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**KAIROS**  
MINERALS

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ABN 84 006 189 331

**HALF-YEAR FINANCIAL  
REPORT**

**31 DECEMBER 2017**

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# 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 2017.

## Directors

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

Mr Terence Topping  
Mr Neil Hutchison  
Mr Bruno Seneque (appointed 4 August 2017)  
Mr Joshua Wellisch (resigned 4 August 2017)

## Principal Activities

During the half year the principal activity was resource exploration. No change from the previous period.

## Results

For the six months ended 31 December 2017, the Company incurred a consolidated loss of \$4,559,964 (2016: \$2,278,784).

## Review of Operations

Kairos Minerals (ASX: KAI – "Kairos" or "the Company") is pleased to report on another active and productive period in the six months to 31 December 2017, during which the Company continued its aggressive exploration and growth strategy across its two key Western Australian 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). In addition, the Company commenced exploration for gold within the conglomerates of the Fortescue Group.

Leading global investor, Eric Sprott, through Sprott Capital Partners, joined the Kairos share register as a significant holder after subscribing for \$5 million as part of a \$7.3 million share placement completed during the reporting period. Cash reserves at 31 December 2017 stood at \$9.6 million.



# Directors' Report

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## CROYDON PROJECT, PILBARA, WA (KAI: 100%)

Kairos holds 1,158 square kilometres of tenure within the Pilbara region of Western Australia, which is highly prospective for conglomerate-hosted gold discoveries. The Company's portfolio includes ~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.

Major exploration programs commenced during the reporting period targeting these highly prospective stratigraphic horizons, which have been associated with a number of recent high-profile gold discoveries in the Pilbara.

Field work successfully identified extensive areas of previously unrecognised prospective conglomerate units of up to ~30m in thickness at numerous different locations predominantly within the southern portion of tenement package.

Highly encouraging results were received during the reporting period from a maiden helicopter-supported exploration program targeting the conglomerate-hosted gold potential of Kairos' extensive Pilbara tenement portfolio (*refer ASX announcement 10/1/2018*). These results included:

- Visible gold was discovered from newly identified conglomerates at the Croydon Project within the previously identified 22km strike length of the prospective contact between the basal Mt Roe Basalt and the Archaean basement;
- Significant thick conglomerate was exposed at four locations beneath the Mt Roe Basalt which had not previously been reported by Government mapping; and
- Exceptional results were returned subsequent to the end of the reporting period from stream sediment sampling, which identified widespread and significant gold anomalism including assays up to 12.3g/t Au and 7g/t Au.

## MT YORK GOLD-LITHIUM PROJECT, PILBARA, WA (KAI: 100%)

The 100%-owned Mt York Gold-Lithium Project is located ~100km south of Port Hedland in the world-class Pilgangoora district. Since acquiring the project in early 2016, Kairos has rapidly established a 258,000oz JORC 2012 Mineral Resource inventory at Mt York by re-evaluating the known resources from the historical Lynas Find gold mine, which produced over 125,000oz between 1994 and 1998.

### *RC Drilling Program*

Exploration continued throughout the reporting period, with a highly successful 3,100m RC drill program intersecting wide zones of strong, shallow BIF-hosted mineralisation along a ~1km strike length in a previously untested area east of the historical Main Hill and Breccia Hill open pits (*refer ASX announcement 18/12/2017*). These results included:

KMYC018: 22m @ 1.93g/t Au from 106m, including  
5m @ 7.02g/t Au from 113m;

KMYC019: 22m @ 1.56g/t Au from 96m, including  
16m @ 1.95g/t Au from 102m;

KMYC020: 11m @ 6.97g/t Au from 112m.

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.

## Directors' Report

**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
	<b>Total Indicated</b>			2,446	1.46
<b>Total Inferred</b>			3,246	1.40	145
<b>Total Indicated + Inferred</b>			5,692	1.42	258

These historical pits provided a significant contribution to the total production at the Lynas Find Gold Mine, 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).

### *Lithium Joint Venture with Altura Mining*

During the reporting 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.

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 five 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.

The farm-out deal with Altura, which is one of the major lithium developers in the Pilbara region, will allow Kairos to realise value from one of its key East Pilbara lithium projects, whilst continuing to focus on developing the gold resources at its 100%-owned Mount York Gold-Lithium Project.

# Directors' Report

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## ROE HILLS PROJECT, WA (KAI 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 324km<sup>2</sup>. Kairos' tenements include 40km of 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, and are adjacent to Breaker Resources' (ASX: BRB) emerging Lake Roe gold discovery.

