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**KAIROS MINERALS**  
**LIMITED**

**ABN 84 006 189 331**

**ANNUAL REPORT 2021**

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# Chairman's Report

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Dear Shareholders,

I am pleased to report on what has been another busy and productive year for Kairos.

Thanks to the \$9 million capital raising completed last September, the Company has had the balance sheet capability to scale-up exploration activities significantly during the year across our two key WA project hubs – the Pilbara Gold Project and the Roe Hills Project – expand our team and execute well-structured, systematic exploration programs.

Considering the ongoing challenges associated with the COVID-19 pandemic and the highly competitive environment for people, equipment and services in the WA mining and exploration sector, I am proud of the way our team has gone about their business, delivering high-quality programs in remote locations while safeguarding the health and safety of all our people and key stakeholders.

We have pursued a dual-track exploration approach at the Pilbara Gold Project – firstly, undertaking work to strengthen and expand our existing large-scale 873,500oz gold Mineral Resource inventory at the Mt York Project; secondly, pursuing greenfields exploration aimed at making new intrusion-hosted gold discoveries within our large ground-holding.

The East Pilbara is continuing to go from strength to strength as a Tier-1 mining jurisdiction with some of the more notable developments during the year including the announcement by De Grey Mining (ASX: DEG) of a maiden 6.8Moz Mineral Resource for its world-class Hemi discovery; the strong progress made by Calidus Resources (ASX: CAI) in advancing its Warrawoona Project towards production; and the significant amount of investor interest in Venturex Resources (ASX: VXR) and its Sulphur Springs copper-zinc project.

We should also not forget the progress made this year by Pilbara Minerals (ASX: PLS), our neighbour at their recently consolidated and expanded Pilgangoora Lithium-Tantalum Project – which is now the biggest independent hard-rock lithium mining operation in the world, supporting a +\$6 billion market capitalisation. Lithium is an important strategic mineral and will be a target for future exploration on our extensive portfolio.

In short, we are operating in one of the world's most sought-after jurisdictions, and I believe Kairos is strongly positioned to repeat the success and follow in the footsteps of some of our peers and neighbours in the district.

The detail of our exploration activities during the year is presented in the body of this Annual Report, however I would like to briefly summarise some of the key activities and achievements here.

At Mt York, we commenced a major +20,000m Reverse Circulation (RC) drilling program which, at the time of finalising this report, was around 60 per cent complete. Slow assay turnaround times has been one of the key frustrations impacting all exploration companies this year, and we had only received a handful of results by the time of submitting this Annual Report.

Encouragingly, the results received so far have outlined significant and highly encouraging new zones of mineralisation outside of the current Mineral Resource inventory, demonstrating the potential to expand existing deposits and open pit designs and make completely new discoveries.

As this report was being finalised, we had just reported a standout intercept of 32m at 3.79g/t including 16m at 6.62g/t including 4m at 15.7g/t in a new area known as "The Gap" between the historic Main Hill and Breccia Hill pits. This is the best intercept in the history of the Mt York deposit, where there has been over 46,000m of drilling, and it speaks volumes about the huge potential to grow our resource base in the Pilbara.

The remaining 40 per cent of the 20,000m RC program will be completed before the end of the year, and we are looking forward to seeing what this drilling can deliver – and to receiving the balance of the outstanding assays!

# Chairman's Report

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In terms of greenfields exploration, we substantially expanded our efforts to discover intrusion-related gold mineralisation similar to the Hemi-style during the year, with numerous highly promising targets identified by a combination of techniques including regional soil sampling, mapping and rock chip sampling – followed by wide-spaced reconnaissance air-core drilling in areas where we were able to obtain heritage clearances and secure access.

Hemi, which was a blind discovery under 30m of transported cover sediments, is an exciting new style of gold mineralisation in the Pilbara region which has both re-focused investor attention on the region and opened up potential new search spaces for large-scale discoveries.

Early in the year, we completed a 5,585m Reverse Circulation drilling program at the Fuego and Tierra prospects within the Croydon Project, successfully identifying sulphide-rich sediments which we further evaluated with geophysical techniques including a sub-audio magnetics (SAM) survey.

First-pass regional soil sampling identified four priority gold target areas at the Kangan Project and three priority areas at the Skywell Project. We completed an extensive 133-hole air-core drilling program for 5,454m during the June Quarter at the Kangan Project to test a sizeable anomalous gold target located just 20km south of Hemi. At the time of finalising this report, we were still awaiting assay results.

The intrusion-hosted gold discovery reported recently by Carnaby Resources (ASX: CNB) at their 100%-owned Strelley Gold Project in the Mallina Basin gives everyone exploring for this style of mineralisation under cover across the Pilbara further encouragement that the region remains hugely prospective for more major discoveries.

On other fronts, we completed a relatively modest program comprising 2,900m of RC drilling at our Roe Hills Project, located 120km east of Kalgoorlie, encountering wide zones of shallow gold mineralisation at the Caliburn prospect. This has highlighted the potential to delineate shallow oxide gold resources in the heart of this active mining region.

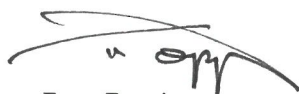
In conclusion, Kairos moves towards the New Year in a very good position. We have continued to de-risk our key asset, being the large-scale gold deposit at Mt York, while also delineating a clear pathway to expand this resource and make new discoveries adjacent to known mineralisation.

We have made great progress with our greenfields exploration activities, testing numerous targets and moving ever closer to what we all hope will be a breakthrough discovery.

And we have maintained excellent stewardship of our strong balance sheet, executing well-planned and well-structured exploration programs, keeping our costs to a minimum and ensuring that we maximise exploration dollars into the ground.

The strength of our position is thanks to our dedicated and hardworking technical team of staff and contractors, and I would like to particularly acknowledge them for their achievements during the year – particularly considering the challenges in securing people, rigs and support staff.

A big thank-you also to our shareholders for their continued support during the year.



Terry Topping  
Executive Chairman

# Review of Operations

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## Highlights

- 87 drill holes for 12,876m completed at the Mount York Gold Project, part of the Pilbara Gold Project in WA, as part of a 20,000m RC drilling campaign.
- Initial assay results have returned some of the best intercepts from the Mount York Project to date including:
- 32m @ 3.79g/t Au from 124m in KMYC128, including:
  - 16m @ 6.62g/t Au from 132m, including:
  - 4m @ 15.7g/t Au from 144m
- This standout intercept in KMYC128 represents the best gold intercept in history for the Mt York deposit, where 1,041 holes have been drilled for more than 46,000 metres.
- 2,922m Reverse Circulation (RC) drilling program completed at the Roe Hills Project, located 120km east of Kalgoorlie in WA, with significant wide zones of shallow mineralisation intersected at the Caliburn prospect, highlighting the opportunity to delineate oxide resources. Best intercepts include:
  - 8m @ 1.32g/t Au from 32m in RHRC105, including:
    - 4m @ 2.29g/t Au from 36m
  - 16m @ 1.27g/t Au from 80m in RHRC106, including:
    - 4m @ 3.17g/t Au from 84m
- The Company's 2021 exploration campaign targeting intrusion-hosted gold mineralisation in the Pilbara region of WA is also continuing, with numerous targets identified within Kairos' extensive portfolio of regional gold projects. This program is targeting similar style deposits to De Grey Mining's (ASX: DEG) 6.8Moz Hemi gold discovery, located just 20km north of Kairos' Kangan Project.
- 133-hole drill program for 5,454m at the Kangan Project tested a sizeable anomalous gold target adjacent to major structures identified from aeromagnetic and soil geochemistry data.
- Pilbara Gold Project JORC 2012 Global Mineral Resource inventory, including the Mt York, Iron Stirrup and Old Faithful gold deposits, stands at:
  - Indicated and Inferred Resource of 20.9Mt @ 1.30g/t Au for 873,500oz
- Key protocols have been implemented to allow continued exploration in the Pilbara after taking into consideration the restrictions and health and safety requirements of the current COVID-19 environment.
- The US Dollar gold price continued to remain high in 2021, rising to US\$1,805/oz, with the Australian Dollar gold price at A\$2,450/oz.

## Corporate

- Cash reserves at 30 June 2021 of \$8.29M



Figure 1 Kairos Projects Location Map

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

Kairos' Pilbara Gold Project in Western Australia (Figure 1) comprises both a regionally extensive 1,547km<sup>2</sup> exploration portfolio targeting gold and lithium mineralisation and a substantial gold Mineral Resource at the previously mined Mt York Project (previously the Lynas find gold mine), ~100km south-east of Port Hedland.

At Mt York, the Company has defined total Indicated and Inferred Resources of **20.9Mt at 1.3g/t for 873,000oz** (comprising Indicated Resources of 6.8Mt at 1.3g/t for 285,000oz and Inferred Resources of 7.6Mt at 1.47g/t for 358,000oz).

Major exploration programs are also underway targeting highly prospective stratigraphic horizons within the Hardey Formation at Croydon, located within the central part of the Pilbara Gold Project ~100km to the west of Mt York.

The Company has also initiated an extensive exploration program targeting intrusive-related gold mineralisation similar to the recent Hemi discovery made by De Grey Minerals (ASX:DEG). This work has already identified numerous gold targets at the Skywell and Kangan Projects.

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# Review of Operations

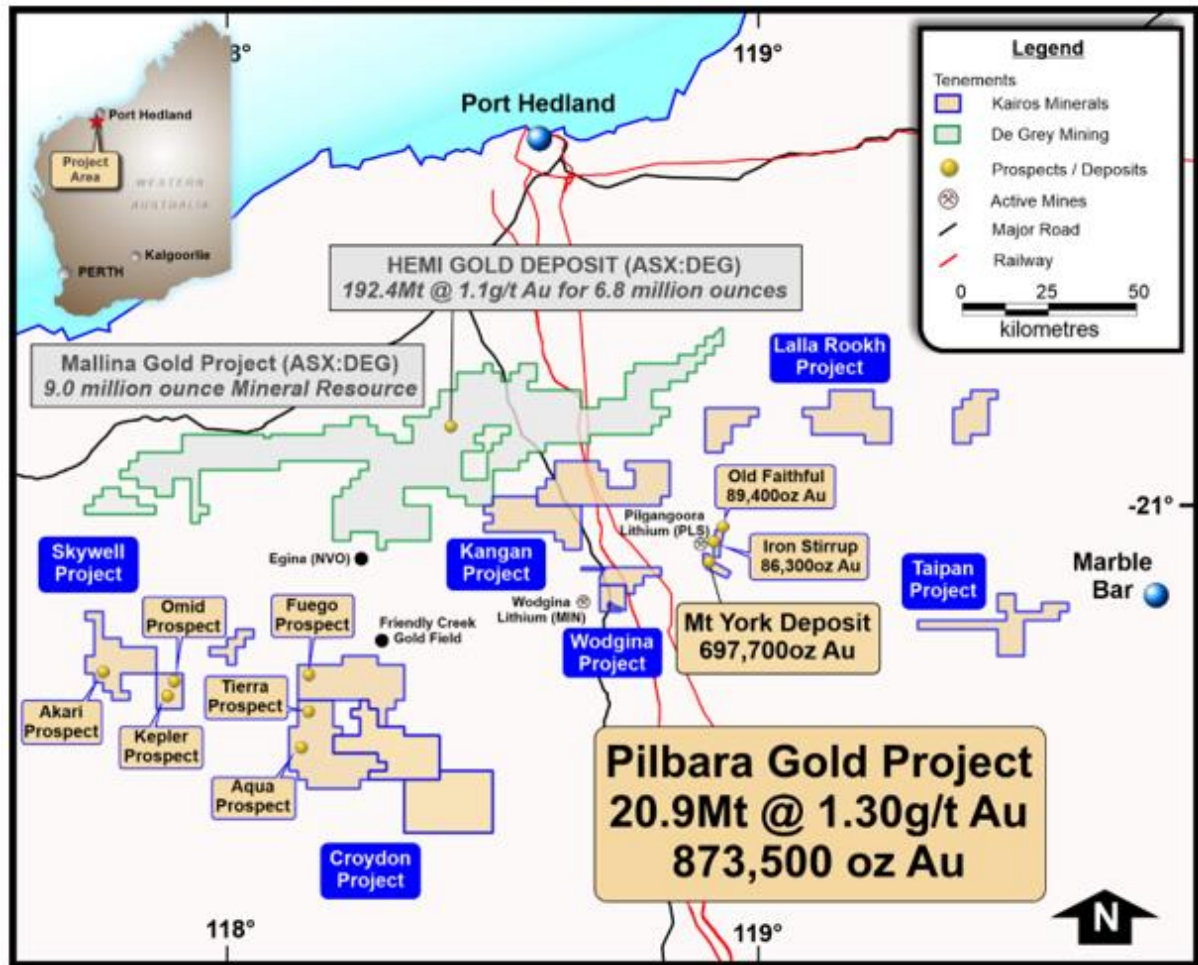


Figure 2: Pilbara Gold Project – Key Tenements.

