

KAIROS MINERALS LIMITED

ANNUAL REPORT 2023

Contents

Chairman’s Report 3

Directors’ Report..... 4

Auditor’s Independence Declaration 39

Consolidated Statement of Profit or Loss and Other Comprehensive Income 40

Consolidated Statement of Financial Position 41

Consolidated Statement of Changes in Equity 42

Consolidated Statement of Cash Flows 43

Notes to the Consolidated Financial Statements 44

Directors’ Declaration 63

Independent Auditor’s Report 64

Additional Information..... 69

Corporate Directory 74

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Chairman's Report

Dear Shareholders,

It has been a very active year for Team Kairos. We have attracted one of the largest and respected Australian lithium companies, Global Lithium Resources Ltd, to our register as our largest shareholder with a 10% stake during a strategic placement and subsequent entitlement offer that saw a total \$10.55m raised. The successful recapitalisation allows the company to continue its path towards drilling a major lithium discovery and to monetise the Mt York Gold Project going forward.

The Kairos team have had belief in Mt York and have repeatedly said 'it's a big gold system'. Their belief has been realised over the past 12 months with a new mineral resource estimate of over 1.6 million ounces of gold, the lion's share of which is contained within a single, continuous mineralised body at Main Trend. The team has backed that up with excellent metallurgical results of the ore that is a major step forward for the project. The team are confident that this project has yet to realise the true potential and I'm confident in further resource increases in time, especially from the multitude of near-surface targets in the district. At Kairos, we believe that Mt York is a sterling project and feel that it could be the 'Superpit' of the north.

But it's lithium that has captured market sentiment in the last 12 months as the world transitions to a green future. Western Australia is fortunate to have the right geology for future major lithium discoveries and Kairos has it's own role to play. With 2,000 km² of tenements in the underexplored region of the Pilbara, Kairos's tenements are mostly adjacent to the major lithium mines of Wodgina and Pilgangoora. I know the technical team are excited about some of these opportunities and it is my wish for the Company that they get the right to conduct sensible exploration near these major lithium deposits to test their theories of whether these giant systems continue on to our ground. To think that there is a major lithium discovery on our doorstep is to be encouraged and the team is to be given adequate support to drill these opportunities.

Another one of our projects, Roe Hills near Kalgoorlie, sits immediately south of Global Lithium's Manna resource which I know GL1 are committed to developing. Our Black Cat and Crystal Palace lithium targets, amongst others, are currently being drill-tested to determine what is beneath the large surface lithium anomalies. We are excited about this opportunity as we are excited about the rare earth element (REE) potential that this area holds too, as it was this project that attracted Global Lithium to enter our registry.

With strong corporate support that we have, the right projects and a dedicated and aggressive exploration team, we have the right ingredients to continue our winning formula to make a game-changing discovery for all shareholders.

If you are an existing shareholder then I thank you on behalf of the Board for your support; if you are a potential shareholder looking for an active junior company that is leveraged to growth through the gold price **and** has extraordinary potential in the lithium space, then I urge you to consider an investment in Kairos.

I am proud to be part of this Team and have full confidence in the management team that drive this company towards discovery.

Klaus Eckhof
Chairman

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 2023.

Review of Operations

Highlights

Lithium & Rare Earth Elements (REEs)

Roe Hills Project

- Infill and extensional soil sampling around Black Cat lithium target has strengthened the anomaly size and target scale ahead of drilling
- New REE anomaly reported from routine sampling – large, consistent anomalous zone of light and heavy rare earth elements (LREE & HREE) reported from a newly named prospect called Blue Jay
- Blue Jay anomaly characterised by strong NdPr values of up to 126ppm, TREO to 553ppm, HREO to 154ppm, LREO to 420ppm
- Initial 7,000m of reconnaissance RC drilling planned to test the Black Cat Lithium, Crystal Palace Lithium and Blue Jay REE anomalies at Roe Hills; drilling currently underway and expected to be completed in October
- Heritage Protection Agreements/Protocols and Access Agreements allowing drilling to take place over all drill targets
- Regional deep soils extended south towards Lake Randall with highly promising new lithium and pathfinder anomalies at new prospects called Whitehorse, Greyhound and Healey Dam
- Whitehorse is interpreted to sit on the northern apex of a large granite, providing a very prospective geological target setting
- First technical collaboration agreement meetings held with Global Lithium on technical and infrastructure topics

Mt York Gold Project, Pilbara

- Results received for all 46 drill holes (2022) targeting deeper parts of the mineralised system – improvements to mineralisation modelling & mine stratigraphy made
- Bulk density readings for fresh, mineralised core samples point to a significant increase in tonnage from previous resource estimates
- Mt York Mineral Resource Estimate (MRE) increased to 1.62Moz at a 0.5 g/t Au lower cutoff grade and includes a higher-grade component of 21 Mt at 1.5 g/t Au containing 1.0 Moz at the same cutoff
- New resource estimation increases to 1.89Moz at a 0.3 g/t lower cutoff
- Outstanding growth potential outside of resource with numerous prospects to be investigated, including Gilt Dragon, where historic drilling reports 19m @ 1.31 g/t Au from 1m including 5m @ 3.19 g/t Au from 4m

Directors' Report

- Metallurgical Sighter test work results confirm straightforward, non-refractory metallurgical ore characteristics with fast leach recoveries
- Sighter tests point to likely use of a simple processing route incorporating an industry-standard CIL cyanide leach plant
- Leach tests show consistently fast leach kinetics with 86.5% to 99.6% gold recoveries after only 8 hours with notable low reagent consumption
- Total gold recoveries after 48 hours of 86.6% to 95.2% (average 91.3%)

ROE HILLS LITHIUM PROJECT (100% KAI)

Roe Hills is 100km east of Kalgoorlie, WA and is located within a new spodumene-bearing pegmatite province hosting the Manna Li-Ta project of Global Lithium Resources Ltd (ASX:GL1) (**Figure 1**).

Kairos reported multi-element results from an additional **2,442 samples** over the year as the programme of deep soil sampling moved southward from the northern part of the prospective Roe Hills north area (**Figures 1, 2**). The assay results from the soils were reported on 4 April and 14 June 2023 and highlighted additional high quality, new lithium, caesium, beryllium and tin anomalies (**Figure 3**), as well as providing more information from infill sampling the significant Black Cat Li-Cs-Be-Sn anomaly in the area (**Figure 2**).

The results provide encouragement towards Kairos's strategy to provide a high-quality pipeline of lithium and pathfinder element targets for drilling.

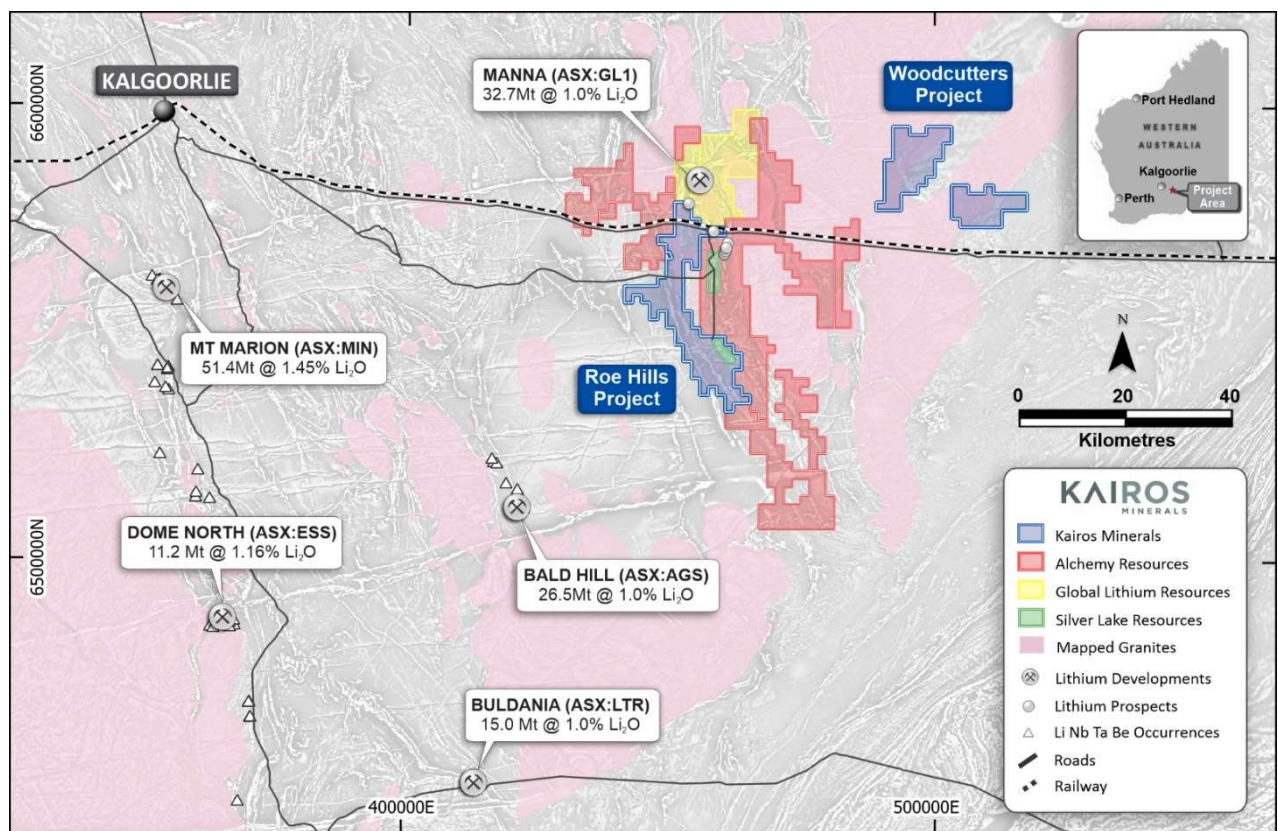


Figure 1. Kairos' lithium & gold prospects over the Roe Hills area overlain on a simplified geological-magnetic image highlighting interpreted granites. Lithium and gold mines/advanced projects with resources are shown.

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Directors' Report

Deep soil samples were collected on a 300m x 50m to 100m x 50m spacing using a Kanga post-hole configuration with samples collected from a nominal 1m depth in order to collect a quality geochemical sample and to minimise the effect of contamination from transported surficial material. Samples were sieved to -80 mesh and sent to Intertek for 4-acid digest and low-level multi-element and gold analysis. The program was designed to provide higher quality geochemical samples by infilling previous shallow soil samples collected over the Roe Hills North area (see KAI ASX announcement 09 November 2022 entitled 'Additional significant lithium targets identified at Roe Hills Project, Eastern Goldfields, WA').

The deep soils programme has confirmed +500m long lithium and pathfinder element anomalies in the northern part of Roe Hills licence during the year that has been called the **Crystal Palace prospect**. Crystal Palace anomalies are coincident with coarse pegmatites and may well be the SW extension to the Manna pegmatites some 5km to the NE (**Figure 2**).

Results from the program have also defined geochemical anomalies at the newly defined targets at **Whitehorse, Healey Dam** and **Greyhound** (**Figures 2 & 3**). These new targets display coincident and coherent lithium, caesium, rubidium and beryllium anomalism (**Figure 3**), a similar assemblage of lithium pathfinder elements as seen at the Black Cat and Crystal Palace prospects (**Figure 3**). The program has also identified a number of gold anomalous zones at Whitehorse and Greyhound coincident with known structural corridors prospective for gold mineralisation (**Figure 6** – see below).

Both Crystal Palace and Black Cat remain high-priority lithium targets in Kairos's strategy to discover and drill spodumene-bearing pegmatites on the west-flank of the fertile Cardunia Syenogranite (**Figure 2**). The other, newly discovered lithium prospects need additional sampling and mapping.

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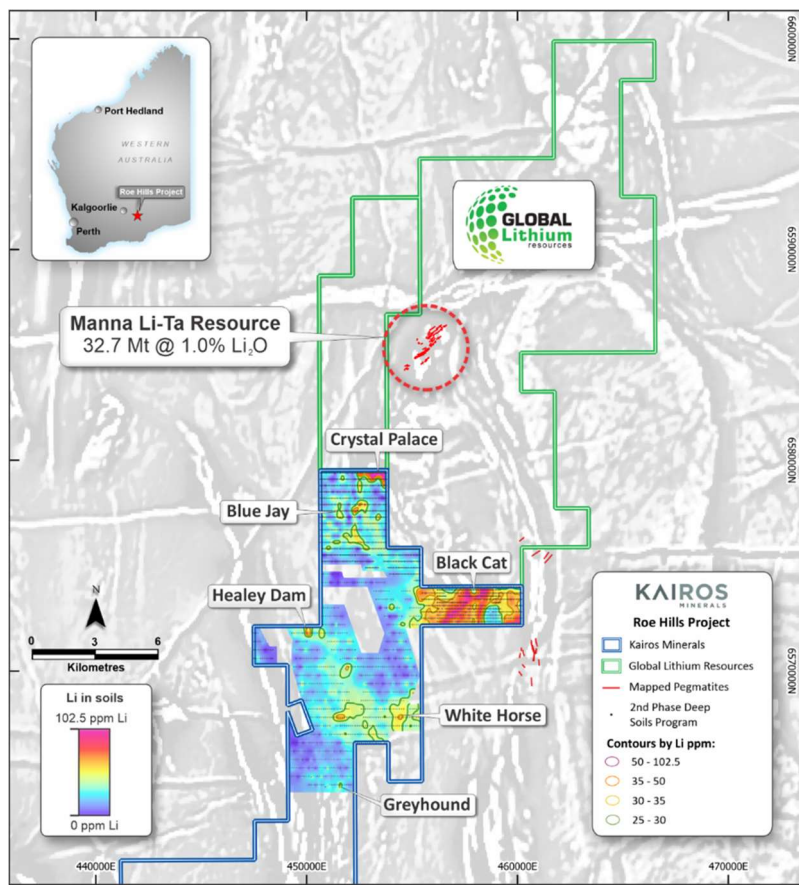


Figure 2 Additional 'deep' soil sampling results at Roe Hills north (coloured on lithium values) in relation to the location of the Manna Lithium-Tantalum deposit of Global Lithium Resources (ASX:GL1).

Directors' Report

The 2.8km lithium anomaly at **Black Cat** trends northeast (**Figure 2**) on a similar orientation to the northeast striking Manna deposit of Global Lithium, and on a similar orientation to mapped pegmatite occurrences located 2km off-lease to the northeast at the Pecan prospect (ASX:ALY). This adds confidence that the lithium anomaly at **Black Cat** is related to an underlying interpreted fault-hosted, Li-bearing pegmatite occurrence.

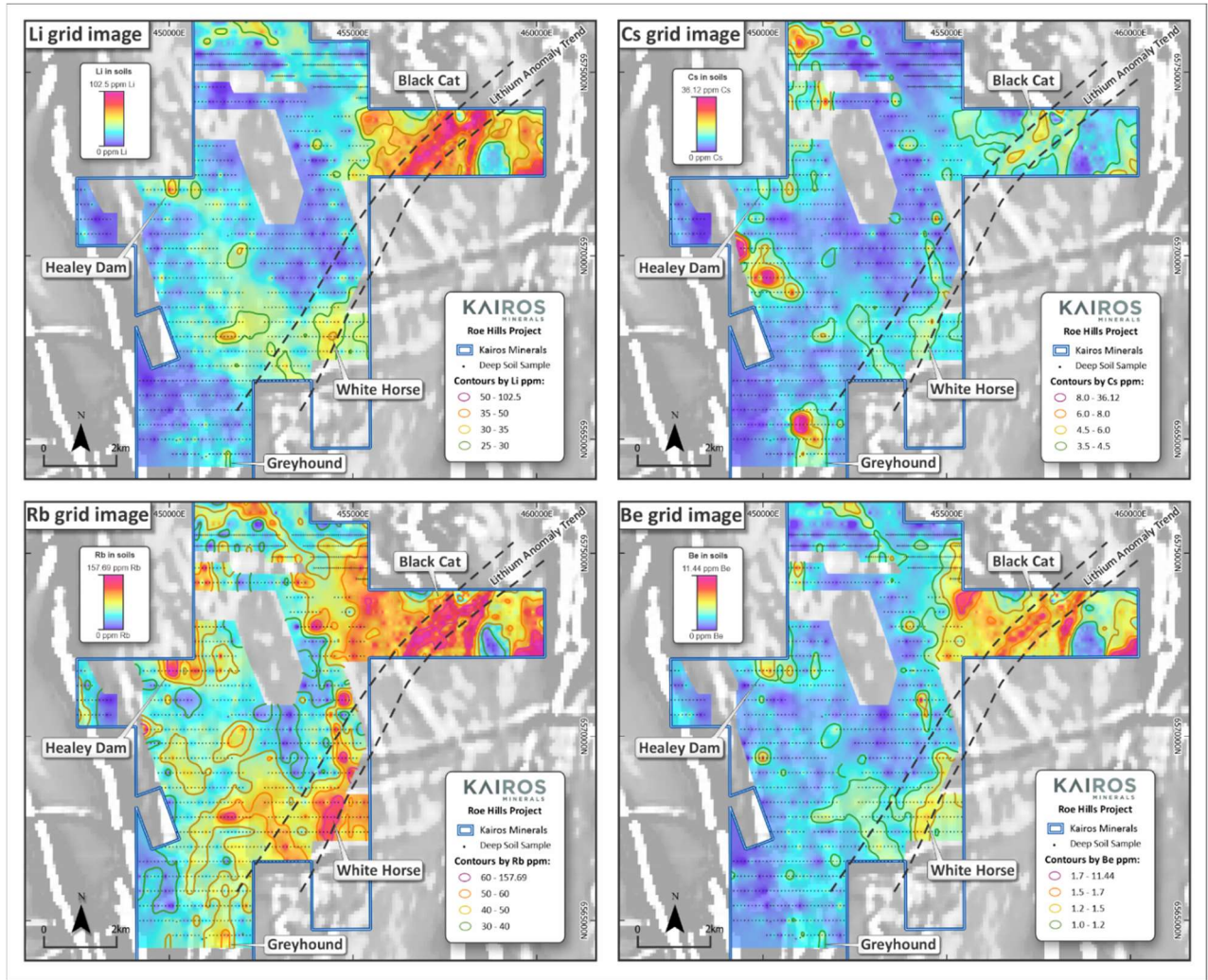


Figure 3: Deep soil geochemical results that were completed during the year for lithium (top left), caesium (top right), rubidium (bottom left) and beryllium (bottom right) displayed as gridded and contoured data over a greyscale magnetic image.

