



**KAIROS MINERALS LIMITED
ACN 006 189 331**

PROSPECTUS

FOR

A non-renounceable pro rata entitlement issue of two (2) New Shares for every (7) seven Shares held by Shareholders at the Record Date at an issue price of \$0.05 per New Share to raise up to approximately \$4,038,195 (before costs).

The offer of up to 140,852,158 New Options to Eligible Previous Optionholders who held Expired Options on the Expired Option Date at an issue price of \$0.005 per New Option to raise up to approximately \$704,260 (before costs).

**THE ENTITLEMENT OFFER IS CURRENTLY EXPECTED TO CLOSE AT 5:00PM (AEST) ON
22 JULY 2016.**

**THE NEW OPTIONS OFFER IS CURRENTLY EXPECTED TO CLOSE AT 5:00PM (AEST)
ON 29 July 2016.**

VALID APPLICATIONS MUST BE RECEIVED BEFORE THAT TIME.

**PLEASE READ THE INSTRUCTIONS IN THIS PROSPECTUS AND ON THE
ACCOMPANYING APPLICATION FORM REGARDING THE ACCEPTANCE OF YOUR
ENTITLEMENT UNDER THE OFFERS.**

**THIS IS AN IMPORTANT DOCUMENT WHICH REQUIRES YOUR IMMEDIATE ATTENTION
AND SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO,
YOU SHOULD CONSULT YOUR STOCKBROKER, ACCOUNTANT, SOLICITOR, OR OTHER
PROFESSIONAL ADVISOR.**

**AN INVESTMENT IN THE SECURITIES OFFERED BY THIS PROSPECTUS SHOULD BE
CONSIDERED HIGHLY SPECULATIVE IN NATURE.**

IMPORTANT INFORMATION

General

This Prospectus is dated, and was lodged with ASIC on, 5 July 2016. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

The Company will apply to ASX within seven days of the date of this Prospectus for Official Quotation by ASX of the New Securities.

A copy of this Prospectus is available for inspection at the Australian registered office of the Company at Level 2, 43 Outram Street, West Perth, Western Australia 6005 during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (refer to Sections 7.2 and 7.14). Eligible Investors can obtain a copy of this Prospectus during the period of the Offers on the Company's website.

No person or entity is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

Application Forms

The Application Form accompanying this Prospectus is important. Application for New Securities under the Offers can only be submitted on an Application Form. If acceptance is by BPAY® there is no need to return an original Application Form. The Application Form sets out an Eligible Investor's Entitlement. Please refer to instructions in Section 4 regarding the acceptance of your Entitlement and completion of the Application Form.

By returning an Application Form, you acknowledge that you have received and read this Prospectus and you have acted in accordance with the terms of the Offers detailed in this Prospectus.

Eligibility

Eligible Shareholders can only take up their Entitlement by completing and returning the Entitlement Acceptance Form, accompanying this Prospectus. The Entitlement Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Entitlement Offer.

Eligible Previous Optionholders can only take up their Entitlement by completing and returning the New Options Acceptance Form, accompanying this Prospectus. The New Options Acceptance Form sets out an Eligible Previous Optionholder's Entitlement to participate in the New Options Offer.

Foreign Investors

No action has been taken to permit the offer of Securities under this Prospectus in any jurisdiction other than Australia and New Zealand. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons into whose possession this Prospectus comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

Notice to nominees and custodians

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident in other jurisdictions are responsible for ensuring that taking up an Entitlement under the Entitlement Offer or applying for New Shares under the Entitlement Shortfall Offer does not breach regulations in the relevant jurisdiction. Return of a duly completed Application Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Continuously Quoted Securities

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

Exposure Period

No exposure period applies to the Offers.

Speculative Investment

An investment in the New Securities should be considered highly speculative. Refer to Section 5 for details of the key risks applicable to an investment in the Company.

Persons wishing to apply for New Securities should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of the Company and the rights and liabilities attaching to the New Securities.

This Prospectus does not take into account the investment objectives, financial or taxation or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to his/her particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. If persons considering applying for New Securities have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser.

There is no guarantee that New Securities will make a return on the capital invested, that dividends will be paid on the New Shares or that there will be an increase in the value of the New Securities in the future.