## Pilbara Gold Project 2020 Resource Update

The Company has 100% ownership of the Mount York, Iron Stirrup and Old Faithful mineral deposits, located 120km south of Port Hedland in the Pilbara of Western Australia.

Following an extensive review of existing data – including the results from Kairos drilling programs over the Mt York Deposit and with the application of new parameters to underpin, new global Indicated and Inferred Mineral Resource for the centrally located Mt York, Iron Stirrup and Old Faithful deposits – the Company has been able to update the global Mineral Resources of the Pilbara Gold Project (Table 1).

Technical work on the Mineral Resources was completed by independent consultants Auralia Mining Consulting, Perth WA. The updated Mineral Resource was based on an extensive review of all Project data. The full details of this Mineral Resource update can be found in an ASX announcement on 4 March 2020.

The updated global Mineral Resource for the Pilbara Gold Project is shown in Table 1 below.

# Review of Operations

## JORC Mineral Resource

The Mineral Resource estimate is set out below:

**Table 1: Global Resources for the Pilbara Gold Project, reported at a 0.5g/t Au cut-off grade and to a maximum vertical depth of 195m.**

Deposit	Indicated			Inferred			Total		
	Tonnes (kt)	Au (g/t)	Ounces (koz)	Tonnes (kt)	Au (g/t)	Ounces (koz)	Tonnes (kt)	Au (g/t)	Ounces (koz)
Mt York	6,844	1.29	284	10,419	1.23	413	17,263	1.26	698
Iron Stirrup	797	1.63	41	843	1.65	45	1,639	1.64	86
Old Faithful	925	1.33	39	1,102	1.41	50	2,027	1.37	89
<b>Total</b>	<b>8,565</b>	<b>1.33</b>	<b>366</b>	<b>12,364</b>	<b>1.28</b>	<b>507</b>	<b>20,929</b>	<b>1.30</b>	<b>873</b>

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

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 4 March 2020

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 4 March 2020.

### Exploration Target

During the year, Kairos defined an Exploration Target of approximately 4.4 to 7.4 million tonnes at a grade ranging between 1.5 to 1.8g/t gold for areas in close proximity to the Mt York and Iron Stirrup deposits and the Zakanaka prospect at the Mt York Project.

The potential quantity and grade of this exploration target is conceptual in nature, there is currently insufficient exploration completed to support a target of this size and it is uncertain whether continued exploration will result in the estimation of an expanded JORC resource.

The Exploration Target is in addition to the current JORC compliant Mineral Resource for the Mt York Project of 20.9Mt at 1.3g/t Au for 873,500oz of contained gold (refer KAI ASX announcement, 4 March 2020). The Exploration Target excludes untested greenfield exploration potential and potential extensions of the Old Faithful deposit.

Kairos commenced a major new drilling program, comprising approximately 20,000m of RC drilling, during the year which is focused on these Exploration Target areas. In addition, a geochemical soil sampling program is underway to provide targets with the potential for additional discoveries within the Mt York Project area.

### Current Exploration

The Company has made excellent progress with the 20,000m RC drilling program, with up to three RC rigs operating at one stage and latterly with a track-mounted rig successfully completing drill-holes at a number of more complex locations.

A total of 87 drill holes had been completed for a total of 12,876m of drilling up until the 20th of August.



# Review of Operations

## Mt York Deposit

Kairos completed 46 RC drill holes for a total of 7,249m at Mt York deposit. Results have been received from 10 holes to date, with best intercepts including:

- **32m @ 3.79g/t Au from 124m** in KMYC128, including:
  - 16m @ 6.62g/t Au from 132m, including:
  - 4m @ 15.7g/t Au from 144m
- 36m @ 1.18g/t Au from 124m in KMYC127:
- 8m @ 1.45g/t Au from 104m in KMYC130, including:

These first holes at Mount York were drilled in the gap between the Main Hill and Breccia Hill historical pits (see ASX Announcement 15 September 2021).

A total of eight holes were drilled in the gap area, where a deep channel of transported material runs along the target zone, making it logistically difficult to access using RC drilling. Hole KMYC128 returned the best gold intercept in the history of the Mt York deposit. This hole intersected mineralisation outside the pit shells used to determine the base of mineralisation for the resource calculations in March 2020. This is now a priority target area for further infill drilling and also for identifying potential down-dip extensions for possible underground mineralisation.

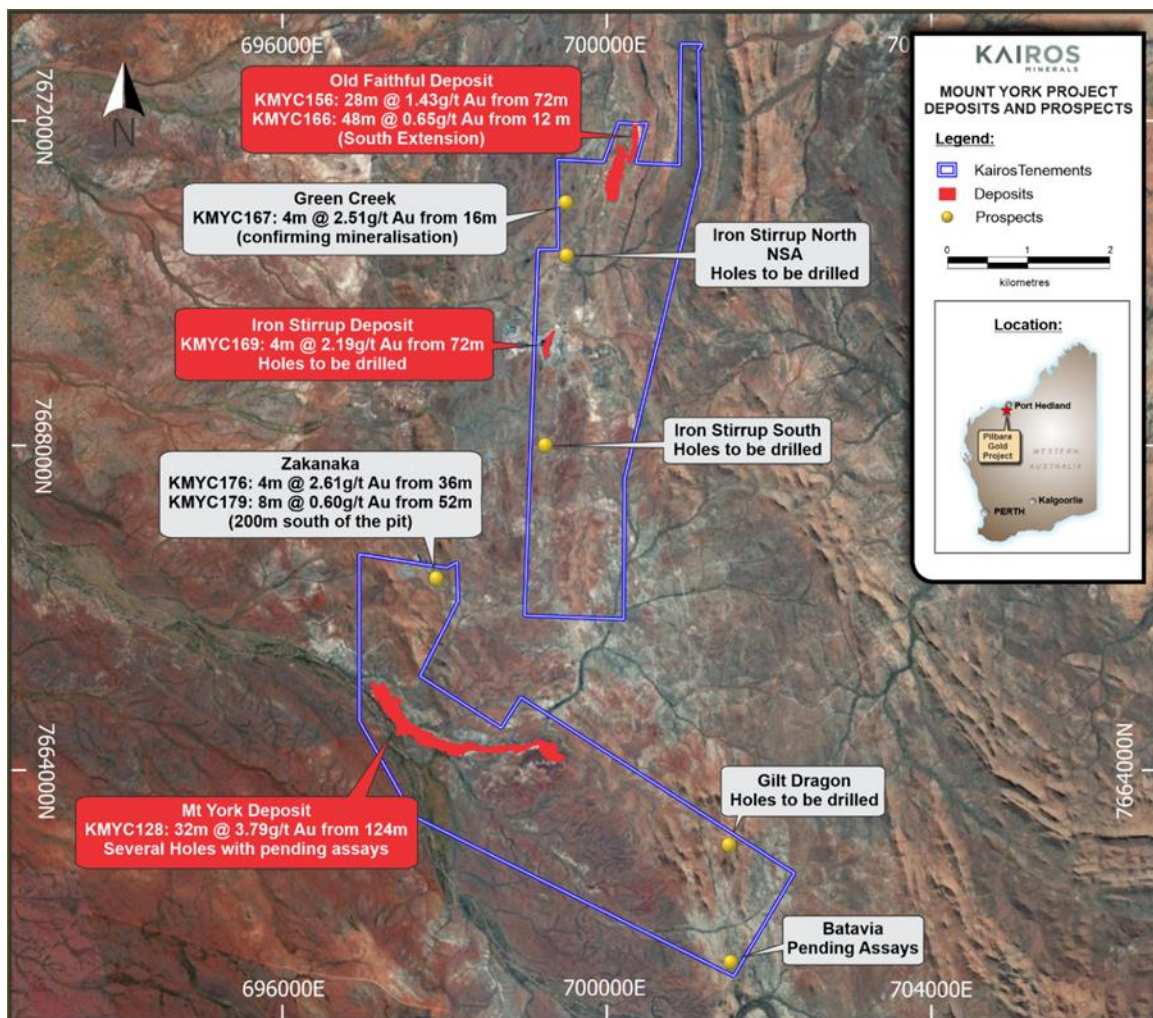


Figure 3: Current deposits and prospects location, with significant results, within the Mt York Project area.

# Review of Operations

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## Old Faithful Deposit

Kairos completed 11 RC drill holes for a total of 1,599m of drilling at the Old Faithful deposit. Results from four holes have been previously reported (ASX announcement, 28 July 2021). Best intercepts from the recent assay results include:

- 48m @ 0.65g/t Au from 12m in KMYC166, including:
  - 4m @ 1.22g/t Au from 12m
- 36m @ 0.58g/t Au from 40m in KMYC163, including:
  - 4m @ 1.47g/t Au from 72m
- 8m @ 1.91g/t Au from 16m in KMYC154, including:
  - 4m @ 2.58g/t Au from 16m

## Green Creek Prospect

Kairos completed five RC drill holes for a total of 400m of drilling at the Green Creek prospect, with best intercepts including:

- 4m @ 2.51g/t Au from 16m in KMYC167

This result proves and extends 50m to the south the historical intercept from RAB drilling of 3m @ 11.7g/t Au from 13m. Further drilling is planned for this prospect.

## Iron Stirrup deposit and Iron Stirrup North prospect

Kairos completed 13 RC drill holes for a total of 2,089m of drilling at the Iron Stirrup deposit and Iron Stirrup North prospect, with best intercepts including:

- 4m @ 2.19g/t Au from 72m in KMYC169

## CROYDON PROJECT

### Fuego Prospect

At the Fuego prospect, a program of ground-based soil and rock chip sampling and mapping was undertaken during the 2020 field season and has identified an extensive area of anomalous gold-in-soil related to sedimentary units of the Hardey Formation.

Results from this initial program defined a 150m to 200m wide gold anomaly above 30ppb gold extending over a strike length of 8.1km. A high-grade core extending over a strike length of 1.1km at greater than 100ppb gold was identified in the central part of the anomaly. Seven samples from the anomaly returned elevated gold results above 200ppb gold (0.2 g/t gold) up to a peak of 648ppb gold (0.64 g/t gold).

In late 2020 Kairos completed 20 RC drill holes for a total of 3,815m at the Fuego prospect. Assay results returned low-grade gold, predominantly from conglomerates where a low level of sulphides was observed in the matrix.

Hole FGRC012 returned the best result of 4m at 325ppb Au, from a siliceous sulphide-rich unit within the basalt. This drilling program was conducted on lines 200m to 800m apart with the best result returned from the southern-most line.

Immediately to the south of the drilling area, significant geophysical features were defined through the sub-audio magnetic survey (SAM) and a priority area has been defined for the 2021 field season.

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# Review of Operations

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## Tierra Prospect

The Company has delineated a 2.5km long corridor of highly anomalous soils and rock chips including outstanding surface copper and gold grades from rock chip sampling during field exploration programs completed during 2020 at the Tierra Prospect. Two rock chips collected 50m apart returned high copper-gold results, CYR170 (16.8% Cu – 4.3 g/t Au) and CYR455 (16.3% Cu – 1.3 g/t Au).

Nine reconnaissance RC drill holes for a total of 1,771m were completed at the Tierra prospect. Four holes were drilled in the northern part of the prospect area. TRRC002 intersected pyrite and chalcopyrite (copper sulphide) logged in an ultramafic unit and pyrite and arsenopyrite logged in a quartzite unit.

Holes TRRC006, TRRC007 and TRRC009 intersected a mineralised granitic intrusion, with hole TRRC007 returning 8m @ 200ppb Au from surface and hole TRRC009 returning 4m @ 123ppb Au from 64m, where a single-metre sample with 3% pyrite was logged at 66m.

