KAIROS MINERALS LIMITED

ABN 84 006 189 331

ANNUAL REPORT 2018

Contents

<u>Pilbara Gold Project (Pilbara, WA: KAI 100%)</u>

- 150% increase in the overall Pilbara Gold Project JORC 2012 Mineral Resource inventory, including the Mt York, Iron Stirrup and Old Faithful gold deposits, to:

    - **<u>Indicated and Inferred Resource of 14.4Mt @ 1.39g/t Au for 643,000oz</u>**

- 290% increase in the JORC 2012 Mineral Resource for the Mount York gold deposit to:

    - **<u>Indicated and Inferred Resource of 11.3Mt @ 1.34g/t Au for 486,000koz</u>**

- Main Hill-Breccia Hill-Gossan Hill confirmed as a single deposit that extends over 3.5km of strike – now described as the Mt York gold deposit moving forward.

- The updated Resource was based on the results from the highly successful 2,600m extensional drilling program completed in 2017 at Main Hill-Breccia Hill-Gossan Hill, which confirmed the continuity of mineralisation between the two previously mined deposits and extending 1km to the east to Gossan Hill.

- The Mt York deposit remains open both along strike and at depth, providing outstanding opportunities to further increase the Resource and target higher-grade mineralization at depth.

- A major new 6,700m drilling program was completed in the first half of 2018 to follow up these opportunities and pave the way for further resource increases (assays pending at the time of finalising this report).

<u>Croydon Project (Pilbara, WA: KAI 100%)</u>

- Helicopter-supported exploration programs commenced to facilitate detailed mapping, rock chip sampling, soil sampling and metal detecting to assess regional conglomerate-hosted gold opportunities.

- Visible gold discovered within the previously identified 22km strike length of the prospective contact between the basal Mt Roe Basalt and the Archaean basement.

- Exceptional results received from stream sediment sampling which identified widespread and significant gold anomalism including assays up to 12.3g/t Au and 7g/t Au.

- Subsequent to financial year-end, 256 gold nuggets were recovered adjacent to the unconformity between the Mt Roe Basalt/Conglomerate and the Archaean basement where stream sediment sampling returned an exceptional grade of 7g/t Au.

- Preliminary metal detecting to date has only focused on an area smaller than 150m x 50m.

- The nuggets display both flattened “watermelon seed” shapes with pitted texture and rounded edges and some are rounded with irregular shape with conglomerate and sandstone outcrops approximately 400m south and along strike from the nugget patch within this catchment. These sediments rest on basement and are overlain by the Mt Roe Basalt.

- The Company has submitted a Program of Work (POW) for follow-up exploration programs including trenching and RC/Diamond drilling.

<u>Roe Hills Project (Eastern Goldfields, WA; KAI: 100%)</u>

- Final assays received from the 5,155m Reverse Circulation (RC) drilling program completed in April 2018, with the majority of successfully completed holes intersecting gold mineralisation over significant widths and good grades.

- Significant extensions to previously identified gold mineralisation confirmed at Lingering Kiss (the southern strike extension of Silver Lake Resources' French Kiss gold deposit), Terra and Caliburn.

- Multiple high-priority "drill-ready" targets identified following a major reinterpretation of the geology, geophysics and geochemistry of the entire Roe Hills belt.

Corporate

- $7M share placement completed to sophisticated and professional investors, with Eric Sprott through Sprott Capital Partners collectively subscribing for $5M.

- Strategic 6.21% interest acquired in listed resource company New Age Exploration (ASX: NAE).

- Cash reserves at 30 June 2018 of $6.5 million.

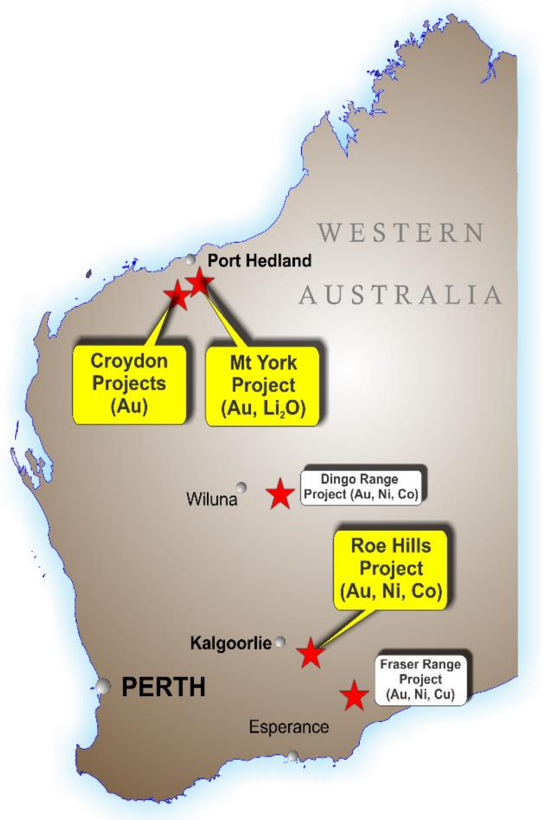

Figure 1: Project Locations.

PILBARA GOLD PROJECT, PILBARA REGION (KAIROS: 100%)

In the Pilbara, Kairos' flagship asset is the advanced Mt York deposit, located ~100km south-east of Port Hedland. Together with the nearby Iron Stirrup and Old Faithful deposits, this forms the cornerstone of the Company's Pilbara Gold Project. Since acquiring the project in early 2016, Kairos has rapidly established a substantial JORC compliant Mineral Resource inventory, initially by re-evaluating the known resources from the historical Lynas Find gold mine (which produced 125,000oz between 1994 and 1998) and subsequently through highly successful drilling programs.

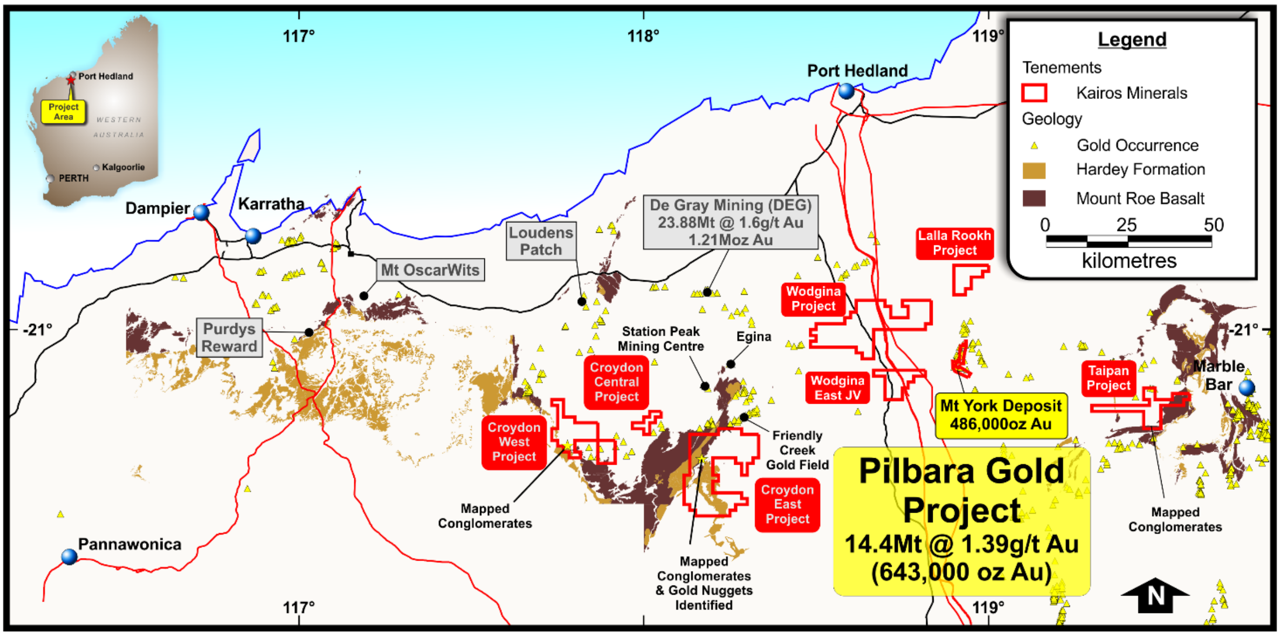

Figure 2: Pilbara Gold Project – Key Tenements.

Updated Mineral Resource

During the reporting period, the Company appointed independent consultant, Auralia Mining Consulting Pty Ltd, to complete an updated Mineral Resource estimate for the Mt York Gold-Lithium Project.

The previously reported Mineral Resource (5.692Mt @ 1.42g/t Au for 258,000oz) was completed in October 2016 based on a review of historical exploration data from the Iron Stirrup, Old Faithful, Breccia Hill and Main Hill deposits.

The updated Mineral Resource estimate, which was based the results of successful in-fill and extensional drilling programs completed in 2017 (see below), more than doubled the contained gold at Mt York from the previously reported *258,000* ounces to **643,000** ounces.

The updated Resource for these centrally located deposits, including Mt York, Iron Stirrup and Old Faithful, increased the global Mineral Resource estimate at the Pilbara Gold Project to **14.4 million tonnes at 1.3g/t gold for 643,000 ounces of contained gold.**

The updated Indicated and Inferred Mineral Resource estimate for the Mt York gold deposit (see Figure 3) is 11.3 million tonnes grading 1.34g/t gold for 486,000 ounces of contained gold.

This represents a 290% increase in contained gold over the previous Resource estimate.

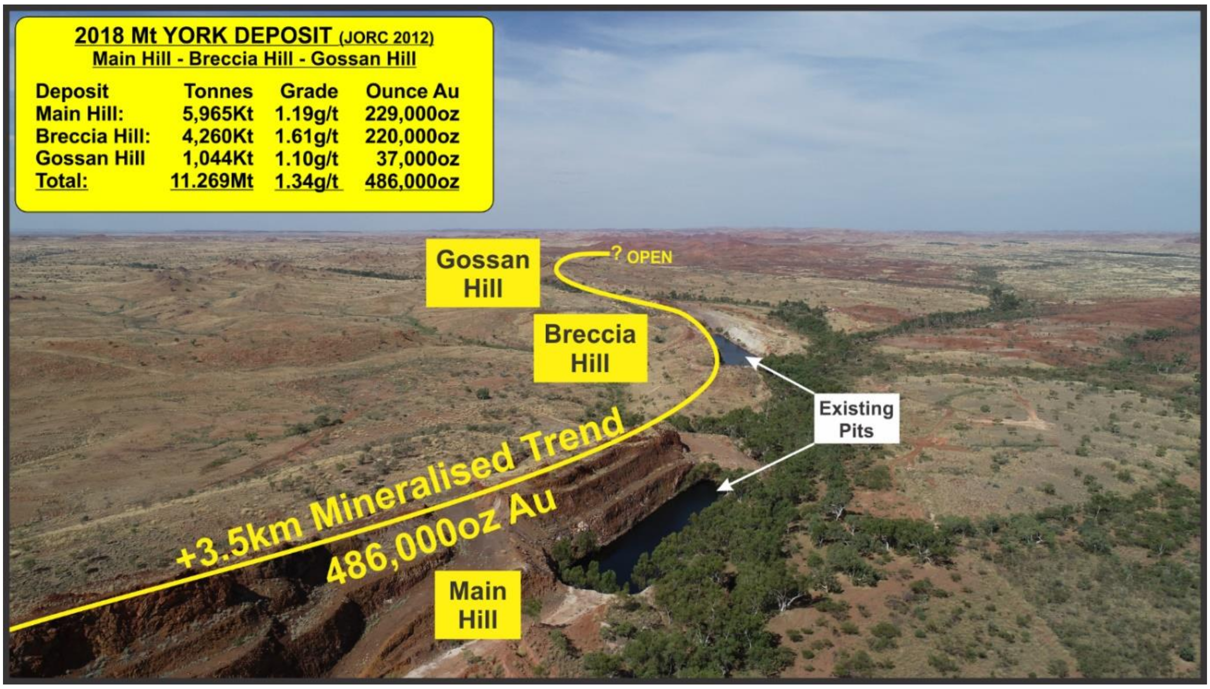

Figure 3: Mt York Gold Deposit, Showing Interpreted +3.5km Mineralised Strike.