There are two Aboriginal Claimant Groups over the Roe Hills Project and Kairos was pleased to engage with both groups in a positive way to sign a Heritage Protection Protocol (Kakarra 'A') and a Heritage Protection Agreement (Kakarra 'B'). An on-ground heritage survey was completed between the 7-9th July (**Photo 1**) paving the way for ground clearance and drilling to proceed.

No significant, tangible or intangible cultural heritage values were found and the Claimants have given permission for the RC drilling to proceed at Black Cat, Crystal Palace and Blue Jay.

Drilling began in the first week of August. Up to 7,000m of RC is expected to be completed to test all lithium, REE and gold targets. Drilling is on-going and first results are expected to be received in early in the 2nd quarter.

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Photo 1. Kairos's Geospatial Analyst Bruno Froes (left) and Daniel Sinclair (right) conducting a heritage survey over Kakarra 'A' Claimant Area. Daniel is pointing out a native "Karlkurla" (silky pear) fruit from which the nearby town of Kalgoorlie derives its name.

ROE HILLS RARE EARTH ELEMENTS (REES) PROJECT (100% KAI)

The discovery by the Company of Rare Earth Elements (REEs) in soils at the Blue Jay Prospect¹ has increased the interest of these critical metals, especially since Kairos's neighbour, Global Lithium (ASX:GL1) announced on 13 July 2023 the discovery of significant high-grade Rare Earths in the drilling close to the Manna Lithium deposit². Kairos believes that Blue Jay is likely to be an extension of the REE discovery at Manna and is therefore a significant development in the hunt for these critical metals.

The discovery at **Blue Jay** was highlighted during routine examination of yttrium (Y) values in the soils database. The yttrium anomaly is 1000m (NS) x 600m (EW) and has been sampled over four sample lines spaced 300m apart (**Figure 4**). Yttrium is a proxy for HREEs and the significant concentration of Y at **Blue Jay**, provided the impetus to buy the Rare Earth Element data of the same samples from Intertek Laboratory who carried out the initial multi-element analysis of all deep soils during the Roe Hills North programme.

Examination of the REE results after routine QAQC checks confirmed elevated levels of both LREEs and HREEs (**Figure 5**). Interestingly, the **Blue Jay Prospect** does not contain elevated uranium or thorium,

¹ KAI press announcement dated 13 April 2023 entitled '1km-long rare earths anomaly highlights potential for significant discovery'

² See GL1 press announcement dated 13 July 2023 entitled 'REE Discovery at Manna Project Area'

Directors' Report

suggesting that the REEs may not be associated with conventional resistate minerals that are usually associated with high levels of U and Th.

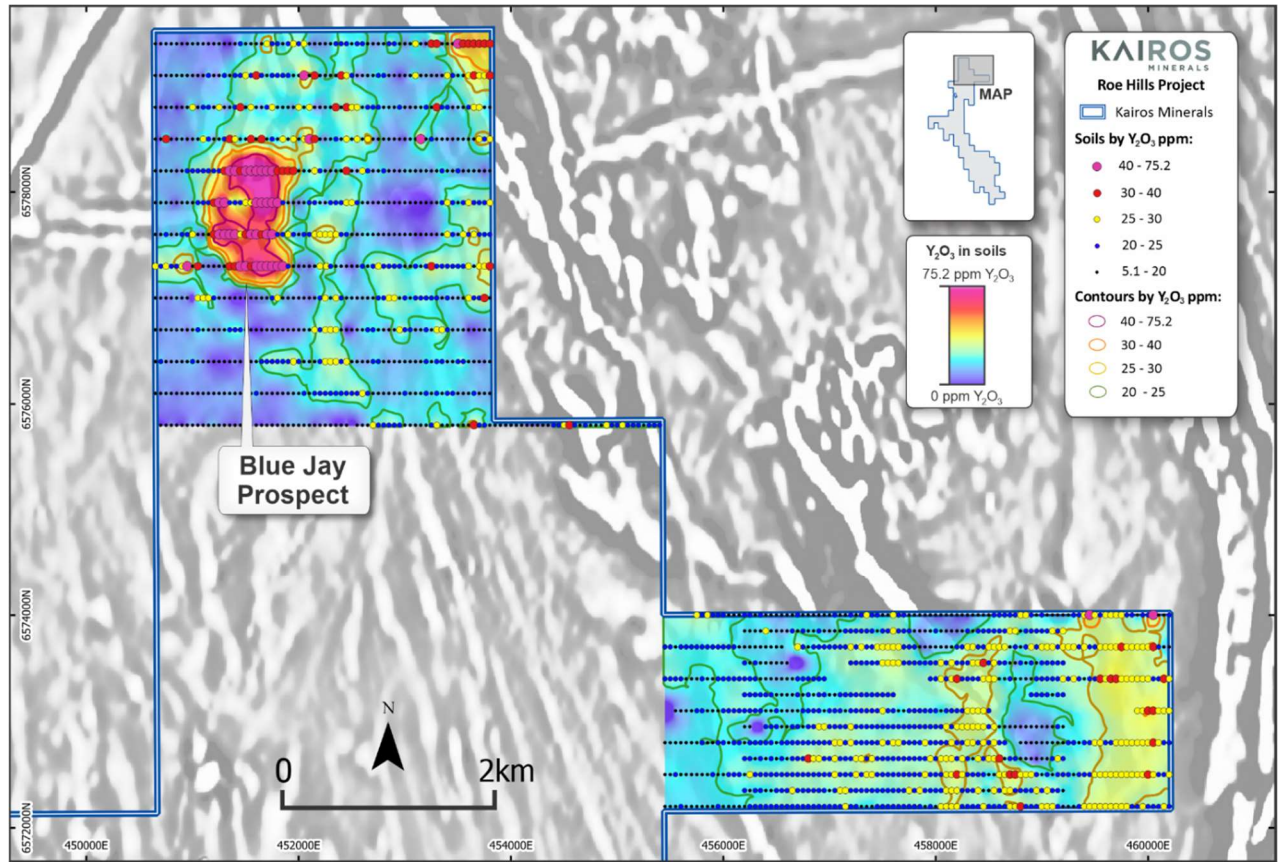


Figure 4. Yttrium (Y) oxide values over the Roe Hills North area. Yttrium serves as a proxy for HREEs and is available under the geochemical package that was selected for the initial geochemical analysis from Intertek Laboratories.

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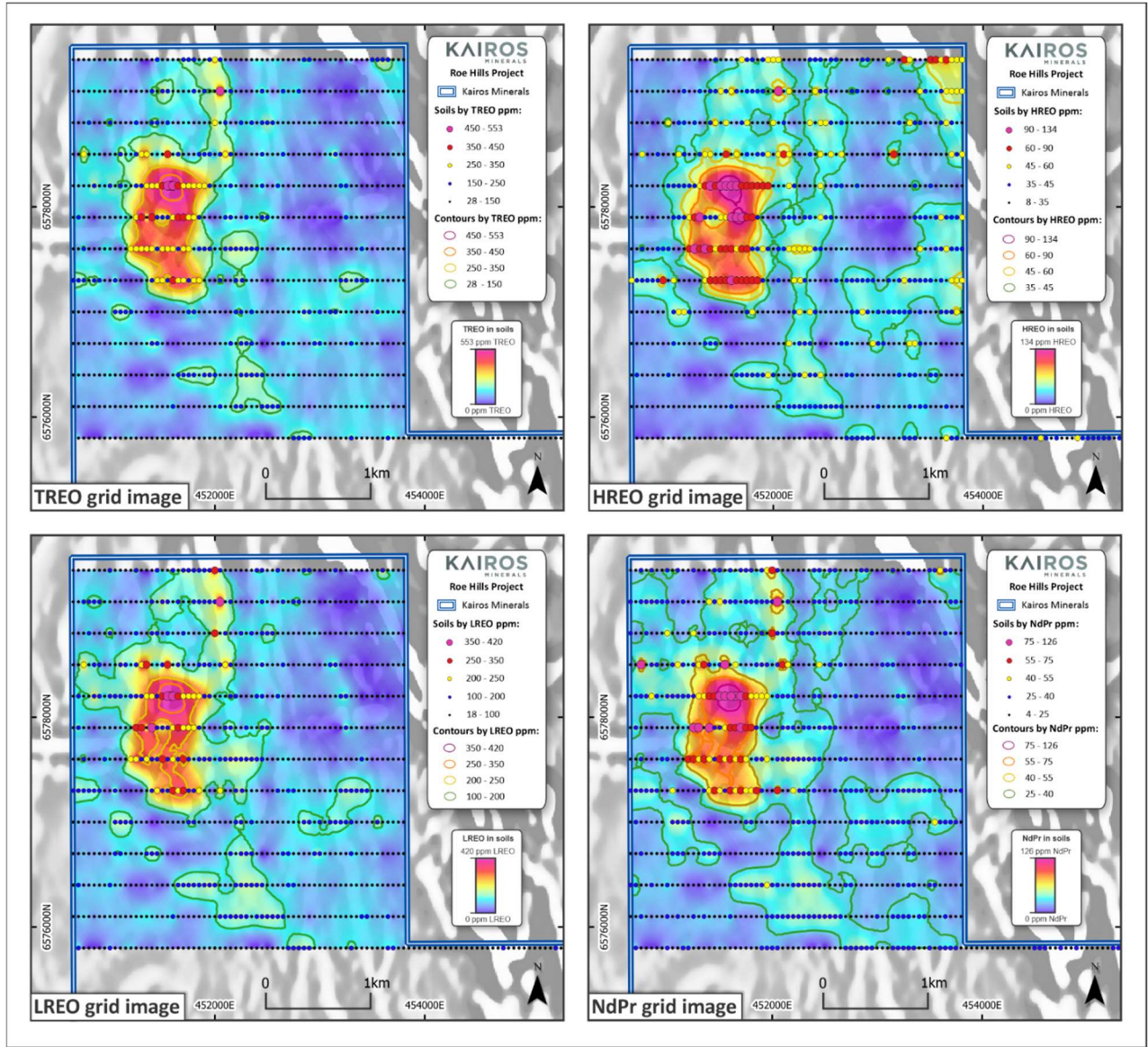


Figure 5. Total Rare Earth Element Oxides (TREO) (top left), Heavy Rare Earth Element Oxides (HREO) (top right), Light Rare Earth Element Oxides (LREO) (bottom left) and Neodymium+Praseodymium oxides (NdPr) (bottom right) plots for the Blue Jay Prospect.

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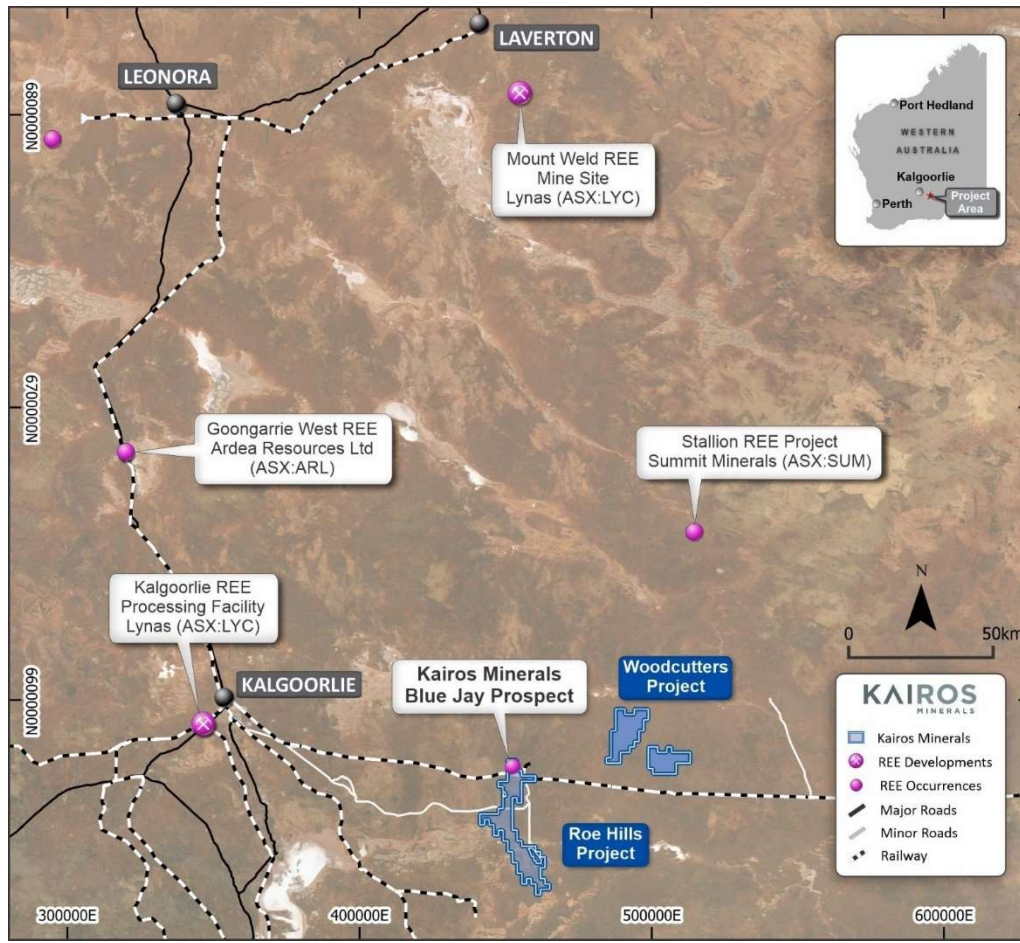


Figure 6 shows the location of Blue Jay in relation to Kalgoorlie and other known REE projects. The Lynas Rare Earths Ltd (ASX:LYC) processing facility immediately SW of Kalgoorlie is shown.

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Directors' Report

ROE HILLS GOLD PROJECT (100% KAI)

In addition to the lithium soil anomalism reported during the year, a 2.3km long zone of Au anomalism with values up to 187ppb Au has been confirmed and extended at Black Cat, on the western margin of the Cardunia Syenogranite (**Figure 7**). This anomaly was originally defined by previous surface soil geochemistry and was partially drill-tested by RC drilling in 2021 with results of 16m @ 0.48g/t Au from 46m including 4m @ 1.63g/t Au from 48m. This anomaly has now been extended to the northwest, with the central portion of the anomalous zone truncated by transported overburden which appears to have masked the geochemical response in an otherwise fairly continuous anomaly.

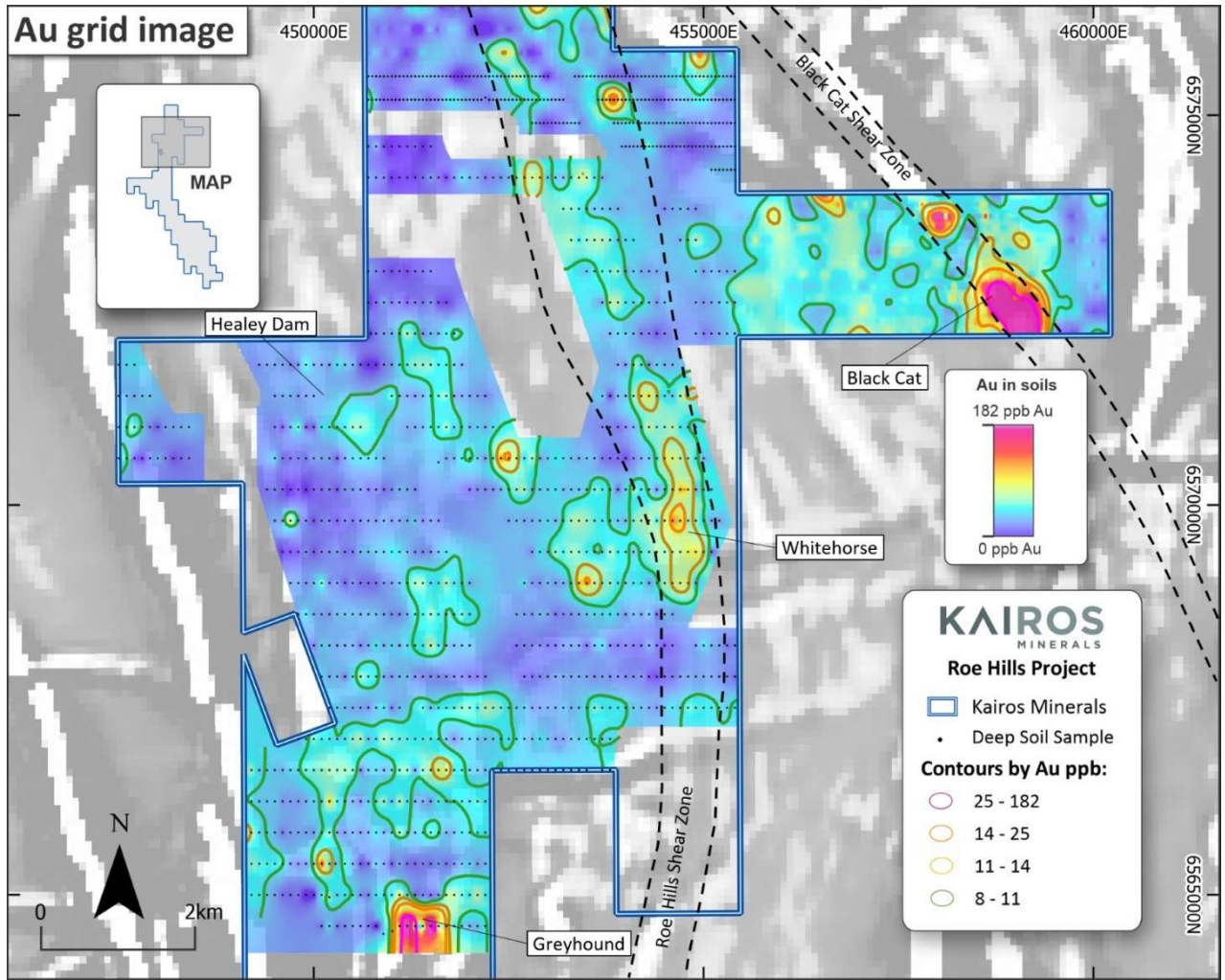


Figure 7: Deep soil geochemical results for gold at Roe Hills North displayed as gridded and contoured data over a greyscale magnetic image.