A heritage survey has now been completed over the area that returned the high-grade gold in soils.

## Aqua Prospect

Kairos also completed a soil geochemistry program at the Aqua prospect, located approximately 6km south of the Tierra prospect. At this prospect, a total of 170 soil samples were collected and sent to Intertek Minerals in Perth for gold and multi-element analysis.

The Sisters Supersuite Intrusion has been mapped by GSWA at this prospect area, and the recently completed airborne radiometric survey has delineated a target area of 2.3km by 0.7km within Kairos' ground.

## KANGAN PROJECT

Kairos' has completed an initial air-core (AC) drilling program at the Kangan Project, located 70km south of Port Hedland, subsequent to the end of the reporting period. The program comprised 133 holes for 5,454m of drilling and was designed to test a sizeable anomalous gold target adjacent to major structures identified from aeromagnetic and soil geochemistry data.

Four-metre composite samples were collected from the transported cover and saprolite profile, and single-metre samples were collected from the bottom of the holes. The samples from the drilling were submitted to Intertek Laboratories for gold and multi-element analysis, with assay results still to be received.

The drilling intersected granitic intrusions, ranging from felsic to mafic facies, as well as significant quantities of muscovite-rich pegmatites. Dominant lithologies encountered in the drilling were monzogranite, granodiorite, and pegmatite. The alteration assemblage observed includes epidote, sericite, and silica.

A mafic intrusion possibly associated with a northwest-southeast magnetic anomaly was observed in the drilling adjacent to the large north-south regional structure (Figure 4).

# Review of Operations

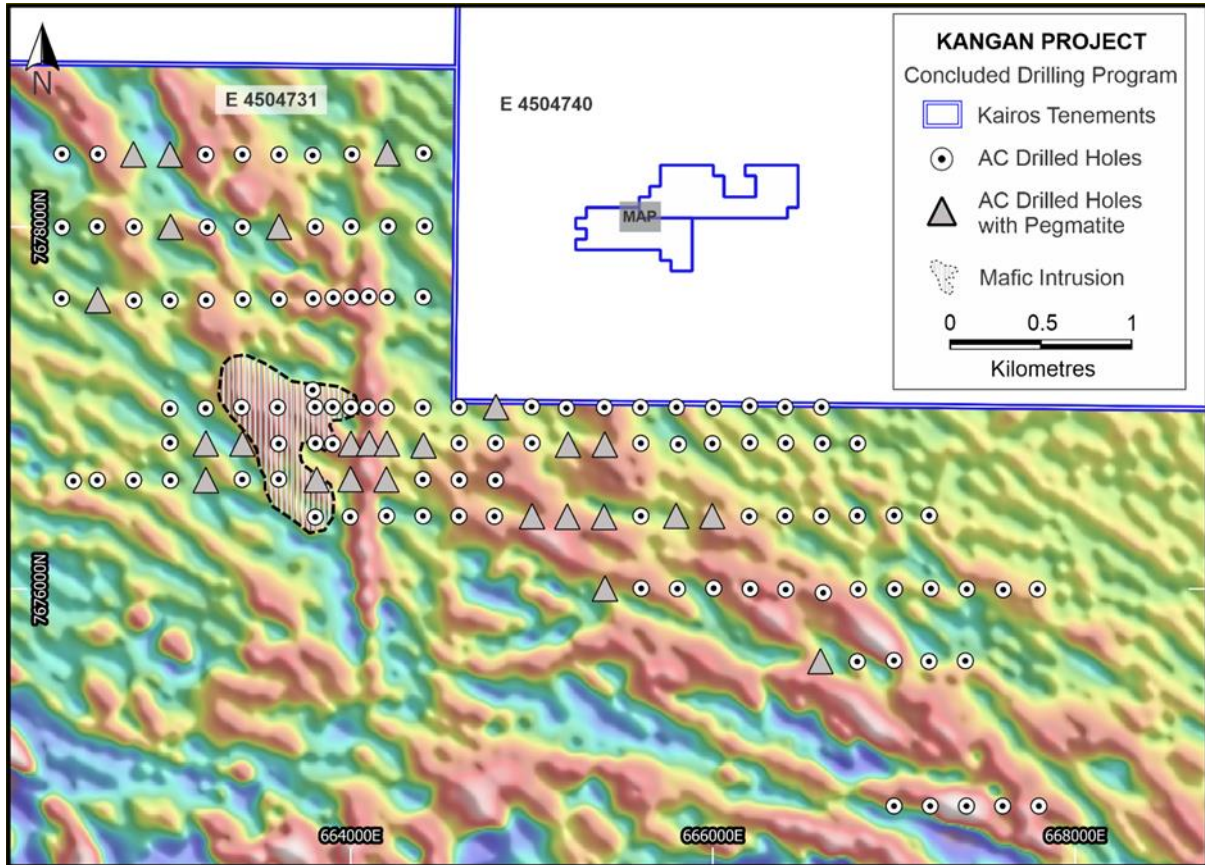


Figure 4: Location of AC drill-holes over the airborne magnetic image, Kangan Project.

## WODGINA PROJECT

The Wodgina Project comprises two granted Exploration Licences E45/4715 and E45/4780, covering an area of 68km<sup>2</sup>. The Project is located ~90km south of Port Hedland and is situated immediately adjacent to Mineral Resources' (ASX: MIN) Wodgina Tantalum-Lithium Project and ~15km from Pilbara Minerals' (ASX: PLS) Pilgangoora Lithium Mining Centre.

Despite its high prospectivity, the Wodgina Project remains essentially unexplored for lithium due to an historical focus on tantalum mining.

Kairos recently completed an Ultrafine+ soil sampling program at Wodgina Project, with 1,517 samples submitted to Labwest in Perth for gold and multi-element analysis. The soil sampling program was designed to test areas prospective for lithium-enriched pegmatites and for gold at the margins of the Sisters Supersuite intrusion.

An airborne magnetic and radiometric survey comprising 435 lines for 2,387km has been completed across the Wodgina Project area.

# Review of Operations

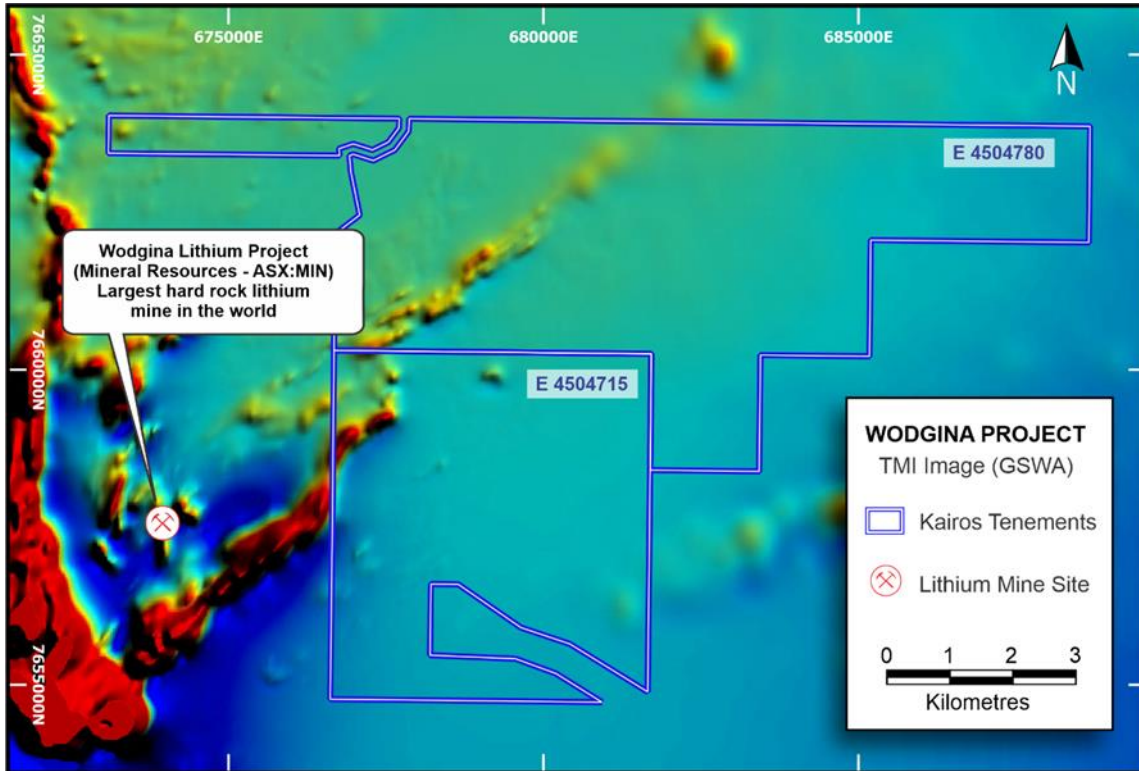


Figure 5: Wodgina Project tenure over the GSWA Magnetic Map.

## SKYWELL PROJECT

The Skywell Project forms part of the larger Pilbara Gold Project, with previous exploration highlighting the potential for intrusive-related gold mineralisation similar to the Hemi gold deposit discovered by De Grey Minerals in 2020.

During 2020, Kairois commenced a program of regional soil sampling over target areas generated through interpretation of the detailed magnetics surveys completed in 2020. This work has continued through this year to prepare for initial air-core drilling program. Three main target areas have already been defined for follow-up soil sampling and mapping through 2021.

The in-fill soil sampling program was conducted on a 200m line spacing by 80m, while the extensional program was still conducted on a 400m line spacing by 160m sample intervals covering intrusion-related gold mineralisation targets and structural targets defined by mapping and by the preliminary data from the airborne geophysical survey.

Initial interpretation of the Ultrafine gold and multi-element results, together with the results of the airborne magnetic survey, has generated one gold target within the E47/3519 and two gold targets within E47/3520 (Figure 6 and 7). The new targets are described in more detail below.

# Review of Operations

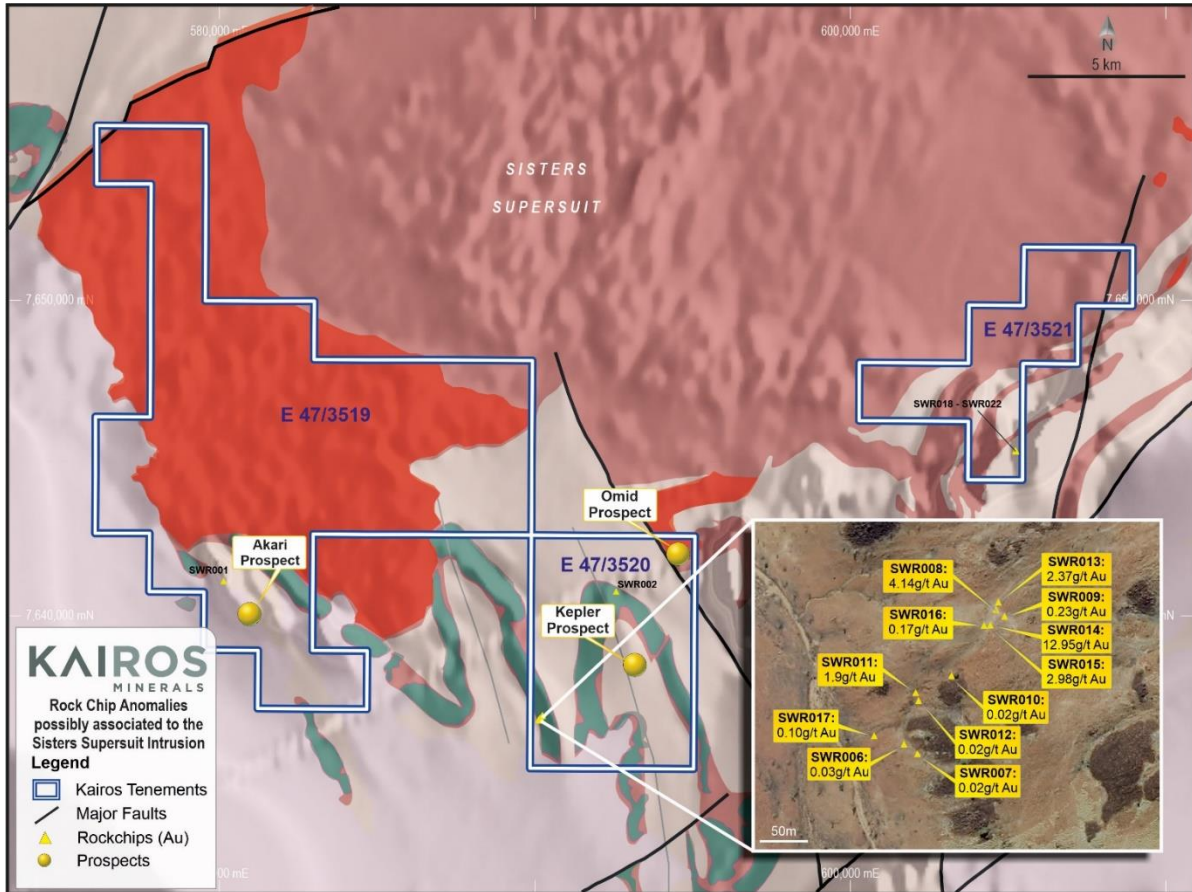


Figure 6: Skywell Project showing locations of rock chip samples, over the 1,500k GSWA Geology.