The Mineral Resource is constrained within a Whittle shell with basic economic assumptions that ensure the resource has a realistic chance of being mined. Resources extend to a maximum vertical depth of 150m, with the deposit remaining open both down-dip/plunge and along strike.

The updated Mineral Resource was based on drilling completed by Kairos Minerals in 2016 and 2017 (see ASX Announcements – 28 October 2016, 9 November 2016, 17 November 2016, 19 December 2016, 10 February 2017, 29 May 2017, 30 November 2017, 4 December 2017 and 18 December 2017).

The significant increase in the Mineral Resource at Mt York (comprising Main Hill, Breccia Hill and Gossan Hill) stemmed largely from a reinterpretation of the deposit geology based on results from the highly successful extensional drilling program completed late last year.

May 2018 JORC Mineral Resource

The updated Mineral Resource estimate is set out below:

Pilbara Gold Project Resources – Reported at a 0.5g/t Au Cut

Deposit	Indicated			Inferred			Total		
	Tonnes (k	Au (g/t	Ounces (ko	Tonnes (k	Au (g/t)	Ounces (koz)	Tonnes (kt)	Au (g/t)	Ounces (koz
Mt York (1,2)	5,296	1.23	210	5,973	1.44	276	11,269	1.34	486
Iron Stirrup (1)	612	1.84	36	465	2.07	31	1,077	1.94	67
Old Faithful (3)	934	1.33	39	1,135	1.40	51	2,069	1.37	90
Total	**6,842**	**1.30**	**285**	**7,573**	**1.47**	**358**	**14,415**	**1.39**	**643**

Note: Numbers may not total due to rounding

(1) Resources are constrained within a whittle shell that assumed basic economic parameters
(2) Mt York comprises of the Breccia Hill, Main Hill and Gossan Hill deposits
(3) Resource was previously released to the ASX 1 August 2016 - https://www.asx.com.au/asxpdf/20160801/pdf/43905xlydtq9qq.pdf

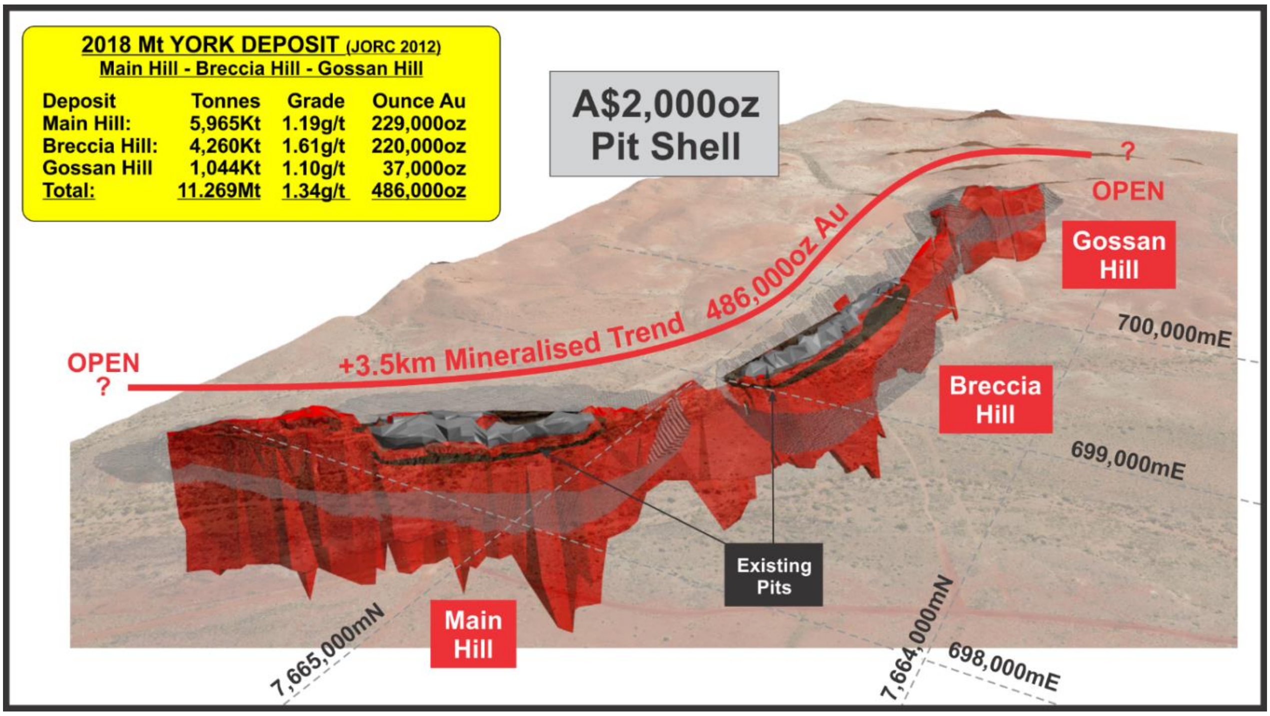

Figure 4: Mt York Deposit – Main Hill – Breccia Hill – Gossan Hill.

Additional background information on the Mt York gold deposit, the project history, the local geology and mineralisation, drilling and sampling techniques and the resource estimation methodology was provided in the Company's ASX announcement of 23 May 2018.

New Drilling Program

A major new RC drilling program comprising 51 holes for 6,700m was completed at Mt York in the first half of 2018. The program was designed to test for extensions to the known mineralisation and to provide in-fill in areas with limited historical drilling. Assay results are pending and will be released to the market when received and interpreted. The results will be used to update the existing resource estimate of 643,000oz of gold.

PILBARA CONGLOMERATE GOLD PROJECT, PILBARA REGION (KAIROS: 100%)

In the Pilbara, Kairos holds 1,158 square kilometres of tenure 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 are underway targeting these highly prospective stratigraphic horizons, which have been associated with a number of recent high-profile gold discoveries in the Pilbara.

Following the fast-tracked geological review of the conglomerate gold potential of its extensive Pilbara tenement holding completed last year, Kairos commenced helicopter-supported reconnaissance exploration programs in late 2017, initially focused on the 100%-owned Croydon Project.

The helicopter-supported program focused on the contact between the basal Fortescue Group Mount Roe Basalt and older Archean basement along a 22km long corridor within E47/3522 & E47/3523 (see Figure 5).

The field work successfully identified extensive areas of previously unrecognised prospective conglomerate units (Targets 1-4), up to ~30m in thickness at four different locations predominantly within the southern portion of tenement package. Four discrete conglomerate targets were identified over a strike length of ~10km.

Widespread Gold from Conglomerates Confirmed at Croydon

The Company subsequently received results from the grassroots geochemistry programs outlined above, which were completed over previously un-mapped conglomerates at the base of the Mount Roe Basalt towards the end of last year. The results include some outstanding high-grade assay results for this stage of project exploration and evaluation and have resulted in the identification of numerous conglomerate targets over a strike length of ~22km.

The geochemical program has confirmed and expanded the potential highlighted by a 10kg stream sediment sample (-2mm) which was panned and returned 28 pieces of gold (see ASX Announcement, 9 November 2017). Full results from the geochemical sampling program were reported in the Company's ASX Announcement of 10 January 2018.

2018 Field Season

The Company executed a land access agreement with the Mugarinya Community Association Inc to enable access for exploration, to the Yandeyarra Use and Benefit of Aboriginal Inhabitants Reserve 31427. A mining entry permit has been issued to the company, by the Minister of Aboriginal affairs and a consent to explore within the Yandeyarra Reserve has been granted by the Minister of Mines, Industry, Regulation and Safety.

The agreement provides the Company with access to the Yandeyarra Reserve for a period of four years (48 months) in which to undertake low impact and ground disturbing exploration.

Three exploration target areas have recently been heritage surveyed under this agreement with a final report received. The company has also re-graded an existing 4WD access track to the central heritage survey area, to allow for more detailed exploration of these areas.

2018 Program – Gold Nugget Discoveries at Croydon Project

Subsequent to the end of the reporting period (in early September), Kairos identified an exceptional new conglomerate gold target at the Croydon Project, after making a discovery of a significant gold nugget patch during a new helicopter-supported exploration program.

The new helicopter-borne program is focused on the unconformity contact between the basal Fortescue Group Mount Roe Basalt and older Archean basement along a 22km long corridor within Kairos' 100%-owned tenements E47/3522 & E47/3523 (see Figure 6).

The program has been focused on areas where previous field work identified previously unrecognised prospective conglomerate units, up to ~30m in thickness at four different locations predominantly within the southern portion of tenement package.

A combination of stream sediment sampling and metal detecting was undertaken initially in the area where previously reported stream sediment sample side 17WCT15 returned an aqua regia assay result from the -2mm fraction of 7g/t Au.

A total of 256 gold nuggets have been recovered adjacent to the unconformity between the Mt Roe Basalt/Conglomerate and the Archaean basement where stream sediment sampling earlier this year returned an exceptional grade of 7g/t Au. Preliminary metal detecting to date has only focused on an area smaller than 150m x 50m.

The nuggets display both flattened "watermelon seed" shapes with pitted texture and rounded edges and some are rounded with irregular shapes. Conglomerate and sandstone outcrops approximately 400m south and along strike from the nugget patch within this catchment. These sediments rest on basement and are overlain by the Mt Roe Basalt. This previously unexplored prospective geological sequence extends for at least 5km to the north.

The Company has submitted a Program of Work (POW) for follow-up exploration programs including trenching and RC/Diamond drilling.

