to Tyranna and Tribal 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 |
| (ii) | 9 Sept 2016 | Issue of shares in respect to the satisfaction of Performance Rights | 6,700,000 | nil | - |
| | | | 106,464,368 | | 4,948,674 |

| | | 31 December 2016 | | 30 June 2016 | |
|--|------|--------------------|------------------|-----------------|------------------|
| | Note | No. | \$ | No. | \$ |
| 4b) Options listed | | | | | |
| At the beginning of reporting period | | - | 2,070,686 | 1,141,667,860 | 1,770,686 |
| <i>Options movements during period</i> | | | | | |
| - 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 | | - | - | (231,825,185) | - |
| - Reduction of options | | - | - | (1,368,083,257) | - |
| At reporting date | | 153,352,158 | 2,837,446 | - | 2,070,686 |

During the Half Year ended 31 December 2016, the Company issued the following options:

| Note | 31-Dec-16 | 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 to consultants – in lieu of payment | KAIOE | 12,500,000 | 0.005 | 62,500 |
| | | | | 153,352,158 | | 766,760 |

Notes to the Financial Statements *Continued...*

Note 5 – Exploration and Tenement Expenditures

| | 31 December 2016 | 30 June 2016 |
|--|------------------|------------------|
| | \$ | \$ |
| Non-Current | | |
| Exploration and tenement expenditure: | | |
| <i>Fraser Range Project (100%)</i> | | |
| Balance at the start of the period | 2,483 | - |
| Exploration expenditure capitalised | 6,308 | 2,483 |
| Capitalised exploration costs written down | - | - |
| | 8,791 | 2,483 |
| <i>Roe Hills Project (100%)</i> | | |
| Balance at the start of the period | 3,873,895 | 2,194,120 |
| Exploration expenditure capitalised | 764,081 | 2,424,931 |
| Capitalised exploration costs written down | - | - |
| R & D rebate | - | (745,156) |
| | 4,637,976 | 3,873,895 |
| <i>Dingo Range Project (100%)</i> | | |
| Balance at the start of the period | 954,407 | 861,864 |
| Exploration expenditure capitalised | 82,058 | 92,543 |
| Capitalised exploration costs written down | - | - |
| | 1,036,465 | 954,407 |
| <i>Balladonia Project (100%)</i> | | |
| Balance at the start of the period | 841,291 | 777,630 |
| Exploration expenditure capitalised | 11,891 | 63,661 |
| Capitalised exploration costs written down | (853,182) | - |
| | - | 841,291 |
| <i>Mt York Project (100%)</i> | | |
| Balance at the start of the period | 1,384,159 | - |
| Exploration expenditure capitalised | 2,412,817 | 1,384,159 |
| Capitalised exploration costs written down | - | - |
| | 3,796,976 | 1,384,159 |
| <i>Wodjina Project (100%)</i> | | |
| Balance at the start of the period | 255,036 | - |
| Exploration expenditure capitalised | 1,301 | 285,574 |
| Capitalised exploration costs written down | - | (30,538) |
| | 256,337 | 255,036 |
| <i>Mooloo Project (100%)</i> | | |
| Balance at the start of the period | - | - |
| Exploration expenditure capitalised | 91,497 | - |
| Capitalised exploration costs written down | - | - |
| | 91,497 | - |
| Total capitalised exploration expenditure | 9,828,042 | 7,311,271 |

Notes to the Financial Statements *Continued...*

Note 6 – Loss per Share

| | 31 December 2016 | 31 December 2015 |
|---|------------------|------------------|
| Basic (loss) per share (cents) | (0.63) | (0.62) |
| Diluted (loss) per share (cents) | (0.63) | (0.62) |
| a) Net loss used in the calculation of basic and diluted loss per share | (2,278,784) | (562,262) |
| b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share | 363,329,777 | 122,263,072 |

Note 7 – Events Subsequent to Reporting Date

No other matter or circumstance has arisen since 31 December 2016 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Directors' Declaration

The Directors of the Company declare that;

1. the financial statements and notes, as set out on pages 19 to 27, are in accordance with the Corporations Act 2001; and
 - a. comply with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the Consolidated Entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Mr Joshua Wellisch
Managing Director

Perth, Australia.

Dated this the 16th day of March 2017.

Auditors Review Report



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kairos Minerals Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Kairos Minerals Limited, which comprises the consolidated statement of financial position as at 31 December 2016, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Kairos Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Kairos Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

Auditors Review Report



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Kairos Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

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 consolidated entity's ability to continue as a going concern and therefore the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO East Coast Partnership

BDO

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

Richard Dean
Partner

Melbourne, 16 March 2017

Corporate Directory

DIRECTORS

Mr. Terrance Topping
Mr. Joshua Wellisch
Mr. Neil Hutchison

Executive Chairman
Managing Director
Non-Executive Director

COMPANY SECRETARY

Mr. Adrien Wing

COMPANY

Kairos Minerals Limited
ABN 84 006 189 331

WEBSITE

www.kairosminerals.com.au

PRINCIPAL PLACE OF BUSINESS

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SOLICITORS

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Australia 3000

AUDITORS

BDO East Coast Partnership
Level 18, 727 Collins Street
Melbourne, Victoria
Australia 3008

BANKERS

National Australia Bank (NAB)
330 Collins Street
Melbourne, Victoria
Australia 3000

SECURITIES QUOTED

Australian Securities Exchange (ASX)

- Ordinary Fully Paid Shares (ASX Code: KAI)
- Options expiring 5 August 2017 (ASX Code: KAI0E)