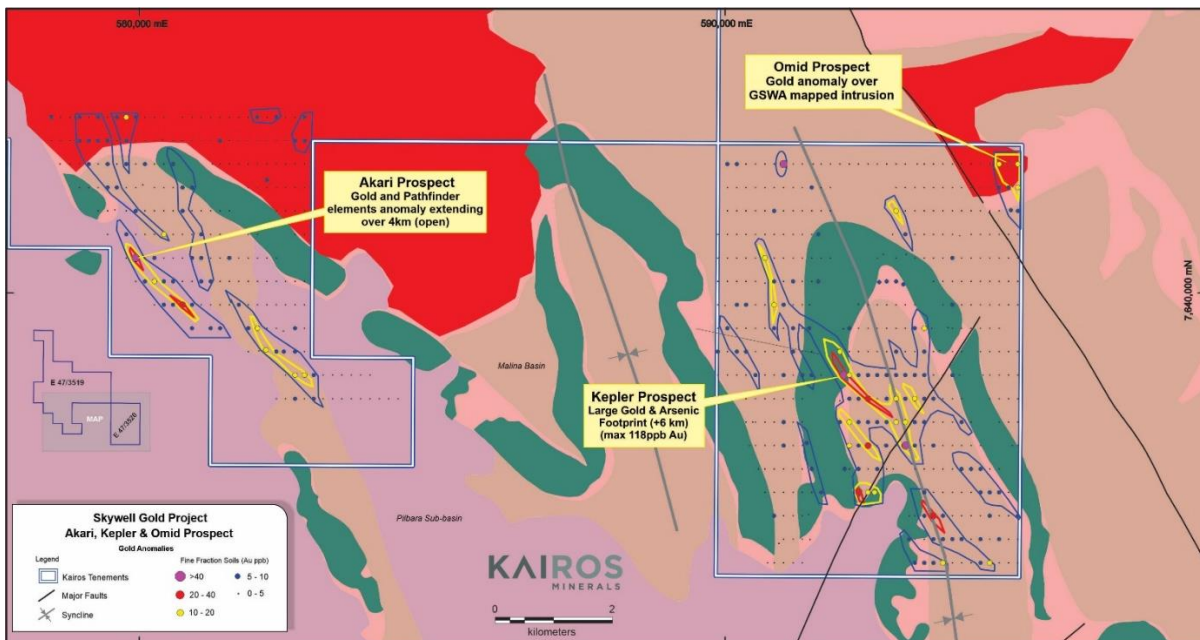


Figure 7: Gold anomalies at the Skywell Project and the 500k GSWA Tectonic map.

# Review of Operations

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## Kepler Prospect

This target is defined by a 6km long geochemical anomaly that occurs over the Mallina Basin sediments and the metagabbro unit of the Sisters Supersuite intrusion.

The anomaly appears to be trending in a northwest-southeast direction. The metagabbro unit generally stands out as a strong magnetic feature on the recently completed airborne magnetic survey image and, interestingly, appears to be de-magnetized in the central part of the anomalous strike length (Figure 6), where sample SWS0548 returned 118ppb Au and 568ppm As.

The core of the anomaly, which extends over 2km, sits in between the axis and the western limb of a syncline fold and is cross-cut by a major northeast-southwest fault, suggesting the potential for structurally controlled mineralisation (Figure 6).

## Akari Prospect

This target is defined by a coherent and robust anomaly characterised by elevated Au, As, Bi, Mo, Pb, Sb, Te, and W, and extending over a strike length of 4km. The main component of this anomaly, where sample SWS0090 returned 69ppb Au, is associated with Hardey Formation and sits on the edge of a prominent magnetic anomaly (Figure 6).

The second component of this anomalous zone sits on the sediments of the Mallina Basin (GSWA Mount Wohler 1:100,000 Geological Map). This anomalous zone remains open in one or more directions. A further in-fill and extensional soil sampling program, combined with detailed geological mapping, is required to identify the extension and nature of this anomaly.

## Omid Prospect

This target comprises low-level gold and arsenic anomalies coincident with a magnetic feature over mapped granodiorite intrusion in sediments of the Mallina Basin. See Figure 6 for the location of this target.

## **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 363km<sup>2</sup> and securing a 40km continuous strike length of the interpreted southern extensions of the highly prospective Leonora-Laverton greenstone belts, host to numerous significant historical and current gold mines in WA.

The Roe Hills Project is located in a structurally and geologically complex area, adjacent to the regionally-significant Keith-Kilkenny Shear zone, host to Breaker Resources Ltd (ASX: BRB) Bombora Gold Project (23.21Mt at 1.3g/t Au for 981koz) and Silver Lake Resources (ASX: SLR) Aldiss Project (8.715Mt at 2.1g/t Au for 579koz), which includes the operating Harrys Hill and French Kiss open cut mines, (see Figure 8).

# Review of Operations

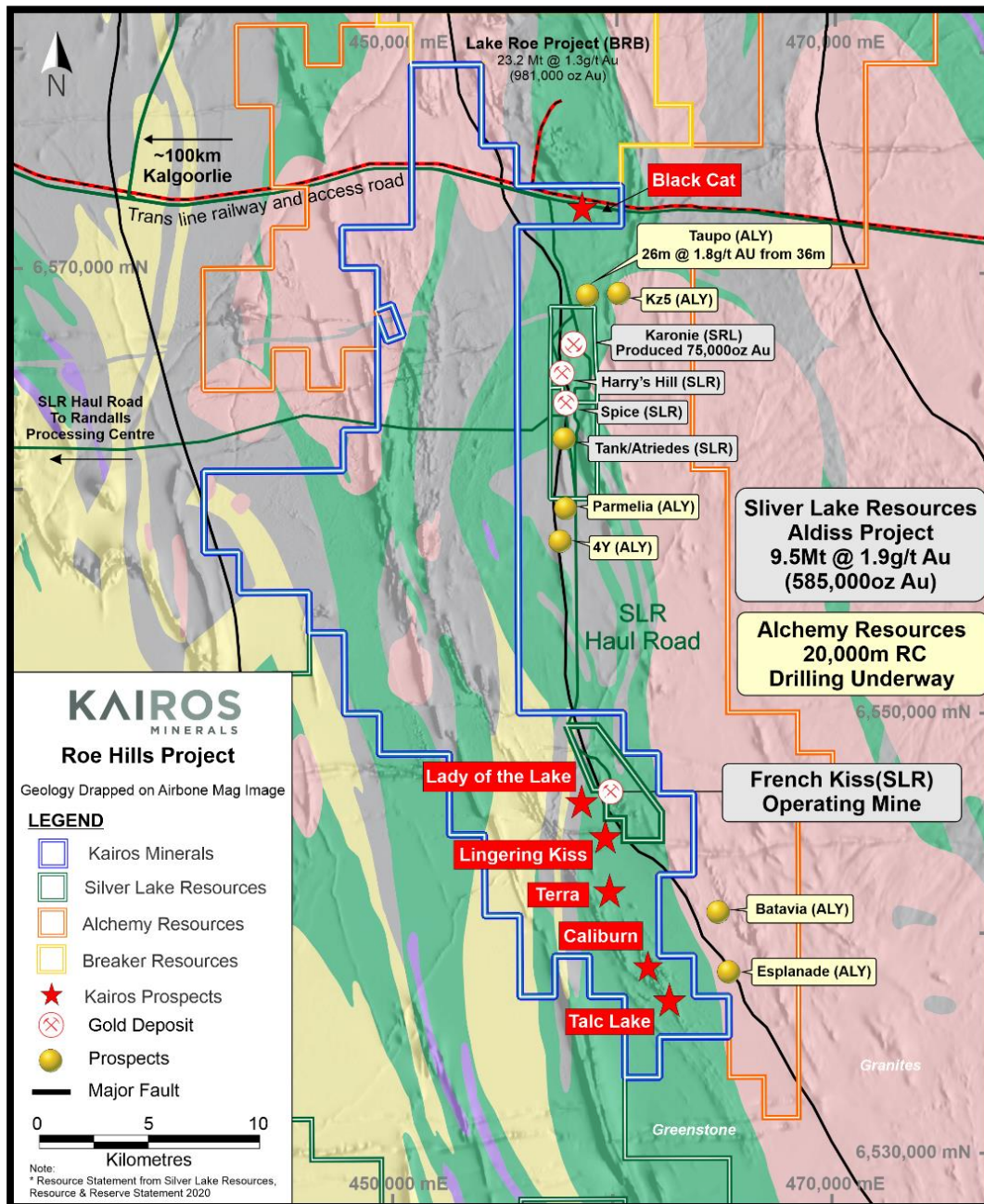


Figure 8. Roe Hills Project regional geological setting and major gold deposits.

The Caliburn Prospect is located towards the southern end of the Roe Hills Project tenure, just north of Talc Lake and about 5km south-southeast of Silver Lake's French Kiss gold deposit (Figure 8). Kairo completed 10 holes for 1,149m at the Caliburn prospect.

Significant assay results include:

- RHRC105
  - 8m @ 1.32g/t Au from 32m, including:
  - 4m @ 2.29g/t Au from 36m, and

Results from this drilling program indicate a possible offset of the mineralisation strike with the high-grade shoots remaining open at depth and to the south-west. Caliburn is situated adjacent to a major NE-SW trending regional fault corridor, interpreted as a series of major splays of the Keith-Kilkenny (Aldiss) Fault. The prospective basement sequences are potentially repeated via folding and faulting.



# Review of Operations

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## **WOODCUTTERS (KAIROIS: 100%)**

The Woodcutters project is 100% owned and located 145km east of Kalgoorlie in the North East Coolgardie Mineral Field of Western Australia, comprises three Exploration Licences totalling 389km<sup>2</sup>. Woodcutters project straddles the major structural liniments within the Kurnalpi Terrane of the Eastern Goldfields Superterrane and lies 200-250 km south-southeast along strike of the multi-million ounces gold deposits of Wallaby, Sunrise Dam and Red October.

Originally part of AngloGold's East Tropicana portfolio, Woodcutters is located within a favourable structural setting located towards the eastern margin of the Southern Kurnalpi Terrane and remains underexplored.

### **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 Terence Topping, who is a Director of Kairos Minerals Ltd and who is also a Member of AusIMM. 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 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.*

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# 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 2021.