### *Aircore/Reverse Circulation Drilling*

The Company completed an initial program of combined Aircore/Reverse Circulation drilling, comprising 27 holes for approximately 3,101m. The drilling was designed to follow-up on the outstanding results and new gold discoveries reported at Roe Hills last year (*refer ASX announcement 7/8/2017*).

Assays confirmed visually encouraging indicators with all targets remaining open. Better results included:

RHRC037	4m @ 4.99g/t Au from 153m, including: 2m @ 8.87g/t Au from 154m
RHRC048	2m @ 4.87g/t Au from 81m, and: 3m @ 1.54g/t Au from 147m

Drilling of a further 3,000m program 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.

### *Nickel Exploration*

The Roe Hills Project is also prospective 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.

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

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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 Terry Topping, who is the Chairman for Kairos Minerals Ltd and who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Topping has 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 Topping has 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.*

## **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 Terence Topping  
**Executive Chairman**

Perth, Australia

Dated this the 16<sup>th</sup> day of March 2018



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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 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 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.

Richard Dean  
Partner

**BDO East Coast Partnership**

Melbourne, 16 March 2018

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income

## For the Half Year Ended 31 December 2017

	Note	31 December 2017 \$	31 December 2016 \$
<b>REVENUE</b>			
Interest from external parties		3,171	1,964
Other		1,800	5,400
<b>TOTAL REVENUE EXPENSES</b>		<b>4,971</b>	<b>7,364</b>
Depreciation		(5,037)	(4,023)
Directors' fees and share based remuneration		(1,633,430)	(633,217)
Impairment on other financial assets		(150)	(500)
Impairment on tenement assets	5	-	(853,182)
Travel and marketing		(168,062)	(82,412)
Administration and other expenses		(275,000)	(246,627)
Professional and consulting fees		(2,450,756)	(429,687)
Rent		(32,500)	(36,500)
<b>Loss before income tax</b>		<b>(4,559,964)</b>	<b>(2,278,784)</b>
Income tax expense		-	-
<b>Loss for the period after income tax</b>		<b>(4,559,964)</b>	<b>(2,278,784)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Gain on the revaluation of available-for-sale financial assets		4,412	-
<b>Other comprehensive income for the period, net of tax</b>		<b>4,412</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>		<b>(4,555,552)</b>	<b>(2,278,784)</b>
<b>Loss attributable to:</b>			
Owners of Kairos Minerals Limited		(4,559,964)	(2,278,784)
Non-controlling interests		-	-
		<b>(4,559,964)</b>	<b>(2,278,784)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of Kairos Minerals Limited		(4,555,552)	(2,278,784)
Non-controlling interests		-	-
		<b>(4,555,552)</b>	<b>(2,278,784)</b>
Basic (loss) per share (cents per share)	6	(0.77)	(0.63)
Diluted (loss) per share (cents per share)	6	(0.77)	(0.63)

The accompanying notes form part of these financial statements.

# Consolidated Statement of Financial Position

## As at 31 December 2017

	Note	31 December 2017 \$	30 June 2017 \$
<b>ASSETS</b>			
<b><i>Current assets</i></b>			
Cash and cash equivalents		9,654,307	1,424,940
Trade and other receivables		228,249	1,103,345
Other financial assets		-	675
Other assets		23,104	23,996
<b>Total Current Assets</b>		<b>9,905,660</b>	<b>2,552,956</b>
<b><i>Non-Current Assets</i></b>			
Other financial assets		79,937	-
Property, plant and equipment		24,240	19,011
Exploration and evaluation costs	5	13,484,111	10,970,306
<b>Total Non-Current Assets</b>		<b>13,588,288</b>	<b>10,989,317</b>
<b>TOTAL ASSETS</b>		<b>23,493,948</b>	<b>13,542,273</b>
<b>LIABILITIES</b>			
<b><i>Current Liabilities</i></b>			
Trade and other payables		765,839	979,248
<b>Total Current Liabilities</b>		<b>765,839</b>	<b>979,248</b>
<b>TOTAL LIABILITIES</b>		<b>765,839</b>	<b>979,248</b>
<b>NET ASSETS</b>		<b>22,728,109</b>	<b>12,563,025</b>
<b>EQUITY</b>			
Contributed equity	4	69,384,818	56,108,725
Available for sale financial assets reserve		5,287	875
Performance rights reserve		2,344,650	900,107
Accumulated losses		(49,005,535)	(44,445,571)
<b>Parent interests</b>		<b>22,729,220</b>	<b>12,564,136</b>
Non-controlling interests		(1,111)	(1,111)
<b>TOTAL EQUITY</b>		<b>22,728,109</b>	<b>12,563,025</b>