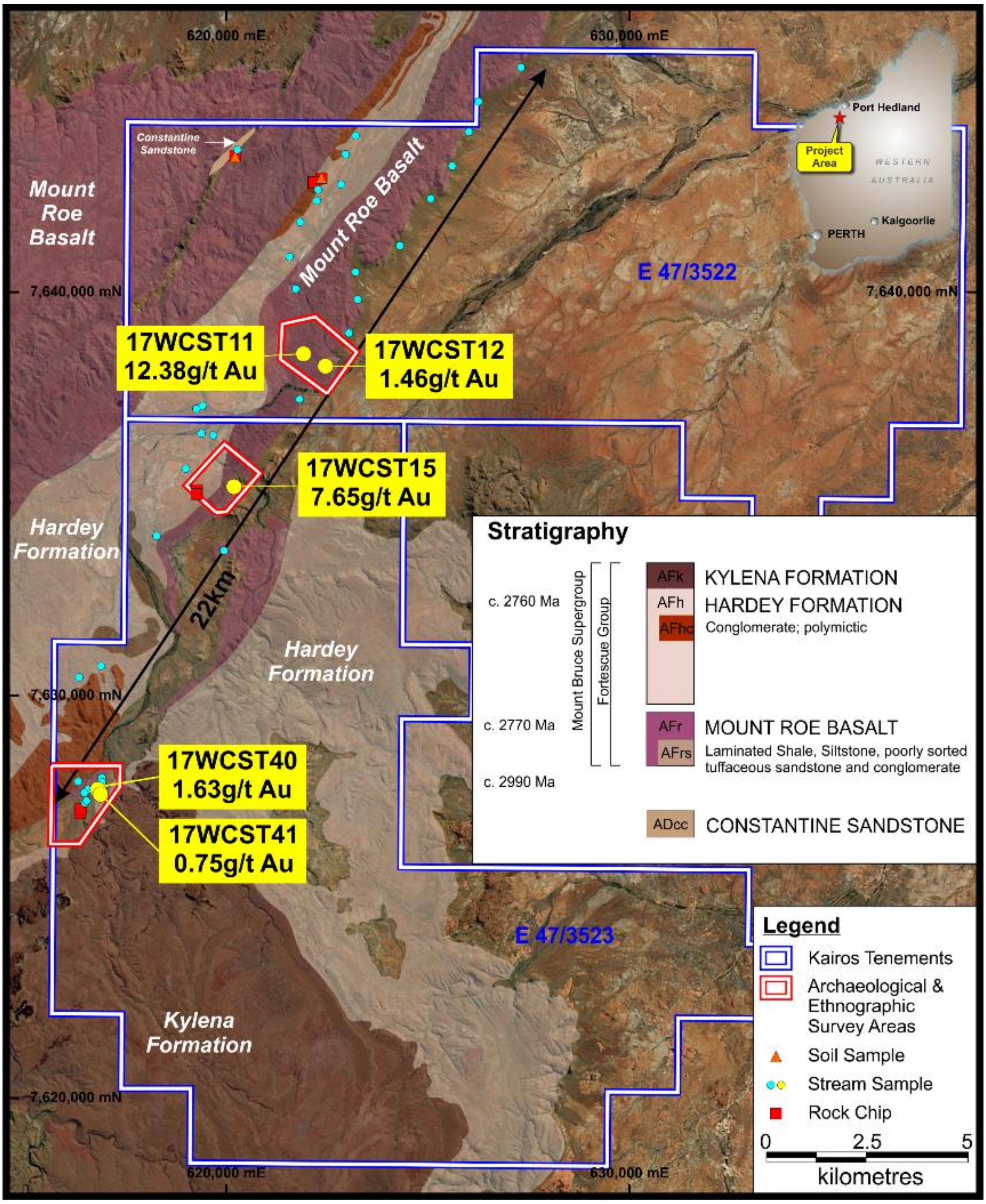

Figure 5. Croydon Project

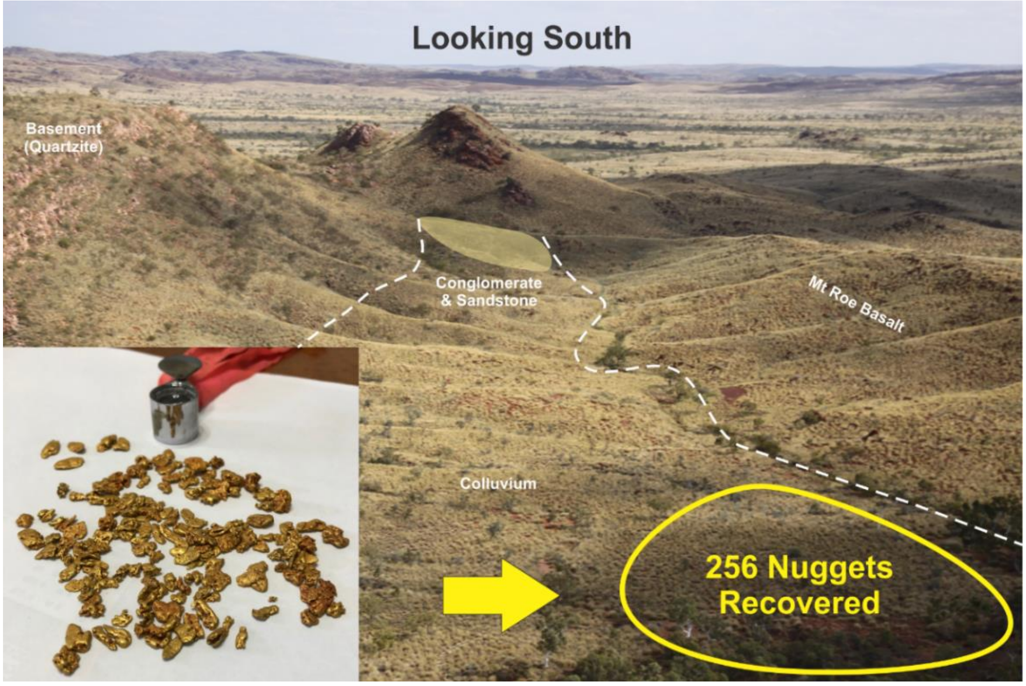

Figure 6: Nugget location map on E47/3523.

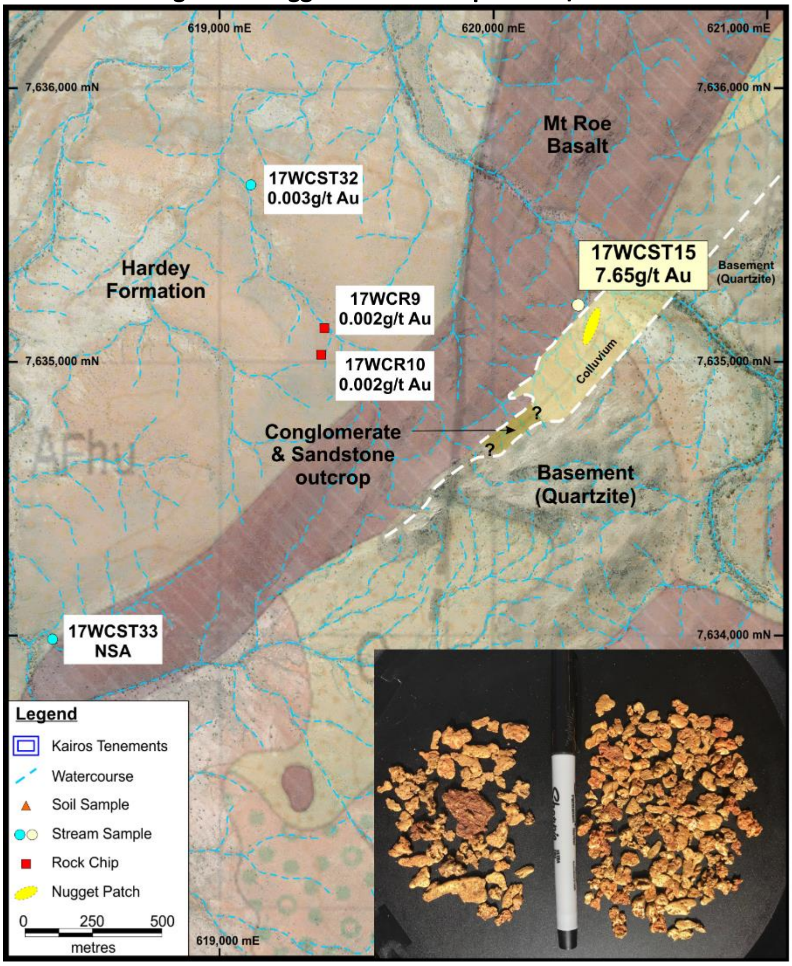

Figure 7: Nugget patch location.

ROE HILLS GOLD PROJECT, EASTERN GOLDFIELDS REGION (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 324km^2 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.

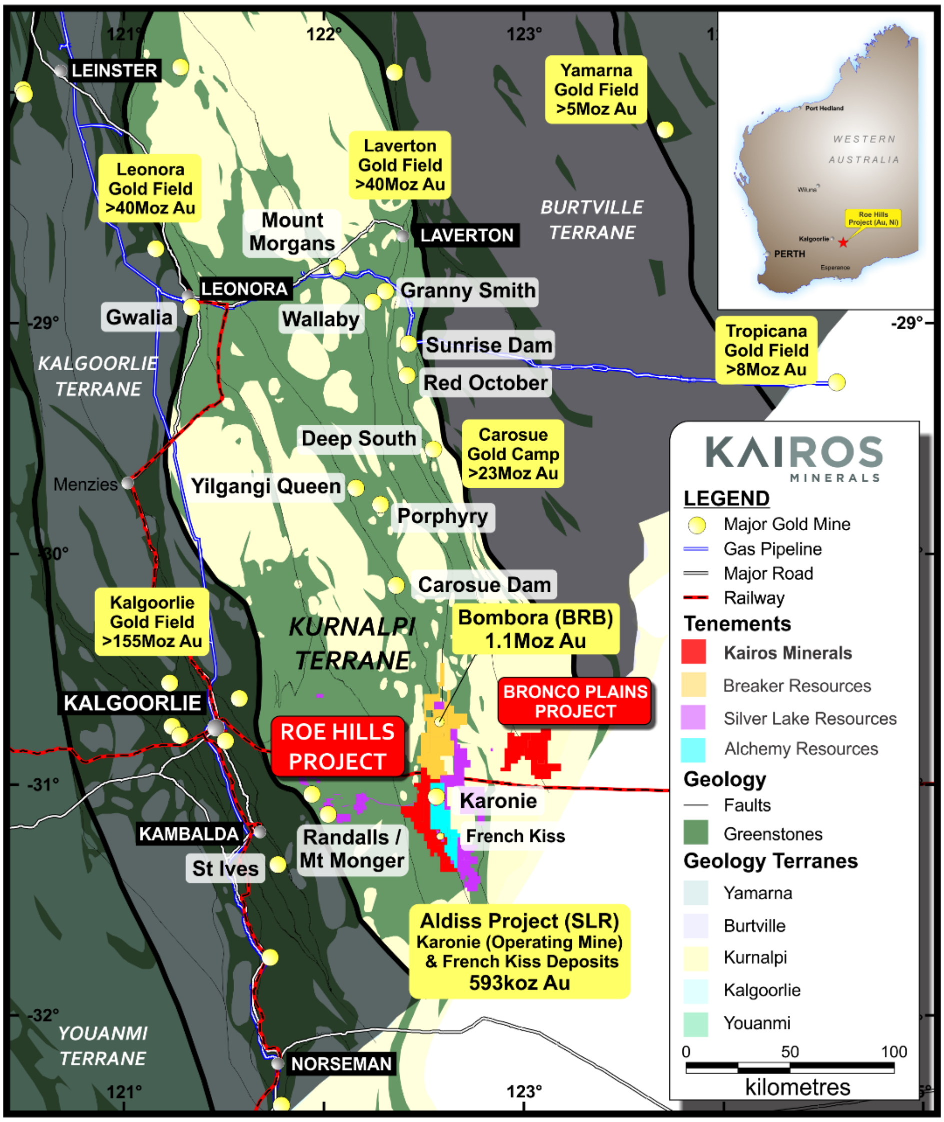

Figure 8. Roe Hills Project regional geological setting and major gold deposits.

Kairos has so far completed just four gold-focused exploratory drilling campaigns at the Roe Hills Project. Located approximately 120km east of Kalgoorlie, Roe Hills is situated along strike to the south of Breaker Resources' (ASX: BRB) Lake Roe gold discovery (11.8Mt @ 1.6g/t Au for 624,000oz) and immediately adjacent to Silver Lake Resources' (ASX: SLR) Aldiss Gold Project (7.5Mt @ 2.1g/t Au for 494,000oz).

Silver Lake Resources has recently completed haul road access connecting the Aldiss Project to the Mt Monger processing operations and open pit mining has commenced at Karonie/Harrys Hill in April 2018 (refer SLR June 2018 Quarterly Activities Report and Figure 10).