## Directors

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

<b>Mr Terence Topping</b>	<b>Executive Chairman</b>
<i>First appointed to the Board</i>	15 March 2017
<i>Experience</i>	Mr Topping is a geologist and has more than 27 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 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, most recently mined by Northern Star Resources (ASX: NST). Mr Topping has a broad contact network through the global resources sector as well as extensive capital markets experience, where he has been involved in numerous IPO's, corporate transactions, capital raisings and project acquisitions and divestments.
<i>Qualifications</i>	AUSIMM
<i>Interests held</i>	9,542,411 ordinary shares 30,274,578 unlisted options
<i>Directorships held in other listed entities</i>	Accelerate Resources Limited (resigned 6 July 2020)
<b>Mr Bruno Seneque</b>	<b>Executive Director / Chief Financial Officer</b>
<i>First appointed to the Board</i>	4 August 2017
<i>Experience</i>	Mr Seneque is a Certified Practising Accountant and has 25 years' experience as a qualified accountant. Over the past 23 years, he has accumulated extensive experience in the mining industry in various roles including executive general management (Managing Director, Finance Director), CFO, company secretarial, corporate and mine site accounting. He was previously Managing Director of Tyranna Resources Ltd and with Fox Resources Ltd, which operated the Radio Hill nickel-copper mine in Karratha, producing nickel and copper concentrates, Financial Controller/Company Secretary at Haddington Resources Ltd which operated the Bald Hill Tantalum/Lithium mine. His career has seen active involvement in every stage from exploration to production and marketing of base metals concentrates. Mr Seneque has significant experience in senior financial roles with operating mines and is experienced in mine site and head office/corporate financial matters.
<i>Qualification</i>	Certified Practising Accountant
<i>Interests held</i>	4,379,722 ordinary shares 25,132,207 unlisted options
<i>Directorships held in other listed entities</i>	Tyranna Resources Ltd (resigned 18 October 2019)

# Directors' Report

## Mr Neil Hutchison

## Non-Executive Director

*First appointed to the Board*

15 April 2014

*Experience*

Mr Hutchison is a geologist with over 30 years' experience in conducting regional and minesite exploration, target generation, resource drill out, project reviews and evaluations. Mr Hutchison has extensive nickel experience having been the General Manager for Geology at Poseidon Nickel for 11 years as well as the Exploration Superintendent at Jubilee Mine's Cosmos Nickel Project for 5 years. Mr Hutchison has a track record of discovery and delineation of nickel and gold projects, with recent successes including Estrella's Carr Boyd Project, Azures Andover Project and conceptual targeting of Poseidon Nickel's Golden Swan discovery.

*Qualification*

AIG

*Interests held*

8,590,454 ordinary shares.  
15,419,470 unlisted options

*Directorships held in other listed entities*

Estella Resources Ltd (appointed 18 November 2020)

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 2021 financial year.

### Earnings per Share

Basic loss per share: 0.24 cents (2020: 0.13 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

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.

# Directors' Report

## Review and Results of Operations

The Consolidated Entity's net loss after income tax for the financial year was \$3,939,501 (2020: \$1,322,026). 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, 10 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number attended	Number eligible to attend
Mr Terence Topping	10	10
Mr Bruno Seneque	10	10
Mr Neil Hutchison	10	10

## 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 30 June 2021, the unissued ordinary shares of Kairos Minerals Limited under option are as follows:

ASX Code	Number under option	Date of Expiry	Exercise Price
Unlisted	285,623,912	31 December 2021	\$0.025
Unlisted	110,000,000	30 January 2023	\$0.05
Unlisted	138,400,000	1 October 2023	\$0.08

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 2021, 21,090,911 options were exercised at a cost of 2.5 cents per option (2020: 5,100,000 at 2.5 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.

# Directors' Report

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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 2021 (2020: 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 2021 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](http://www.kairosminerals.com.au).

## Remuneration Report (Audited)

The information provided under Sections A to E 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 Terence Topping	Executive Chairman	(Appointed 15 <sup>th</sup> March 2017)
Mr Bruno Seneque	Executive Director	(Appointed 4 <sup>th</sup> August 2017)
Mr Neil Hutchison	Non-Executive Director	(Appointed 15 <sup>th</sup> April 2014)
Mr Adrien Wing	Company Secretary	(Appointed 2 <sup>nd</sup> October 2013)

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# Directors' Report

## 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 18 November 2020 Annual General Meeting ("AGM")

The Company received 99.17% of "for" votes in relation to its remuneration report for the year ended 30 June 2020.

### 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 2021:

Loss financial year ended 2021	(\$3,939,501)
Loss financial year ended 2020	(\$1,322,026)
Loss financial year ended 2019	(\$10,884,035)
Loss financial year ended 2018	(\$5,694,632)
Loss financial year ended 2017	(\$3,162,721)

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

	2021	2020	2019	2018	2017
Share price at financial year end (\$A)	0.031	0.043	0.015	0.034	0.015
Basic earnings per share (cents per share)	(0.24)	(0.13)	(1.28)	(0.80)	(0.82)

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.

# Directors' Report

## Section B: Details of Remuneration

### Employment Contracts of Executive Directors

The Group has entered into contract with its directors and executives that are unlimited in term but capable of termination by either party subject to a 3-6 months' notice period. The Group retains the right to terminate the contract immediately by making payment in lieu of notice.

The contact of employment with its directors and executives specifies their duties and obligations. In general, the terms of that contract are as follows:

- The contract is not for a specific term.
- The personnel may resign from his position and thus terminate this contract by giving 3 months written notice.
- The Company is required to give 6 months' notice to terminate the employment agreement if on a without cause basis.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred.

### Details of Remuneration for the year ended 30 June 2021

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

FY 2020/21	Short-term employee benefits			Post-employment benefits	Share-based payments	Total	Performance
	Director's Fee	Salary and other	Non-monetary benefits	Superannuation Contribution	Equity-settled		Related Remuneration
	\$	\$	\$	\$	\$		%
Terence Topping	68,000	231,583	-	7,996	677,438	985,017	68.8
Bruno Seneque	40,000	192,500	-	3,800	564,532	800,832	70.5
Neil Hutchison	40,000	101,450	-	3,800	338,719	483,969	70.0
Adrien Wing	90,000	-	-	-	338,719	428,719	79.0
	<b>238,000</b>	<b>525,533</b>	-	<b>15,596</b>	<b>1,919,408</b>	<b>2,698,537</b>	-

### Details of Remuneration for the year ended 30 June 2020

FY 2019/20	Short-term employee benefits			Post-employment benefits	Share-based payments	Total	Performance
	Cash salary and fees	Other	Non-monetary benefits	Superannuation Contribution	Equity-settled		Related Remuneration
	\$	\$	\$	\$	\$		%
Terence Topping	290,000	-	-	27,550	-	317,550	-
Bruno Seneque	40,000	155,000	-	3,800	-	198,800	-
Neil Hutchison	40,000	45,844	-	3,800	-	89,644	-
Adrien Wing	90,000	-	-	-	-	90,000	-
	<b>460,000</b>	<b>200,844</b>	-	<b>35,150</b>	-	<b>695,994</b>	-

# Directors' Report

## Section B: Details of Remuneration (continued)

### 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.	\$		\$	
<b>2021</b>						
Terence Topping	6,000,000	-	-	(6,000,000)	446,600	-
Neil Hutchison	3,000,000	-	-	(3,000,000)	223,300	-
Bruno Seneque	3,000,000	-	-	(3,000,000)	223,300	-
Adrien Wing	4,500,000	-	-	(4,500,000)	334,950	-
	<b>16,500,000</b>	-	-	<b>(16,500,000)</b>	<b>1,228,150</b>	-
<b>2020</b>						
Terence Topping	6,000,000	-	-	-	-	6,000,000
Neil Hutchison	3,000,000	-	-	-	-	3,000,000
Bruno Seneque	3,000,000	-	-	-	-	3,000,000
Adrien Wing	4,500,000	-	-	-	-	4,500,000
	<b>16,500,000</b>	-	-	-	-	<b>16,500,000</b>

\* Converted Series G performance rights to share based on a share price of \$0.077 at the date of conversion on 3 July 2020.

Converted Series H performance rights to share based on a share price of \$0.074 at the date of conversion on 3 July 2020.

Converted Series I performance rights to share based on a share price of \$0.072 at the date of conversion on 3 July 2020.

Refer also "Section C: Share Based Compensation" set out below.



# Directors' Report

## 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/appointment date	Performance Rights Converted *	Received as salary	Issue Price	Net change other **	Balance at the end of the year/resignation date
<b>2021</b>						
Terence Topping	4,393,255	6,000,000	-	-	(850,844)	9,542,411
Bruno Seneque	2,115,309	3,000,000	-	-	(735,587)	4,379,722
Neil Hutchison	6,711,515	3,000,000	-	-	(1,121,061)	8,590,454
Adrien Wing	499,999	4,500,000	-	-	(4,999,999)	-
	<b>13,720,078</b>	<b>16,500,000</b>	-	-	<b>(7,707,491)</b>	<b>22,512,587</b>
<b>2020</b>						
Terence Topping	3,484,164	-	-	-	909,091	4,393,255
Bruno Seneque	1,206,218	-	-	-	909,091	2,115,309
Neil Hutchison	4,893,333	-	-	-	1,818,182	6,711,515
Adrien Wing	1,818,181	-	-	-	(1,318,182)	499,999
	<b>11,401,896</b>	-	-	-	<b>2,318,182</b>	<b>13,720,078</b>

\* Converted Series G performance rights to share based on a share price of \$0.077 at the date of conversion on 3 July 2020.  
 Converted Series H performance rights to share based on a share price of \$0.074 at the date of conversion on 3 July 2020.  
 Converted Series I performance rights to share based on a share price of \$0.072 at the date of conversion on 3 July 2020.

### Details of Options Held

The number of Options over ordinary 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/appointment date	Received as compensation	Options Exercised No.	Options Lapsed No.	Net change other **	Balance at the end of the year/resignation date
<b>2021</b>						
Terence Topping	-	30,000,000	-	-	274,578	30,274,578
Bruno Seneque	-	25,000,000	-	-	132,207	25,132,207
Neil Hutchison	-	15,000,000	-	-	419,470	15,419,470
Adrien Wing	-	15,000,000	-	-	-	15,000,000
	-	<b>85,000,000</b>	-	-	<b>826,255</b>	<b>85,826,255</b>
<b>2020</b>						
Terence Topping	-	-	-	-	-	-
Bruno Seneque	-	-	-	-	-	-
Neil Hutchison	-	-	-	-	-	-
Adrien Wing	2,818,181	-	-	(2,818,181)	-	-
	<b>2,818,181</b>	-	-	<b>(2,818,181)</b>	-	-

\*\* Net change Other refers to shares/ options issued not as part of remuneration, purchased, sold, cancelled or expired during the financial year.

# Directors' Report

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## 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 24.

## 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.



Terence Topping  
**Chairman**

Dated: 29<sup>th</sup> September 2021.

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To the Board of Directors

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

As lead audit Partner for the audit of the financial statements of Kairos Minerals Limited for the financial year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

*Hall Chadwick*  
HALL CHADWICK WA AUDIT PTY LTD

*Mark Delaurentis*  
MARK DELAURENTIS CA  
Partner

Dated this 29<sup>th</sup> of September 2021

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# Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2021

	Note	30 June 2021 \$	30 June 2020 \$
<b>REVENUE</b>			
Interest revenue from external parties	2	16,419	5,777
Other	2	342,967	32,790
<b>TOTAL REVENUE</b>		<b>359,386</b>	<b>38,567</b>
<b>EXPENSES</b>			
Audit fees	6	(35,445)	(36,720)
Depreciation	12	(6,474)	(16,727)
Depreciation – right-of-use asset	13	(47,471)	-
Directors’ remuneration	3	(163,596)	(212,337)
Directors share-based payments	3	(1,580,689)	-
Travel and marketing		(254,228)	(165,655)
Professional fees	3	(402,486)	(376,289)
Equity settled share-based payments	3	(1,253,161)	-
Occupancy expenses		(81,737)	(151,616)
Administration and other expenses		(463,476)	(401,249)
Finance costs	13	(10,124)	-
<b>TOTAL EXPENSES</b>		<b>(4,298,887)</b>	<b>(1,360,593)</b>
<b>Loss before income tax</b>		<b>(3,939,501)</b>	<b>(1,322,026)</b>
Income tax expense	4	-	-
<b>Loss for the year after income tax</b>		<b>(3,939,501)</b>	<b>(1,322,026)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Profit from sale of non-current financial assets	20c	170,372	-
Changes in fair values of investments at fair value through other comprehensive income, net of tax	20c	120,654	260,114
<b>Total comprehensive loss for the year</b>		<b>(3,648,475)</b>	<b>(1,061,912)</b>
<b>Loss attributable to:</b>			
Owners of Kairos Minerals Ltd		(3,939,501)	(1,322,026)
Non-controlling interests		-	-
		<b>(3,939,501)</b>	<b>(1,322,026)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of Kairos Minerals Ltd		(3,648,475)	(1,061,912)
Non-controlling interests		-	-
		<b>(3,648,475)</b>	<b>(1,061,912)</b>
Loss per share for the year attributable to the members of Kairos Minerals Limited:			
Basic (loss) per share (cents per share)	7	(0.24)	(0.13)
Diluted (loss) per share (cents per share)	7	(0.24)	(0.13)