Forward-looking Statements

This Prospectus contains forward-looking statements which may be identified by words such as "believes", "estimates", "expects", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risks associated with an investment in the Company are detailed in Section 5. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Website

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Diagrams

Any diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Currency

All financial amounts contained in this Prospectus are expressed as Australian dollars unless otherwise stated.

Rounding

Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Time

All references to time in this Prospectus are references to AEST, unless otherwise stated.

Glossary

Defined terms and abbreviations used in this Prospectus are detailed in the glossary of terms in Section 9.

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CORPORATE DIRECTORY

Directors

Mr Joshua Wellisch Managing Director
Mr Dehong Yu Non-Executive Director
Mr Neil Hutchison Non-Executive Director
Mr Ian Finch Non-Executive Director

Company Secretary

Mr Adrien Wing Company Secretary

Registered Office

43 Outram Street
West Perth WA 6005

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Fax: +61 8 9614 0550
Website: www.kairosminerals.com.au
ASX Code: KAI

Share Registry

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Tel: +61 8 9315 2333
Fax: +61 8 9315 2233
Email: registrar@securitytransfer.com.au

Lawyers

DLA Piper Australia
Level 31
152 - 158 St Georges Terrace
Perth WA 6000

Underwriter

BW Equities Pty Ltd
Level 25
360 Collins Street
Melbourne VIC 3000

Auditor*

BDO East Coast Partnership
Level 14, 140 William Street
Melbourne VIC 3000

* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Its name is included for information purposes only.

INDICATIVE TIMETABLE

Event	Date
Lodgement of Prospectus with ASIC and ASX	5 July 2016
Company sends letters to Shareholders	6 July 2016
"Ex" Date	7 July 2016
Record Date (at 5:00pm AEST)	8 July 2016
Prospectus despatched to Eligible Investors	13 July 2016
Opening Date	13 July 2016
Entitlement Offer Closing Date (at 5:00pm AEST)	22 July 2016
New Shares quoted on a deferred settlement basis	25 July 2016
Issue of New Shares and Deferred Settlement Trading Ends	29 July 2016
Anticipated date for despatch of holding statements for New Shares	29 July 2016
New Options Offer Closing Date (at 5:00pm AEST)	29 July 2016
Trading of New Shares on ASX commences	2 August 2016
Issue of New Options under New Options Offer	3 August 2016
Anticipated date for despatch of holding statements for New Options	3 August 2016
Trading of New Options on ASX commences	4 August 2016

The above timetable is indicative only and subject to change. Subject to the Listing Rules, the Directors reserve the right to vary these dates, including the Closing Date, without prior notice. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the New Securities. The Directors also reserve the right not to proceed with the whole or part of the Offers at any time prior to allotment. In that event, the relevant Application Monies will be returned without interest.

LETTER FROM THE CHAIRMAN

Dear Shareholder

On behalf of the Board, I am pleased to invite you to participate in the non-renounceable pro-rata entitlement issue (Entitlement Offer) announced on 14 June 2016, under which Eligible Shareholders are entitled to subscribe for two (2) New Shares for every seven (7) Shares held at an issue price of 5 cents per New Share. In addition, Eligible Previous Optionholders are being offered the opportunity to purchase one New Option for every Expired Option held on the Expired Option Date (30 June 2016) at an issue price of \$0.005 per New Option.

The Entitlement Offer and New Options Offer – which together will raise up to approximately \$4.7 million – form part of a broader capital raising of up to approximately \$5.9 million, including a recent \$1.2 million share placement. The proceeds will enable Kairos to advance the exploration of its high-quality Pilbara and Eastern Goldfields Projects in WA.

At the beginning of this year, Kairos embarked on a new growth strategy focused on lithium and gold – commodities which are currently enjoying a significant level of investor interest due to their attractive market fundamentals. As part of this strategy, the Company has secured a strategic land-holding in the heart of an emerging lithium province, the highly prospective Pilgangoora district, located approximately 100km south of Port Hedland in the East Pilbara region.

The Company's extensive portfolio includes both the Mt York Lithium-Gold Project, located adjacent to the world-class Pilgangoora lithium-tantalum deposit, and the Wodgina East Project, located next to the Wodgina Tantalum Mine, plus an extensive portfolio of exploration tenements within the East Pilbara pegmatite corridor. This region is experiencing a high level of activity, with the Pilgangoora deposit (currently rated as the world's second largest hard rock lithium deposit) being developed by Pilbara Minerals (ASX: PLS) and Altura Mining (ASX: AJM), and the Wodgina Tantalum Mine recently acquired by Mineral Resources Limited (ASX: MIN).