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

## For the Half Year Ended 31 December 2017

Consolidated Entity	Contributed equity	Available for sale financial assets	Performance rights reserve	Accumulated losses	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 30 June 2017</b>	<b>56,108,725</b>	<b>875</b>	<b>900,107</b>	<b>(44,445,571)</b>	<b>(1,111)</b>	<b>12,563,025</b>
Loss for the period attributed to owners	-	-	-	(4,559,964)	-	(4,559,964)
Other comprehensive income	-	4,412	-	-	-	4,412
<b>Total comprehensive income / (loss) for the period</b>	<b>-</b>	<b>4,412</b>	<b>-</b>	<b>(4,559,964)</b>	<b>-</b>	<b>(4,555,552)</b>
<i>Transactions with owners in their capacity as owners:</i>						
Shares issued (net of costs)	12,838,093	-	(1,813,607)	-	-	11,024,486
Options issued	438,000	-	-	-	-	438,000
Performance rights issued	-	-	3,258,150	-	-	3,258,150
<b>Balance at 31 December 2017</b>	<b>69,384,818</b>	<b>5,287</b>	<b>2,344,650</b>	<b>(49,005,535)</b>	<b>(1,111)</b>	<b>22,728,109</b>
<b>Balance at 30 June 2016</b>	<b>48,491,529</b>	<b>875</b>	<b>691,100</b>	<b>(41,282,850)</b>	<b>(1,111)</b>	<b>7,899,543</b>
Loss for the period	-	-	-	(2,278,784)	-	(2,278,784)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income / (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,278,784)</b>	<b>-</b>	<b>(2,278,784)</b>
<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
<b>Balance at 31 December 2016</b>	<b>53,644,433</b>	<b>875</b>	<b>1,459,590</b>	<b>(43,561,634)</b>	<b>(1,111)</b>	<b>11,542,153</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Cash Flows

### For the Half Year Ended 31 December 2017

	31 December 2017	31 December 2016
	\$	\$
<b><i>Cash flows from operating activities</i></b>		
Payments to suppliers and employees	(927,717)	(943,501)
Receipts from R&D tax claim	808,203	-
Interest received	3,171	1,911
<b>Net cash flows used in operating activities</b>	<b>(116,343)</b>	<b>(941,590)</b>
<b><i>Cash flows related to investing activities</i></b>		
Payment for purchases of plant and equipment	(10,266)	(6,367)
Payment for tenement and exploration	(1,834,355)	(1,703,273)
Payment for purchase of shares	(75,000)	-
<b>Net cash flows used in investing activities</b>	<b>(1,919,621)</b>	<b>(1,709,640)</b>
<b><i>Cash flows related to financing activities</i></b>		
Proceeds from issues of securities	10,892,285	4,747,873
Capital raising costs	(626,954)	(426,160)
<b>Net cash flows from financing activities</b>	<b>10,265,331</b>	<b>4,321,713</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,229,367</b>	<b>1,670,483</b>
Cash and cash equivalents at the beginning of the period	1,424,940	1,346,006
<b>Cash and cash equivalents at the end of the period</b>	<b>9,654,307</b>	<b>3,016,489</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

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## Note 1 – Basis of Preparation

The general purpose financial report for the interim half-year reporting period ended 31 December 2017 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 2017 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 2017. 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 2017.

## 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 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 2017.

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## Notes to the Financial Statements

### Note 4 – Contributed Equity

	Note	31 December 2017 \$	30 June 2017 \$
Ordinary shares fully paid	4a	66,109,372	53,271,279
Options over ordinary shares	4b	3,275,446	2,837,446
		<b>69,384,818</b>	<b>56,108,725</b>

	Note	31 December 2017		30 June 2017	
		No.	\$	No.	\$
<b>4a) Ordinary Shares</b>					
At the beginning of reporting period		485,516,898	53,271,279	282,637,665	46,420,843
<u>Shares issued during period</u>					
- Issue of shares	(i)	222,818,181	9,015,000	165,173,473	5,811,185
- Issue of shares in lieu of payment for services	(ii)	15,287,384	495,155	7,823,693	398,426
- Issue of shares for exploration tenements	(iii)	6,358,014	214,000	1,151,741	54,132
- Issue of shares for exploration milestone achievements	(iv)	-	-	10,000,000	450,000
- Exercise of options	(v)	74,126,317	1,927,285	25,030	2,503
- Issue of shares in respect to the satisfaction of Performance Rights	(vi)	30,816,668	1,813,607	6,700,000	341,700
- Transfer in respect to the satisfaction of Performance Rights from prior year		-	-	-	217,783
- Issue of shares to suppliers for consulting services		-	-	12,005,296	310,662
Transaction costs relating to share issues			(626,954)		(735,955)
<b>At reporting date</b>		<b>834,923,462</b>	<b>66,109,372</b>	<b>485,516,898</b>	<b>53,271,279</b>