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 2021

	Note	30 June 2021 \$	30 June 2020 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	8,299,019	2,588,393
Trade and other receivables	9	249,386	71,408
Other assets	10	6,470	35
<b>Total Current Assets</b>		<b>8,554,875</b>	<b>2,659,836</b>
<b>Non-current assets</b>			
Other financial assets	11	403,001	607,347
Plant and equipment	12	190,787	31,880
Right-of-use asset	13	294,336	-
Exploration and evaluation expenditure	15	16,961,790	11,088,246
<b>Total non-current assets</b>		<b>17,849,914</b>	<b>11,727,473</b>
<b>TOTAL ASSETS</b>		<b>26,404,789</b>	<b>14,387,309</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	16	1,653,891	440,799
Lease Liability	17	50,791	-
Provisions	18	12,155	-
<b>Total current liabilities</b>		<b>1,716,837</b>	<b>440,799</b>
<b>Non-current liabilities</b>			
Lease Liability	17	251,140	-
<b>Total non-current liabilities</b>		<b>251,140</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>1,967,977</b>	<b>440,799</b>
<b>NET ASSETS</b>		<b>24,436,812</b>	<b>13,946,510</b>
<b>EQUITY</b>			
Contributed equity	19	84,712,777	73,196,731
Financial assets at fair value reserve through other comprehensive income	20	317,996	26,970
Option fair value reserve	20	5,254,915	287,534
Performance Rights reserve	20	-	2,344,650
Accumulated losses		(65,847,765)	(61,908,264)
<b>Parent interests</b>		<b>24,437,923</b>	<b>13,947,621</b>
Non-controlling interests		(1,111)	(1,111)
<b>TOTAL EQUITY</b>		<b>24,436,812</b>	<b>13,946,510</b>

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 2021

Consolidated Entity	Contributed Equity	Financial assets at fair value reserve through other comprehensive income	Performance Rights reserve	Option Fair Value Reserve	Accumulated losses	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 30 June 2019</b>	<b>69,229,255</b>	<b>(233,144)</b>	<b>2,344,650</b>	<b>438,000</b>	<b>(61,024,238)</b>	<b>(1,111)</b>	<b>10,753,412</b>
Loss for the year	-	-	-	-	(1,322,026)	-	(1,322,026)
Other comprehensive income	-	260,114	-	-	-	-	260,114
<b>Total comprehensive (loss) for the year</b>	<b>-</b>	<b>260,114</b>	<b>-</b>	<b>-</b>	<b>(1,322,026)</b>	<b>-</b>	<b>(1,061,912)</b>
<i>Transactions with owners in their capacity as owners:</i>							
Shares issued (net of costs)	3,839,803	-	-	-	-	-	3,839,803
Options exercised	127,673	-	-	(438,000)	438,000	-	127,673
Options issued	-	-	-	287,534	-	-	287,534
<b>Balance at 30 June 2020</b>	<b>73,196,731</b>	<b>26,970</b>	<b>2,344,650</b>	<b>287,534</b>	<b>(61,908,264)</b>	<b>(1,111)</b>	<b>13,946,510</b>
Loss for the year	-	-	-	-	(3,939,501)	-	(3,939,501)
Other comprehensive income	-	291,026	-	-	-	-	291,026
<b>Total comprehensive (loss) for the year</b>	<b>-</b>	<b>291,026</b>	<b>-</b>	<b>-</b>	<b>(3,939,501)</b>	<b>-</b>	<b>(3,648,475)</b>
<i>Transactions with owners in their capacity as owners:</i>							
Shares issued (net of costs)	8,558,451	-	-	-	-	-	8,558,451
Options exercised	612,945	-	-	(85,670)	-	-	527,275
Options issued	-	-	-	5,053,051	-	-	5,053,051
Performance rights exercised	2,344,650	-	(2,344,650)	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>84,712,777</b>	<b>317,996</b>	<b>-</b>	<b>5,254,915</b>	<b>(65,847,765)</b>	<b>(1,111)</b>	<b>24,436,812</b>

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 2021

	Note	30 June 2021 \$	30 June 2020 \$
<b><u>Cash flows from operating activities</u></b>			
Payments to suppliers and employees (inclusive of GST)		(1,559,330)	(1,146,103)
Other Income		325,757	32,790
Interest received		16,419	5,777
<b>Net cash flows used in operating activities</b>	23	<b>(1,217,154)</b>	<b>(1,107,536)</b>
<b><u>Cash flows from investing activities</u></b>			
Payments for purchases of plant and equipment		(238,935)	-
Payments for exploration and evaluation expenditure		(4,541,244)	(1,932,357)
Payment for investments		-	(23,077)
Proceeds from sale of non-current assets		495,372	-
<b>Net cash flows used in investing activities</b>		<b>(4,284,807)</b>	<b>(1,955,434)</b>
<b><u>Cash flows related to financing activities</u></b>			
Proceeds from issues of securities		11,434,370	4,362,674
Capital raising costs		(161,659)	(208,451)
Payment of lease liabilities		(60,124)	-
<b>Net cash flows from financing activities</b>		<b>11,212,587</b>	<b>4,154,223</b>
<b>Net increase in cash and cash equivalents</b>		<b>5,710,626</b>	<b>1,091,253</b>
Cash and cash equivalents at the beginning of the year		2,588,393	1,497,140
<b>Cash and cash equivalents at the end of the financial year</b>	8	<b>8,299,019</b>	<b>2,588,393</b>

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

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 1: BASIS OF PREPARATION

### Corporate Information

The financial report of Kairos Minerals Limited (the Consolidated Entity) for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 29 September 2021.

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-Scholes simulation model after taking into account the terms and conditions upon which the instruments were granted.
- 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.



# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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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 \$3,939,501 for the year ended 30 June 2021 (2020: \$1,322,026) and had net cash outflows from operating and investing activities of \$5,562,084 (2020: \$3,062,970). At 30 June 2021, the Consolidated Entity had cash and cash equivalents of \$8,299,019 (2020: \$2,588,393) and had working capital, being current assets less current liabilities, of \$6,838,038 (2020: \$2,219,037).

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 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.

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 30 September 2022 (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 Amended Standards Adopted by the Group

The Group has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period. There is no implementation of new standard on the financial performance or position of the Group.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## 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 14 to the financial statements. All of the controlled entities have a June financial year-end.

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

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

### **b) Income Tax**

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

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

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

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

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

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

### **c) Plant and Equipment**

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

#### Plant and equipment

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

#### Depreciation

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

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# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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

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

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

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

## d) Exploration and Development Expenditure

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

Accumulated costs in relation to an abandoned area are written off in full against profit 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) Other Financial Assets

Other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

### Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either:

1. held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or
2. designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

### Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and for which an irrevocable election has been made to classify them as such upon initial recognition.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or 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) Lease**

#### **The Group as lessee**

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e., a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

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**h) 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.

**i) 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).

**j) Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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

**k) 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.

**l) Employee benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

**m) 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.

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# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## n) Share-based payments

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

Equity-settled transactions are award 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.

## o) 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.

## p) Goods and services tax (GST)

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

## q) Investment in subsidiaries

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

## r) 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.

## s) 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 26.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 2: REVENUE

	30 June 2021	30 June 2020
	\$	\$
Interest revenue from external parties	16,419	5,777
Exploration Incentive Scheme grant	150,000	-
R&D rebate	125,757	-
Government cashflow boost	67,210	32,790
<b>Total revenue</b>	<b>359,386</b>	<b>38,567</b>

## NOTE 3: EXPENDITURE

	30 June 2021	30 June 2020
	\$	\$
<b><u>Directors' remuneration</u></b>		
Salaries	148,000	176,317
Superannuation	15,596	36,020
<b>Directors' remuneration</b>	<b>163,596</b>	<b>212,337</b>
<b><u>Professional fees</u></b>		
Legal fees	17,687	32,970
Company secretarial	90,000	90,000
Accounting and consultants	294,798	253,319
<b>Professional fees</b>	<b>402,486</b>	<b>376,289</b>
<b><u>Equity settled share-based payments expenses</u></b>		
Directors' share-based payments	1,580,689	-
ESOP and professional share-based payments	903,249	-
Fair value adjustment to share-based expenses	349,912	-
<b>Equity settled share-based payments expenses</b>	<b>2,833,850</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 4: INCOME TAX EXPENSE

	30 June 2021	30 June 2020
	\$	\$
<b>a) The components of tax expense comprise</b>		
Current income tax benefit	132,263	266,532
Deferred tax income	1,531,521	197,719
Tax losses not recognised	(1,663,784)	(464,251)
	-	-
<b>b) The prima facie tax on loss from continuing activities before tax is reconciled to the income tax expense as follows:</b>		
Prima facie tax benefit on loss from continuing activities before income tax at 26% (2020: 27.5%)		
- Consolidated Entity	1,024,270	363,557
<u>Add:</u>		
Tax effect of:		
- Capital raising costs	98,294	81,872
<u>Less:</u>		
Tax effect of:		
- right-of-use asset	(1,975)	-
- share based payments	(736,805)	-
- entertainment/other	(10,636)	(15,153)
	<b>373,148</b>	<b>430,276</b>
Tax effect of losses and temporary differences not recognised as deferred tax assets	(373,148)	(430,276)
<b>Income tax expense attributes</b>	-	-
<b>c) Unrecognised deferred tax balances</b>		
<b><u>Deferred tax liabilities</u></b>		
Deferred exploration & evaluation costs	11,088,246	11,088,246
Other	(114,184)	(24,340)
	<b>10,974,062</b>	<b>11,063,906</b>
<b>Tax effect @ 26% (2020: 27.5%)</b>	<b>2,853,256</b>	<b>3,042,574</b>
<b><u>Deferred tax assets</u></b>		
Investments	178,159	284,313
Capital raising costs	3,352,967	701,647
Other	16,000	36,762
Tax losses **	54,602,904	44,088,181
	<b>58,150,030</b>	<b>45,110,903</b>
<b>Tax effect @ 26% (2020: 27.5%)</b>	<b>15,119,008</b>	<b>12,405,498</b>
Net deferred tax asset not recognised	12,265,752	9,362,924



# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## 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 \$54,602,904. 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

### 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 2021	30 June 2020
	\$	\$
Short-term employee benefits	763,533	660,844
Post-employment benefits	15,596	35,150
Share based payment – equity settled	1,919,408	-
<b>Total compensation</b>	<b>2,698,537</b>	<b>695,994</b>

## NOTE 6: AUDITORS' REMUNERATION

	30 June 2021	30 June 2020
	\$	\$
Remuneration of the auditor of the parent entity for:		
- Audit and review fees	35,445	36,720
	<b>35,445</b>	<b>36,720</b>

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 7: EARNING PER SHARE

	30 June 2021	30 June 2020
Basic (loss) per share (cents)	(0.24)	(0.13)
Diluted (loss) per share (cents)	(0.24)	(0.13)
a) Net (loss) used in the calculation of basic and diluted loss per share	(3,939,501)	(1,322,026)
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	1,608,503,912	983,426,226

## NOTE 8: CASH AND CASH EQUIVALENTS

	30 June 2021	30 June 2020
	\$	\$
Cash at bank	8,289,019	2,536,153
Term deposits	10,000	52,240
	<b>8,299,019</b>	<b>2,588,393</b>

### Reconciliation of cash

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

Cash and cash equivalents	8,299,019	2,588,393
	<b>8,299,019</b>	<b>2,588,393</b>

## NOTE 9: TRADE AND OTHER RECEIVABLES

	30 June 2021	30 June 2020
	\$	\$
<b>Current</b>		
Sundry receivables	29,401	660
Good and services tax receivable due	219,985	70,748
	<b>249,386</b>	<b>71,408</b>

## NOTE 10: OTHER ASSETS

	30 June 2021	30 June 2020
	\$	\$
<b>Current</b>		
Prepayments	6,470	35
	<b>6,470</b>	<b>35</b>

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 11: OTHER FINANCIAL ASSETS

	30 June 2021	30 June 2020
	\$	\$
<b>Non-Current</b>		
At the beginning of the period	607,347	324,156
Investment fair value movement	120,654	260,114
Acquired listed securities	-	23,077
Disposal listed securities	(325,000)	-
<b>At the end of the period</b>	<b>403,001</b>	<b>607,347</b>

Other financial assets relate to listed securities held by the company. The investments are held at fair value through other comprehensive income. Refer to note 1(e) for further details.