MT YORK LITHIUM PROJECT (100% KAI)

No field work was completed at the Mt York Lithium Project due to the onset of Summer.

With Lucky Sump drilling completed and announced in 2022, the Kairos Technical Team completed an interpretation of the geology and structure of the Lucky Sump LCT pegmatites in relation to the neighbouring giant Pilgangoora LCT pegmatites to the immediate north.

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Directors' Report

Dr Mike Grigson of consulting group **ARC Minerals** assisted in defining two optimal drill sites on the Kairos tenements, one close to the Iron Stirrup Pit and a second hole at the Zakanaka Pit, to test possible extensions of the giant Pilgangoora LCT pegmatite system across the boundary on the Kairos tenements (**Figures 8, 9 & 10**). Dr Grigson is a recognised expert in the giant Pilgangoora LCT pegmatite system with several publications to his name.

Application for Government funding through the twice-yearly Exploration Incentive Scheme (EIS) was made during the year, whereby Kairos could, if successful, garner up to \$220,000 of State-funding for two deep drill holes.

Kairos did not secure the State EIS funding this time around, the technical team is reviewing cost-effective 2D seismic alternatives to define shallow and deep pegmatite targets with possible follow-up drilling under a second EIS application in the latter half of 2023 or 2024.

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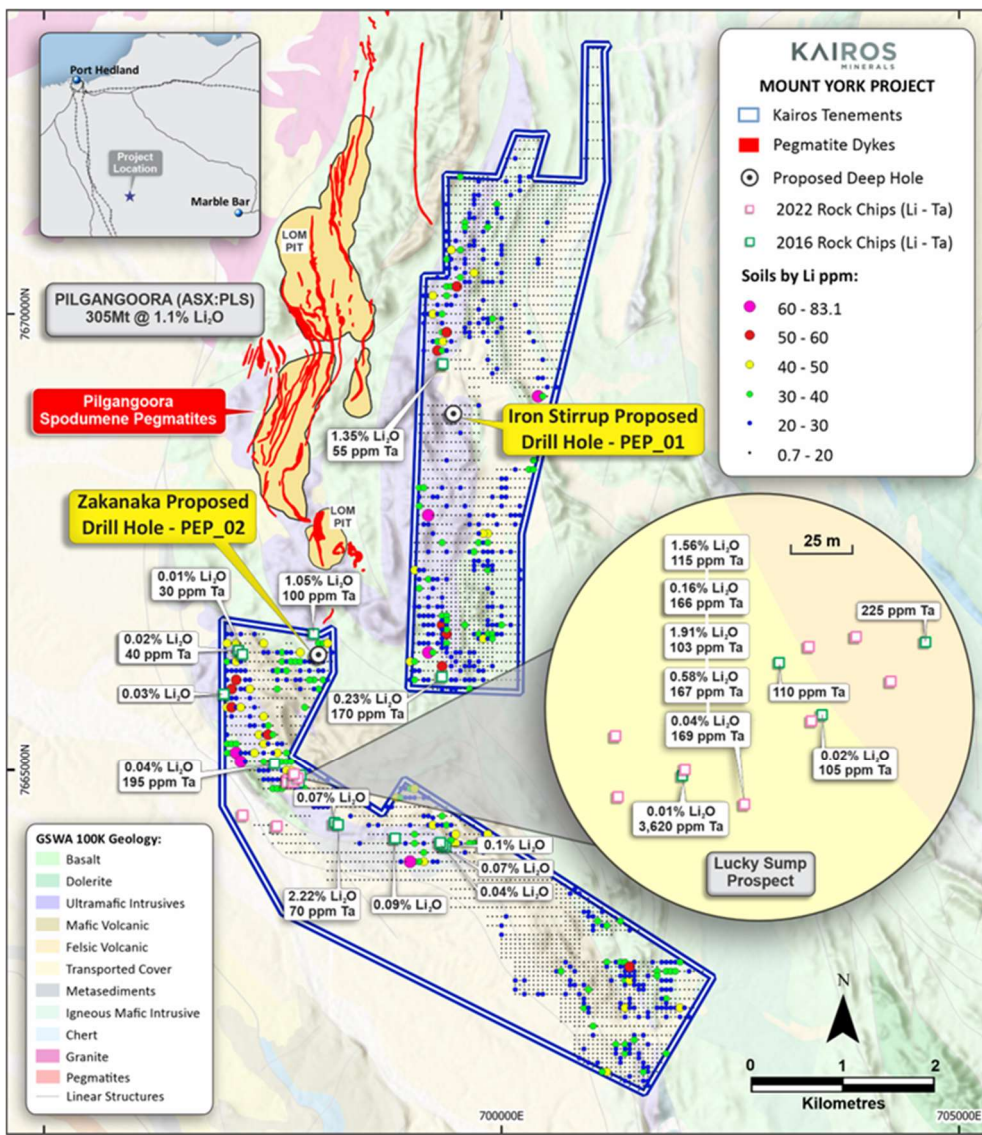


Figure 8. Plan of the Pilgangoora LCT pegmatite orebody and the position of the two drill holes, PEP_01 and PEP_02 on the Kairos tenements. See Figures 9 and 10 for the schematic cross-sections and interpreted targets.

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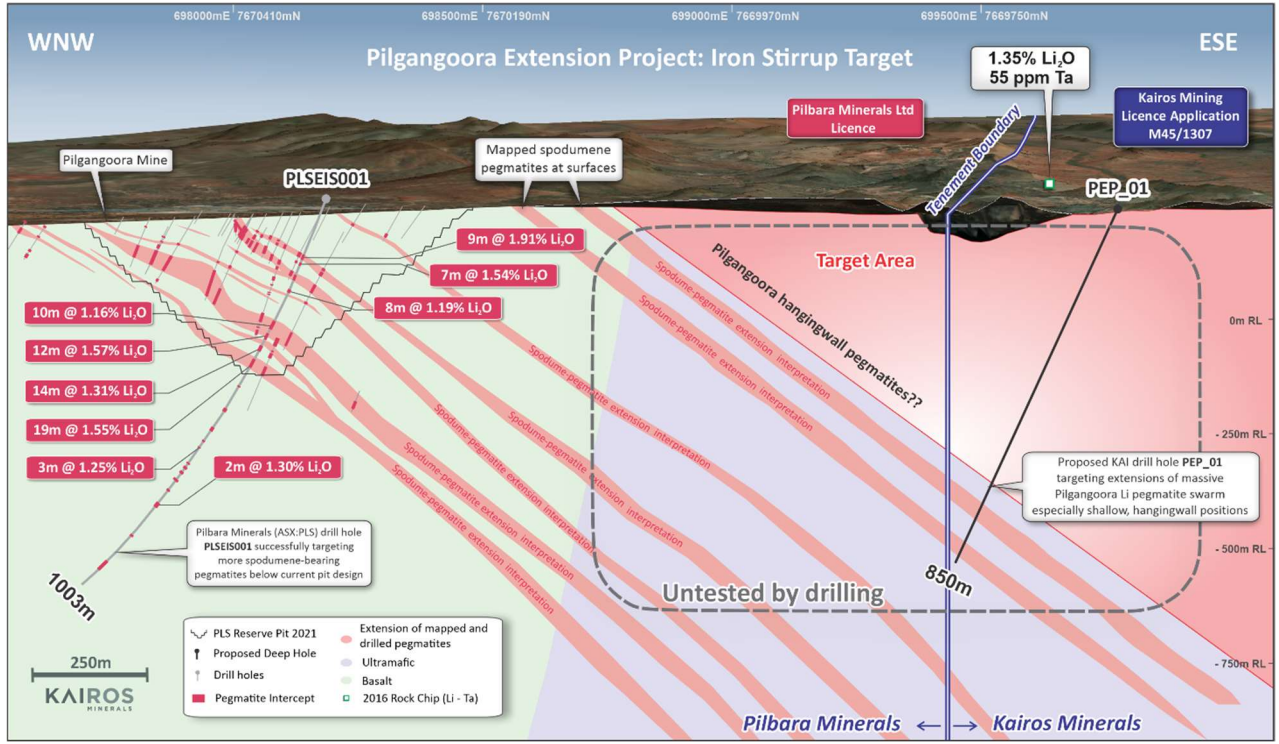


Figure 9. Cross-section and interpreted geology & targets for proposed drill hole PEP_01

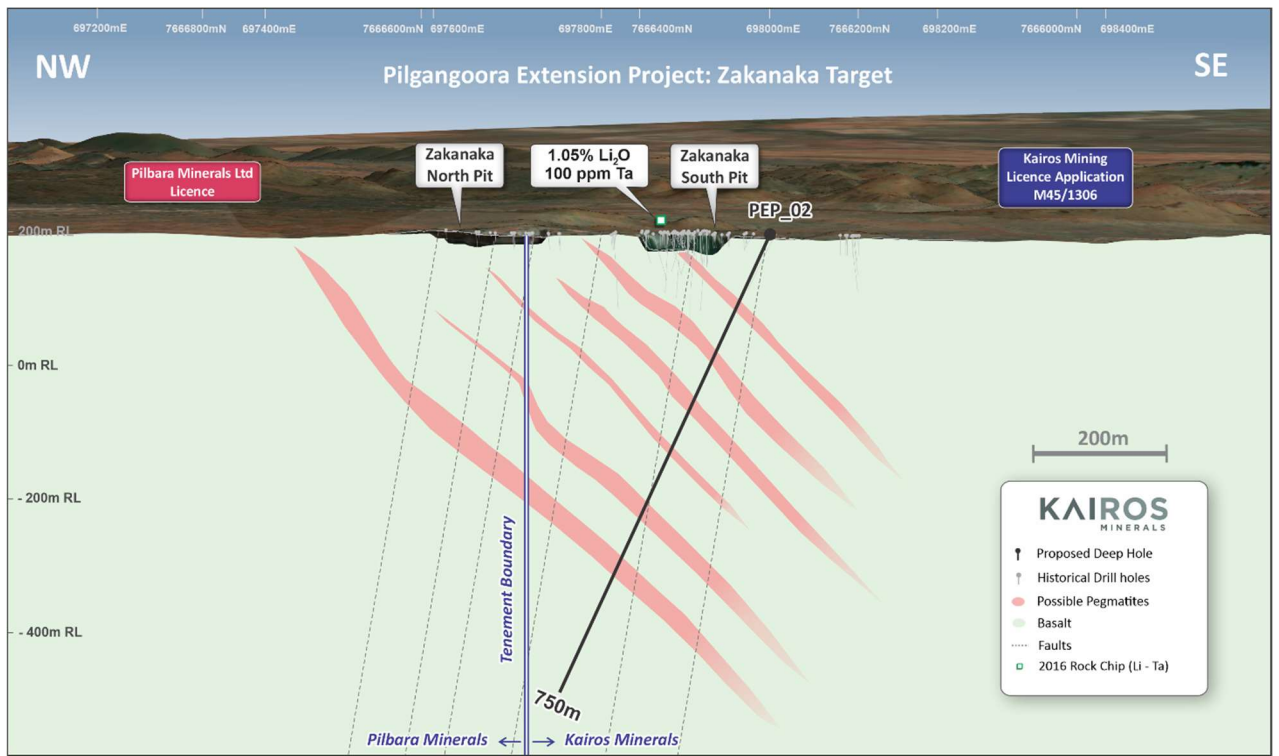


Figure 10. Cross-section and interpreted geology & targets for proposed drill hole PEP_02

Directors' Report

MT YORK GOLD PROJECT, PILBARA (KAI: 100%)

The Mt York Gold Project is situated in the Pilbara of Western Australia, some 120km south of Port Hedland and 40km south of De Grey's massive 10Moz+ Hemi Gold Deposit.

During the year, Kairos reported the results for all **46 drill holes** for **11,013.6m** of drilling completed in 2022, including 5,945.6m of diamond core drilling with the aim of 1) drilling beyond the current resource model, especially at depth to **increase resources** and 2) infill drilling within the resources to **increase confidence** in the resource category along the contiguous **Main Trend (Main Hill incl The Gap – Breccia Hill – Gossan Hill)**.

Results were reported in three separate announcements³⁴⁵ and include the following significant results:

Main Hill (including *The Gap*)

- **105m @ 0.53g/t Au** from 87m incl **4m @ 3.31 g/t Au** from 130m and **17m @ 1.01 g/t Au** from 174m (KMYD022)
- **80m @ 0.52 g/t Au** from 129m incl **2m @ 1.92 g/t Au** from 145m; **4m @ 1.62 g/t Au** from 164m & **2m @ 1.75 g/t Au** from 194m (KMYD024)
- **82m @ 0.57 g/t Au** from 104m incl **11m @ 1.25g/t Au** from 135m and **17m @ 1.03 g/t Au** from 169m (KMYD071)

Breccia Hill

- **7m @ 3.35 g/t Au** from 172m (KMYD027)
- **22m @ 1.19 g/t Au** from 217m incl **6m @ 2.36g/t Au** from 225m (KMYD038)
- **11m @ 2.86 g/t Au** from 185m incl **8m @ 3.67 g/t Au** from 185m (KMYD039)
- **10m @ 4.90 g/t Au** from 257m incl **7m @ 6.02 g/t Au** from 257m (KMYD040)

Gossan Hill

- **23m @ 1.47 g/t Au** from 148m incl **7m @ 3.18 g/t Au** from 148m (KMYC247)
- **10m @ 2.49 g/t Au** from 64m incl **5m @ 4.25 g/t Au** from 65m (KMYC262)
- **11m @ 1.78 g/t Au** from 177m incl **4m @ 2.67 g/t Au** from 184m (KMYD055)

The drill holes from the 2022 programme are shown on the drill plan (**Figure 11**) and incorporated into the long-section (**Figure 12**). Cross-sections are shown for the three prospects that comprise Main Trend, being Main Hill (**Figure 13**), Breccia Hill (**Figure 14**) and Gossan Hill (**Figure 15**). All reference to

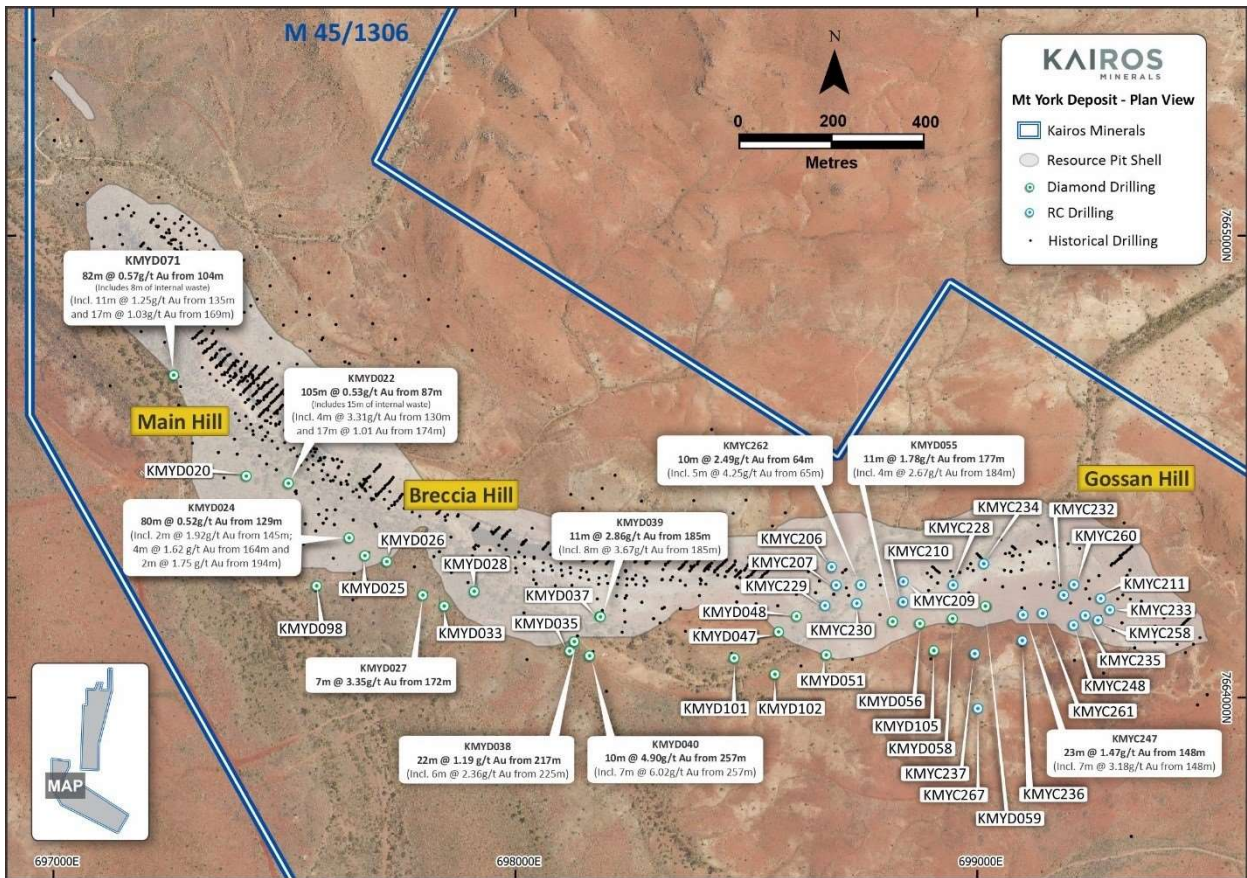
³ See KAI press announcement dated 9 Feb 2023 entitled 'Outstanding Intersections below 1.1Moz Resource point to further inventory growth'

⁴ See KAI press announcement dated 27 Feb 2023 entitled 'Strong Drilling results extend known mineralization below 1.1Moz Resource'

⁵ See KAI press announcement dated 5 April 2023 entitled 'More wide intersections pave way for update on 1.1Moz Resource' mineralization below 1.1Moz Resource'

Directors' Report

'The Gap' prospect has been stopped as the 2022 drilling has shown continuity between Main Hill and Breccia Hill.