## Notes to the Financial Statements

*During the Half Year ended 31 December 2017, the Company issued the following securities:*

Note	31-Dec-17	Details	Number	Issue Price \$	Total \$
(i)	22-Sep-17	Share Placement	90,000,000	.019	1,710,000
(i)	22-Nov-17	Share Placement	132,818,181	.055	7,305,000
(vi)	02-Oct-17	Issue of shares in respect to the satisfaction of Series B Performance Rights	2,983,333	-	-
(vi)	02-Oct-17	Issue of shares in respect to the satisfaction of Series C Performance Rights	3,933,335	-	-
(vi)	02-Oct-17	Issue of shares in respect to the satisfaction of Series D Performance Rights	6,700,000	-	-
(vi)	17-Nov-17	Issue of shares in respect to the satisfaction of Series E Performance Rights	6,700,000	-	-
(vi)	22-Nov-17	Issue of shares in respect to the satisfaction of Series J Performance Rights	10,500,000	-	-
(v)	various	Exercise of options	74,126,317	.026	1,927,285
(ii)	25-Aug-17	Issue of shares for exploration services	728,337	.021	15,295
(iii)	25-Aug-17	Issue of shares for exploration tenements	1,704,463	.0264	45,000
(iii)	25-Aug-17	Issue of shares for exploration tenements	2,000,000	.05	100,000
(ii)	25-Aug-17	Issue of shares for investor relations services	2,619,047	.021	55,000
(ii)	02-Oct-17	Issue of shares for settlement of placement fee	5,940,000	.019	112,860
(iii)	02-Oct-17	Issue of shares for exploration tenements	1,653,551	.0302	50,000
(ii)	22-Nov-17	Issue of shares for consulting services	6,000,000	.052	312,000
(iii)	22-Nov-17	Issue of shares for exploration tenements	1,000,000	.019	19,000
			<b>349,406,564</b>		<b>11,651,440</b>

## Notes to the Financial Statements

	Note	31 December 2017		30 June 2017	
		No.	\$	No.	\$
<b>4b) Options</b>					
At the beginning of reporting period		153,352,158	2,837,446	-	2,070,686
<u>Options movements during period</u>					
- Issue of options	(i)	90,000,000	-	140,852,158	704,260
- Exercise of options		(74,126,317)	-	-	-
- Issue of options to consultants	(ii)	12,000,000	438,000	12,500,000	62,500
- Expiration of options		(153,352,158)	-	-	-
<b>At reporting date</b>		<b>27,873,683</b>	<b>3,275,446</b>	<b>153,352,158</b>	<b>2,837,446</b>

*During the Half Year ended 31 December 2017, the Company issued the following options:*

Note	31-Dec-17	Details	Class	Number	Issue Price \$	Total \$
(i)	17-Nov-17	Issue of options	Unlisted	90,000,000	-	-
(ii)	22-Nov-17	Issue of options to consultants	Unlisted	12,000,000	0.0365	438,000
				<b>102,000,000</b>		<b>438,000</b>

		31 December 2017		30 June 2017	
		No.	\$	No.	\$
<b>4c) Performance Rights</b>					
At the beginning of reporting period		20,316,668	900,107	6,916,668	691,100
<u>Movements during year</u>					
- Issued to Directors' and consultants		42,000,000	3,258,150	20,100,000	768,490
- Conversion to shares		(30,816,668)	(1,813,607)	(6,700,000)	(341,700)
- Prior year conversion transfer to contributed equity		-	-	-	(217,783)
<b>At reporting date</b>		<b>31,500,000</b>	<b>2,344,650</b>	<b>20,316,668</b>	<b>900,107</b>