## NOTE 12: PLANT AND EQUIPMENT

	30 June 2021	30 June 2020
	\$	\$
<b>Plant and equipment</b>		
At cost	310,412	91,336
Accumulated depreciation	(119,625)	(59,456)
<b>Total plant and equipment</b>	<b>190,787</b>	<b>31,880</b>

### 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	31,880	48,607
Additions	219,075	-
Depreciation expense transfer to exploration expenditure	(53,694)	-
Depreciation expense	(6,474)	(16,727)
<b>Carrying amount at the end of the year</b>	<b>190,787</b>	<b>31,880</b>

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 13: RIGHT-OF-USE ASSET

	30 June 2021	30 June 2020
	\$	\$
At cost	341,807	-
Accumulated depreciation	(47,471)	-
<b>Total right-of-use asset</b>	<b>294,336</b>	<b>-</b>

### Movements in carrying amounts

Movements in carrying amounts for right-of-use asset between the beginning and the end of the current financial year:

Balance at the beginning of year	-	-
Additions	341,807	-
Depreciation expense	(47,471)	-
<b>Carrying amount at the end of the year</b>	<b>294,336</b>	<b>-</b>

During the period, the Company leased its head office premises at Level 1, 43 Ventnor Avenue, West Perth 6000, Australia. The lease had a three-year term commencing 1 September 2020 with another three-year extension option.

The Company recognised the lease as a right-of use asset and a corresponding liability at the date which the leased premises is available for use by the Company. The right-of-use asset reflects the lease liability and is depreciated over the term of the lease. The lease liability was measured at the present value basis, discounted using the borrowing rate from RBA as of 31 August 2020 of 3.75%

Amounts recognised in the statement of Profit or Loss and Other Comprehensive Income:

Depreciation	47,471
Interest expenses	10,124

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 14: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*	
		30 June 2021	30 June 2020
<b>Parent Entity</b>			
Kairos Minerals Limited	Australia		
<b>Subsidiaries of Kairos Minerals Limited</b>			
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 15: EXPLORATION AND EVALUATION ASSETS

	30 June 2021 (\$)	30 June 2020 (\$)
Balance at the start of the year	11,088,246	9,202,277
Exploration expenditure capitalised	5,873,544	1,885,969
Capitalised exploration costs written down	-	-
<b>Total capitalised exploration expenditure</b>	<b>16,961,790</b>	<b>11,088,246</b>

Refer to note 1 (d) and note 1 (f) for details in relation to the classification and measurement, and impairment assessment for the carrying value of exploration and evaluation assets respectively.

### 15(a) Project Ownership Interests

At reporting date the group owned:

	Percentage Owned (%)	
	30 June 2021	30 June 2020
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	100.00
Woodcutters Project	100.00	100.00

### 15(b) 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.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 16: TRADE AND OTHER PAYABLES

	30 June 2021	30 June 2020
	\$	\$
<b>Current</b>		
Trade payables	1,603,958	361,742
Sundry payables and accrued expenses	49,933	79,057
	<b>1,653,891</b>	<b>440,799</b>

## NOTE 17: LEASE LIABILITIES

	30 June 2021	30 June 2020
	\$	\$
Current	50,791	-
Non-current	251,140	-
<b>Total lease liabilities</b>	<b>301,931</b>	<b>-</b>

## NOTE 18: PROVISIONS

	30 June 2021	30 June 2020
	\$	\$
Employee Benefit obligations - annual leave	12,155	-
<b>Total Provisions</b>	<b>12,155</b>	<b>-</b>

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 19: CONTRIBUTED EQUITY

	Note	30 June 2021 \$	30 June 2020 \$
Ordinary shares fully paid	19 (a)	84,712,777	73,634,731
		<b>84,712,777</b>	<b>73,634,731</b>

	Note	No.	30 June 2021 \$	No.	30 June 2020 \$
<b>19 (a) Ordinary Shares</b>					
At the beginning of reporting period – shares on issue		1,251,773,019	73,196,731	852,272,839	69,229,255
<u>Shares issued during year</u>					
- Issue of shares	(ii) (iv) (vi)	353,372,523	10,907,098	385,000,090	4,235,001
- Issue of shares in lieu of payment for services	(iii) (v) (vii)	18,733,121	976,053	9,400,090	103,401
- Issue of shares in respect to the satisfaction of Performance Rights	(i)	31,500,000	2,344,650	-	-
- Exercise of options **		21,090,911	612,945	5,100,000	127,674
Transaction costs relating to share issues		-	(3,324,700)	-	(498,600)
<b>At reporting date</b>		<b>1,676,469,574</b>	<b>84,712,777</b>	<b>1,251,773,019</b>	<b>73,196,731</b>

\* reversal of expired unlisted option fair value expense associated with 12,000,000 unlisted options in prior periods.

\*\* option conversion monies received on 28 June 2020, shares subsequently allotted/issued on 2 July 2020.

Note	30-June-21	Details	Number	Issue Price \$	Total \$
(i)	03-07-20	Issued of shares in respect to the satisfaction of Series G, H and I Performance Rights	31,500,000	0.074	2,344,650
(ii)	29-07-20	Issued of shares under non-renounceable Rights issue	155,372,523	0.011	1,709,098
(iii)	30-07-20	Issue of shares for settlement of placement fee	6,810,000	0.039	265,590
(iv)	28-08-20	Share Placement (T2)	18,000,000	0.011	198,000
(v)	08-09-20	Issue of shares for settlement of placement fee	1,123,121	0.046	51,663
(vi)	02-10-20	Share Placement	180,000,000	0.050	9,000,000
(vii)	02-10-20	Issue of shares for settlement of placement fee	10,800,000	0.061	658,800
(viii)	Various	Exercise of options	21,090,911	0.029	612,945
			<b>424,696,555</b>		<b>14,840,746</b>

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 20: RESERVES

	30 June 2021		30 June 2020	
	No.	\$	No.	\$
<b>20 a) Option Fair Value Reserve</b>				
At the beginning of reporting period	215,380,181	287,534	152,878,680	438,000
<u>Options movements during year</u>				
- Issue of options*	472,552,823	5,053,051	87,662,000	287,534
- Exercise of options	(21,090,911)	(85,670)	(5,100,000)	-
- Expiry of options	(132,818,181)	-	(20,060,499)	(438,000)
<b>At reporting date</b>	<b>534,023,912</b>	<b>5,254,915</b>	<b>215,380,181</b>	<b>287,534</b>

\*During the period, the Company issued 87,662,000 unlisted options valued with a Black Scholes option pricing model, using the following criterias:

	Brokers options 2.5c	Incentive options 5c	Brokers options 8c
Exercise Price	\$0.025	\$0.05	\$0.08
Grant Date	28-07-20	28-07-20	01-10-20
Expiry Date	31-12-21	30-01-23	29-09-23
Share Price at date of issue	\$0.04	\$0.04	\$0.066
Expected Volatility	121.9%	107.3%	106.4%
Risk Free Interest Rate	0.27%	0.27%	0.17%
Fair Value per Option	\$0.0256	\$0.0226	\$0.0407
Quantity of options issued	23,405,000	110,000,000	48,400,000
<b>Total value of options</b>	<b>\$599,234</b>	<b>\$2,483,938</b>	<b>\$1,969,880</b>

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

	30 June 2021		30 June 2020	
	No.	\$	No.	\$
<b>20 b) Performance Rights Reserve</b>				
At the beginning of reporting period	31,500,000	2,344,650	31,500,000	2,344,650
<u>Movements during year</u>				
- Issued to key management personnel	-	-	-	-
- Exercised of performance rights	(31,500,000)	(2,344,650)	-	-
- Conversion to shares	-	-	-	-
<b>At reporting date</b>	<b>-</b>	<b>-</b>	<b>31,500,000</b>	<b>2,344,650</b>

Performance rights reserve reflects the fair value of performance rights issued and valued with a Black-Scholes calculation.

	30 June 2021		30 June 2020	
		\$		\$
<b>20 c) Fair Market Value Reserve</b>				
At the beginning of reporting period		26,970		(233,144)
<u>Movements during year</u>				
- Equity investments fair value adjustment		120,654		260,114
- Profit from sale of non-current financial assets		170,372		-
<b>At reporting date</b>		<b>317,996</b>		<b>26,970</b>

Fair market value reserve reflects the fair value movements in equity investments held by the company as at the reporting date. Refer to note 1(e) for further details.



# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 21: COMMITMENTS AND CONTINGENCIES

	30 June 2021 \$	30 June 2020 \$
Exploration expenditure commitments:		
Within one year	1,164,460	1,018,780
Two to five years	1,207,660	5,929,620
More than five years	30,000	-
<b>Total</b>	<b>2,402,120</b>	<b>6,948,400</b>

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.

## NOTE 22: 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 23: CASH FLOW INFORMATION

	30 June 2021 \$	30 June 2020 \$
Reconciliation of Cash Flow from Operations with Result after Income Tax:		
<b>(Loss) for the Period</b>	<b>(3,939,501)</b>	<b>(1,322,026)</b>
Less: interest received	(46,129)	-
Add back depreciation expenses	53,945	16,727
Add back equity settled share-based payments expenses	2,833,850	124,211
Add back finance costs	10,124	-
(Increases)/Decreases in Accounts Receivable	(184,415)	29,068
(Decreases)/Increases in Trade Payables	42,817	44,484
(Decreases)/Increases in provision	12,155	-
<b>Cash flow used in operations</b>	<b>(1,217,154)</b>	<b>(1,107,536)</b>

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 24: RELATED PARTY TRANSACTIONS

Mr Wing received consulting fee of \$90,000 for consulting services for company secretarial services through related entity. All charges were on arm's length and normal commercial terms and condition.

During the year, the wife of Mr Topping was employed in an administration role and was paid \$31,740 (2020: \$37,903) for wages and superannuation at normal market rates.

Mr Topping received consulting fee of \$231,583 for consulting services through an entity in which he has a controlling interest. All charges were on arm's length and normal commercial terms and conditions.

Mr Seneque received consulting fee totalling \$192,500 (2020: \$155,000) and other reimbursements (\$6,600) for the financial year ended 30 June 2021 through related entities which are associated with Mr Seneque. All charges were on arm's length and normal commercial terms and conditions.

During the year ended 30 June 2021, Mr Hutchison was paid professional fees of \$101,450 (2020: \$45,844) for consulting services. All charges were on arm's length and normal commercial terms and conditions.

## NOTE 25: 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 2021	30 June 2020
	\$	\$
Cash and cash equivalents	8,299,019	2,588,393
Trade and other receivables <sup>1</sup>	29,401	660
Other financial assets	403,001	607,347
Trade and other payables	(1,653,891)	(440,799)

<sup>1</sup> Excludes statutory receivables relating to GST

The Consolidated Entity does not have any derivative instruments at 30 June 2021 (30 June 2020: 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.