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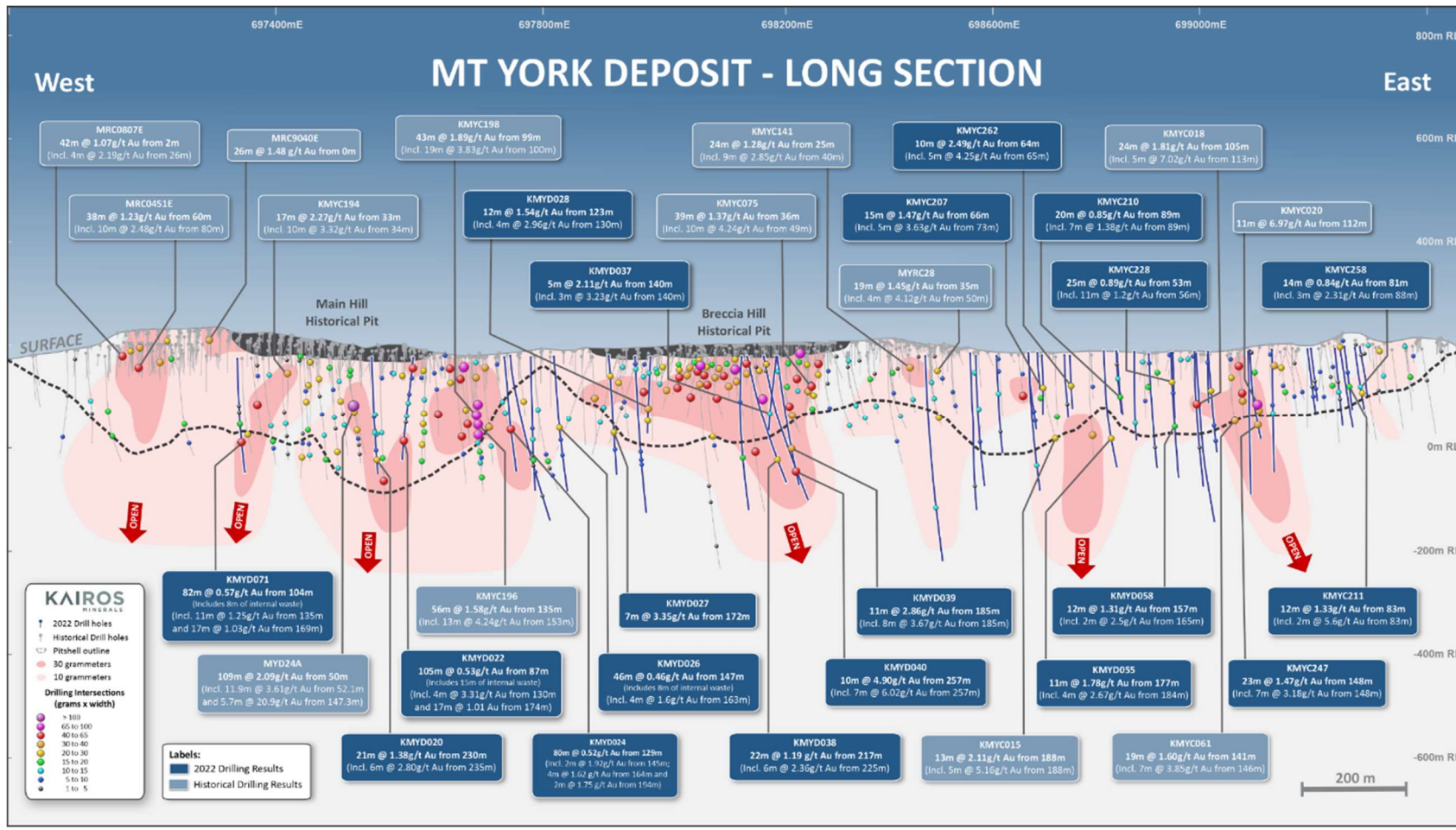


Figure 12. Long-section showing gramme-metres (grade x downhole widths) of the Mt York Main Trend with current and historic drilling intercepts. Note the longsection has been constructed using maximum internal waste of 5m unless otherwise noted. No differentiation between hangingwall, footwall or internal Banded Iron Formation (BIF) lodes is made.

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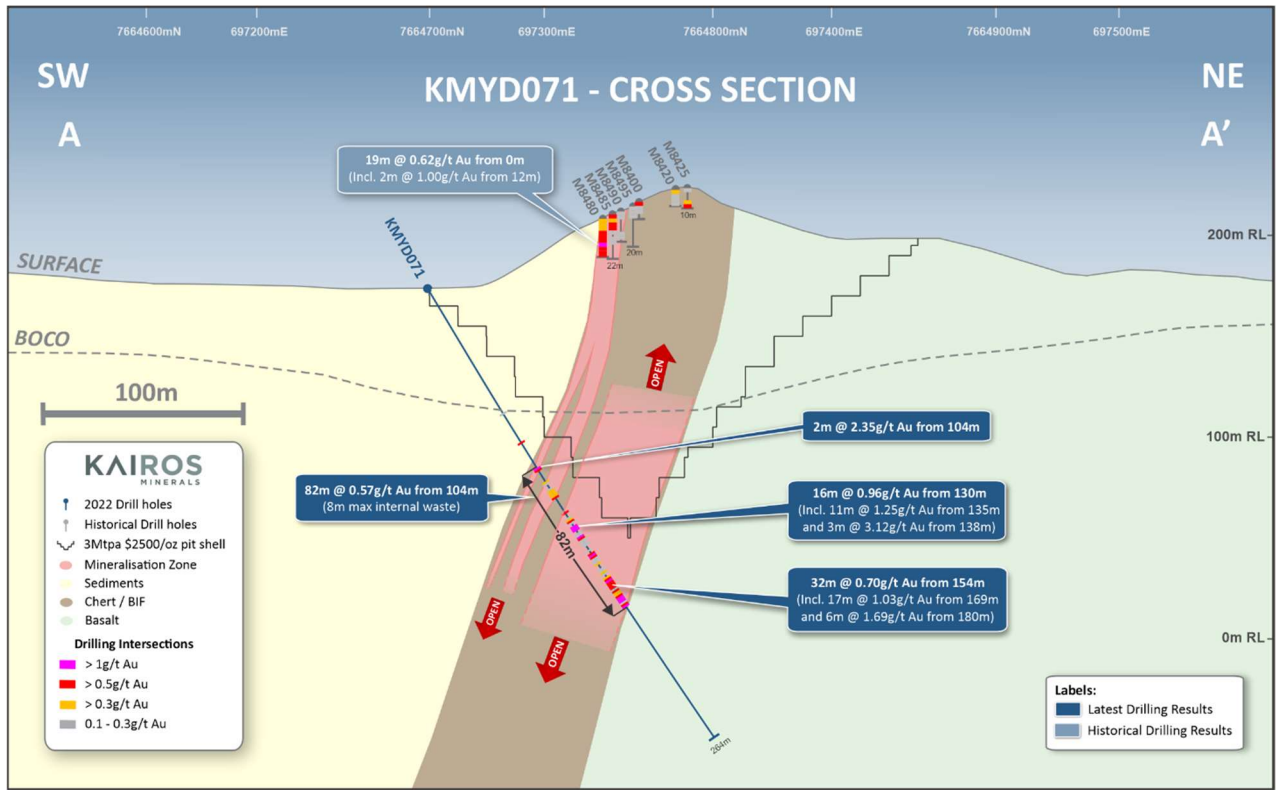


Figure 13. Main Hill Cross-section @KMYD071. See Fig 11 for section location.

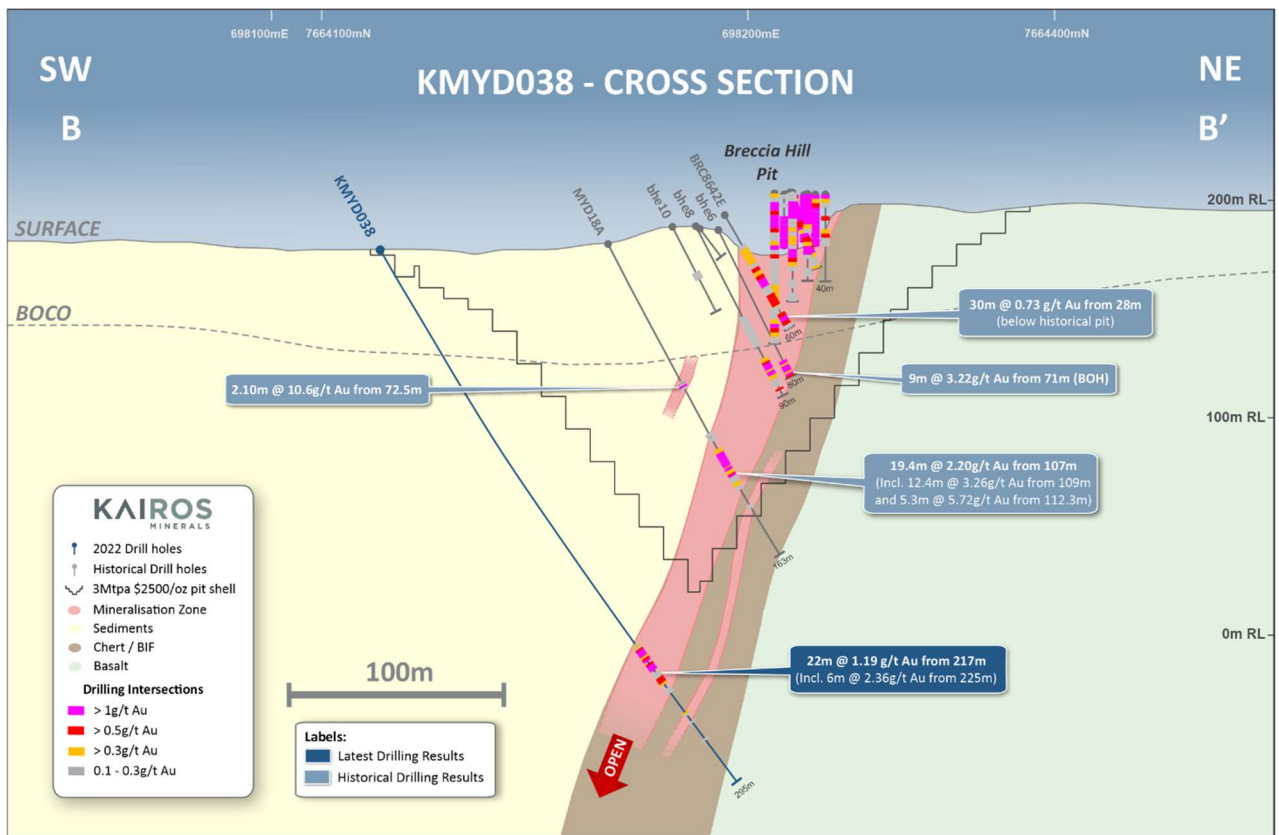


Figure 14. Breccia Hill Cross-section @KMYD038. See Fig 11 for section location.

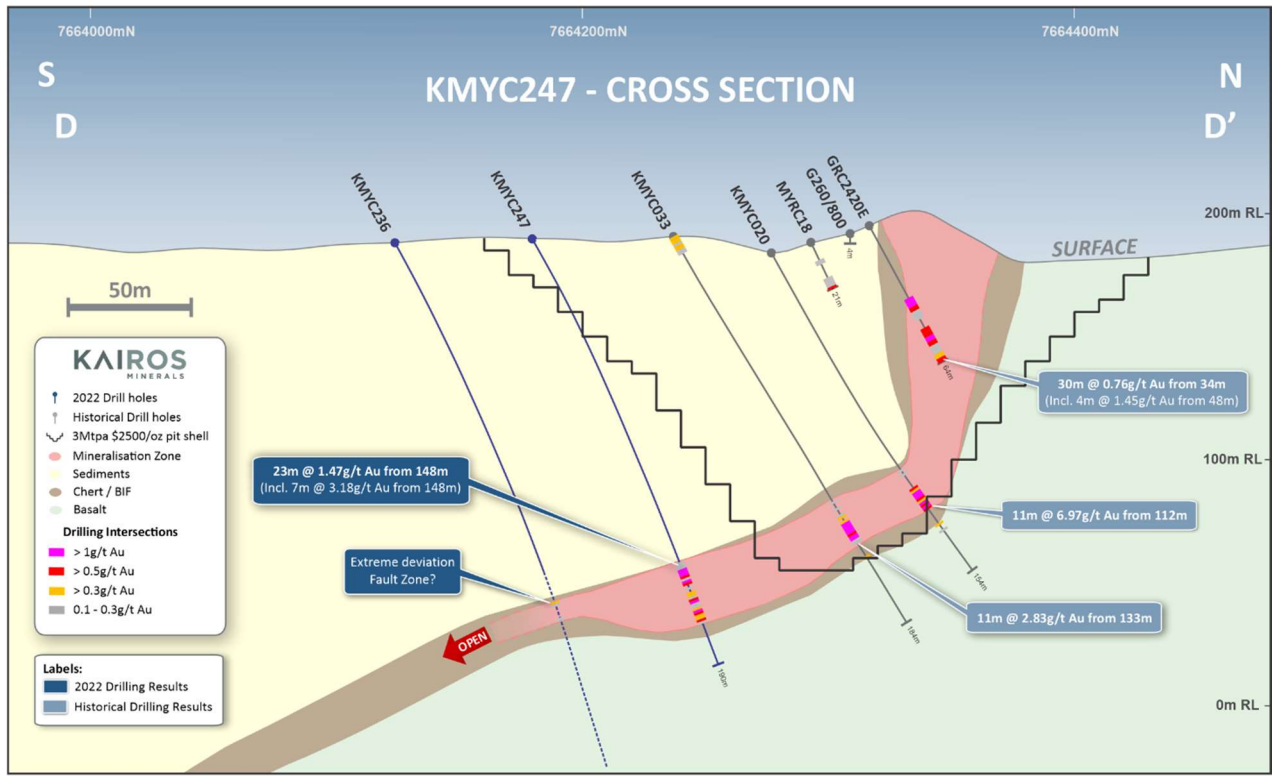


Figure 15. Gossan Hill Cross-section @KMYC247. See Fig 11 for section location.

Drilling of the eastern half of The Main Trend was justified by the fact that all historic drilling was shallow despite evidence of good, high-grade results that had not been followed-up down-plunge.

Drillholes KMYD020, KMYD040, KMYD051, KMYD098 and KMYD102 represent some of the deepest drilling at Main Trend completed to date and show the open nature of mineralisation at depth below the current resource.

Although Main Hill remains relatively undrilled, the few holes that were drilled into this topographic high demonstrate very wide, lower-grade mineralisation deposit. The Banded Iron Formation (BIF) is almost entirely mineralised through its entire width of +100m where the company is targeting a potential large tonnage-low grade mining scenario with potentially low strip ratios in future.

Main Hill drill results from KMYD022 include 105m @ 0.53 g/t Au from 87m and KMYD024 include 80m @ 0.52 g/t Au confirm and demonstrate the significant widths of mineralisation and multiple stacked lodes that characterise the Main Hill deposit (Figures 11, 13).

During H1 2023, selected drill core samples were submitted to Intertek in Perth for bulk density measurements. The results indicated a **significant increase in the fresh rock bulk densities of the mineralised banded iron formation** (BIF). Resource models for Mt York have previously used a bulk density value of 2.90 g/cm³ based on historic test work performed on the gossanous BIF material that forms the upper part of the Mt York deposit and existing pits. This value of 2.90 g/cm³ was extended into the fresh rock BIF areas of the resource model in the absence of fresh rock data. New results of 41 samples of mineralised and unmineralized core from along the whole deposit at Main Trend (Breccia Hill, The Gap and Gossan Hill) have returned an average bulk density value for fresh rock mineralised BIF of **3.41 g/cm³**. This indicates that a higher bulk density could be applied to the mineralised fresh rock BIF in future resource models and may result in a **material increase in tonnes**. Appropriate bulk density values will be incorporated into the next

Directors' Report

mineral resource estimate, scheduled in the current quarter. Summary SG results for different geological-mineralised units can be found in **Table 1**.

Category	Mineralised	Lithology Code	Number of Samples	Average SG	Min SG	Max SG
Mineralised BIF (>0.3 g/t Au)	Mineralised	ci	17	3.42	3.03	3.57
Unmineralised BIF (<0.3 g/t Au)	Unmineralised	ci	9	3.5	3.3	3.63
Quartzite	Unmineralised	mtq	1	2.67	2.67	2.67
Aluminosilicate schist	Unmineralised	mas	5	2.79	2.68	2.84
Hydrothermal Breccia	Unmineralised	zx	1	2.69	2.69	2.69
Basalt	Unmineralised	bb	8	2.9	2.81	3.04

Table 1. Results from Specific Gravity test work conducted at Intertek Genalysis laboratory on 41 fresh, core or half-core samples from four drill holes (KMYD026, 040, 058 and 101) across the Main Trend at the Mt York Gold Deposit.

MINERAL RESOURCE ESTIMATE

The Company announced that the Mineral Resource Estimate (MRE) for its 100 per cent-owned Mt York Gold Project has increased by 47 per cent to **49.24 million tonnes** at **1.02 g/t Au** for **1.62Moz** (**Table 2**).

The Mt York Gold Project MRE includes the Main Trend (Main Hill, Breccia Hill and Gossan Hill) and two satellite deposits called Iron Stirrup and Old Faithful situated some 5 and 7 km NNE of Main Trend respectively. The new MRE includes an update only to the Main Trend, where 11,013.6m of RC and diamond drilling were completed in 2022. No drilling was undertaken in 2022 at Iron Stirrup and Old Faithful and therefore no update on the MRE was conducted since the last resource was completed and announced on 30 August 2022.

The Main Trend gold deposit is a continuous block of mineralisation over a 3km strike length hosted in Archaean banded iron formation (BIF) rocks (**Figure 11**). As well as the new drilling data for the 46 drill holes drilled in 2022, new specific gravity data⁶ was incorporated into the MRE.

The updated Main Trend resource (excluding Iron Stirrup and Old Faithful) of **43.08 million tonnes** at **1.00g/t Au** for **1,385,000 ounces** of contained gold (**Table 2**) represents a 486,000 ounce, or 54%, increase over the previously published MRE for Main Trend of 23.27 million tonnes at 1.20 g/t Au for 899,000 ounces⁷. Of the Main Trend Resource, 50% or 690,000 ounces is classified as Indicated with the remaining 50% or 697,000 ounces classified as Inferred.