Initial exploration has confirmed the presence of numerous exciting pegmatite targets at Mt York with the potential to host hard rock (spodumene) lithium mineralisation. The project also hosts significant gold mineralisation at the historical Lynas Find gold mine, which was closed at a time of low gold prices in 1998.

A recent initial geological review has revealed the presence of significant zones of high-grade gold mineralisation directly below several of the existing open pits, confirming the potential to rapidly establish a mineral resource. Work is underway to calculate a JORC 2012 compliant gold Mineral Resource estimate, due for completion in the September Quarter.

The Company's exploration team has been carefully evaluating and prioritising both lithium and gold exploration targets, and we are now working towards the commencement of pivotal drilling programs at both Mt York and Wodgina later this year. This Entitlement Offer and New Options Offer will provide Kairos with the required funding to progress these exploration programs, as well as to undertake initial field work across the Company's broader exploration portfolio and to assess the gold potential of our Roe nickel-gold project, east of Kalgoorlie.

The details of the Entitlement Offer are set out in this Prospectus together with your personalised Entitlement Acceptance Form. I encourage you to read the Prospectus in its entirety before making your investment decision. A description of the risk factors you may wish to consider is set out in Section 5.

The Entitlement Offer provides you with the opportunity to participate in this capital raising at an attractive price, maintain your equity interest in the Company and participate in the company's future growth.

On behalf of the Board, I invite you to consider this investment opportunity and thank you for your continued support of the Company.

Yours faithfully,

Ian Finch
Executive Chairman

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1. Investment Overview

Topic	Summary	More Information
What is the Entitlement Offer?	Two (2) New Shares for every seven (7) Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.05 per New Share.	Section 2.1.
What is the New Options Offer?	One (1) New Option for every one (1) Expired Option held by Eligible Previous Optionholders on the Expired Option Date at an issue price of \$0.005 per New Option.	Section 2.2.
What is the purpose of the Offers?	<p>The purpose of the Offers is to raise up to a maximum of approximately \$4,742,455 (before costs).</p> <p>After the costs of the Offers, the funds raised from the Offers will be used to fund exploration on the Company's Pilbara and Eastern Goldfields projects and for working capital requirements.</p>	Section 2.4.
What are the key investment highlights?	<ul style="list-style-type: none"> • Kairos has an extensive portfolio of lithium and gold exploration projects in Australia's premier emerging lithium province, the Pilgangoora district of WA. • The portfolio includes the Mt York Lithium-Gold Project and the Wodgina East Project. • Initial exploration has confirmed numerous pegmatite-spodumene targets at Mt York, which are prospective for lithium mineralisation, as well as gold potential at the historical Lynas Find Gold Mine. • Work is underway to calculate a maiden JORC compliant gold resource for the Mt York and to prepare for important drilling programs planned to test both the lithium and gold potential later this year. • The Entitlement Offer provides all Shareholders with the opportunity to participate in this capital raising on attractive terms ahead of the commencement of pivotal gold and lithium exploration programs later this year. 	
What are key risks associated with an investment in the Company?	<p>Some of the key risks that may affect the Company are detailed below. This list is not exhaustive, and further details of these risks and other risks associated with an investment in the Company are detailed in Section 5:</p> <ul style="list-style-type: none"> • grant and renewal of permit - the Company's exploration activities are dependent upon the maintenance (including renewal) of the tenements in which the Company has or acquires an interest. Although the Company has no reason to think that the tenements in which it currently has an interest will not be renewed, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed by the relevant granting authority; • land access - there is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Commonly, this will affect the procedure required for access and may impose obligations in respect of compensation, land rehabilitation and/or land impact management. Inability to access, or delays experienced in accessing, the land and 	Section 5.