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 25: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

### 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 \$8,299,019 (2020: \$2,588,393) 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 2021	30 June 2020
	\$	\$
1% (2020: +1.00%)	82,990	25,883
-1% (2020: -1.00%)	(82,990)	(25,883)

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 25: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

### 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 for which an allowance for expected credit losses has been created are nil (2020: 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	1 year	2 - 5 years	Total
<b>2021</b>							
<u>Trade and other payables</u>							
- Trade and other payables	1,548,699	15,354	6,879	33,026	-	-	1,603,958
- Accrued expenses	49,933	-	-	-	-	-	49,933
<u>Lease liability</u>							
- Office premises	-	-	-	-	50,791	251,140	301,931
	<b>1,592,632</b>	<b>15,354</b>	<b>6,879</b>	<b>33,026</b>	<b>50,791</b>	<b>251,140</b>	<b>1,955,822</b>
<b>2020</b>							
<u>Trade and other payables</u>							
- Trade and other payables	352,742	3,882	5,107	11	-	-	361,742
- Accrued expenses	79,057	-	-	-	-	-	79,057
	<b>431,799</b>	<b>3,882</b>	<b>5,107</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>440,799</b>

# Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2021

## NOTE 26: 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 2021	30 June 2020
	\$	\$
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>Assets</b>		
Current assets	10,199,497	4,204,666
Non-current assets	15,516,557	9,493,907
<b>Total assets</b>	<b>25,716,054</b>	<b>13,698,573</b>
<b>Liabilities</b>		
Current liabilities	1,716,837	440,799
Non-current liabilities	251,140	-
<b>Total liabilities</b>	<b>1,967,977</b>	<b>440,799</b>
<b>Net assets</b>	<b>23,748,077</b>	<b>13,257,774</b>
<b>Equity</b>		
Issued capital	84,712,777	73,634,731
Reserves	5,572,911	2,659,154
Accumulated losses	(66,537,611)	(63,036,111)
<b>Total equity</b>	<b>23,748,077</b>	<b>13,257,774</b>
<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>(3,939,501)</b>	<b>(1,322,026)</b>
<b>Total Comprehensive Loss</b>	<b>(3,648,575)</b>	<b>(1,061,912)</b>

## NOTE 27: EVENTS OCCURRING AFTER THE REPORTING DATE

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 28: CONTINGENT LIABILITIES

On 11 October 2019, a contractor ("the Contractor") engaged by Kairos Minerals Ltd ("the Company") brought a claim in the Federal Circuit Court against the Company. The Contractor has claimed payment of employment entitlements under the *Fair Work Act 2009 (Cth)*. The quantum of the claim is currently \$337,272.88 (plus interest). The Company and the directors have denied the Contractors full claim and have taken steps to defend that claim with the assistance of legal representation. The claim is currently ongoing.

## NOTE 29: COMPANY DETAILS

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

Level 1, 43 Ventnor Avenue, West Perth, Western Australia, Australia 6005.

# Directors' Declaration

For the Year Ended 30 June 2021

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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 2021 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 2021.

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



Terence Topping  
Chairman

Dated: 29<sup>th</sup> September 2021.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KAIROS MINERALS LIMITED

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Kairos Minerals Limited (“the Company”) and its subsidiaries (“the Group”), which comprises the consolidated statement of financial position as at 30 June 2021, 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 statements, including a summary of significant accounting policies, and the directors’ declaration.

In our opinion:

- a. 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 2021 and of its financial performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

#### 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 Consolidated Entity in accordance with the auditor independence requirements of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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**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 our audit addressed the Key Audit Matter
<p><b>Accounting for share based payments</b></p> <p>As disclosed in note 20 to the financial statements, during the year ended 30 June 2021 the Consolidated Entity incurred share based payments of \$5,053,051.</p> <p>Share based payments are considered to be a key audit matter due to</p> <ul style="list-style-type: none"> <li>• the value of the transactions;</li> <li>• the complexities involved in the recognition and measurement of these instruments; and</li> <li>• the judgement involved in determining the inputs used in the valuations.</li> </ul> <p>Management used the Black-Scholes option valuation model to determine the fair value of the options granted. This process involved significant estimation and judgement required to determine the fair value of the equity instruments granted.</p>	<p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> <li>• Analysing agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with AASB 2 Share Based Payments;</li> <li>• Evaluating management’s Black-Scholes Valuation Models and assessing the assumptions and inputs used;</li> <li>• Assessing the amount recognised during the year in accordance with the vesting conditions of the agreements; and</li> <li>• Assessing the adequacy of the disclosures included in Note 20 to the financial statements.</li> </ul>

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Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Capitalised Exploration and Evaluation Costs</b></p> <p>As disclosed in note 15 to the financial statements, the Group has incurred significant exploration and evaluation expenditures which have been capitalised in accordance with the requirement of Exploration for and Evaluation of Mineral Resources (AASB 6). As at 30 June 2021, the Group's capitalised exploration and evaluation costs are carried at \$16,961,790.</p> <p>The recognition and recoverability of the capitalised exploration and evaluation costs was considered a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The carrying value of capitalised exploration and evaluation costs represents a significant asset of the Group, we considered it necessary to assess whether facts and circumstances existed to suggest the carrying amount of this asset may exceed the recoverable amount; and</li> <li>• Determining whether impairment indicators exist involves significant judgement by management.</li> </ul> <p>Note 1(d) and 15 to the financial statements contain the accounting policy and disclosures in relation to exploration and evaluation expenditures.</p>	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>• Assessing management's determination of its areas of interest for consistency with the definition in AASB 6 <i>Exploration and Evaluation of Mineral Resources</i> ("AASB 6");</li> <li>• Confirming rights to tenure for a sample of tenements held and confirming rights to tenure on tenements nearing expiry will be renewed;</li> <li>• Testing the Group's additions to capitalised exploration costs for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of AASB 6;</li> <li>• By testing the status of the Group's tenure and planned future activities, reading board minutes and discussions with management we assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised exploration costs: <ul style="list-style-type: none"> <li>○ The licenses for the rights to explore expiring in the near future or are not expected to be renewed;</li> <li>○ Substantive expenditure for further exploration in the area of interest is not budgeted or planned;</li> <li>○ Decision or intent by the Group to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources;</li> <li>○ Data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recorded in full from successful development or sale; and</li> </ul> </li> <li>• Assessing the appropriateness of the related disclosures in the financial statements.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit

matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

### Auditor's Opinion

In our opinion, the Remuneration Report of Kairos Minerals Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

*Hall Chadwick*  
HALL CHADWICK WA AUDIT PTY LTD

*Mark Delaurentis*  
MARK DELAURENTIS CA  
Partner

Dated this 29<sup>th</sup> of September 2021

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# Shareholder Information *(Continued...)*

As at 20<sup>th</sup> September 2021:

## Number of Holders of Equity Securities

### Ordinary Shares

1,676,519,590 fully paid ordinary shares are held by 8,535 individual shareholders.  
All ordinary shares carry one vote per share.

### Options

285,573,896 listed options exercisable at \$0.025 on or before 31 December 2021 are held by 1,592 individual holders.  
110,000,000 unlisted options exercisable at \$0.05 on or before 30 January 2023.  
138,400,000 unlisted options exercisable at \$0.08 on or before 1 October 2023.

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	2,146
1,001 – 5,000	390
5,001 – 10,000	468
10,001 – 100,000	3,450
100,001 –	2,081
<b>Total number of shareholders</b>	<b>8,535</b>
Unmarketable Parcels	3,591

## Twenty Largest Holders of Quoted Securities

### Fully paid ordinary shares

Shareholders	Number	%
1 CITICORP NOMINEES PTY LIMITED	204,591,559	12.20
2 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	47,485,716	2.83
3 MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	32,962,522	1.97
4 BNP PARIBAS NOMS PTY LTD	23,459,666	1.40
5 MS LINLIN LI	21,358,925	1.27
6 COLIN & IMELDA BOURKE SUPERANNUATION FUND PTY LTD <C & I BOURKE S/F A/C>	14,438,636	0.86
7 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,261,435	0.79
8 TROCA ENTERPRISES PTY LTD <COULSON SUPER A/C>	11,600,000	0.69
9 BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	11,309,189	0.68
10 MR KAZUHIRO MASUDA	10,000,000	0.60
11 MR JAVIER VILCHES	10,000,000	0.60
12 WHALE WATCH HOLDINGS LIMITED	9,524,049	0.57
13 JC KING PTY LTD <KING FAMILY SUPER 2 A/C>	9,030,000	0.54
14 MS AIPING ZHANG	9,019,800	0.54
15 BNP PARIBAS NOMS PTY LTD ACF CLEARSTREAM	8,897,045	0.53
16 VIENNA HOLDINGS PTY LTD <WESTGOLD A/C>	8,800,000	0.53
17 MR NEIL ARMSTRONG HUTCHISON + MRS JOYCE ODEH HUTCHISON <HUTCHISON FAMILY A/C>	8,590,454	0.51
18 NELSON ENTERPRISES PTY LTD <THE CAVAN STREET A/C>	8,430,000	0.50
19 MR PAUL JOHN DE ROO	8,000,000	0.48
20 MR MICHAEL PATRICK LYNCH <LYNCH FAMILY A/C>	8,000,000	0.48
<b>TOTAL</b>	<b>478,758,996</b>	<b>28.57</b>

# Shareholder Information (Continued...)

## Twenty Largest Holders of Quoted Securities (continued)

Listed options exercisable at \$0.025 on or before 31 December 2021

Optionholders	Number	%
1 CITICORP NOMINEES PTY LIMITED	16,310,654	5.71
2 MR VINH PHAN	12,854,818	4.5
3 PENDEL PTY LTD	7,846,366	2.75
4 MR SIONG LIN KHO <YURICO FAMILY A/C>	7,063,819	2.47
5 IAMSF CAPITAL PTY LTD	6,269,774	2.2
6 FLUE HOLDINGS PTY LTD	6,000,000	2.1
7 DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	5,950,000	2.08
8 MUTUAL TRUST PTY LTD	5,750,000	2.01
9 DGO GOLD LIMITED	5,750,000	2.01
10 FIRST INVESTMENT PARTNERS PTY LTD	5,000,000	1.75
11 CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	4,632,500	1.62
12 MR PAUL ADRIAN VOLICH	4,500,000	1.58
13 POLARIS INDUSTRIES PTY LTD	3,950,000	1.38
14 VISION TECH NOMINEES PTY LTD	3,750,000	1.31
15 RAT CONSULTING PTY LTD	3,500,000	1.23
16 BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	3,254,112	1.14
17 MR PAUL DAMIAN KIRCHNER & MRS DIANA JANE KIRCHNER <KIRCH PASTORAL S/FUND A/C>	3,131,250	1.1
18 VISION TECH NOMINEES PTY LTD	3,000,000	1.05
19 MR SAMUEL GERSHON JACOBS & MRS SARITA DEVI JACOBS & MISS MANEKHA BRIDGETTE JACOBS <THE PHOENIX SUPERFUND A/C>	3,000,000	1.05
20 JC KING PTY LTD <KING FAMILY SUPER 2 A/C>	2,937,500	1.03
<b>TOTAL</b>	<b>114,450,793</b>	<b>40.07</b>

## Unquoted Equity Securities Holdings Greater than 20%

Nil

## Substantial Shareholder Register

Citicorp Nominees Pty Ltd 204,591,559 shares 12.20%

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

# Shareholder Information *(Continued...)*

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### **CHES (Clearing House Electronic Sub-register System)**

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

### **Uncertificated Share Register**

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

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## Shareholder Information (Continued...)

### Interests in Mining Tenements as at 30 June 2021

Project/Tenements	Location	Held	Events Subsequent to Balance Date
Roe Hills Project E28/1935 E28/2117 E28/2118 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 E28/2695 E28/2696 E28/2697	W.A., Australia	100%	N/A
Mt York (Pilbara Lithium Gold Project) P45/2987 P45/2988 P45/2989 P45/2990 P45/2991 P45/2992 P45/2993 P45/2994 P45/2995 P45/2996 P45/2997 P45/2998 L45/0422 L45/0455	W.A., Australia	100%	N/A
Wodjina Project E45/4715 E45/4780	W.A., Australia	100%	N/A
Kangan Project E45/4731 E45/4740	W.A., Australia	100%	
Sky Well Project E47/3519 E47/3520 E47/3521	W.A., Australia	100%	N/A
Croydon Project E47/3522 E47/3523 E47/4384 E47/4385	W.A., Australia	100%	N/A

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**Shareholder Information** (Continued...)

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Lalla Rookh Project E45/4741 E45/5486 E45/5487	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

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# Corporate Directory

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## COMPANY

Kairos Minerals Limited  
ABN 84 006 189 331

## DIRECTORS

Mr Terence Topping	Executive Chairman
Mr Bruno Seneque	Executive/CFO
Mr Neil Hutchison	Non-Executive

## COMPANY SECRETARY

Mr Adrien Wing

## COMPANY WEBSITE

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

## REGISTERED OFFICE

43 Ventnor Avenue  
West Perth, Western Australia  
Australia 6005

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

## SOLICITORS

HWL Ebsworth Lawyers  
Level 20  
240 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

Hall Chadwick WA Audit Pty Ltd  
283 Rokeby Road  
Subiaco WA 6008

## SECURITIES QUOTED

*Australian Securities Exchange (ASX)*  
Shares – KAI  
Listed Options - KAI0G

## BANKERS

National Australia Bank  
Melbourne, Victoria  
Australia 3000

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