⁶ See ASX announcement dated 5 April 2023 entitled 'More wide intersections pave way for update on 1.1Moz Resource'

⁷ See ASX announcement dated 30 August 2022 entitled 'Gold resource increases 26% to 1.1Moz'

Directors' Report

Deposit	Cut-off (Au g/t)	Indicated			Inferred			Total		
		Tonnes (Mt)	Au (g/t)	Ounces (kozs)	Tonnes (Mt)	Au (g/t)	Ounces (kozs)	Tonnes (Mt)	Au (g/t)	Ounces (kozs)
Main Trend	0.5	20.25	1.06	690	22.83	0.95	697	43.08	1.00	1,385
Iron Stirrup	0.5	1.28	1.72	70	0.71	1.54	35	1.99	1.66	106
Old Faithful	0.5	2.17	1.07	75	2	0.81	52	4.17	0.95	127
Total		23.7	1.10	835	25.54	0.95	784	49.24	1.02	1,618
Mt York										

Table 2 : Mineral Resource Estimate for the Mt York gold project, including the updated resource for Main Trend (0.50g/t Au cut-off above -150mRL = 325m maximum vertical depth). Totals may vary due to rounding.

The grade – Tonnage table for all resources at Mt York (Main Trend plus Iron Stirrup and Old Faithful) (**Table 3**) shows that the 49.24 Mt @ 1.02 g/t Au for 1.62 Moz gold resource at a 0.5 g/t Au lower cutoff grade increases to 70.17 Mt @ 0.84 g/t Au for 1.89 Moz gold resource at a 0.3 g/t Au lower cutoff grade. The difference in the resource size will become very important when engineering studies are completed on mining and processing throughputs.

More information on the 2023 mineral resource estimate can be found in the Company's press release dated 15 May 2023.

Directors' Report

Grade Cut Off (> Au g/t)	Indicated			Inferred			Total		
	Tonnes (Mt)	Grade (Au g/t)	Ounces (koz)	Tonnes (Mt)	Grade (Au g/t)	Ounces (koz)	Tonnes (Mt)	Grade (Au g/t)	Ounces (koz)
0.1	31.8	0.91	929	42.53	0.72	987	74.33	0.81	1928
0.2	31.35	0.92	927	42.1	0.73	991	73.46	0.82	1926
0.3	30.19	0.95	921	39.98	0.75	968	70.17	0.84	1886
0.4	27.56	1.01	895	33.16	0.84	895	60.73	0.91	1786
0.5	23.7	1.10	835	25.54	0.95	784	49.24	1.02	1618
0.6	20.17	1.20	775	19.67	1.08	684	39.85	1.14	1457
0.7	16.92	1.30	707	15.21	1.21	592	32.13	1.26	1297
0.8	14.56	1.39	650	11.29	1.36	494	25.85	1.38	1144
0.9	12.56	1.47	594	8.51	1.53	419	21.07	1.50	1015
1.0	10.66	1.57	538	6.61	1.70	361	17.29	1.62	902
1.1	8.97	1.67	482	5.13	1.89	312	14.1	1.75	794
1.2	7.35	1.79	423	3.8	2.16	264	11.14	1.91	684
1.3	6.24	1.88	378	3.27	2.30	242	9.52	2.03	621
1.4	5.22	1.98	333	2.81	2.45	221	8.03	2.15	554
1.5	4.57	2.06	303	2.56	2.56	211	7.13	2.24	513
1.6	3.78	2.17	264	2.35	2.65	200	6.13	2.35	463
1.7	3.3	2.24	238	2.26	2.68	195	5.55	2.43	433
1.8	2.7	2.36	205	2.14	2.73	188	4.82	2.53	392
1.9	2.19	2.49	175	1.96	2.82	178	4.16	2.64	353
2.0	1.86	2.56	153	1.88	2.85	172	3.72	2.73	326
2.1	1.54	2.65	131	1.78	2.92	167	3.31	2.81	299
2.2	1.25	2.81	113	1.72	2.93	162	2.98	2.88	276
2.3	1.09	2.91	102	1.63	2.98	156	2.73	2.94	258
2.4	0.89	3.04	87	1.54	3.01	149	2.43	3.02	236
2.5	0.81	3.03	79	1.45	3.05	142	2.26	3.04	221

Table 3: Grade and Tonnage table for the combined Mt York gold project (Main Trend, Iron Stirrup and Old Faithful). Totals may vary due to rounding.

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Directors' Report

METALLURGICAL TEST WORK

Preliminary sighter metallurgical tests were undertaken on four representative composite samples of Mt York core from the 2022 drilling programme. The test work was designed and undertaken by experienced independent metallurgical consultants IMO Consultants Pty Ltd and the excellent results were released by the Company on 20 September 2023.

The Sighter test work was commissioned to understand two fundamental questions including 1) an optimal process route for fresh ore and 2) whether there is a refractory component to the mineralisation.

Composite	Prospect	Hole ID	Mass	Grade
			Kg	g/t
Composite 1	Gossan Hill	KMYD051	3.4	0.51
Composite 2	Breccia Hill	KMYD038	4.7	1.71
Composite 3	Main & Breccia Hill	KMYD026 & KMYD027	16.4	1.28
Composite 4	Main Hill	KMYD020 & KMYD071	11.4	0.85

Table 4. Composite locations and provenance. See Figure 1 longsection for composite locations.

In conclusion, IMO undertook a two stage metallurgical test work programme involving kinetic leaching of four composites (Round 1) and leaching with the addition of carbon to assimilate CIL conditions (Round 2).

Major findings were:

- Four composites are representative of the ore across the whole deposit;
- Head grade analysis was undertaken on each composite prior to each test;
- Despite the grade variation across the samples (**0.48 to 1.70 g/t Au** in Round 1, **0.49 to 1.66 g/t Au** in Round 2) the gold leaching recovery test work was extremely **consistent** and **high** (average of 91.4%/91.3% during Round 1 and 2 respectively);
- Round 1 leach tests show consistently fast leach kinetics with 86.5% to 99.6% gold recoveries after only 8 hours with notable low reagent consumption;
- No preg-robbing characteristics were determined in any of the composites, qualified by the very low Preg-Robbing Factors of 0% to 2.1%;
- The ore is suitable to simple, industry-standard CIL processing based on this testwork.

These results, which can be found in the Company's press announcement dated 20 September 2023, confirm that the Mt York metallurgy is straightforward and boasts non-refractory characteristics with fast leach recoveries. Simply put, the ore is amenable to simple CIL cyanide leach plant processing with industry-standard technology.

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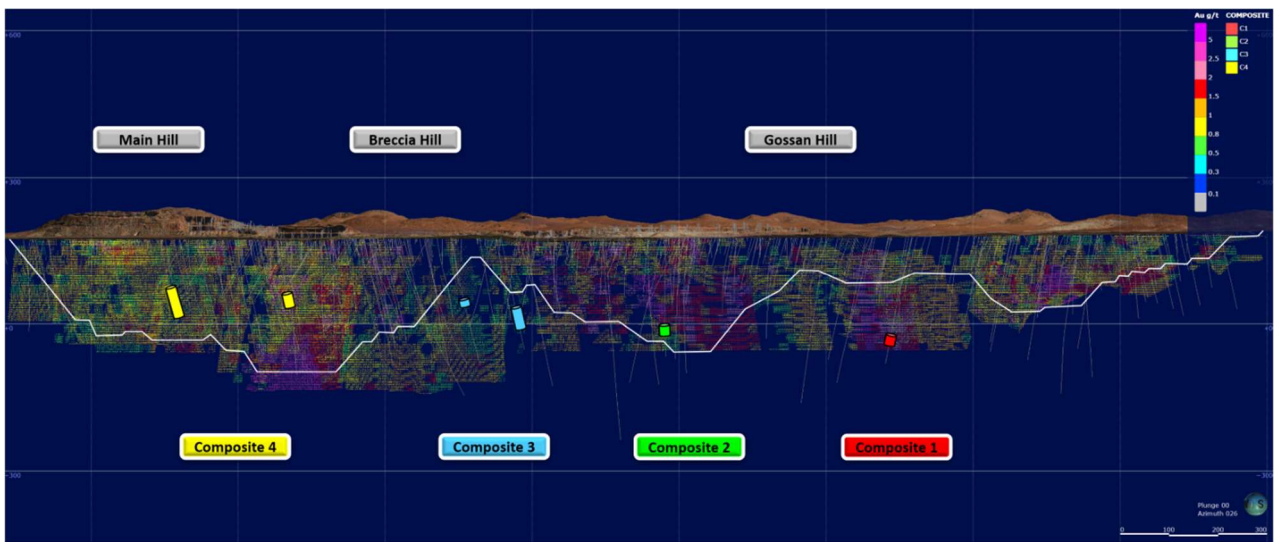
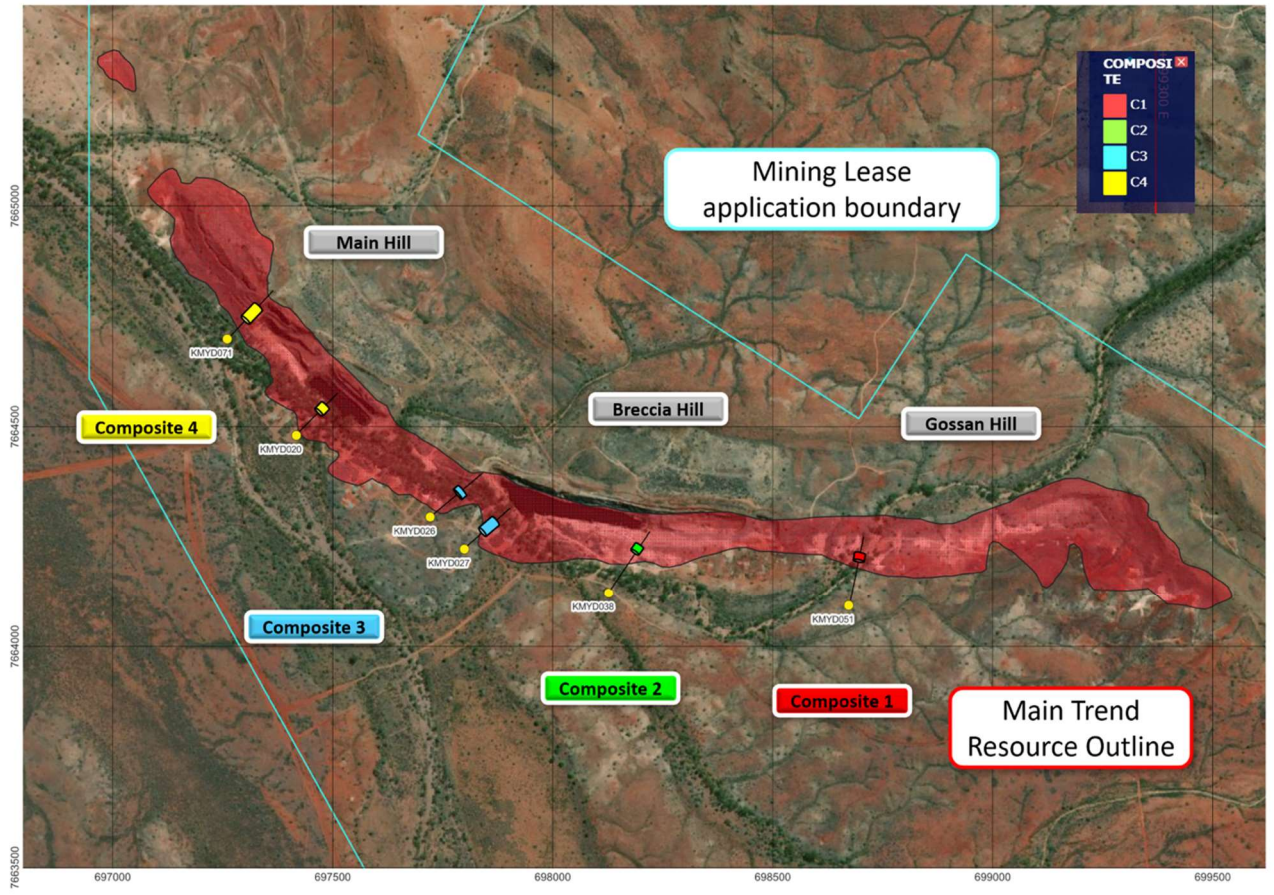


Figure 16. Plan view (top) and longsection (bottom) of the Mt York Gold Project showing composite provenance. Background image (bottom) is the resource model coloured on grade (>0.7 g/t Au). White line is the current, lowermost surface of the pit optimisation based on a \$2,500 gold price.

Directors' Report

MINING LEASE APPLICATIONS (MLAs)

Two Mining Lease Applications (MLAs), M45/1306 (Mt York South) and M45/1307 (Mt York North), covering the same area as the previous Prospecting Licences at Mt York were submitted during the year. The MLA applications are continuing through the normal grant process. Kairos will continue to update on any important developments with respect to the process.

REGIONAL PILBARA PROJECTS (KAI: 100%)

During the year, no substantial field work activities were undertaken on the regional Pilbara assets.

Satellite imagery updates were acquired and reprocessing was undertaken to assist in geological interpretation and targeting of previously unrecognised, surface mineralised systems across all regional Pilbara licences and applications, especially outcropping pegmatite dykes in the hunt for lithium-bearing pegmatites.

A detailed examination of the Croydon tenements was made and renewed efforts are currently underway to gain access to the licence areas in negotiation with the Aboriginal group to undertake field-checks of multiple pegmatite occurrences.

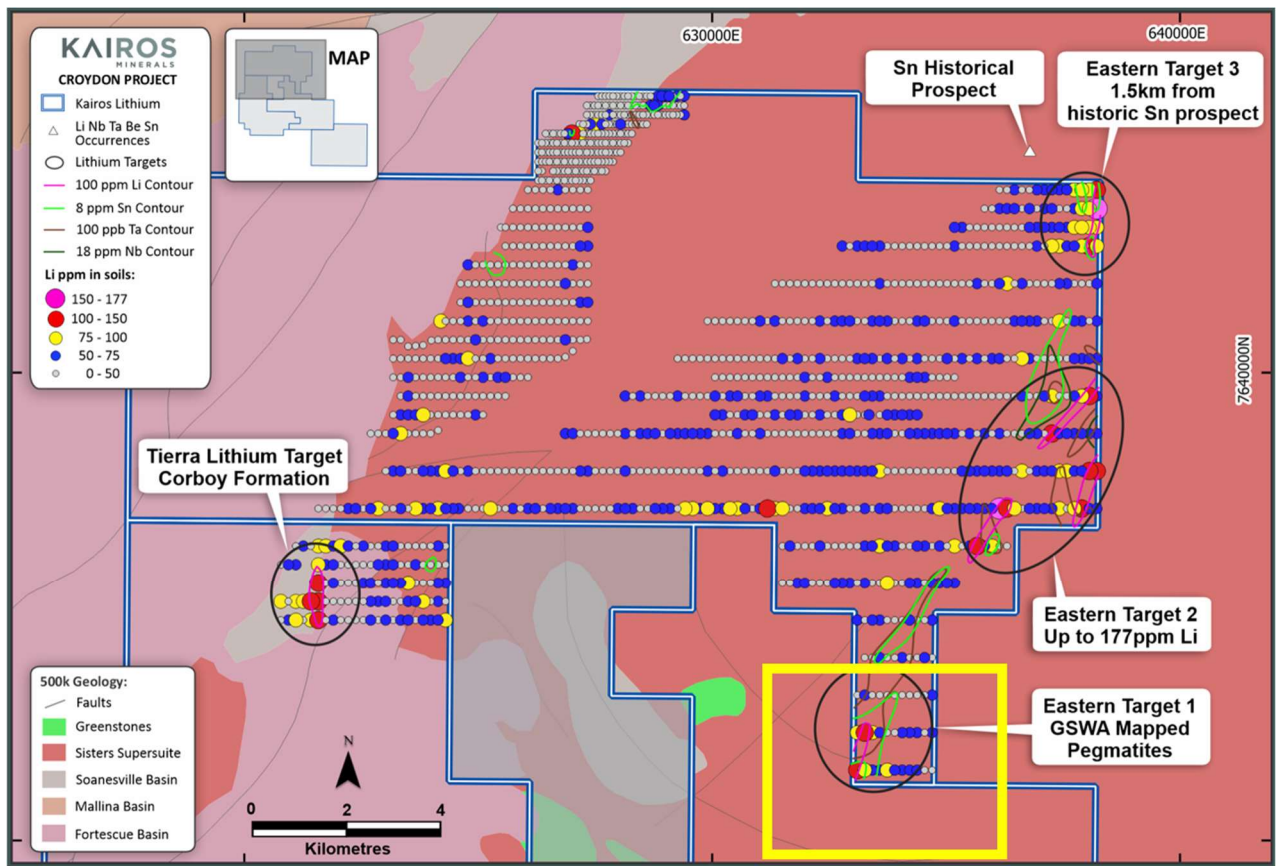


Figure 17. Croydon lithium soil results. Note the yellow highlighted area to the south contains mapped pegmatites which require investigation to determine whether they are lithium-bearing pegmatites and responsible for the lithium soil anomalies (see Figure 18).

