

ASX ANNOUNCEMENT

25 October 2017

KAIROS RAISES \$7M TO EXPLORE PILBARA GOLD PROJECT

Highlights:

- \$7M share placement to sophisticated and professional investors at 5.5c per share.
- Placement comprises 127.3M shares plus a 1-for-1 free attaching option exercisable at 10c.
- Eric Sprott through Sprott Capital Partners in Canada to collectively subscribe for \$5M.
- Funds to underpin ongoing exploration at the Pilbara Gold Project, including the recently expanded conglomerate gold program and ongoing resource expansion drilling at the 258,000oz Mt York Project (*refer to Quarterly Report - ASX Announcement 28 July 2017*).
- 22 km strike length of highly prospective target horizon identified beneath the Mt Roe basalt at the Croydon Project by the Company's helicopter-assisted field program.

Kairos Executive Chairman Terry Topping said: *"This is a watershed moment for the Company which confirms our position at the forefront of the new Pilbara gold rush. We are delighted to welcome Eric Sprott as a cornerstone shareholder and participant in this pivotal capital raising, which puts Kairos in an exceptionally strong position to pursue aggressive exploration programs across our key projects. Together with the expected proceeds from option conversions, the completion of this placement will increase our cash position to over \$10 million.*

"Kairos is in the fortunate position of having both an extensive and high-quality ground position which is highly prospective for conglomerate-hosted gold and an established 258,000oz JORC compliant resource base at a project in Mt York with an extensive mining history. Our strong position in the Pilbara, plus our highly prospective Roe Hills project adjacent to Breaker Resources' emerging discovery, gives us the ability to capitalise on some exceptional growth opportunities in the Australian gold sector."

Kairos Minerals Ltd (ASX: KAI) is pleased to advise that it has received firm commitments to raise \$7 million through a private placement to sophisticated and professional investors (**Placement**) with the proceeds to underpin its ongoing gold exploration programs in the Pilbara and Eastern Goldfields of Western Australia.

The raising will see Eric Sprott through Sprott Capital Partners in Canada subscribe for \$5 million of the placement.

This represents a major endorsement of Kairos' West Australian gold projects and introduces a significant institutional presence to the Company's share register for the first time. Together with existing cash reserves and with the expected proceeds of option conversions, the placement will increase the Company's cash resources to over \$10 million – enabling it to aggressively progress its planned exploration programs.

Share Placement

The Placement, comprising the issue of 127,272,273 million new shares (90,556,844 shares under LR7.1 and 36,715,844 shares under LR7.1A) at an issue price of 5.5c plus a free attaching option exercisable at 10c and expiring on 31 December 2020 to be issued on a 1-for-1 basis, is being undertaken to sophisticated and professional investors. It is intended that the Shares under the Placement will be issued subsequent to the AGM (AGM to be held on 15 November 2017), whereby the Company expects that those resolutions relating to refreshing the placement capacity of the Company within the Notice of AGM will be approved by shareholders. In the event that those resolutions are not passed at the AGM, the Company will seek to have a subsequent EGM to approve the issue of the shares. In addition, the options under the placement will be issued subject to shareholder approval at a subsequent EGM. The Company will seek to hold that EGM as soon as practical.

CPS Capital and Patersons Securities are joint lead manager and underwriter of the Placement.

Eric Sprott through Sprott Capital Partners in Canada will collectively subscribe for \$5 million of the Placement.

Following completion of the Placement, Kairos will have a total of 731,051,691 fully-paid ordinary shares on issue, with a market capitalisation of \$40.2 million at the 5.5c placement price.

Use of Funds

The proceeds of the Placement will be used to progress ongoing exploration programs, including:

- Exploration targeting the significant conglomerate-hosted gold potential of Kairos' 1,158 square kilometres of tenure in the Pilbara region – including recently commenced helicopter-assisted programs at the Croydon Project and elsewhere;
- Recently commenced drilling targeting extensions of the existing JORC 2012 Mineral Resource of 258,000oz at the Mt York Gold-Lithium Project;
- Follow-up drilling at the Roe Hills Project, located 120km east of Kalgoorlie in WA, where drilling earlier this year returned numerous significant results immediately south along strike from the Lake Roe/Bombora discovery currently being drilled out by Breaker Resources (ASX: BRB); and
- General working capital.

ENDS

About Kairos Minerals

Kairos Minerals (ASX: KAI) is a diversified West Australian-based exploration company which is focused on the exploration and development of two key project hubs located in WA's premier mining districts.

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

The 100%-owned Roe Hills Project, located 120km east of Kalgoorlie in WA's Eastern Goldfields, comprises an extensive tenement portfolio which is highly prospective for gold, nickel and cobalt discoveries. Kairos' tenure adjoins the emerging Lake Roe gold discovery, owned by Breaker Resources (ASX: BRB).

Kairos has completed maiden drilling programs across both projects over the past 12 months, delivering impressive results which have highlighted the significant potential of both projects to deliver significant new discoveries and host economic mineral deposits.

In the Pilbara, Kairos also holds 1,158 square kilometres of tenure which is highly prospective for conglomerate-hosted gold discoveries. The Company's portfolio includes ~100 strike kilometres of prospective lower Fortescue Group rocks including both the base of the Hardey Formation and the basal sequence of the Mount Roe Basalt. Major exploration programs are underway targeting these highly prospective stratigraphic horizons, which have been associated with a number of recent high-profile gold discoveries in the Pilbara.

Kairos has been well recognised for its industry leading technical team that includes its Chairman Terry Topping (Taipan Resources NL, Cauldron Energy Ltd and Orinoco Gold Ltd), Technical Director Neil Hutchison (Poseidon Nickel, Jubilee Mines, Technical Manager Steve Vallance (WMC, ACM, Jubilee Mines, Xstrata, Kagara, LionOre), and consulting specialists Dr Robin Hill, Sarah Dowling, Dr Nigel Brand, Adrian Black and Bill Amman.

For further information, please contact:

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COMPETENT PERSON STATEMENT:

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

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

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