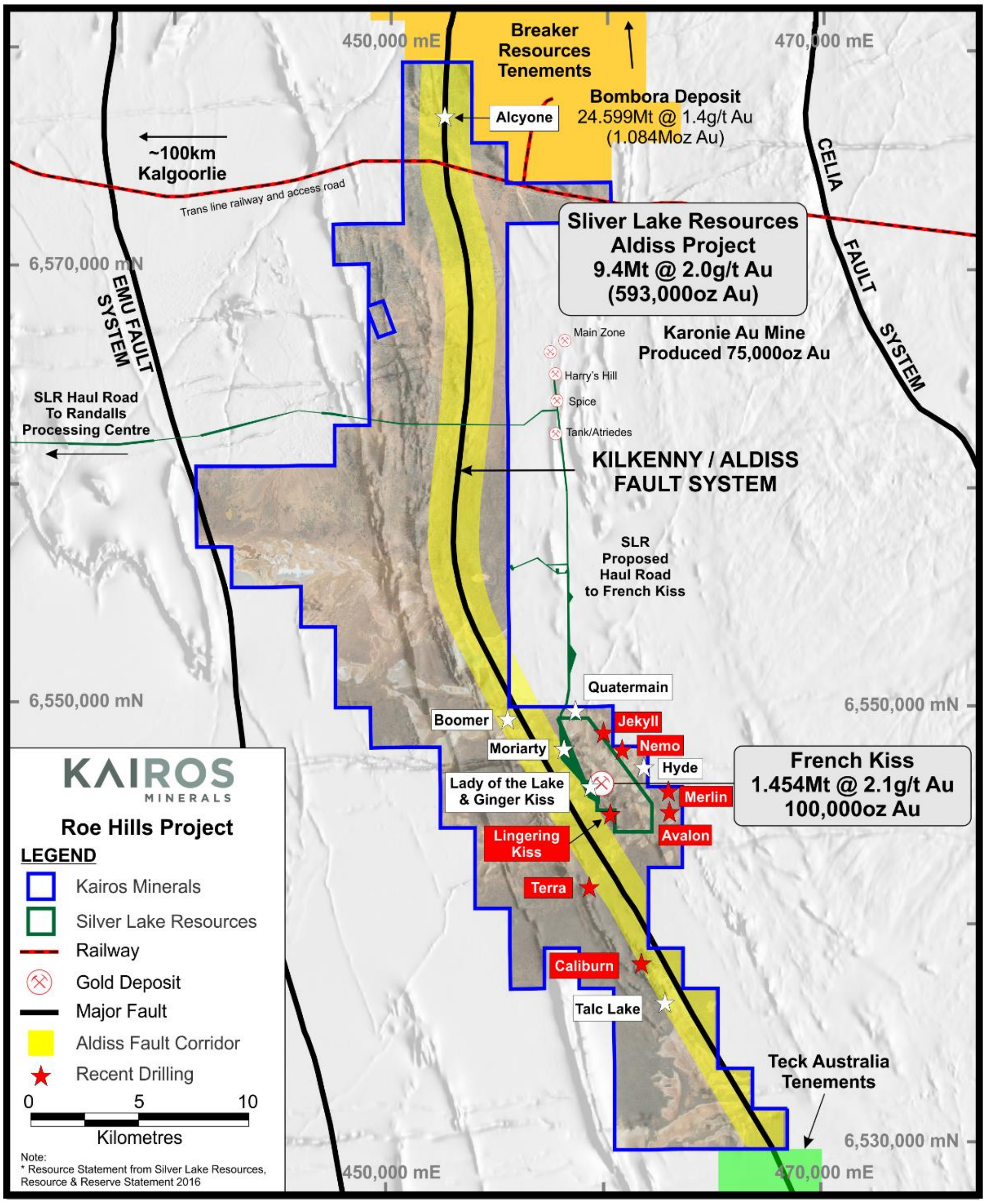

Figure 9. Roe Hills Project recent drilling locations.

During the reporting period, Kairos received final assays from the most recent 5,115m Reverse Circulation (RC) drilling program at Roe Hills. The program was designed to test for dip and strike extensions to several zones of gold mineralisation identified during the highly successful 2017 campaigns (refer ASX Announcements 19/12/2017 & 30/1/2018) along with preliminary drill testing of a series of more recently identified structural and litho-geochemical targets.

<u>Extensional Targets</u> (extensions of previously defined gold mineralisation):

- *Lingering Kiss* – where recent drilling intersected high-grade primary gold mineralisation (with hits up to 43.34 g/t Au) just 350m directly along strike to the south of Silver Lake Resources' French Kiss Gold deposit, which is scheduled to be mined in 2019 (refer ASX: SLR);

- *Terra* – where recent broad spaced reconnaissance drilling has identified "stockwork" style gold mineralisation within altered dolerite over a strike length of at least 2km and a dip extent of at least 200m beneath thick transported cover; and

- *Caliburn* – an emerging prospect area where wide zones of near-surface gold mineralisation were encountered in drilling late last year.

  The results have confirmed the potential for multiple emerging gold discoveries, confirming widespread shallow gold mineralisation over multiple prospect areas. A summary of key results is provided below. Please refer to the Company's announcement of 26 June 2018 for full details of the results including detailed diagrams and cross-sections for each prospect area.

Lingering Kiss

A total of eight holes were completed at Lingering Kiss for a combined total of 1,350m (RHRC078 – 085. NB: Hole RHRC084 was abandoned prior to reaching target depth). The drilling was designed to test for dip and strike extensions to the previously defined zones of mineralisation and to confirm the orientation of the main gold-bearing structures in order to assist follow-up drill targeting.

All holes which were drilled to target depth intersected significant mineralisation, with better results including:

RHRC079

- **9m @ 2.29 g/t Au from 123m, including:**
  - **1m @ 3.39 g/t Au from 125m,**
  - **2m @ 7.13 g/t Au from 128m,**
  - **1m @ 11.1g/t Au from 129m**

Lingering Kiss is interpreted to represent a strike extension of the French Kiss Gold Deposit, owned by Silver Lake Resources (ASX: SLR), which hosts a published Indicated and Inferred Resource of 1.945Mt @ 1.89 g/t Au for 118, 490oz Au.

Caliburn

A total of five holes were completed at Caliburn for 594m (RHRC061-64, RHRC066). Significant recent Kairos intersections from the recent drill campaign include:

- **RHRC063: 54m @ 0.74 g/t gold from 10m, including:**
  - **16m @ 1.02 g/t gold from 22m, and**
  - **2m @ 6.43 g/t gold from 54m, and**
  - **1m @ 9.53 g/t gold from 55m.**

- **RHRC064: 14m @ 0.87 g/t gold from 38m, including:**
  - **5m @ 2.03 g/t gold from 43m, and**
  - **1m @ 6.19 g/t gold from 47m.**

The Caliburn Prospect is located towards the southern end of the Roe Hills Project tenure, just north of Talc Lake and about 5km SSW of SLR's French Kiss Gold deposit. Kairos first commenced reconnaissance drilling at Caliburn in April 2017 with initial results immediately confirming the prospectivity of the area.

Terra

A total of seven holes were completed at Terra for 1,265m (RHRC068 – 070; RHRC072 – 75); and one hole was extended (RHRC015) for 70m, for a combined total of 1,335m). The drilling was focussed on three main sections spaced ~500m apart and was designed to test for extensions +/- 50m beyond previous intercepts to confirm orientation of the main gold bearing structure(s) in order to assist follow-up drill targeting.

Significant recent Kairos intersections from the current drill campaign include:

- **RHRC068: 35m @ 1.05 g/t gold from 96m, including:**
  - **13m @ 1.65 g/t gold from 104m and**
  - **1m @ 8.30 g/t gold from 123m**

- **RHRC069: 38m @ 0.44 g/t gold from 127m, including:**
  - **2m @ 2.31 g/t gold from 127m and**
  - **2m @ 1.48 g/t gold from 163m.**

- **RHRC072: 11m @ 1.12 g/t gold from 172m, including:**
  - **6m @ 1.58 g/t gold from 175m**

CORPORATE

Capital Raisings

A $7.3 million share placement to sophisticated and professional investor clients of CPS Capital and Patersons Securities was completed on 22 November 2017 after shareholder approval was received to refresh the Company's placement capacity. Leading global investor Eric Sprott, through Sprott Capital Partners, joined the Kairos share register after collectively subscribing for $5 million as part of the placement.

Annual General Meeting

The Company's Annual General Meeting was held in Perth on 15 November 2017, with all resolutions supported by shareholders on a show of hands.

Strategic Investment

The Company has purchased a strategic 8.65% investment in listed resource company New Age Exploration (ASX: NAE).

Cash Reserves

The company was in a strong cash position of $6.5 million at the end of the year.

COMPETENT PERSON STATEMENT:

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

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

Directors' Report

The Board of Directors of Kairos Minerals Limited and its subsidiaries ('the Consolidated Entity') present their report for the year ended 30 June 2018.

Directors

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

Mr Terry Topping	**Executive Chairman**
First appointed to the Board	15 March 2017
Experience	Mr Topping has more than 25 years experience in minerals exploration and development worldwide and has played a key role in the incubation, listing and development of numerous ASX-listed resource companies over the past two decades. His previous management roles have included Executive Director of ASX-listed nickel, copper and gold explorer Rumble Resources (ASX: RTR); Managing Director of ASX-listed uranium explorer Cauldron Energy (ASX: CXU); and Executive Director of ASX-listed gold explorer Taipan Resources (later Intrepid Mines), which discovered the high-grade Paulsen's Gold Deposit, now being mined by Northern Star Resources (ASX: NST). Mr Topping has a board contact network through the global resources sector as well as extensive capital markets experience, where he has been involved in numerous IPO's, corporate transactions, capital raisings and project acquisitions and divestments.
Qualifications	AIMM, AIG
Interests held[1]	3,484,164 ordinary shares 6,000,000 Performance Rights as approved by shareholders on 15 November 2017.
Directorships held in other listed entities	Orinoco Gold Ltd

Mr Bruno Seneque	**Non-Executive Director**
First appointed to the Board	4 August 2017
Experience	Mr Seneque has 22 years' experience as a qualified accountant. He has accumulated extensive experience in the mining industry in various roles including executive general management (Managing Director, Finance Director), CFO, company secretarial, corporate and mine site accounting. He was previously Managing Director of Fox Resources Ltd, which operated the Radio Hill nickel-copper mine in Karratha, producing nickel and copper concentrates. He was also Financial Controller/Company Secretary for Haddington Resources Ltd (now Altura Mining Ltd) which produced tantalum concentrates from the Bald Hill tantalum mine which is now being developed by Tawana Resources NL for lithium production.
Qualification	Certified Practising Accountant
Interests held[1]	1,206,218 ordinary shares 3,000,000 Performance Rights as approved by shareholders on 15 November 2017.
Directorships held in other listed entities	Tyranna Resources Ltd

Mr Neil Hutchison	Non-Executive Director
First appointed to the Board	15 April 2014
Experience	Mr Hutchison is a geologist with over 15 years' experience in conducting regional exploration, target generation, resource drill out, project reviews and evaluations, as well as managing the nickel exploration group at the highly successful Cosmo Nickel Project.
Interests held[1]	4,893,333 ordinary shares. 3,000,000 Performance Rights as approved by shareholders on 15 November 2017.
Directorships held in other listed entities	Nil

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

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

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

Company Secretary

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

Principal Activity

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

Dividends

The Directors did not pay any dividends during the financial year. The Directors do not recommend the payment of a dividend in respect of the 2018 financial year.

Earnings per Share

Basic loss per share: 0.80 cents (2017: 0.82 cents)

Significant Changes in State of Affairs

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

Events Since the End of the Financial Year

On 19 July 2018, the Company issued 600,020 ordinary shares upon the exercise of Options at a price of 2.6 cents each, raising $15,601.

On 23 August 2018 the Company issued:

- 8,000,000 ordinary shares at a deemed issue price of 4 cents based on achieving at least 500,000 ounces of gold resources;
- 4,736,842 ordinary shares upon the exercise of Options at a price of 2.6 cents each, raising $123,158;
- 1,000,000 ordinary shares at an average of 5.5 cents per share in lieu of fees settled to third party consultants; and
- 536,193 ordinary shares at an average of 3.7 cents per share in lieu of fees settled to third party consultants.

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

Likely Developments and Expected Results of Operations

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

Review and Results of Operations

The Consolidated Entity's net loss after income tax for the financial year was $5,694,632 (2017: $3,162,721). The Review of Operations provides further details regarding the progress made by the Consolidated Entity since the prior financial year, which has contributed to its results for the year.

Environmental Regulations

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

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

Meetings of Directors

During the financial year, 6 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number attended	Number eligible to attend
Mr Terrence Topping	6	6
Mr Joshua Wellisch[1]	-	-
Mr Bruno Seneque[2]	6	6
Mr Neil Hutchison	6	6

1 Resigned as a Director 4th August 2017

2 Appointed as a Director 4th August 2017

Indemnification and Insurance of Directors and other Officers

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

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

Options over Unissued Shares

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

ASX Code	Number under option	Date of Expiry	Exercise Price
Unlisted	20,060,499	31 December 2019	$0.026
Unlisted	132,818,181	31 December 2020	$0.10

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

Shares Issued as a Result of the Exercise of Options

During the year ended 30 June 2018 76,602,639 options were exercised at a cost of 2.6 cents per option (2017: 25,030 at 10 cents per option).