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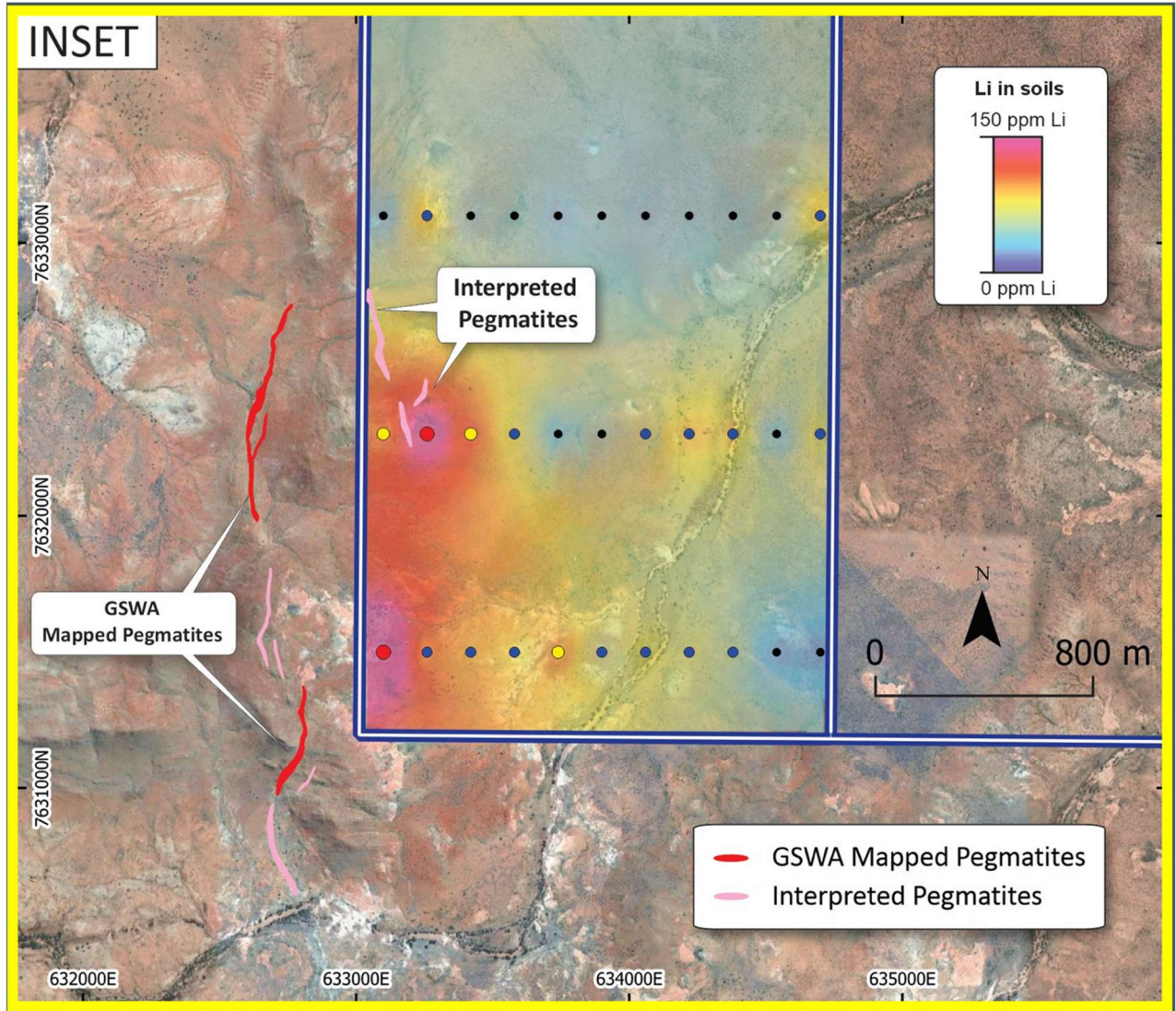


Figure 18. Interpreted and GSWA-mapped pegmatites on the southern part of the Croydon licences. See Figures 17 & 19 for location.

Access to the area is currently under negotiation with the Native Title holders to gain access to map the geology.

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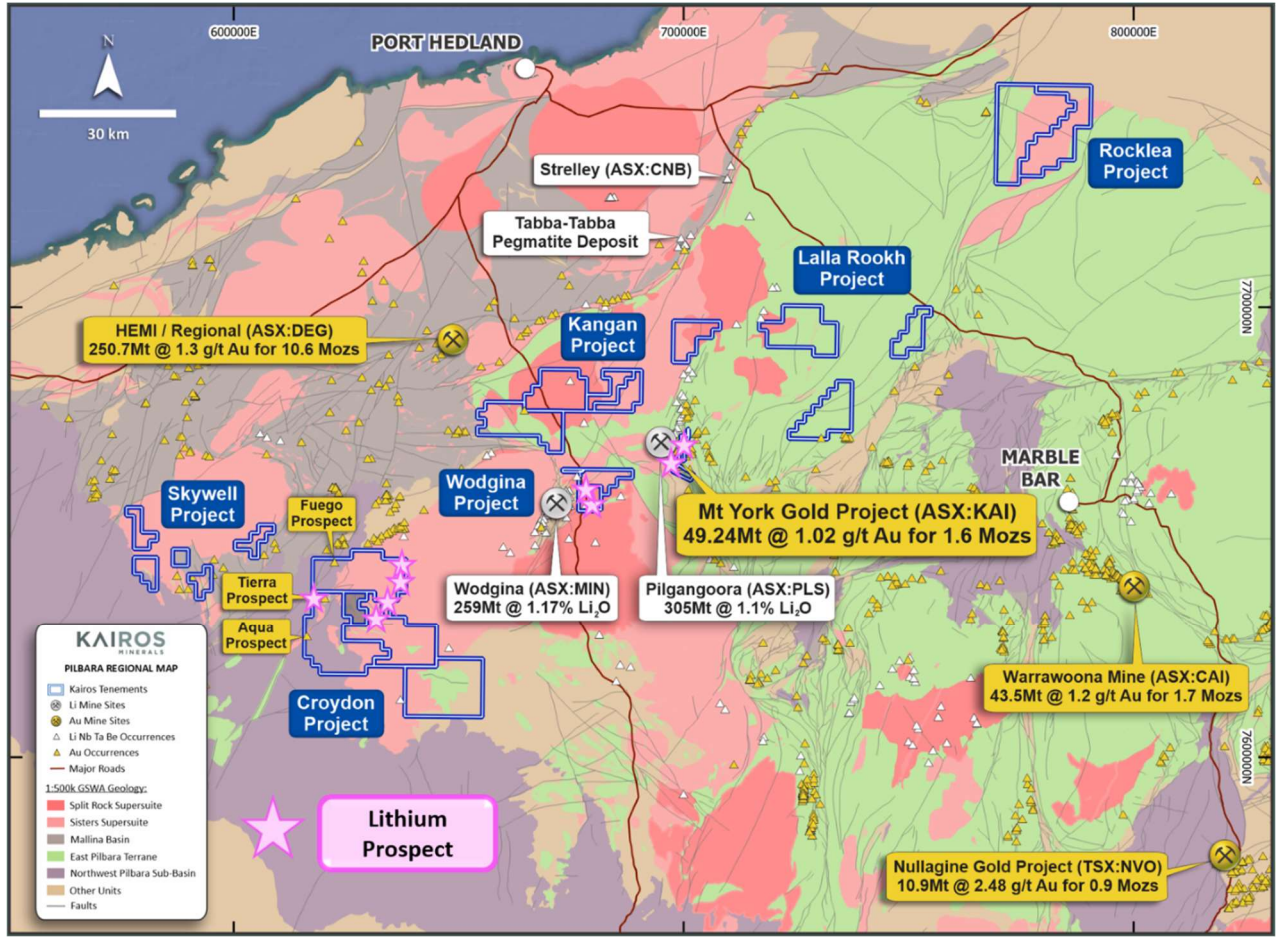


Figure 19. Kairo's Regional Pilbara Licences emphasising the Companies lithium prospects.

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Directors' Report

Directors

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

Mr Klaus Eckhof	Non-Executive Chairman
<i>First appointed to the Board</i>	12 May 2022
<i>Experience</i>	<p>Mr Eckhof is a geologist with more than 25 years experience identifying, exploring and developing mineral deposits around the world.</p> <p>Mr Eckhof worked for Mount Edon Gold Mines Ltd as Business Development Manager before it was acquired by Canadian mining company, Teck. In 1994, he founded Spinifex Gold Ltd and Lafayette Mining Ltd, both of which successfully delineated gold and base metal deposits. Mr. Eckhof has spent numerous years developing contacts within the DRC with several mining deals being very successfully executed.</p> <p>In late 2003, Mr Eckhof founded Moto Goldmines, which acquired the Moto Gold Project in the DRC. There Mr Eckhof and his team raised over \$100 million and delineated more than 12Moz of gold and delivered a feasibility study within four years from the commencement of exploration. Moto Goldmines was subsequently acquired by Randgold Resources for \$488m, who poured first gold in September 2013. The resource now stands at some 22Moz of gold.</p>
<i>Qualification</i>	Dip. Geol. TU, AusIMM
<i>Interests held</i>	27,500,000 ordinary shares. 39,350,000 unlisted options
<i>Directorships held in other listed entities</i>	Amani Gold Ltd (current) Lachlan Star Limited (resigned 27 January 2021)
Dr Peter Turner	Managing Director
<i>First appointed to the Board</i>	23 May 2022
<i>Experience</i>	<p>Dr Turner is an experienced exploration and development geologist with over 25 years in the resources sector, including in Western Australia, Africa, the Middle East and SE Asia. In particular, Dr Turner is recognised as leading exploration teams in the discovery of the Tarra gold deposit near Awak Mas in Sulawesi, Indonesia, the acquisition and successful exploration of the Houndé gold deposit in Burkina Faso, West Africa and the resource development and scoping study on the Telimélé iron ore deposit in Guinea. Dr Turner has an in-depth knowledge of worldwide gold deposits working in specialist technical teams in companies such as Perseus Mining Ltd, Placer Dome Asia Pacific, Delta Gold NL and Goldbelt Resources Ltd. During this time, he developed techniques for targeting new deposits and extensions to existing mineralisation.</p>
<i>Qualification</i>	BSc (Honors) in Applied Geology PhD in West African geology Member of Australian Institute of Geoscientists (MAIG)
<i>Interests held</i>	25,000,000 performance rights
<i>Directorships held in other listed entities</i>	N/A

Directors' Report

Mr Mark Calderwood

Non-Executive Director

First appointed to the Board

25 May 2022

Experience

Mr Calderwood has over 30 years' experience in exploration and production management and has played a key role in the discovery of several world-class gold deposits including Edikan (Perseus), Kibali (Barrick-AGA) and Tarmoola (King of the Hills) in Western Australia. His previous roles include Chief Executive of Perseus Mining, where he led the Company from a micro-cap explorer to a \$1.6B, ASX-100 gold producer. Mr Calderwood has significant experience with LCT pegmatites, lithium exploration and mine development and is co-author of a guidebook to the pegmatites of Western Australia.

Qualification

Member of the Australasian Institute of Mining and Metallurgy (AusIMM)

Interests held

250,000 ordinary shares.

10,000,000 unlisted options

Directorships held in other listed entities

Midas Minerals Limited (current)

Eastern Resources Limited (current)

Mr Zane Lewis

Non-Executive Director

First appointed to the Board

23 March 2022

Experience

Mr Lewis is a principal and founder of corporate advisory firm SmallCap Corporate, which specialises in corporate advice to public companies and is managing director of Golden Triangle Capital which connects listed entities with a community of professional and sophisticated investors, providing funding for all stages in strategic development. Most recently Zane facilitated the transformation of Odessa Minerals Limited (ASX:ODE) into a Australian exploration company, the IPO of mining services company Aquirian Limited (ASX:AQN) and was instrumental in the transformation of Vital Metals Ltd (ASX:VML) into a rare earths business. Mr Lewis is a Fellow of the Governance Institute of Australia and a Non-Executive Director of Odessa Minerals Limited, Lion Energy Limited and Kingsland Global Limited

Qualification

Bachelor of Economics, Fellow of the Governance Institute of Australia

Interests held

10,250,000 ordinary shares.

17,625,000 unlisted options

Directorships held in other listed entities

Odessa Minerals Ltd (current)

Lion Energy Limited (current)

Kingsland Global Limited (current)

Tap Oil Limited (resigned 18 December 2020)

Mr Philip Coulson

Non-Executive Director

First appointed to the Board

23 March 2022

Experience

Phil has over 20 years corporate advisory experience, having held senior advisory positions at Montagu Stockbrokers and Patersons Securities Limited. He has promoted and advised numerous companies in the identification and acquisition of technology and resource projects. Currently a private investor and corporate consultant, he holds debt and equity positions in a number of public and private companies. Most recently, Phil facilitated the transformation of Vital Metals Ltd (ASX:VML) into a rare earths business. Prior to this he facilitated the reverse takeover of ResApp Diagnostics Pty Ltd by Narhex Life Sciences Limited (ASX: RAP) and also the reverse takeover of Alcidion Group Limited by Naracoota Resources Limited (ASX: ALC).

Qualification

Bachelor of Economics

Interests held

54,861,145 ordinary shares.

47,050,000 unlisted options

Directors' Report

Directorships held in other listed entities

Vital Metals Limited (resigned 21 December 2020)
Odessa Minerals Ltd (resigned 17 January 2022)

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

Joint Company Secretary's

Sebastian Andre

Mr Sebastian Andre is a Chartered Secretary with over 10 years' experience in corporate advisory, governance and risk services. He has previously acted as an adviser at the ASX and has a thorough understanding of the ASX Listing Rules, specialising in providing advice to companies and their boards in respect to capital raisings, IPOs, backdoor listings, corporate compliance and governance matters. He has held the position of Company Secretary from 5 May 2022.

Robbie Featherby

Mr Robbie Featherby was appointed as Joint Company Secretary of the Company on 15 March 2023. Robbie Featherby is a Corporate Advisory Executive who holds a Bachelor of Commerce Degree majoring in Finance and Economics. Mr Featherby has an extensive number of years' experience in the financial services industry, more recently spending 4 years in London working at a leading investment research provider in the private equity sector.

Mr Featherby now provides company secretary services for a number of private and public companies.

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 2023 financial year.

Earnings per Share

Basic loss per share: 0.078 cents (2022: 0.23 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.

Review and Results of Operations

The Consolidated Entity's net loss after income tax for the financial year was \$1,526,257 (2022: \$4,146,553). 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.

Directors' Report

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

	Directors' Meetings	
	Number attended	Number eligible to attend
Mr Klaus Eckof	5	7
Dr Peter Turner	7	7
Mr Zane Lewis	7	7
Mr Phillip Coulson	7	7
Mr Mark Calderwood	7	7

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 2023, the unissued ordinary shares of Kairos Minerals Limited under option are as follows:

ASX Code	Number under option	Date of Expiry	Exercise Price
Unlisted	158,000,000	1 May 2026	\$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 2023, there were no exercises of options (2022: 285,623,917 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.

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*.

Directors' Report

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 2023 (2022: 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 2023 has been received and can be found in the section titled 'Auditor's Independence Declaration' within this Annual Report.

Corporate Governance

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

Remuneration Report (Audited)

The information provided under Sections A to 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 Klaus Eckof	Non-Executive Chairman	Appointed 12 th May 2022
Dr Peter Turner	Managing Director	Appointed 23 rd May 2022
Mr Zane Lewis	Non-Executive Director	Appointed 23 rd March 2022
Mr Phillip Coulson	Non-Executive Director	Appointed 23 rd March 2022
Mr Mark Calderwood	Non-Executive Director	Appointed 25 th May 2022

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 25 November 2021 Annual General Meeting ("AGM")

The Company received 99.10% of "for" votes in relation to its remuneration report for the year ended 30 June 2022.

Directors' Report

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 2023:

Loss financial year ended 2023	(\$1,526,257)
Loss financial year ended 2022	(\$4,146,553)
Loss financial year ended 2021	(\$3,939,501)
Loss financial year ended 2020	(\$1,322,026)
Loss financial year ended 2019	(\$10,884,035)

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

	2023	2022	2021	2020	2019
Share price at financial year end (\$A)	0.017	0.017	0.031	0.043	0.015
Basic earnings per share (cents per share)	(0.078)	(0.23)	(0.24)	(0.13)	(1.28)

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.

Section B: Details of Remuneration

Employment Contracts of Executive Directors

The Group has entered into contract with its Managing Director, Mr Peter Turner. The key terms of the agreement are as follows:

Key Terms of Employment Agreement with Dr Turner are as follows:

- Salary: \$325,000 plus statutory superannuation.
- Equity Incentive: 25,000,000 Performance rights with vesting conditions as follows:
 - 5 million Performance Rights (which convert on a 1:1 basis in to Shares) after the Company announces a drill intercept on the Company's Lithium Assets of 10 metres or greater @ 1% Li₂O (containing Spodumene);
 - 10 million Performance Rights (which convert on a 1:1 basis in to Shares) after the Company announces an inferred Lithium resource of 10MT @1% Li₂O or more that has independent metallurgical test work confirming that the resource has the potential to produce a low-impurity spodumene concentrate of more than 5% Li₂O; and

Directors' Report

- 10 million Performance Rights (which convert on a 1:1 basis in to Shares) after the Company announces an inferred or indicated gold resource of 1 million ounces at a grade of 1/gt au or better.
- All unvested Performance Rights will expire automatically on the date which is 5 years from their date of issue.
- Termination: The agreement may be termination by the Company providing 6 months notice or Dr turner providing 3 months notice.

Details of Remuneration for the year ended 30 June 2023

	Short-term employee benefits		Post-employment benefits	Termination benefits	Share-based payments	Total	Performance Related Remuneration %
	Director's Fee, Salary and other	Non-monetary benefits	Superannuation Contribution		Equity-settled		
	\$	\$	\$	\$	\$	\$	%
Klaus Eckof	75,000	-	-	-	-	75,000	-
Peter Turner	325,000	-	27,500	-	-	325,500	-
Zane Lewis	42,000	-	-	-	210,074	252,074	83%
Phillip Coulson	42,000	-	-	-	390,137	432,137	90%
Mark Calderwood	50,000	-	-	-	-	50,000	-
	534,000	-	27,500		600,211	1,161,711	

Details of Remuneration for the year ended 30 June 2022

	Short-term employee benefits		Post-employment benefits	Termination benefits	Share-based payments	Total	Performance Related Remuneration %
	Director's Fee, Salary and other	Non-monetary benefits	Superannuation Contribution		Equity-settled		
	\$	\$	\$	\$	\$	\$	%
Klaus Eckof	9,900	-	-	-	434,283	444,183	98%
Peter Turner	35,701	-	6,326	-	337,500	379,527	89%
Zane Lewis	21,516	-	-	-	-	21,516	-
Phillip Coulson	31,516	-	-	-	-	31,516	-
Mark Calderwood	4,928	-	-	-	121,877	126,805	96%
Terence Topping	226,000	-	5,167	135,792	-	366,958	-
Bruno Seneque	197,783	-	3,333	161,250	-	362,367	-
Neil Hutchison	41,963	-	3,923	-	-	45,886	-
Adrien Wing	91,210	-	-	-	-	91,210	-
	660,517	-	18,749	297,042	893,660	1,869,967	

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.