Topic	Summary	More Information
	<p>unforeseen expenses associated therewith may impact on the Company's activities;</p> <ul style="list-style-type: none"> • operational risks - the operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents beyond the control of the Company; • exploration and development risks - mineral exploration and mining are high-risk enterprises, only occasionally providing high rewards. There is no assurance that exploration and development of the mineral interests owned by the Company or any other projects that may be acquired in the future can be profitably exploited; and • future capital needs and additional funding - the Company believes that the proceeds from the Offers will provide adequate funding to continue to develop the growth of the Company while strategically focussing on the mining of lithium and gold resources. However, if the Company did require additional funding there is no assurance that it will be obtainable. If the Company was unable to obtain additional funding, this would have a material adverse effect on the Company's business and its financial condition and performance. <p>See Section 5 for further risks affecting the Company.</p>	
<p>Can I sell or transfer my Entitlement under the Entitlement Offer?</p>	<p>No, as the Entitlement Offer is non-renounceable, you cannot sell or transfer any of your Entitlement. There will be no trading of Entitlements on ASX.</p>	<p>Section 2.2.</p>
<p>What is the effect of the Offers on the Company?</p>	<p>The maximum number of New Securities that will be issued under the Offers is 80,763,904 New Shares (subject to rounding) and 140,852,158 New Options (subject to rounding).</p>	<p>Section 3.1.</p>
<p>Is the Entitlement Offer and New Options Offer subject to a minimum subscription?</p>	<p>No.</p>	<p>Section 2.6.</p>
<p>Is the Entitlement Offer and New Options Offer underwritten?</p>	<p>The Entitlement Offer is fully underwritten by BW Equities.</p> <p>The New Options Offer will not be underwritten.</p> <p>The Company will pay BW Equities a 5% underwriting fee and a 1% management fee of the total dollar amount raised under the Entitlement Offer. In addition, BW Equities will receive 12,500,000 New Options under this Prospectus.</p> <p>5,000,000 New Options are being issued to BW Equities in connection with BW Equities' engagement in relation to the recently completed placement, as disclosed in the Company's announcement dated 14 June 2016.</p>	<p>Sections 2.7 and 7.1.</p>

Topic	Summary	More Information
	7,500,000 New Options are being issued to BW Equities in connection with a Consulting Mandate the Company has entered into with BW Equities, as disclosed in the Company's announcement dated 4 July 2016.	
What are the terms of the New Shares and New Options?	<p>The New Shares issued under the Entitlement Offer will rank equally with existing Shares on issue.</p> <p>The New Options will be listed on ASX with an exercise price of \$0.10 each, expiring 12 months after the date of issue.</p>	Sections 6.1 and 6.2.
Who can participate in the Offers?	<p>Eligible Shareholders, being Shareholders on the Record Date with a registered address in Australia or New Zealand, may participate in the Entitlement Offer.</p> <p>Eligible Previous Optionholders, being all holders of Expired Options with a registered address in Australia or New Zealand on the Expired Option Date, may participate in the New Options Offer.</p>	Sections 2.1, 2.2, 2.5 and 2.9.
How do I accept my Entitlement?	All Eligible Investors are entitled to participate in the Offers. If you wish to take up all or part of your Entitlement, you must complete the Application Form that accompanies this Prospectus and send it to the Share Registry together with payment by cheque or follow the instructions to pay via BPAY®.	Section 4.1
How will New Securities be allocated?	<p>New Securities not taken up under the Entitlement Offer or New Options Offer will be offered under the Entitlement Shortfall Offer and New Options Shortfall Offer, respectively.</p> <p>Shortfall Shares will be allocated at the absolute discretion of the Directors and in accordance with the Underwriting Agreement. Shortfall New Options will be allocated at the absolute discretion of the Directors.</p> <p>All New Securities will be allocated within three months after the applicable Closing Date.</p> <p>Eligible Investors may apply for New Securities by completing the relevant section of their Application Form.</p>	Section 2.5 and 2.9.
Key Dates	<p>Entitlement Offer:</p> <p>Ex-Date 7 July 2016</p> <p>Record Date 8 July 2016</p> <p>Opening Date 13 July 2016</p> <p>Entitlement Offer Closing Date 22 July 2016</p> <p>Issue date of New Shares 29 July 2016</p> <p>Trading of New Shares commences 2 August 2016</p> <p>New Options Offer:</p> <p>Opening Date 13 July 2016</p> <p>New Options Offer Closing Date 29 July 2016</p> <p>Issue date of New Options 3 August 2016</p> <p>Trading of New Options commences 4 August 2016</p>	See Indicative Timetable on page 4.