Proceedings on Behalf of the Consolidated Entity

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

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

Non-Audit Services

No fees for non-audit services were paid or payable to the external auditor of the Parent Entity during the year ended 30 June 2018 (2017: nil).

Auditor's Independence Declaration

The lead Auditor's Independence Declaration, as required under section 307C of the *Corporations Act 2001*, for the year ended 30 June 2018 has been received and can be found in the section titled 'Auditor's Independence Declaration' within this Annual Report.

Corporate Governance

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

Remuneration Report (Audited)

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

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

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

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

Mr Terrence Topping	Executive Chairman	(Appointed 15th March 2017)
Mr Joshua Wellisch	Managing Director	(Appointed 28th March 2013) (Resigned 4th August 2017)
Mr Neil Hutchison	Non-Executive Director	(Appointed 15th April 2014)
Mr Bruno Seneque	Non-Executive Director	(Appointed 4th August 2017)
Mr Adrien Wing	Company Secretary	(Appointed 2nd October 2013)

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

Remuneration Governance

The remuneration of all Executive and Non-Executive Directors, Officers and Employees of the Consolidated Entity is determined by the Board as a whole. No remuneration consultants were engaged during the year.

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

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

Voting at the Company's 15 November 2017 Annual General Meeting ("AGM")

The Company received 99.4% of "for" votes in relation to its remuneration report for the year ended 30 June 2017.

Remuneration Policy versus Consolidated Entity Financial Performance

Over the past 5 years the Consolidated Entity has continued to acquire and maintain many participating interests in mining projects and companies that Directors believe have the potential to provide ongoing benefits to Shareholders.

A number of projects are not at a stage where production or positive cash flows have been established, which may affect the Consolidated Entity's current performance and shareholder wealth.

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

The earnings of the consolidated entity for the five years to 30 June 2018:

Loss financial year ended 2018	($5,694,632)
Loss financial year ended 2017	($3,162,721)
Loss financial year ended 2016	($2,037,730)
Loss financial year ended 2015	($1,447,470)
Loss financial year ended 2014	($2,585,273)

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

	2018	2017	2016	2015	2014
Share price at financial year end ($A)	0.034	0.015	0.05	0.08	0.05
Basic earnings per share (cents per share)	(0.80)	(0.82)	(1.2)	(1.1)	(1.1)

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

Performance Based Remuneration

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

Section B: Details of Remuneration

Details of Remuneration for the year ended 30 June 2018

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

FY 2017/18	Short-term employee benefits			Post-employment benefits	Share-based payments		Performance
	Cash salary and fees $	Other $	Non-monetary benefits $	Superannuation Contribution $	Equity-settled $	Total $	Related Remuneration %
Terrence Topping[1]	234,663	-	-	20,900	620,600	876,163	70.8
Joshua Wellisch[2]	240,900	-	-	-	-	240,900	-
Bruno Seneque[1 3]	36,667	-	-	3,483	310,300	350,450	88.5
Neil Hutchison[1]	40,000	-	-	3,167	310,300	353,467	87.8
Adrien Wing[1]	91,300	-	-	-	465,450	556,750	83.6
	643,530	**-**	**-**	**27,550**	**1,706,650**	**2,377,730**	

[1] Details of the equity issued to Directors and Company Secretary can be found in "Section C: Share Based Compensation". Performance Rights of $1,706,650 issued to the Directors and Company Secretary approved by shareholders on 15 November 2017 detailed under 'Performance Income' below.
[2] Resigned 4 August 2017
[3] Appointed 4 August 2017

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

Details of Remuneration for the year ended 30 June 2017

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

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

[1] Details of the equity issued to Directors and Company Secretary can be found in "Section C: Share Based Compensation". Performance Rights of $550,560 issued to the Directors and Company Secretary approved by shareholders on 29 July 2016 detailed under 'Performance Income' below.
[2] Appointed 15 March 2017
[3] Resigned 15 March 2017
[4] Resigned 15 August 2016

Performance Income as a Proportion of Total Remuneration

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

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

	Balance at start of the year	Received as compensation*		Conversion No.**	Value at date of Conversion	Balance at the end of the year/ resignation date
		No.	$		$	
2018						
Terrence Topping	-	8,000,000	620,600	(2,000,000)	156,000	6,000,000
Joshua Wellisch	8,850,000	-	-	-	-	8,850,000
Neil Hutchison	1,766,667	4,000,000	310,300	(2,776,667)	234,467	3,000,000
Bruno Seneque	-	4,000,000	310,300	(1,000,000)	78,000	3,000,000
Adrien Wing	3,333,334	6,000,000	465,450	(4,833,334)	412,133	4,500,000
	13,950,001	**22,000,000**	**1,706,650**	**(10,600,001)**	**880,600**	**25,350,000**

* Performance Rights of $1,706,650 issued approved by shareholders on 15 November 2017. Refer below for disclosure of the assumptions used in valuing these performance rights.

**Converted Series B performance rights to shares based on a share price of $0.088 at the date of conversion on 2 October 2017.
Converted Series C performance rights to shares based on a share price of $0.088 at the date of conversion on 2 October 2017.
Converted Series D performance rights to shares based on a share price of $0.089 at the date of conversion on 17 November 2017.
Converted Series E performance rights to shares based on a share price of $0.089 at the date of conversion on 17 November 2017.
Converted Series J performance rights to shares based on a share price of $0.078 at the date of conversion on 22 November 2017.
Refer also to "Section C: Share Based Compensation" set out below.

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

Input	Assumption
Number of Rights	Series G – 10,500,000 Series H – 10,500,000 Series I – 10,500,000 Series J – 10,500,000
Valuation Date	15 November 2017
Vesting Period (Years)	Series G – 3 years from date of issue Series H – 3 years from date of issue Series I – 3 years from date of issue Series J – 3 years from date of issue
Spot Price	$0.087
Exercise Price	$0.00
Company Volatility	100%
Vesting condition	Series G – market capitalisation of $60,000,000 or more Series H – market capitalisation of $70,000,000 or more Series I – market capitalisation of $80,000,000 or more Series J – the company raising capital of at least $5,000,000
Risk free rate	1.93%
Dividend yield	0%
Fair value per Right	Series G – $0.0767 Series H – $0.0741 Series I – $0.0725 Series J – $0.0870

Section C: Share Based Compensation

Details of Shares Held

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

	Balance at start of the year/appoint -ment date	Performance Rights Converted **	Received as salary	Issue Price	Net change other *	Balance at the end of the year/ resignation date
2018						
Terrence Topping	1,484,164	2,000,000	-	-	-	3,484,164
Joshua Wellisch[1]	4,864,286	-	-	-	-	4,864,286
Bruno Seneque[2]	206,218	1,000,000	-	-	-	1,206,218
Neil Hutchison	2,126,667	2,766,666	-	-	-	4,893,333
Adrien Wing	1,700,000	4,833,334	-	-	(4,715,153)	1,818,181
	10,381,335	**10,600,000**	**-**	**-**	**(4,715,153)**	**16,266,182**

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

** Converted Series B performance rights to shares based on a share price of $0.088 at the date of conversion on 2 October 2017.
Converted Series C performance rights to shares based on a share price of $0.088 at the date of conversion on 2 October 2017.
Converted Series D performance rights to shares based on a share price of $0.089 at the date of conversion on 17 November 2017.
Converted Series E performance rights to shares based on a share price of $0.089 at the date of conversion on 17 November 2017.
Converted Series J performance rights to shares based on a share price of $0.078 at the date of conversion on 22 November 2017.

[1] Resigned 4 August 2017
[2] Appointed 4 August 2017

Details of Options Held

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

	Balance at start of the year/appoint -ment date	Received as compensation	Options Exercised No.	Options Lapsed No.	Net change other *	Balance at the end of the year/ resignation date
2018						
Terrence Topping	-	-	-	-	-	-
Joshua Wellisch	6,000,000	-	-	-	-	6,000,000
Bruno Seneque	-	-	-	-	-	-
Neil Hutchison	1,500,000	-	-	(1,500,000)	-	-
Adrien Wing	6,183,334	-	-	(6,183,334)	2,818,181	2,818,181
	13,683,334	**-**	**-**	**(7,683,334)**	**2,818,181**	**8,818,181**

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

Section D: Loans to Directors and Other Key Management Personnel

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

Section E: Other Transactions with Key Management Personnel

There were no transactions with Key Management Personnel not disclosed above or in Note 20.

End of Remuneration Report (Audited).

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

Terry Topping
Chairman

Dated: 27th September 2018.

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

As lead auditor of Kairos Minerals Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Richard Dean
Partner

BDO East Coast Partnership

Melbourne, 27 September 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2018

	Note	30 June 2018 $	30 June 2017 $
REVENUE			
Interest revenue from external parties	2	7,921	2,973
Other	2	1,800	10,800
TOTAL REVENUE		**9,721**	**13,773**
EXPENSES			
Tax and audit fees		(80,122)	(87,728)
Depreciation	13	(11,329)	(8,302)
Directors' fees	3	(1,820,980)	(835,284)
Impairment expense on other financial assets		-	(325)
Travel and marketing		(340,099)	(255,576)
Professional fees	3	(2,669,809)	(624,127)
Rent		(65,000)	(69,000)
Administration and other expenses		(513,743)	(449,344)
Doubtful debts	9	(196,917)	-
Exploration costs written off	14	(6,354)	(846,808)
TOTAL EXPENSES		**(5,704,353)**	**(3,176,494)**
Loss before income tax		**(5,694,632)**	**(3,162,721)**
Income tax expense	4	-	-
Loss for the year after income tax		**(5,694,632)**	**(3,162,721)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Gain / (loss) on the revaluation of available for sale financial assets		(22,162)	-
Total comprehensive loss for the year		**(5,716,794)**	**(3,162,721)**
Loss attributable to:			
Owners of Kairos Minerals Ltd		(5,694,632)	(3,162,721)
Non-controlling interests		-	-
		(5,694,632)	**(3,162,721)**
Total comprehensive loss attributable to:			
Owners of Kairos Minerals Ltd		(5,716,794)	(3,162,721)
Non-controlling interests		-	-
		(5,716,794)	**(3,162,721)**
Loss per share for the year attributable to the members of Kairos Minerals Limited:			
Basic (loss) per share (cents per share)	7	(0.80)	(0.82)
Diluted (loss) per share (cents per share)	7	(0.80)	(0.82)

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

Consolidated Statement of Financial Position

As at 30 June 2018

	Note	30 June 2018 $	30 June 2017 $
ASSETS			
Current assets			
Cash and cash equivalents	8	6,506,276	1,424,940
Trade and other receivables	9	177,723	1,103,345
Other financial assets	10	-	675
Other assets	11	25,907	23,996
Total Current Assets		**6,709,906**	**2,552,956**
Non-current assets			
Other financial assets	10	281,013	-
Plant and equipment	13	34,286	19,011
Exploration and evaluation costs	14	16,094,763	10,970,306
Total non-current assets		**16,410,062**	**10,989,317**
TOTAL ASSETS		**23,119,968**	**13,542,273**
LIABILITES			
Current liabilities			
Trade and other payables	15	1,480,330	979,248
Total current liabilities		**1,480,330**	**979,248**
TOTAL LIABILITES		**1,480,330**	**979,248**
NET ASSETS		**21,639,638**	**12,563,025**
EQUITY			
Contributed equity	16	69,457,589	56,108,725
Available for sale financial assets reserve		(21,287)	875
Performance Rights reserve		2,344,650	900,107
Accumulated losses		(50,140,203)	(44,445,571)
Parent interests		**21,640,749**	**12,564,136**
Non-controlling interests		(1,111)	(1,111)
TOTAL EQUITY		**21,639,638**	**12,563,025**