## Notes to the Financial Statements

### Note 5 – Exploration and Tenement Expenditures

	31 December 2017 \$	30 June 2017 \$
<b>Exploration and tenement expenditure:</b>		
<i>Fraser Range Project (100%)</i>		
Balance at the start of the period	32,547	2,483
Exploration expenditure capitalised	27,285	32,337
Capitalised exploration costs written down	-	(2,273)
	<b>59,832</b>	<b>32,547</b>
<i>Roe Hills Project (100%)</i>		
Balance at the start of the period	5,287,622	3,873,895
Exploration expenditure capitalised	1,427,597	2,221,930
R & D rebate	-	(808,203)
	<b>6,715,219</b>	<b>5,287,622</b>
<i>Dingo Range Project (100%)</i>		
Balance at the start of the period	1,134,535	954,407
Exploration expenditure capitalised	110,567	180,128
	<b>1,245,102</b>	<b>1,134,535</b>
<i>Balladonia Project (100%)</i>		
Balance at the start of the period	-	841,291
Exploration expenditure capitalised	-	3,244
Capitalised exploration costs written down	-	(844,535)
	-	-
<i>Mt York Project (100%)</i>		
Balance at the start of the period	4,197,627	1,384,159
Exploration expenditure capitalised	418,597	2,813,468
	<b>4,616,224</b>	<b>4,197,627</b>
<i>Wodjina Project (100%)</i>		
Balance at the start of the period	155,344	255,036
Exploration expenditure capitalised	135,521	308
Capitalised exploration costs written down	-	(100,000)
	<b>290,865</b>	<b>155,344</b>
<i>Taipan project (100%)</i>		
Balance at the start of the period	192	-
Exploration expenditure capitalised	187,098	192
	<b>187,290</b>	<b>192</b>
<i>Mooloo Project (100%)</i>		
Balance at the start of the period	91,844	-
Exploration expenditure capitalised	-	91,844
	<b>91,844</b>	<b>91,844</b>
<i>Croyden Project (100%)</i>		
Balance at the start of the period	47,069	-
Exploration expenditure capitalised	169,602	47,069
	<b>216,671</b>	<b>47,069</b>
<i>Woodcutters Project (100%)</i>		
Balance at the start of the period	23,526	-
Exploration expenditure capitalised	4,905	23,526
	<b>28,431</b>	<b>23,526</b>
<i>Lalla Rookh Project (100%)</i>		
Balance at the start of the period	-	-
Exploration expenditure capitalised	32,633	-
	<b>32,633</b>	-
<b>Total Capitalised Exploration Expenditure</b>	<b>13,484,111</b>	<b>10,970,306</b>

## Notes to the Financial Statements

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### Note 6 – Loss per Share

	31 December 2017	31 December 2016
Basic (loss) per share (cents)	(0.77)	(0.63)
Diluted (loss) per share (cents)	(0.77)	(0.63)
a) Net loss used in the calculation of basic and diluted loss per share	(4,559,964)	(2,278,784)
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	594,865,689	363,329,777

### Note 7 – Events Subsequent to Reporting Date

On 12 January 2018, the Company issued 132,818,181 free Options exercisable at \$0.10 on or before 31 December 2020 pursuant to the shares issued on 22 November 2017 subsequent to shareholder approval on 11 January 2018.

No other matter or circumstance has arisen since 31 December 2017 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

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The Directors of the Company declare that;

1. the financial statements and notes, as set out on pages 9 to 18, 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 2017 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 Terence Topping  
**Executive Chairman**

Perth, Australia.

Dated this the 16<sup>th</sup> day of March 2018.

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kairos Minerals Limited

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Kairos Minerals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year then ended, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

#### 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 Group's financial position as at 31 December 2017 and its financial 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 the Group, 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

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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 the Group, 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**

A handwritten signature in black ink, appearing to read 'Richard Dean', is written over a faint, light grey BDO logo.

**Richard Dean  
Partner**

Melbourne, 16 March 2018

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# Corporate Directory

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## DIRECTORS

Mr. Terence Topping  
Mr. Bruno Seneque  
Mr. Neil Hutchison

Executive Chairman  
Non-Executive Director  
Non-Executive Director

## COMPANY SECRETARY

Mr. Adrien Wing

## COMPANY

Kairos Minerals Limited  
ABN 84 006 189 331

## WEBSITE

[www.kairosminerals.com.au](http://www.kairosminerals.com.au)

## PRINCIPAL PLACE OF BUSINESS

Level 2, 43 Ventnor Avenue  
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Australia 6005  
Telephone: + 61 (0)8 9226 1141  
Facsimile: + 61 (0)3 9614 0550

## REGISTERED OFFICE

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Australia 6005  
Telephone: + 61 (0)8 9226 1141  
Facsimile: + 61 (0)3 9614 0550

## SHARE REGISTRY

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110 Stirling Highway  
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Australia 6009  
Telephone: +61 (0)8 9389 8033  
Facsimile: +61 (0)8 9262 3723  
Email: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)

## SOLICITORS

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50 Queen Street  
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Australia 3000

## AUDITORS

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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)