

ASX/MEDIA ANNOUNCEMENT

14 June 2016

CAPITAL RAISING UPDATE - PLACEMENT AND NON-RENOUNCEABLE RIGHTS ISSUE

Kairos Minerals Limited (ASX: KAI) (**Company**) is pleased to advise that the Board has resolved to undertake the following capital raising initiatives:

- a placement of up to 24 million fully paid ordinary shares (**Shares**) at an issue price of \$0.05 per Share to raise up to \$1.2 million before costs (**Placement**);
- a pro-rata non-renounceable rights issue (**Rights Issue**) to raise up to approximately \$3.975 million (before costs) through the issues of up to a maximum of approximately 79.5 million Shares (**New Shares**); and
- as announced on 2 June 2016, and subject to shareholder approval and the issue of a disclosure document, an offer to holders of listed options exercisable at \$0.10 and expiring 30 June 2016 (**Expiring Listed Options**) on the basis of one new option (**New Option**) for every Expiring Listed Option held on the date they expire. The New Options will be issued at a price of \$0.005 (0.5 cents) each to raise approximately \$700,000 (**Option Issue**).

It is proposed that the funds raised from these capital raising initiatives will be utilised by the Company to continue to develop its growth strategy focused on lithium and gold, and working capital requirements. Further details regarding the Placement, the Rights Issue and the Option Issue are set out below.

Placement

It is proposed that Placement will be undertaken to sophisticated and professional investors and will be completed in approximately one week.

Rights Issue

The Rights Issue will be undertaken on the basis of 2 New Shares for every 7 Shares held on the relevant record date, which will be advised in due course, at an issue price of \$0.05 per New Share.

Shareholders with an address in Australia or New Zealand on the Company's share register on the Record Date will be eligible to participate in the Rights Issue (**Eligible Shareholders**).

The directors reserve the right to place any shortfall from the Rights Issue at their discretion within three months after the close of the offer. Eligible Shareholders'

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entitlements pursuant to the Rights Issue will be non-renounceable. Accordingly, Eligible Shareholders may:

- take up their rights in full or in part;
- do nothing in which case their rights will lapse; or
- take up their rights in full and apply for additional New Shares.

Full details of the Rights Issue will be set out in a disclosure document to be lodged with ASX. The New Shares issued under the Rights Issue will rank equally with the existing Shares on issue.

The Company will provide details of the proposed timetable for the Rights Issue in due course.

The Company has decided that it is unreasonable to make offers under the Rights Issue to shareholders who have a registered address in a country outside of Australia or New Zealand, having regard to the number of shareholders in such places, the number and value of the New Shares that would be offered and the substantial costs of complying with the legal and regulatory requirements in those jurisdictions.

Option Issue

As announced on 2 June 2016, the Company is proposing to undertake an offer to holders of Expiring Listed Options on the basis of one New Option for every Expiring Listed Option held on the date they expire at an issue price of \$0.005 (0.5 cents) per New Option to raise approximately \$700,000. Each New Option will have an exercise price of \$0.10 and expire one year from the date of issue. The Option Issue will be subject to shareholder approval and will be undertaken pursuant to a disclosure document. Subject to meeting the requirements for quotation, the Company intends to apply to ASX for quotation of the New Options.

As noted above, the issue price per New Option will be \$0.005 (0.5 cents) and not \$0.01 (1 cent), as advised in the Company's announcement dated 2 June 2016.

The Company will provide details of the proposed timetable for the Option Issue in due course.

BW Equities Engagement

BW Equities (or its nominee) will be entitled to the following securities as advisors in connection with the Placement:

- 3,814,161 Shares at an issue price of \$0.0001 per Share; and
- 5,000,000 New Options.

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