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

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2018

Consolidated Entity	Contributed Equity $	Available for sale financial assets reserve $	Performance Rights reserve $	Accumulated losses $	Non-controlling interests $	Total $
Balance at 1 July 2016	**48,491,529**	**875**	**691,100**	**(41,282,850)**	**(1,111)**	**7,899,543**
Loss for the year	-	-	-	(3,162,721)	-	(3,162,721)
Total comprehensive (loss) for the year	**-**	**-**	**-**	**(3,162,721)**	**-**	**(3,162,721)**
Transactions with owners in their capacity as owners:						
Shares issued (net of costs)	6,288,450	-	-	-	-	6,288,450
Performance Rights converted	341,700	-	(341,700)	-	-	-
Performance Rights converted prior year	217,783	-	(217,783)	-	-	-
Options exercised	2,503	-	-	-	-	2,503
Options Issued	766,760	-	-	-	-	766,760
Performance Rights granted (Note 3)	-	-	768,490	-	-	768,490
Balance at 30 June 2017	**56,108,725**	**875**	**900,107**	**(44,445,571)**	**(1,111)**	**12,563,025**
Loss for the year	-	-	-	(5,694,632)	-	(5,694,632)
Other comprehensive loss	-	(22,162)	-	-	-	(22,162)
Total comprehensive (loss) for the year	**-**	**(22,162)**	**-**	**(5,694,632)**	**-**	**(5,716,794)**
Transactions with owners in their capacity as owners:						
Shares issued (net of costs)	9,105,588	-	-	-	-	9,105,588
Performance Rights converted	1,813,607	-	(1,813,607)	-	-	-
Options exercised	1,991,669	-	-	-	-	1,991,669
Options Issued	438,000	-	-	-	-	438,000
Performance Rights granted (Note 3)	-	-	3,258,150	-	-	3,258,150
Balance at 30 June 2018	**69,457,589**	**(21,287)**	**2,344,650**	**(50,140,203)**	**(1,111)**	**21,639,638**

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

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2018

	Note	30 June 2018 $	30 June 2017 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,497,590)	(1,548,566)
Receipts from customers (inclusive of GST)		1,800	10,407
Interest received		7,921	2,973
Net cash flows used in operating activities	19	**(1,487,869)**	**(1,535,186)**
Cash flows from investing activities			
Payment for purchases of plant and equipment		(13,134)	(8,516)
Farm-in interest proceeds		-	100,000
Payment for tenement and exploration		(4,295,728)	(4,399,208)
Payment for investments		(302,500)	-
Research and development tax incentive		808,203	-
Net cash flows used in investing activities		**(3,803,159)**	**(4,307,724)**
Cash flows related to financing activities			
Proceeds from issues of securities		11,006,669	6,502,948
Capital raising costs		(634,305)	(581,104)
Net cash flows from financing activities		**10,372,364**	**5,921,844**
Net increase in cash and cash equivalents		**5,081,336**	**78,934**
Cash and cash equivalents at the beginning of the year		1,424,940	1,346,006
Cash and cash equivalents at the end of the financial year	8	**6,506,276**	**1,424,940**

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

NOTE 1: BASIS OF PREPARATION

Corporate Information

The financial report of Kairos Minerals Limited (the Consolidated Entity) for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the Directors on 27 September 2018.

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

The principal activity of the Company is resource exploration.

Basis of Preparation

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

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

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

- Share based payment transactions
  The Consolidated Entity measures the cost of the share-based payments at fair value at the grant date using the Black-Sholes formula or Monte-Carlo simulation model after taking into account the terms and conditions upon which the instruments were granted (see note 16).

- Exploration and evaluation costs
  One or more of the following facts and circumstances indicate that an entity should test exploration and evaluation assets for impairment (the list is not exhaustive):
  (a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed.
  (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned.
  (c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
  (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

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

- Fair value measurement
  Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

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

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

Going concern
The Consolidated Entity incurred a net loss after income tax of $5,694,632 for the year ended 30 June 2018 and had net cash outflows from operating and investing activities of $5,291,028. At 30 June 2018, the Consolidated Entity had cash and cash equivalents of $6,506,276 (2017: $1,424,940) and had working capital, being current assets less current liabilities, of $5,229,576 (2017: $1,573,708).

The financial report has been prepared on a going concern basis which assumes the realisation of assets and discharge of liabilities in the normal course of business at the amounts stated in the financial report, for the following reasons:

- The budgets and forecasts reviewed by the directors for a period of 12 months from the date of signing the financial report anticipate that the business will continue to hold sufficient cash and cash equivalents to fund its operations and exploration commitments.
- Management will actively manage discretionary and exploration expenditures in line with the funds available.
- Should additional funding be required the Consolidated Entity may attempt future equity capital raising initiatives, however it should be noted that while this source of funding has been used in the past, any future capital raising would be dependent on financial market conditions at the time that any additional equity funds are being sought.

Based on the above, the directors are satisfied adequate resources are in place and that the Consolidated Entity will have sufficient sources of funding to meet its obligations and anticipated expenditure through to 27 September 2019 (12 months from date of audit report).

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

New and amendments standards adopted by the Group

All required new and amending Standards have been adopted from 1 July 2017. Adoption of these Standards did not have any effect on the financial position or performance of the Consolidated Entity. All other accounting policies adopted by the Consolidated Entity are consistent with the most recent Annual Report for the year ended 30 June 2018.

The following Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and therefore have not been adopted by the Consolidated Entity for the annual reporting period ended 30 June 2018:

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

Accounting Policies

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

a) Principles of Consolidation

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

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

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

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

b) Income Tax

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

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

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

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

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

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

c) Plant and Equipment

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

<u>Plant and equipment</u>

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

<u>Depreciation</u>

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

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20% to 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

d) Exploration and Development Expenditure

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

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

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

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

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

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

e) Financial Assets

Recognition and initial measurement

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

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

Classification and subsequent measurement

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

Amortised costs are calculated as:

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

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payment or receipts (including fees, transaction costs, and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

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

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

Financial assets at fair value through profit and loss

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

Loans and receivables and cash

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

Available-for-sale financial assets

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

De-recognition

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

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

Fair value

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

Impairment

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

f) Impairment of Assets

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

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

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

g) Cash and Cash Equivalents

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

h) Revenue Recognition

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

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

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

i) Trade and other receivables

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

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

j) Trade and other payables

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

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

k) Share capital

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

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

l) Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to Directors and contractors.

Equity-settled transactions are awards of shares, performance rights or options over shares that are provided to Directors and contractors in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions. Performance rights are valued using the Monte-Carlo simulation model, taking into account any market based performance conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

m) Earnings per share

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

n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the A. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

o) Investment in subsidiaries

Investments in subsidiaries are carried at the lower of cost of acquisition or at their recoverable amount..

p) Operating segments

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

q) Parent entity information

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

NOTE 2: REVENUE

	30 June 2018 $	30 June 2017 $
Interest revenue from external parties	7,921	2,973
Other	1,800	10,800
Total revenue	**9,721**	**13,773**

NOTE 3: EXPENDITURE

	30 June 2018 $	30 June 2017 $
Directors' fees		
Salaries	552,230	387,954
Superannuation	27,550	-
Share based payments – performance rights (Note 16(c)) [1, 2]	1,241,200	447,330
Directors' fees	**1,820,980**	**835,284**
Professional fees		
Legal fees	62,169	8,590
Company secretarial	91,300	94,000
Accounting and consultants	214,840	295,960
Share based payments – shares (Note 16(a))	312,000	-
Share based payments – options (Note 16(b))	438,000	-
Share based payments – performance rights (Note 16(c)) [1, 2]	1,551,500	225,577
Professional fees	**2,669,809**	**624,127**

1 Performance Rights were issued to Directors and Company Secretary pursuant to the 15 November 2017 Annual General Meeting. In addition, Performance Rights were provided to consultants for services. The total value of Performance Rights issued during the year was $3,258,150 (2017: $768,490). This amount has been credited to a reserve in the Statement of Changes in Equity.

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

NOTE 4: INCOME TAX EXPENSE

		30 June 2018 $	30 June 2017 $
a)	**The components of tax expense comprise**		
	Current income tax benefit	473,553	604,740
	Deferred tax income relating to the originating and reversal of temporary differences	1,323,893	848,440
	Tax losses not recognised	(1,797,446)	(1,453,180)
		-	-
b)	**The prima facie tax on loss from continuing activities before tax is reconciled to the income tax expense as follows:**		
	Prima facie tax benefit on loss from continuing activities before income tax at 27.5% (2017: 27.5%)		
	- Consolidated Entity	1,566,024	869,748
	Add:		
	Tax effect of:		
	- Section 40/880 deduction	69,745	100,653
	Less:		
	Tax effect of:		
	- share based payments	(1,152,609)	(353,624)
	- entertainment/other	(9,603)	(12,037)
		473,553	**604,740**
	Tax effect of losses and temporary differences not recognised as deferred tax assets	(473,553)	(604,740)
	Income tax expense attributes	-	-
c)	**Unrecognised deferred tax balances**		
	Deferred tax liabilities		
	Deferred exploration & evaluation costs	16,094,963	10,970,306
	Other	47,194	23,996
		16,142,157	**10,994,302**
	Tax effect @ 27.5% (2017: 27.5%)	**4,439,093**	**3,023,433**
	Deferred tax assets		
	Investments	178,159	179,034
	Other	849,994	897,902
	Tax losses **	36,331,876	29,753,227
		37,360,029	**30,830,163**
	Tax effect @ 27.5% (2017: 27.5%)	**10,274,008**	**8,478,295**
	Net deferred tax asset not recognised	5,834,915	5,454,862

NOTE 4: INCOME TAX EXPENSE (CONT.)

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

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

** These carry forward tax losses include gross tax losses from prior financial years amounting to $29,795,709. These losses are subject to further review by the consolidated entity to determine if they satisfy the necessary legislative requirements under the income tax legislation for the carry-forward and recoupment of tax losses. Included in tax losses are transferred losses into the tax Consolidated Entity relating to the years from 2000 to 2002.

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

d) Tax-Consolidation Group

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

NOTE 5: KEY MANAGEMENT PERSONNEL COMPENSATION

a) Key Management Personnel Compensation

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

	30 June 2018 $	30 June 2017 $
Short-term employee benefits	643,530	481,954
Post-employment benefits	27,550	-
Share based payment - equity settled	1,706,650	550,560
Total compensation	**2,377,730**	**1,032,514**

NOTE 6: AUDITORS' REMUNERATION

	30 June 2018 $	30 June 2017 $
Remuneration of the auditor of the parent entity for:		
- Audit and review fees	51,100	52,090
	51,100	**52,090**

NOTE 7: EARNINGS PER SHARE

	30 June 2018	30 June 2017
Basic (loss) per share (cents)	(0.80)	(0.82)
Diluted (loss) per share (cents)	(0.80)	(0.82)
a) Net (loss) used in the calculation of basic and diluted loss per share	($5,694,632)	($3,162,721)
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	714,757,217	384,371,840

NOTE 8: CASH AND CASH EQUIVALENTS

	30 June 2018 $	30 June 2017 $
Cash at bank	6,496,276	1,414,940
Term deposits	10,000	10,000
	6,506,276	**1,424,940**

<u>Reconciliation of cash</u>

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

Cash and cash equivalents	6,506,276	1,424,940
	6,506,276	**1,424,940**

NOTE 9: TRADE AND OTHER RECEIVABLES

	30 June 2018 $	30 June 2017 $
Current		
Sundry receivables	197,231	22,008
Allowance for doubtful debts[1]	(196,917)	-
Research and development tax claim	-	808,203
Good and services tax refund due	177,409	273,134
	177,723	**1,103,345**

[1] The consolidated entity has recognised an allowance of $196,917 to fully provide for a sundry receivable for which recovery is doubtful. Other receivables are not past due.