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
2023						
Klaus Eckof	27,500,000	-	-	-	-	27,500,000
Peter Turner	-	-	-	-	-	-
Zane Lewis	10,250,000	-	-	-	-	10,250,000
Phillip Coulson	54,861,145	-	-	-	-	54,861,145
Mark Calderwood	250,000	-	-	-	-	250,000
	92,861,145	-	-	-	-	92,861,145

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
2023						
Klaus Eckof	39,350,000	-	-	-	-	39,350,000
Peter Turner	-	-	-	-	-	-
Zane Lewis	125,000	17,500,000 ⁽¹⁾	-	-	-	17,625,000
Phillip Coulson	14,550,000	32,500,000 ⁽¹⁾	-	-	-	47,050,000
Mark Calderwood	10,000,000	-	-	-	-	10,000,000
	64,025,000	50,000,000	-	-	-	114,025,000

(1) As approved by ordinary resolution at a General Meeting held on 20 July 2022, the Company issued 50,000,000 options with an exercise price of \$0.05 expiring 1 May 2026 to Directors. The 50,000,000 options were issued Directors Mr Phillip Coulson (32,500,000) and Mr Zane Lewis (17,500,000). The fair value of options issued (\$600,211) was estimated at the date of grant using a Black-Scholes valuation model taking into account the terms, the underlying values of the shares, the exercise price, the impact of dilution and the risk-free interest rate. A summary of the inputs used in the valuation of the options is listed below.

Directors' Report

Unlisted Options issued to Directors	Incentive options 5c expiring 1 May 2026
Expiry Date	1-5-2026
Exercise Price	\$0.05
Fair Value per Option	\$0.012
Share Price at date of issue	\$0.023
Expected Volatility	94.70
Risk Free Interest Rate	3.34%

Details of Performance Rights Held

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/appointment date	Received as compensation	Performance Rights Exercised No.	Performance Rights Lapsed No.	Net change other **	Balance at the end of the year/resignation date
2023						
Klaus Eckof	-	-	-	-	-	-
Peter Turner	25,000,0000	-	-	-	-	25,000,0000
Zane Lewis	-	-	-	-	-	-
Phillip Coulson	-	-	-	-	-	-
Mark Calderwood	-	-	-	-	-	-
	25,000,000	-	-	-	-	25,000,000

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 other transactions with Key Management Personnel not disclosed above or in Note 24.

End of Remuneration Report (Audited).

Material Business Risks

The proposed future activities of the Consolidated Entity are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be mitigated by the use of safeguards and appropriate controls. However, many of the risks are outside the control of the directors and management of the Company and cannot be mitigated. An investment in the Company is not risk free and should be considered speculative.

This section provides a non-exhaustive list of the risks faced by the Consolidated Entity or by investors in the Company. The risks should be considered in connection with forward looking statements in this Annual Report. Actual events may be materially different to those described and may therefore affect the Consolidated Entity in a different way.

Directors' Report

Investors should be aware that the performance of the Consolidated Entity may be affected by these risk factors and the value of its Shares may rise or fall over any given period. None of the directors or any person associated with the Consolidated Entity guarantee the Consolidated Entity's performance.

Business risks	Mitigating actions
Exploration and evaluation <ul style="list-style-type: none">- <u>Geological, exploration and development:</u> The exploration, development and mining of mineral resources is a high risk, high-cost exercise with no certainty of confirming economic viability of projects with high risk of project delays and unforeseen geological challenges.- <u>Market Volatility, there are risks associated with fluctuations in rare earth element prices, market demand and global economic conditions.</u> These factors could impact the Company's financial performance and stability.	<ul style="list-style-type: none">- Mineral exploration and development is a speculative undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves, among other things; discovery and proving-up an economically recoverable resource or reserve, access to adequate capital throughout the project development phases, securing and maintaining title to mineral exploration projects, obtaining required development consents and approvals and accessing the necessary experienced operational staff, the financial management, skilled contractors, consultants and employees.- The Company is entirely dependent upon the Projects, which are the sole potential source of future revenue, and any adverse development affecting these projects would have a material adverse effect on the Group, its business, prospects, results of operations and financial condition.
Human Resources and Occupational Health and Safety <ul style="list-style-type: none">- <u>New operational commodity and lack of experience:</u> The Company's success is to a large extent dependent upon the retention of key personnel.- <u>Hazardous activities:</u> The Company's exploration and evaluation activities may be hazardous, with potential to cause illness or injury.	<ul style="list-style-type: none">- Strong human resources and employee relations framework.- Competitive remuneration structure focused on attracting diverse, engaged and suitably qualified employees and consultants.- Industry standard safety management system.- Embedded safety culture.- Regular review of safety management system.
Finance <ul style="list-style-type: none">- The need to fund exploration and evaluation activities.- Future funding risk: Continued exploration and evaluation is dependent on the Company being able to secure future funding from equity markets. The successful development of a mining project will depend on the capacity to raise funds from equity and debt markets.	<ul style="list-style-type: none">- The Company will need to source equity funding for continued exploration and evaluation prior to accessing equity and debt markets to undertake development funding. Any additional equity financing may be dilutive to Shareholders, as pricing of the Company's shares are dependent on endogenous and exogenous outcomes.- There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely

Directors' Report

Business risks

Regulatory Approvals and Social Licence to Operate

- The Company's exploration activities and major projects depend on receipt of regulatory approvals (e.g. tenure, environmental licences and permits, heritage approvals, etc). There is a risk that required approvals may be delayed or declined.
- Maintenance of positive relationships with stakeholders and the community, particularly traditional owners, is important in ensuring The Company retains its social licence to operate.
- Potential risks arising from changes in government regulations, policies, or environmental standards that may affect the extraction, processing or export of rare earth elements. Such changes may impact the Company's operations, costs or market access.

Changes in Federal and State Regulations

- Changes in Federal or State Government policies or legislation may impact royalties, tenure, land access and labour relations.

Mitigating actions

adversely affect the potential growth of the Company.

- The Company will engage expert consultants to undertake required baseline environmental assessments and to prepare major approval application documents to ensure it meets regulatory requirements.
- The Company considers potential environmental impacts as a key factor in its project design and evaluation and will ensure impacts are reduced to as low as reasonably practicable.
- The Company has engaged legal support and specialised services for the negotiation and preparation of Land Access Agreements with Traditional Owners, to ensure we obtain prior and informed consent for our activities.
- The Company will develop and implement a Stakeholder Engagement Plan to enable positive engagement with our stakeholders to ensure we retain our social licence to operate.
- The Board regularly assesses developments in State and Federal legislation and policies and regularly engages with Government Departments.

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



Dr Peter Turner
Managing Director

Dated: 29th September 2023

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the audit of the financial statements of Kairos Minerals Limited for the financial year ended 30 June 2023, 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
Director

Dated this 29th day of September 2023
Perth, Western Australia

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2023

	Note	30 June 2023 \$	30 June 2022 \$
REVENUE			
Interest revenue from external parties	2	28,813	13,638
Other	2	642,448	394,092
TOTAL REVENUE		671,261	407,730
EXPENSES			
Audit fees	6	(37,656)	(35,975)
Depreciation	12	(156,140)	(91,565)
Depreciation – right-of-use asset	13	(56,968)	(56,964)
Directors’ remuneration	3	(312,878)	(519,902)
Directors share-based payments	3	(600,211)	(893,660)
Travel and marketing		(285,350)	(225,082)
Professional fees	3	(296,624)	(407,277)
Equity settled share-based payments	3	(30,440)	(966,756)
Occupancy expenses		(57,783)	(89,817)
Administration and other expenses		(350,471)	(479,741)
Impairment of tenement asset		-	(777,065)
Finance costs	13	(12,997)	(10,459)
TOTAL EXPENSES		(2,197,518)	(4,554,263)
Loss before income tax		(1,526,257)	(4,146,553)
Income tax expense	4	-	-
Loss for the year after income tax		(1,526,257)	(4,146,553)
Other comprehensive income			
Changes in fair values of investments at fair value through other comprehensive income, net of tax		-	(8,462)
Total comprehensive loss for the year		(1,526,257)	(4,154,995)
Loss attributable to:			
Owners of Kairos Minerals Ltd		(1,526,257)	(4,154,995)
Non-controlling interests		-	-
		(1,526,257)	(4,154,995)
Total comprehensive loss attributable to:			
Owners of Kairos Minerals Ltd		(1,526,257)	(4,154,995)
Non-controlling interests		-	-
		(1,526,257)	(4,154,995)
Loss per share for the year attributable to the members of Kairos Minerals Limited:			
Basic (loss) per share (cents per share)	7	(0.078)	(0.23)
Diluted (loss) per share (cents per share)	7	(0.078)	(0.23)

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 2023

	Note	30 June 2023 \$	30 June 2022 \$
ASSETS			
<u>Current assets</u>			
Cash and cash equivalents	8	4,140,068	6,998,072
Trade and other receivables	9	113,104	524,090
Other assets	10	45,737	-
Total Current Assets		4,298,909	7,522,162
<u>Non-current assets</u>			
Plant and equipment	12	311,872	310,503
Right-of-use asset	13	9,676	237,372
Exploration and evaluation expenditure	15	27,857,726	21,476,758
Other assets		20,501	-
Total Non-current Assets		28,199,772	22,024,633
TOTAL ASSETS		32,498,681	29,546,694
LIABILITIES			
<u>Current liabilities</u>			
Trade and other payables	16	694,816	335,262
Lease Liability	17	11,257	54,286
Provisions	18	38,399	16,352
Total Current Liabilities		744,472	405,900
<u>Non-current liabilities</u>			
Lease Liability	17	-	196,950
Total Non-current Liabilities		-	196,950
TOTAL LIABILITIES		744,472	602,849
NET ASSETS		31,754,209	28,943,845
EQUITY			
Contributed equity	19	95,783,706	92,077,736
Performance Right/Option fair value reserve	20	7,165,711	6,535,060
Accumulated losses		(71,194,097)	(69,667,840)
Parent interests		31,755,320	28,944,956
Non-controlling interests		(1,111)	(1,111)
TOTAL EQUITY		31,754,209	28,943,845

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 2023

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
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021	84,712,777	317,996	5,254,915	(65,847,765)	(1,111)	24,436,812
Loss for the year	-	-	-	(4,146,533)	-	(4,146,533)
Other comprehensive income	-	(8,462)	-	-	-	(8,462)
Total comprehensive (loss) for the year	-	(8,462)	-	(4,146,533)	-	(4,154,995)
<i>Transactions with owners in their capacity as owners:</i>						
Options exercised	934,275	-	(934,275)	-	-	-
Options Converted	6,430,684	-	354,004	-	-	6,784,688
Share based payment expense	-	-	1,860,416	-	-	1,860,416
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	(326,458)	-	326,458	-	-
Balance at 30 June 2022	92,077,736	-	6,535,060	(69,667,840)	(1,111)	28,943,845
Loss for the year	-	-	-	(1,526,257)	-	(1,526,257)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss) for the year	-	-	-	(1,526,257)	-	(1,526,257)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of share capital (net of transaction costs)	3,705,970	-	-	-	-	3,705,970
Share based payment expense	-	-	630,651	-	-	630,651
Balance at 30 June 2023	95,783,706	-	7,165,711	(71,194,097)	(1,111)	31,754,209

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 2023

	Note	30 June 2023 \$	30 June 2022 \$
<i>Cash flows from operating activities</i>			
Payments to suppliers and employees (inclusive of GST)		(1,132,765)	(1,416,368)
R&D Incentive		952,668	-
Other Income		41,810	-
Interest received		28,716	13,638
Net cash flows used in operating activities	23	(109,571)	(1,402,730)
<i>Cash flows from investing activities</i>			
Payments for purchases of plant and equipment		(173,237)	(276,106)
Payments for exploration and evaluation expenditure		(6,375,582)	(6,686,052)
Proceeds from sale of non-current assets		-	411,463
Net cash flows used in investing activities		(6,548,819)	(6,550,695)
<i>Cash flows related to financing activities</i>			
Proceeds from issues of securities		3,960,000	7,140,280
Capital raising costs		(96,833)	(426,552)
Payment of lease liabilities		(62,781)	(61,250)
Net cash flows from financing activities		3,800,386	6,652,478
Net increase in cash and cash equivalents		(2,858,004)	(1,300,947)
Cash and cash equivalents at the beginning of the year		6,998,072	8,299,019
Cash and cash equivalents at the end of the financial year	8	4,140,068	6,998,072

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 2023

NOTE 1: BASIS OF PREPARATION

Corporate Information

The financial report of Kairos Minerals Limited (the Consolidated Entity) for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the Directors.

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 2023

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 \$1,526,257 for the year ended 30 June 2023 (2022: \$4,146,533) and had net cash outflows from operating and investing activities of \$6,658,390 (2022: \$7,953,425). At 30 June 2023, the Consolidated Entity had cash and cash equivalents of \$4,140,068 (2022: \$6,998,072) and had working capital, being current assets less current liabilities, of \$3,554,437 (2022: \$7,116,161).

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 for the next 12 months from the date of this 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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

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.

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

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.

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

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.

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.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

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.

NOTE 2: REVENUE

	30 June 2023	30 June 2022
	\$	\$
Interest revenue from external parties	28,813	13,638
R&D rebate	600,638	390,257
Sundry Revenue	41,810	3,835
Total revenue	671,261	407,730

NOTE 3: EXPENDITURE

	30 June 2023	30 June 2022
	\$	\$
Directors' remuneration		
Salaries and fees	312,878	204,121
Superannuation	-	18,739
Termination benefits	-	297,042
Directors' remuneration	312,878	519,902
Professional fees		
Legal fees	10,017	74,617
Company secretarial	72,000	103,210
Accounting and consultants	214,607	229,450
Professional fees	296,624	407,277
Equity settled share-based payments expenses		
Directors' share-based payments	600,211	893,660
ESOP and professional share-based payments	30,440	966,756
Equity settled share-based payments expenses	630,651	1,860,416

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

NOTE 4: INCOME TAX EXPENSE

	30 June 2023	30 June 2022
	\$	\$
a) The components of tax expense comprise		
Current income tax benefit	276,989	631,213
Deferred tax income	1,508,809	1,258,098
Tax losses not recognised	(1,785,798)	(1,889,312)
	-	-
b) The prima facie tax on loss from continuing activities before tax is reconciled to the income tax expense as follows:		
Prima facie tax benefit on loss from continuing activities before income tax at 25% (2022: 25%)		
- Consolidated Entity	381,564	1,036,635
<u>Add:</u>		
Tax effect of:		
- Capital raising costs	56,099	87,314
<u>Less:</u>		
Tax effect of:		
- right-of-use asset	(179)	(4,181)
- share based payments	(157,663)	(465,104)
- entertainment/other	(2,832)	(23,450)
	276,989	631,213
Tax effect of losses and temporary differences not recognised as deferred tax assets	(276,989)	(631,213)
Income tax expense attributes	-	-
c) Unrecognised deferred tax balances		
<u>Deferred tax liabilities</u>		
Deferred exploration & evaluation costs	27,857,726	21,811,789
Other	(45,737)	(24,714)
	27,811,989	21,787,076
Tax effect @ 25% (2022: 25%)	6,952,997	5,446,769
<u>Deferred tax assets</u>		
Investments	178,159	178,159
Capital raising costs	4,029,546	3,757,685
Tax losses **	66,874,197	61,076,213
	71,081,902	65,012,057
Tax effect @ 25% (2022: 25%)	17,770,476	16,253,014
Net deferred tax asset not recognised	10,817,478	10,806,245

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

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 \$63,192,298. 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 2023	30 June 2022
	\$	\$
Short-term employee benefits	534,000	660,516
Post-employment benefits	27,500	18,749
Termination benefits	-	297,042
Share based payment – equity settled	600,211	893,660
Total key management personnel compensation	1,167,711	1,869,967

NOTE 6: AUDITORS' REMUNERATION

	30 June 2023	30 June 2022
	\$	\$
Remuneration of the auditor of the parent entity for:		
- Audit and review fees	37,656	35,975
	37,656	35,975

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

NOTE 7: EARNING PER SHARE

	30 June 2023	30 June 2022
Basic (loss) per share (cents)	(0.078)	(0.23)
Diluted (loss) per share (cents)	(0.078)	(0.23)
a) Net (loss) used in the calculation of basic and diluted loss per share	(1,526,257)	(4,146,533)
b) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	1,965,645,404	1,809,504,720

NOTE 8: CASH AND CASH EQUIVALENTS

	30 June 2023	30 June 2022
	\$	\$
Cash at bank	4,130,068	6,988,072
Term deposits	10,000	10,000
	4,140,068	6,998,072

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	4,140,068	6,988,072
	4,140,068	6,988,072

NOTE 9: TRADE AND OTHER RECEIVABLES

	30 June 2023	30 June 2022
	\$	\$
Current		
Sundry receivables	64,686	444,665
Good and services tax receivable due	48,418	79,425
	113,104	524,090

NOTE 10: OTHER ASSETS

	30 June 2023	30 June 2022
	\$	\$
Current		
Prepayments	45,737	-
	45,737	-

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

NOTE 11: OTHER FINANCIAL ASSETS

	30 June 2023	30 June 2022
	\$	\$
Non-Current		
At the beginning of the period	-	403,001
Investment fair value movement	-	8,462
Disposal listed securities	-	(411,463)
At the end of the period	-	-

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: PROPERTY, PLANT AND EQUIPMENT

	30 June 2023	30 June 2022
	\$	\$
Plant and equipment		
At cost	575,876	564,336
Accumulated depreciation	(409,973)	(253,833)
Total plant and equipment	165,903	310,503
Camp under construction		
At cost	145,969	-
Accumulated depreciation	-	-
Total Camp under construction	145,969	-
Total Property, Plant and Equipment	311,872	310,503
Movements in carrying amounts		
Movements in carrying amounts for each class of plant and equipment for the financial year:		
Balance at the beginning of year	310,503	190,787
Additions	157,509	253,924
Depreciation expense transferred to exploration expenditure	-	(42,644)
Depreciation expense	(156,140)	(91,564)
Carrying amount at the end of the year	311,872	310,503

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

NOTE 13: RIGHT-OF-USE ASSET

	30 June 2023	30 June 2022
	\$	\$
At cost	174,171	341,807
Accumulated depreciation	(164,495)	(104,435)
Total right-of-use asset	9,676	237,372

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	237,372	294,336
Additions	-	-
Depreciation expense	(56,968)	(56,964)
Adjustment due to re-measurement of lease liability	(170,728)	-
Carrying amount at the end of the year	9,676	237,372

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 has elected not to extend the lease for an additional three-year extension resulting in an adjustment to the right-of-use asset and lease liability.