NOTE 10: OTHER FINANCIAL ASSETS

	30 June 2018 $	30 June 2017 $
Current		
Financial assets (held for trading) at fair value through profit or loss	-	675
	-	**675**
Non-Current		
Financial assets – available for sale	281,013	-
	281,013	**-**

NOTE 11: OTHER ASSETS

	30 June 2018 $	30 June 2017 $
Current		
Prepayments	25,907	23,996
	25,907	**23,996**

NOTE 12: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*	
		30 June 2018	30 June 2017
Parent Entity			
Kairos Minerals Limited	Australia		
Subsidiaries of Kairos Minerals Limited			
Delcarmen Energy Pty Ltd	Australia	100.00	100.00
Xplor Pty Ltd	Australia	100.00	100.00
Enoch's Point Pty Ltd	Australia	96.86	96.86
Horizon Energy Pty Ltd	Australia	96.86	96.86
Golden Mount Pty Ltd	Australia	96.86	96.86
Westside Nickel Pty Ltd	Australia	100.00	100.00
Coal First Pty Ltd	Australia	100.00	100.00
Next Commodities Pty Ltd	Australia	100.00	100.00

* Percentage of voting power is in proportion to ownership

NOTE 13: PLANT AND EQUIPMENT

	30 June 2018	30 June 2017
	$	$
Plant and equipment		
At cost	61,485	34,881
Accumulated depreciation	(27,199)	(15,870)
Total plant and equipment	**34,286**	**19,011**
Movements in carrying amounts		
Movements in carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:		
Balance at the beginning of year	19,011	18,797
Additions	26,604	8,516
Depreciation expense	(11,329)	(8,302)
Carrying amount at the end of the year	**34,286**	**19,011**

NOTE 14: EXPLORATION AND EVALUATION ASSETS

		Note	30 June 2018 ($)	30 June 2017 ($)
Fraser Range project (100%)				
	Balance at the start of the year		32,547	2,483
	Exploration expenditure capitalised		50,466	32,337
	Capitalised exploration costs written down		-	(2,273)
			83,013	**32,547**
Roe Hills project (100%)[1]				
	Balance at the start of the year		5,287,622	3,873,895
	Exploration expenditure capitalised		2,295,988	2,221,930
	R & D rebate		-	(808,203)
	Capitalised exploration costs written down		(6,354)	-
			7,577,256	**5,287,622**
Dingo Range project (100%)				
	Balance at the start of the year		1,134,535	954,407
	Exploration expenditure capitalised		201,393	180,128
			1,335,928	**1,134,535**
Balladonia project (100%)[1]				
	Balance at the start of the year		-	841,291
	Exploration expenditure capitalised		-	3,244
	Capitalised exploration costs written down		-	(844,535)
			-	-
Mt York project (100%)				
	Balance at the start of the year		4,197,627	1,384,159
	Exploration expenditure capitalised		1,478,416	2,813,468
			5,676,043	**4,197,627**
Wodjina project (100%)				
	Balance at the start of the year		155,344	255,036
	Exploration expenditure capitalised		60,284	308
	Farm-in interest proceeds		-	(100,000)
			215,628	**155,344**
Mooloo project (100%)				
	Balance at the start of the year		91,844	-
	Exploration expenditure capitalised/(reversed)	14(a)	(66,496)	91,844
			25,348	**91,844**
Taipan project (100%)				
	Balance at the start of the year		192	-
	Exploration expenditure capitalised		597,571	192
			597,763	**192**
Croyden project (100%)				
	Balance at the start of the year		47,069	-
	Exploration expenditure capitalised		275,364	47,069
			322,433	**47,069**
Lalla Rookh project (100%)				
	Exploration expenditure capitalised		67,947	-
			67,947	**-**
Woodcutters project (100%)				
	Balance at the start of the year		23,526	-
	Exploration expenditure capitalised		169,878	23,526
			193,404	**23,526**
Total capitalised exploration expenditure			**16,094,763**	**10,970,306**

[1]Some tenements were impaired due to being lapsed and surrendered on reporting date.

NOTE 14: EXPLORATION AND EVALUATION ASSETS (CONT.)

14(a) Mooloo Project
The reduction in carrying value reflects a re-allocation of prior period purchase consideration across other exploration projects.

14(b) Project Ownership Interests
At reporting date the group owned:

	Percentage Owned (%)	
	30 June 2018	**30 June 2017**
Roe Hills Project	100.00	100.00
Fraser Range Project	100.00	100.00
Dingo Range Project	100.00	100.00
Mt York Project	100.00	100.00
Wodjina Project	100.00	100.00
Mooloo Project	100.00	100.00
Taipan Project	100.00	100.00
Croyden Project	100.00	100.00
Lalla Rookh Project	100.00	-
Woodcutters Project	100.00	100.00

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

NOTE 15: TRADE AND OTHER PAYABLES

	30 June 2018 $	30 June 2017 $
__Current__		
Trade payables	1,392,311	828,435
Sundry payables and accrued expenses	88,019	150,813
	1,480,330	**979,248**

NOTE 16: CONTRIBUTED EQUITY

	Note	30 June 2018 $	30 June 2017 $
Ordinary shares fully paid	16(a)	69,019,589	53,271,279
Options over ordinary shares	16(b)	438,000	2,837,446
		69,457,589	**56,108,725**

NOTE 16: CONTRIBUTED EQUITY (CONT.)

	Note	30 June 2018 No.	30 June 2018 $	30 June 2017 No.	30 June 2017 $
16 a) Ordinary Shares					
At the beginning of reporting period		485,516,898	53,271,279	282,637,665	46,420,843
Shares issued during year					
- 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	199,220	1,151,741	54,132
- Issue of shares for exploration milestone achievements		-	-	10,000,000	450,000
- Exercise of Options	(v)	76,602,639	1,991,669	25,030	2,503
- Issue of shares in respect to the satisfaction of Performance Rights[1]	(iv)	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
- Valuation adjustments for prior year share issues		-	30,518	-	-
- Transfer in respect to expired Options		-	2,837,446	-	-
Transaction costs relating to share issues			(634,305)		(735,955)
At reporting date		**837,399,784**	**69,019,589**	**485,516,898**	**53,271,279**

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

Note	30-June-18	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
(iv)	various	Issue of shares in respect to the satisfaction of conversion of Performance Rights	30,816,668	-	1,813,607
(v)	various	Exercise of options	76,602,639	.026	1,991,669
(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	.0213	35,220
(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
			351,882,886		**13,514,651**

NOTE 16: CONTRIBUTED EQUITY (CONT.)

		30 June 2018		30 June 2017	
	Note	No.	$	No.	$
16 b) Options					
At the beginning of reporting period		153,352,158	2,837,446	-	2,070,686
Options movements during year					
- Issue of options	i)	222,818,181	-	140,852,158	704,260
- Exercise of options		(76,602,639)	-	-	-
- Issue of options to consultants	ii)	12,000,000	438,000	12,500,000	62,500
- Expiration of options		(153,352,158)	(2,837,446)	-	-
At reporting date		**158,215,542**	**438,000**	**153,352,158**	**2,837,446**

Note	30-Jun-18	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
i)	12-Jan-18	Issue of options	Unlisted	132,818,181	-	-
		Total		**234,818,181**		**438,000**

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

Input	Assumption*
Number of Rights	Series G – 10,500,000 Series H – 10,500,000 Series I – 10,500,000 Series J – 10,500,000
Valuation Date	15 November 2017
Vesting Period (Years)	Series G – 3 years from date of issue Series H – 3 years from date of issue Series I – 3 years from date of issue Series J – 3 years from date of issue
Spot Price	$0.087
Exercise Price	$0.00
Company Volatility	100%
Vesting condition	Series G – market capitalisation of $60,000,000 or more Series H – market capitalisation of $70,000,000 or more Series I – market capitalisation of $80,000,000 or more Series J – the company raising capital of at least $5,000,000
Risk free rate	1.93%
Dividend yield	0%

* Refer to Directors' remuneration report "Section B" and "Section C" for further details.

NOTE 16: CONTRIBUTED EQUITY (CONT.)

During 2018, the Company issued 12,000,000 unlisted options to Highline Capital for consulting services valued with a Black-Scholes calculation, using the following criteria:

Criteria	Inputs
Quantity	12,000,000
Entitlement date	28/09/2017
Expiry date	31/12/2019
Share price	$0.052
Exercise price	$0.026
Implied volatility	100%
Option life (years)	2.26
Expected dividends	-
Risk free rate	1.93%

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

	30 June 2018		30 June 2017	
	No.	$	No.	$
16 c) Performance Rights				
At the beginning of reporting period	20,316,668	900,107	6,916,668	691,100
Movements during year				
- Issued to key management personnel	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)
At reporting date	**31,500,000**	**2,344,650**	**20,316,668**	**900,107**

The number of performance rights issued by the Company during the 2018 year is set out below:

	Received as compensation*		Conversion No.**	Balance at the end of the year
	No	Fair Value $		
2018				
Terrence Topping	8,000,000	620,600	(2,000,000)	6,000,000
Neil Hutchison	4,000,000	310,300	(1,000,000)	3,000,000
Bruno Seneque	4,000,000	310,300	(1,000,000)	3,000,000
Adrien Wing	6,000,000	465,450	(1,500,000)	4,500,000
Other contractors	20,000,000	1,551,500	(5,000,000)	15,000,000
	42,000,000	**3,258,150**	**(10,500,000)**	**31,500,000**

* Performance Rights issued approved by shareholders on 15 November 2017.
**Converted Series J performance rights to shares. Refer to tables above.

NOTE 17: COMMITMENTS AND CONTINGENCIES

	30 June 2018 $	30 June 2017 $
Exploration expenditure commitments:		
Within one year	1,375,254	885,673
Total	**1,375,254**	**885,673**
Operating lease commitments:		
Within one year	178,094	-
One to five years	178,094	-
Total	**356,188**	**-**

If the consolidated entity decides to relinquish certain exploration leases and/or does not meet its obligations, assets recognised in the statement of financial position may require review to determine the appropriateness of the carrying values. The sale, transfer and/or farm-out of explorations rights to third parties will reduce or extinguish these obligations.

Operating lease commitments are the non-cancellable operating lease on office space at 14 Outram Street, West Perth WA 6872. This lease is effective from 15 July 2018 for a two year term.

NOTE 18: OPERATING SEGMENTS

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

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

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

NOTE 19: CASH FLOW INFORMATION

	30 June 2018 $	30 June 2017 $
Reconciliation of Cash Flow from Operations with Result after Income Tax:		
(Loss) for the Period	**(5,694,632)**	**(3,162,721)**
Add back depreciation expense	11,329	8,302
Add back doubtful debt expense	196,917	-
Add back equity settled expense	4,191,305	768,490
Add back impairments of other financial assets	-	325
Add back exploration write off	6,354	846,808
(Increases)/Decreases in Accounts Receivable	(197,231)	(393)
Decreases/(Increases) in Other Current Assets	(1,911)	4,003
Cash flow used in operations	**(1,487,869)**	**(1,535,186)**

NOTE 20: RELATED PARTY TRANSACTIONS

During the year, the wife of Mr Terrence Topping, Ms Johanne Topping, was employed in an administration role and was paid $16,939 (2017: $nil) for wages and superannuation at normal market rates.

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

NOTE 21: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

a) Financial Instruments

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

	30 June 2018 $	30 June 2017 $
Cash and cash equivalents	6,506,276	1,424,940
Trade and other receivables[1]	314	830,211
Other financial assets	281,013	675
Trade and other payables	(1,480,330)	(979,248)

[1] Excludes statutory receivables relating to GST

The Consolidated Entity does not have any derivative instruments at 30 June 2018 (30 June 2017: Nil).

b) Risk Management Policy

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

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

c) Significant Accounting Policy

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

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

d) Capital Risk Management

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

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

e) Financial Risk Management

Interest Rate Risk

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

Cash at bank balances of $6,506,276 (2017: $1,424,940) are subject to interest rate risk, being held in accounts with floating interest rates. There is no other exposure to interest rate risk.