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	56,968	56,964
Interest expense	8,495	10,459

NOTE 14: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*	
		30 June 2023	30 June 2022
Parent Entity			
Kairos Minerals Limited	Australia		
Subsidiaries of Kairos Minerals Limited			
Delcarmen Energy Pty Ltd	Australia	100.00	100.00
Xplor Pty Ltd	Australia	100.00	100.00
Enoch's Point Pty Ltd	Australia	96.86	96.86
Horizon Energy Pty Ltd	Australia	96.86	96.86
Golden Mount Pty Ltd	Australia	96.86	96.86
Westside Nickel Pty Ltd	Australia	100.00	100.00
Coal First Pty Ltd	Australia	100.00	100.00
Next Commodities Pty Ltd	Australia	100.00	100.00

* Percentage of voting power is in proportion to ownership

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

NOTE 15: EXPLORATION AND EVALUATION ASSETS

	30 June 2023 (\$)	30 June 2022 (\$)
Balance at the start of the year	21,456,758	16,961,790
Exploration expenditure capitalised	6,400,968	5,292,033
Capitalised exploration costs written down	-	(777,065)
Total capitalised exploration expenditure	27,857,726	21,456,758

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.

Ultimate Recovery

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

NOTE 16: TRADE AND OTHER PAYABLES

	30 June 2023 \$	30 June 2022 \$
Current		
Trade payables	309,564	252,551
Sundry payables and accrued expenses	385,252	82,711
	694,816	335,262

NOTE 17: LEASE LIABILITIES

	30 June 2023 \$	30 June 2022 \$
Current	11,257	54,286
Non-current	-	196,950
Total lease liabilities	11,257	251,236

NOTE 18: PROVISIONS

	30 June 2023 \$	30 June 2022 \$
Employee Benefit obligations	38,399	16,352
Total Provisions	38,399	16,352

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

NOTE 19: CONTRIBUTED EQUITY

	Note	30 June 2023 \$	30 June 2022 \$
Ordinary shares fully paid	19 (a)	95,783,706	92,077,736
		95,783,706	92,077,736

	No.	30 June 2023 \$	No.	30 June 2022 \$
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19 (a) Ordinary Shares

At the beginning of reporting period – shares on issue 1,962,093,491 92,077,736 1,676,469,574 84,712,777

Shares issued during year

- Placement	220,000,000	3,960,000	-	-
- Issue of shares as settlement	2,000,000	50,000	-	-
- Exercise of options	-	-	285,623,917	7,140,598
- Transfer from Option valuation Reserve	-	-	-	934,275
Transaction costs relating to share issues	-	(304,030)	-	(709,914)
At reporting date	2,184,093,491	95,783,706	1,962,093,491	92,077,736

NOTE 20: RESERVES

	Note	30 June 2023 \$	30 June 2022 \$
Option Fair Value Reserve	20a)	6,828,211	6,197,560
Performance Rights Fair Value Reserve	20b)	337,500	337,500
		7,165,711	6,535,060

	No.	30 June 2023 \$	No.	30 June 2022 \$
20 a) Option Fair Value Reserve				
At the beginning of reporting period	439,399,994	6,197,560	534,023,912	5,254,915
<u>Options movements during year</u>				
- Issue of options*	62,000,000	630,651	191,000,000	1,876,920
- Exercise of options	-	-	(285,623,917)	(934,275)
At reporting date	501,399,994	6,828,211	439,399,994	6,197,560

* The Company issued 62,000,000 options as share based payments to Directors and employees during the year.

(1) As approved by ordinary resolution at a General Meeting held on 20 July 2022, the Company issued 50,000,000 options with an exercise price of \$0.05 expiring 1 May 2026 to Directors. The 50,000,000 options were issued Directors Mr Phillip Coulson (32,500,000) and Mr Zane Lewis (17,500,000). The fair value of options issued (\$600,211) was estimated at the date of grant using a Black-Scholes valuation model taking into account the terms, the underlying values of the shares, the exercise price, the impact of dilution and the risk-free interest rate. A summary of the inputs used in the valuation of the options is listed below.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

Unlisted Options issued to Directors	Incentive options 5c expiring 1 May 2026
Expiry Date	1-5-2026
Exercise Price	\$0.05
Fair Value per Option	\$0.012
Share Price at date of issue	\$0.023
Expected Volatility	94.70
Risk Free Interest Rate	3.34%

(2) The Company issued 12,000,000 options under its employee incentives plan with an exercise price of \$0.05 expiring 1 May 2025. The fair value of options issued was estimated at the date of grant using a Black-Scholes valuation model taking into account the terms, the underlying values of the shares, the exercise price, the impact of dilution and the risk-free interest rate. A summary of the inputs used in the valuation of the options is listed below.

Unlisted Options issued to Employee	Incentive options 5c expiring 1 May 2025
Expiry Date	1-5-2025
Exercise Price	\$0.05
Fair Value per Option	\$0.0072
Share Price at date of issue	\$0.019
Expected Volatility	94.70
Risk Free Interest Rate	3.79%

	30 June 2023		30 June 2022	
	No.	\$	No.	\$
20 b) Performance Rights Value Reserve				
At the beginning of reporting period	25,000,000	337,500	-	-
<u>Movements during year</u>				
- Issue of performance rights	-	-	25,000,000	337,500
At reporting date	25,000,000	337,500	25,000,000	337,500

Performance rights reserve reflects the fair value of performance rights issued and valued.

The performance rights were issued in the prior year to Mr Peter Turner as part of his employment agreement with vesting conditions as follows:

- **Tranche 1:** 5 million Performance Rights (which convert on a 1:1 basis in to Shares) after the Company announces a drill intercept on the Company's Lithium Assets of 10 metres or greater @ 1% Li₂O (containing Spodumene);
- **Tranche 2:** 10 million Performance Rights (which convert on a 1:1 basis in to Shares) after the Company announces an inferred Lithium resource of 10MT @1% Li₂O or more that has independent metallurgical test work confirming that the resource has the potential to produce a low-impurity spodumene concentrate of more than 5% Li₂O; and
- **Tranche 3:** 10 million Performance Rights (which convert on a 1:1 basis in to Shares) after the Company announces an inferred or indicated gold resource of 1 million ounces at a grade of 1/gt au or better.

The share price at the date of granting was \$0.27. As at 30 June 2023 Tranche 1 has been assigned a 50% probability, Tranche 2 a Nil% and Tranche 3 a 100% of being achieved. The probability % will get assessed at every reporting period. All unvested Performance Rights will expire automatically on the date which is 5 years from their date of issue.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

NOTE 21: COMMITMENTS AND CONTINGENCIES

	30 June 2023 \$	30 June 2022 \$
Exploration expenditure commitments:		
Within one year	1,088,277	973,342
Two to five years	2,435,739	2,264,177
More than five years	-	-
Total	3,524,016	3,237,609

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 2023 \$	30 June 2022 \$
Reconciliation of Cash Flow from Operations with Result after Income Tax:		
(Loss) for the Period	(1,526,257)	(4,146,533)
Add: depreciation expenses	213,108	148,529
Add: equity settled share-based payments expenses	630,651	1,860,416
Add: finance costs	12,997	10,459
Add: exploration costs written off	-	777,065
(Increases)/Decreases in Accounts Receivable	465,410	(186,552)
(Decreases)/Increases in Trade Payables	116,567	138,083
(Decreases)/Increases in provision	(22,047)	(4,197)
Cash flow used in operations	(109,571)	(1,402,730)

NOTE 24: RELATED PARTY TRANSACTIONS

For the 30 June 2023 financial year, Smallcap Corporate Pty Ltd (an entity in which Mr Lewis has a beneficial interest) provided company secretary and financial accounting services to the Company. Total fees incurred to Smallcap Corporate Pty Ltd for the year was \$169,250 (2022: \$27,000). As at 30 June 2023, the amount owing to Smallcap Corporate Pty Ltd was \$26,694 (2022: \$19,287).

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

During the current year, the Group incurred rental income of \$29,076 from Odessa Minerals Limited, a company that Mr Zane Lewis is a Director of.

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 2023 \$	30 June 2022 \$
Cash and cash equivalents	4,140,068	6,998,072
Trade and other receivables ¹	110,423	444,665
Trade and other payables	694,816	(335,262)

¹ Excludes statutory receivables relating to GST

The Consolidated Entity does not have any derivative instruments at 30 June 2023 (30 June 2022: Nil).

b) Risk Management Policy

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

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

c) Significant Accounting Policy

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

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

d) Capital Risk Management

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

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

e) Financial Risk Management

Interest Rate Risk

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

Cash at bank balances of \$4,140,068 (2022: \$6,998,072) are subject to interest rate risk, being held in accounts with floating interest rates. There is no other exposure to interest rate risk.

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

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

	30 June 2023 \$	30 June 2022 \$
1% (2021: +1.00%)	41,401	69,981
-1% (2021: -1.00%)	(41,401)	(69,981)

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 (2021: 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
2023							
<u>Trade and other payables</u>							
- Trade and other payables	372,624	-	-	-	-	-	372,624
- Accrued expenses	322,192	-	-	-	-	-	322,192
<u>Lease liability</u>							
- Office premises	-	-	-	-	11,257	-	11,257
	694,816	-	-	-	11,257	-	706,073
2022							
<u>Trade and other payables</u>							
- Trade and other payables	245,273	3,248	4,030	-	-	-	252,551
- Accrued expenses	82,711	-	-	-	-	-	82,711
<u>Lease liability</u>							
- Office premises	-	-	-	-	54,286	196,950	251,236
	327,984	3,248	4,030	-	54,286	196,950	586,498

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2023

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 2023	30 June 2022
	\$	\$
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	4,285,782	9,530,144
Non-current assets	26,357,578	19,327,913
Total assets	30,643,360	28,858,057
Liabilities		
Current liabilities	744,473	405,903
Non-current liabilities	-	196,950
Total liabilities	744,473	602,853
Net assets	29,898,887	28,255,204
Equity		
Issued capital	95,783,706	92,077,736
Reserves	7,165,711	6,535,060
Accumulated losses	(73,050,530)	(70,357,592)
Total equity	29,898,887	28,255,204
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	(2,692,938)	(4,146,539)
Total Comprehensive Loss	(2,692,938)	(4,155,000)

NOTE 27: EVENTS OCCURRING AFTER THE REPORTING DATE

On 26 July 2023, the Company announced the successful completion of its underwritten \$6.55 million non-renounceable entitlement offer.

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

There are no contingent liabilities as at 30 June 2023.

NOTE 29: COMPANY DETAILS

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

Suite 12, Level 1, 100 Railway Road, Daglish, WA 6008

Directors' Declaration

For the Year Ended 30 June 2023

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 2023 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 2023.

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



Dr Peter Turner
Managing Director

Dated: 29th September 2023

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 2023, 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 2023 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 Group 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.

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.

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Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Capitalised Exploration and Evaluation Costs</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 2023, the Group’s capitalised exploration and evaluation costs are carried at \$27,857,726.</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"> • 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 • Determining whether impairment indicators exist involves significant judgement by management. <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"> • 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”); • Confirming rights to tenure for a sample of tenements held and confirming rights to tenure on tenements nearing expiry will be renewed; • 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; • 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"> ○ The licenses for the rights to explore expiring in the near future or are not expected to be renewed; ○ Substantive expenditure for further exploration in the area of interest is not budgeted or planned; ○ Decision or intent by the Group to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; ○ 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

Key Audit Matter	How our audit addressed the Key Audit Matter
	<ul style="list-style-type: none"> Assessing the appropriateness of the related disclosures in the financial statements.

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 2023, 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 2023. 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 2023, complies with section 300A of the Corporations Act 2001.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 29th day of September 2023
Perth, Western Australia

Additional Information

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholders. The information provided is current as of 28 September 2023.

Equity Securities on Issue

Security Class	Number of Securities
Fully paid ordinary shares	2,620,912,189
Unquoted options exercisable at \$0.08 on or before 29 September 2023	138,400,000
Unquoted options exercisable at \$0.05 on or before 1 May 2025	12,000,000
Unquoted options exercisable at \$0.05 on or before 1 May 2026	196,000,000
Performance rights	25,000,000

For all ordinary shares, voting rights are one vote per member on a show of hands and one vote per share in a poll.

Distribution of Shareholders

	No. of Shareholders
1 – 1,000	154
1,001 – 5,000	57
5,001 – 10,000	589
10,001 – 100,000	3,186
100,001 –	2,554
Total number of shareholders	6,010
Unmarketable Parcels	1,100

Top 20 Shareholders

Shareholders	Number	%
1 GLR AUSTRALIA INVESTMENTS PTY LTD	264,000,000	10.07%
2 CITICORP NOMINEES PTY LIMITED	257,336,581	9.82%
3 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	72,726,026	2.77%
4 TROCA ENTERPRISES PTY LTD <COULSEN SUPER A/C>	64,394,351	2.46%
5 MR VINH PHAN	37,530,000	1.43%
6 MS DANIELLE SHARON TUDEHOPE	36,000,000	1.37%
7 BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	29,095,892	1.11%
8 TROCA ENTERPRISES PTY LTD	23,679,516	0.9%
9 MCNEIL NOMINEES PTY LIMITED	22,760,477	0.87%
10 MS LINLIN LI	22,560,919	0.86%
11 BRENNAN SUPER (WA) PTY LTD	18,000,000	0.69%
12 MR MICHEAL LYNCH & MRS SUSAN LYNCH <THE LYNCH FAMILY TRUST>	17,086,067	0.65%
13 MR MARK GASSON	15,353,164	0.59%
14 MR KEVIN JOHN DAVIS	15,000,000	0.57%
15 ARGONAUT PARTNERS PTY LIMITED	15,000,000	0.57%
16 MR KAZUHIRO MASUDA	14,500,000	0.55%
17 MS AIPING ZHANG	14,206,404	0.54%
18 CHIN NOMINEES PTY LTD <CHIN NOMINEES NO 2 S/F A/C>	13,654,053	0.52%
19 BNP PARIBAS NOMS PTY LTD <DRP>	13,356,082	0.51%
20 OCEAN VIEW WA PTY LTD	12,386,067	0.47%
TOTAL	978,625,599	37.34%

Additional Information

Distribution of Unquoted Equity Securities

Number of Securities Held	Number of holders in each security class			
	options at exercisable at \$0.08 on or before 29 September 2023	options exercisable at \$0.05 on or before 1 May 2025	options exercisable at \$0.05 on or before 1 May 2026	Performance rights
1 - 1,000	-	-	-	-
1,001 - 5,000	-	-	-	-
5,001 - 10,000	2	-	-	-
10,001 - 100,000	89	-	-	-
100,001 - 999,999,999,999	116	1	8	1
TOTAL	207	1	8	1

Top 20 Unquoted Security Holders

Security Class	Holder Name	Holdings	%
Options exercisable at \$0.05 on or before 1 May 2026	Corporate & Resource Consultants Pty Ltd	50,000,000	25.51%
Options exercisable at \$0.05 on or before 1 May 2026	Troca Enterprises Pty Ltd	32,500,000	16.58%
Options exercisable at \$0.05 on or before 1 May 2026	Mr Klaus Eckhof	30,000,000	15.31%
Performance Rights	Dr Peter Turner	25,000,000	100.00%

Electronic Communications

Kairos encourages shareholders to receive information electronically. Electronic communications allow Kairos to communicate with shareholders quickly and reduce the Company's paper usage.

Shareholders who currently receive information by post can log in online to provide their email address and elect to receive electronic communications at: <https://www.advancedshare.com.au/Dashboard/Member-Register>

Kairos emails shareholders when important information becomes available such as financial results, notices of meeting, voting forms and annual reports.

Kairos will issue notices of annual and general meetings and the annual report electronically where a shareholder has provided a valid email address, unless the shareholder has elected to receive a paper copy of these documents.

Recent legislative changes to the Corporations Act 2001 (Cth) effective 1 April 2022 mean there are new options available to shareholders as to how they elect to receive their communications. An important notice regarding these rights is available on the Company's website at <https://www.kairosminerals.com.au/right-to-receive-documents/>

For further information, please contact the Kairos share registry, Advanced , at admin@advancedshare.com.au

Additional Information

Interests in Mining Tenements as at 30 June 2023

Project Tenements	Location	Held
Roe Hills	WA	100%
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		
E28/2594		
E28/2595		
E28/2696		
E28/2697		
L28/79		
L28/80		
L28/81		
L28/82		
Croydon Project	WA	100%
E47/3522		
E47/3523		
E47/4384		
E47/3385	WA	100%
Sky Well Project		
E47/3519		
E47/3520	WA	100%
E47/3521		

Additional Information

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Project Tenements	Location	Held
Mt York Project	WA	100%
P45/2987		
P45/2988		
P45/2989		
P45/2990		
P45/2991		
P45/2992		
P45/2993		
P45/2994		
P45/2995		
P45/2996		
P45/2997		
P45/2998		
L45/422		
L45/455		
L45/660		
L45/661		
M45/1306		
M45/1307		
Wodgina Project	WA	100%
E45/4715		
E45/4780		
L45/709		
Kangan Project	WA	100%
E45/4740		
E45/6160		
E45/6161		
E45/6162		
E45/6353		
Woodcutters Project	WA	100%
E28/2646		
E28/2647		

Additional Information

Lalla Rookh Project	WA	100%
E45/4741		
E45/6145		
E45/6146		
E45/6147		
E45/6309		
E45/6310		
E45/6311		
Rocklea Project	WA	100%
E45/6148		
E45/6149		
E45/6322		
E45/6323		

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Corporate Directory

COMPANY

Kairos Minerals Limited
ACN 006 189 331

DIRECTORS

Mr Klaus Eckhof	Non-Executive Chairman
Dr Peter Turner	Managing Director
Mr Mark Calderwood	Non-Executive Director
Mr Zane Lewis	Non-Executive Director
Mr Philip Coulson	Non-Executive Director

COMPANY SECRETARY

Mr Robbie Featherby
Mr Sebastian Andre

COMPANY WEBSITE

www.kairosminerals.com.au

REGISTERED OFFICE

Suite 12, Level 1
100 Railway Road
Daglish WA 6008

Phone: +61 (0)8 6380 1904
Facsimile: +61 (0)3 9614 0550

SOLICITORS

Hamilton Locke
Central Park, Level 27
152-158 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

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

Telephone: +61 (0)8 9389 8033

Facsimile: +61 (0)8 9262 3723

AUDITORS

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

SECURITIES QUOTED

Australian Securities Exchange (ASX)
Shares – KAI

BANKERS

National Australia Bank
Melbourne, Victoria
Australia 3000

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