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

	30 June 2018 $	30 June 2017 $
1% (2017: +1.00%)	65,063	14,249
-1% (2017: -1.00%)	(65,063)	(14,249)

Credit Risk

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

Receivables past due and impaired are $196,917 (2017: $nil). All other receivables past due are not considered impaired. Management believe that these receivables are recoverable and are satisfied that payment will be received in full.

Liquidity Risk

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

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

	0-30 days	30-60 days	60-90 days	90+ days	Total
2018					
Trade and other payables					
- Trade and other payables	1,392,311	-	-	-	1,392,311
- Accrued expenses	88,019	-	-	-	88,019
	1,448,830	**-**	**-**	**-**	**1,448,830**
2017					
Trade and other payables					
- Trade and other payables	653,515	32,191	35,735	106,994	828,435
- Accrued expenses	150,813	-	-	-	150,813
	804,328	**32,191**	**35,735**	**106,994**	**979,248**

f) Fair value of financial assets and liabilities

The fair values of financial assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

The Consolidated Entity holds listed securities (Note 10) which are valued at fair value with reference to a quoted Market price from an active market. These are categorised as Level 1.

The Consolidated Entity also holds a range of financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the 2018-19 reporting period.

These financial instruments include

- Cash and cash equivalents (Note 8)
- Trade and other receivables (Note 9)
- Trade and other payables (Note 15)

NOTE 22: PARENT COMPANY INFORMATION

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

	Parent Entity	
	30 June 2018	**30 June 2017**
	$	**$**
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	6,696,889	2,540,070
Non-current assets	16,423,080	11,002,203
Total assets	**23,119,969**	**13,542,273**
Liabilities		
Current liabilities	1,480,331	979,248
Total liabilities	**1,480,331**	**979,248**
Net assets	**21,639,638**	**12,563,025**
Equity		
Issued capital	69,457,589	56,108,725
Reserves	2,323,363	900,982
Accumulated losses	(50,141,314)	(44,446,682)
Total equity	**21,639,638**	**12,563,025**
STATEMENT OF PROIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total loss	**(5,694,632)**	**(3,212,438)**

NOTE 23: EVENTS OCCURRING AFTER THE REPORTING DATE

On 19 July 2018, the Company issued 600,020 ordinary shares upon the exercise of Options at a price of 2.6 cents each, raising $15,601.

On 23 August 2018 the Company issued:

- 8,000,000 ordinary shares at a deemed issue price of 4 cents based on achieving at least 500,000 ounces of gold resources;
- 4,736,842 ordinary shares upon the exercise of Options at a price of 2.6 cents each, raising $123,158;
- 1,000,000 ordinary shares at an average of 5.5 cents per share in lieu of fees settled to third party consultants; and
- 536,193 ordinary shares at an average of 3.7 cents per share in lieu of fees settled to third party consultants.

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

NOTE 24: COMPANY DETAILS

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

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

Directors' Declaration

The Directors' of the Company declare that;

1. In the Directors' opinion the financial statements and the notes and the remuneration disclosures that are contained within the Remuneration report within the Directors' report are in accordance with the Corporations Act 2001 , including:

   a. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of its performance, for the financial year ended on that date; and

   b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001 and other mandatory professional reporting requirements.

2. the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board as disclosed in note 1; and

3. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* by the chief executive officer and chief financial officer for the financial year ended 30 June 2018.

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

Terry Topping
Chairman

Melbourne
Dated: 27th September 2018.

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Kairos Mineral Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kairos Mineral Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	*How the matter was addressed in our audit*
Exploration and Evaluation Assets The company has incurred significant exploration and evaluation expenditures which have been capitalised in accordance with the requirements of *Exploration for and Evaluation of Mineral Resources* (AASB 6). AASB 6 contains detailed requirements with respect to both the initial recognition of such assets and ongoing requirements to continue to carry forward the assets. As the carrying value of exploration and evaluation expenditures represents a significant asset of the company, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the areas of interest may exceed their recoverable amounts. Note 1 (d) & 14 to the financial statements contains the accounting policy and disclosures in relation to exploration and evaluation expenditures.	Our audit procedures included, amongst others: • Obtaining evidence that the company has valid rights to tenure in the areas of interest represented by the capitalised exploration and evaluation expenditures by obtaining independent searches; • Confirming rights to tenure are expected to be renewed for tenements that will expire in the near future; • Agreeing a sample of the additions to capitalised exploration expenditure during the year to supporting documentation, and ensuring that the amounts were permissible under AASB6 and capitalised correctly; • Reviewing the directors' assessment of the carrying value of the exploration and evaluation costs, ensuring that management have considered the effect of potential impairment indicators, commodity prices, planned exploration expenditure and the stage of the Group's projects in accordance with the requirements of AASB 6; and • Reviewing public (ASX) announcements and reviewing minutes of directors' meetings to ensure that the company had not decided to discontinue activities in any of its areas of interest.
Share Based Payments During the year ended 30 June 2018, the Group issued shares, performance shares and options to key management personnel, vendors and to consultants, which have been accounted for as share-based payments.	Our audit procedures included, amongst others: • Holding discussions with management to understand the share-based payments in place and, where applicable, evaluating management's assessment of the likelihood of the performance conditions attached to the share-based payments being achieved;

Refer to note 1 (l) & 16 of the financial report for a description of the accounting policy and significant estimates and judgements applied to these transactions. Share-based payments are a complex accounting area, which requires assumptions and judgements to be utilised in the fair value calculations regarding the shares, performance shares and options issued during the year. There is a risk in the financial statements that the amounts are incorrectly recognised and/or inappropriately disclosed.	• Reviewing the relevant agreements to obtain an understanding of the contractual nature of the share-based payment transactions; • Reviewing management's determination of fair value of the share-based payments, considering the appropriateness of the valuation methodology used and assessing the valuation inputs using internal specialists where appropriate; • Assessing the vesting conditions related to the share based payments to ensure the related expense is accounted for appropriately; and • Assessing the adequacy of the related disclosures in Note 1 (l) & 16 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 19 to 24 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Alliance Resources Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO East Coast Partnership

BDO

Richard Dean
Partner

Melbourne, 27 September 2018

Shareholder Information

As at 11th September 2018:

Number of Holders of Equity Securities

Ordinary Shares

852,272,839 fully paid ordinary shares are held by 6,437 individual shareholders.
All ordinary shares carry one vote per share.

Options

20,060,499 unlisted options exercisable at $0.026 on or before 31 December 2019 are held by 12 individual holders.
132,818,181 unlisted options exercisable at $0.10 on or before 31 December 2020 are held by 85 individual holders.

Options do not carry a right to vote.
Voting rights will be attached to the unissued shares when the options have been exercised.

Distribution of Holders in Each Class of Equity Securities

Shareholders (KAI)

	No. of Shareholders
1 – 1,000	2,242
1,001 – 5,000	444
5,001 – 10,000	466
10,001 – 100,000	2,236
100,001 –	1,049
Total number of shareholders	**6,437**
Unmarketable Parcels	3,501

Twenty Largest Holders of Quoted Securities

Fully paid ordinary shares

	Shareholders	Number	%
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	138,048,957	16.20%
2	TYRANNA RESOURCES LTD	38,499,531	4.52%
3	BNP PARIBAS NOM PTY LTD	28,321,279	3.32%
4	CITICORP NOMINEES PTY LTD	27,899,864	3.27%
5	NATIONAL NOMINEES LIMITED	24,705,735	2.90%
6	J P MORGAN NOMINEES AUSTRALIA LIMITED	21,934,556	2.57%
7	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	18,324,236	2.15%
8	MS LINLIN LI	10,000,000	1.17%
9	FOREIGN DIMENSIONS PTY LTD	8,700,000	1.02%
10	PATINA RESOURCES PTY LTD	6,000,000	0.70%
11	SASSEY PTY LTD	5,260,000	0.62%
12	MR KONG HOCK TAN & MRS MARY MENG MAY ANG	5,142,857	0.60%
13	COLIN & IMELDA BOURKE SUPERANNUATION FUND PTY LTD	5,100,000	0.60%
14	MR NEIL ARMSTRONG HUTCHINSON & MRS JOYCE ODEH HUTCHINSON	4,893,333	0.57%
15	AET SFS PTY LTD	4,736,842	0.56%
16	MR IAN LLOYD RICHARDS & MRS BARBARA LESLEY RICHARDS	3,342,856	0.39%
17	WILDERNESS EXPLORATION PTY LTD	3,300,000	0.39%
18	LEKON GLOBAL PTY LTD	3,000,000	0.35%
19	BANN GEOLOGICAL SERVICES PTY LTD	2,989,383	0.35%
20	MR GREG WRIGHT	2,600,000	0.31%
	TOTAL	**362,799,429**	**42.56%**

Unquoted Equity Securities Holdings Greater than 20%

Unlisted options exercisable at $0.026 on or before 31 December 2019:

Patina Resources Pty Ltd	4,210,527 options	20.99%
Reiaja Pty Ltd	4,105,236 options	20.46%

Unlisted options exercisable at $0.10 on or before 31 December 2020:

HSBC Custody Nominees	90,909,091 options	68.45%

Substantial Shareholder Register

2176423 Ontario Ltd	110,909,091 shares	14.25%

Shareholder Enquiries

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

Advanced Share Registry Limited
110 Stirling Highway
Nedlands Western Australia 6009
Telephone: +61 (0)8 9389 8033

Change of Address, Change of Name, Consolidation of Shareholdings

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

Removal from the Annual Report Mailing List

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

Tax File Numbers

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

CHESS (Clearing House Electronic Sub-register System)

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

Uncertificated Share Register

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

Interests in Mining Tenements as at 30 June 2018

Project/Tenements	Location	Held	Events Subsequent to Balance Date
Roe Hills Project E28/1935 E28/2117 E28/2118 E28/2495 E28/2548 E28/2585 P28/1292 P28/1293 P28/1294 P28/1295 P28/1296 P28/1297 P28/1298 P28/1299 P28/1300 E28/2593 E28/2594 E28/2698 E28/2699 E28/2700 E28/2695 E28/2696 E28/2697	W.A., Australia	100%	N/A
Fraser Range Project E69/3308 E69/3411	W.A., Australia	100%	N/A
Dingo Range E53/1731 E53/1732 E53/1733 E53/1814 E53/1927 E53/1928	W.A., Australia	100%	N/A
Mt York (Pilbara Lithium Gold Project) P45/2987 P45/2989 P45/2988 P45/2990 P45/2991 P45/2992 P45/2993 P45/2994 P45/2995 P45/2996 P45/2997 P45/2998 L45/0422	W.A., Australia	100%	N/A
Wodjina Project E45/4715 E45/4780 E45/4731 E45/4740	W.A., Australia	100% JV Altura JV Altura	N/A

Southern Pride Project E47/3523 E47/3522	W.A., Australia	100%	N/A
Croydon Project E47/3519 E47/3520 E47/3521	W.A., Australia	100%	N/A
Lalla Rookh Project E45/4741	W.A., Australia	100%	N/A
Taipan Project E45/4806	W.A., Australia	100%	N/A
Woodcutters Project E28/2646 E28/2647 E28/2648	W.A., Australia	100%	N/A
Mooloo Project E08/2857	W.A., Australia	100%	N/A

Corporate Directory

COMPANY

Kairos Minerals Limited
ABN 84 006 189 331

DIRECTORS

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

COMPANY SECRETARY

Mr Adrien Wing

COMPANY WEBSITE

www.kairosminerals.com.au

REGISTERED OFFICE

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

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

SOLICITORS

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

SHARE REGISTRY

Advanced Share Registry Limited
110 Stirling Highway
Nedlands Western Australia
Australia 6009

Telephone: +61 (0)8 9389 8033
Facsimile: +61 (0)8 9262 3723

AUDITORS

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

SECURITIES QUOTED

Australian Securities Exchange (ASX)

ASX Code: KAI Ordinary Fully Paid Shares

BANKERS

National Australia Bank
Melbourne, Victoria
Australia 3000