2. Details of the Offers

2.1 The Entitlement Offer

The Company is making a non-renounceable pro rata entitlement issue of two (2) New Share for every seven (7) Shares held by Shareholders on the Record Date at an issue price of \$0.05 per New Share to raise up to approximately \$4,038,195 (before costs) (**Entitlement Offer**).

Eligible Shareholders, being Shareholders on the Record Date with a registered address in Australia or New Zealand, are eligible to participate in the Entitlement Offer.

As at the date of this Prospectus, the Company has on issue 282,673,665 Shares and 140,852,158 Options. Assuming no Options are exercised before the Expired Option Date, up to 80,763,904 New Shares will be issued under the Entitlement Offer (subject to rounding). If all of the existing Options are exercised before the Expired Option Date, up to 121,007,378 New Shares will be issued under the Entitlement Offer (subject to rounding).

Where the determination of the Entitlement of any Shareholder results in a fraction of a New Share, such fraction will be rounded down to the nearest whole New Share.

All of the New Shares offered under this Prospectus will rank equally with the Shares on issue as at the date of this Prospectus.

Refer to Section 6.1 for a summary of the rights attached to the New Shares.

2.2 New Options Offer

The Company is making an offer of up to 140,852,158 New Options. The New Options are being offered to Eligible Previous Optionholders on the basis of one (1) New Option for every one (1) Expired Option held on the Expired Option Date at an issue price of \$0.005 per New Option to raise up to approximately \$704,260 (before costs) (**New Options Offer**).

Eligible Previous Optionholders, being all holders of Options that expired on 30 June 2016 (**Expired Option**) with a registered address in Australia or New Zealand, are entitled to participate in the New Options Offer.

The issue of New Options under the New Options Offer is conditional on the receipt of Shareholder approval at the General Meeting.

Refer to Section 6.2 for a summary of the rights attached to the New Options.

2.3 Broker Offer

This Prospectus also includes an offer of 12,500,000 New Options to BW Equities (**Broker Offer**).

5,000,000 New Options are being issued to BW Equities in connection with BW Equities' engagement in relation to the recently completed placement, as disclosed in the Company's announcement dated 14 June 2016.

7,500,000 New Options are being issued to BW Equities in connection with a Consulting Mandate the Company has entered into with BW Equities, as disclosed in the Company's announcement dated 4 July 2016.

Refer to Section 6.2 for a summary of the rights attached to the New Options to be issued under the Broker Offer.

2.4 Reasons for the Offers and Funding Allocation

The Entitlement Offer will raise up to approximately \$4,038,195 (before costs). The New Options Offer will raise up to approximately \$704,260 (before costs). Collectively, the Offers will raise up to approximately \$4,742,455 (before costs).

The purpose of the Offers is to provide funding for exploration on the Company's Pilbara and Eastern Goldfields projects, and for working capital purposes.

The Company intends to apply the funds raised from the Offers as follows:

Description of Cash Outflows	\$	%
Exploration expenditure Pilbara and Eastern Goldfields projects	1,200,000	25.3%
Working capital	3,166,783	66.8%
Associated expenses of the Offers	375,672	7.9%
Total funds raised under the Offers	\$4,742,455	100%

The above table is a statement of the Board's current intentions as at the date of this Prospectus. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

If Shareholder do not approve the issue of New Options pursuant to the New Options Offer or the New Options Offer does not proceed, the Company will use the funds from the Entitlement Offer to pay the expenses of the Offers, provide funding for the exploration of the Pilbara and Eastern Goldfields projects, as stated above, and will scale back funds available for working capital.

2.5 Opening and Closing Dates

The Company will accept Application Forms in respect of the Offers from the Opening Date, being 13 July 2016.

For the Entitlement Offer, the Company will accept Entitlement Acceptance Forms until the Entitlement Offer Closing Date, being 5:00pm (AEST) on 22 July 2016, or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

For the New Options Offer, the Company will accept New Options Acceptance Forms until the New Options Offer Closing Date, being 5:00pm (AEST) on 29 July 2016, or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

Please note that payment made by BPAY® must be received by no later than 5:00pm (AEST) on the applicable Closing Date. It is the responsibility of all Eligible Investors to ensure that their BPAY® payments are received by the Company on or before the applicable Closing Date.

The Directors may at any time decide to withdraw this Prospectus or any Offer, in which case the Company will return all Application Monies (without interest) in accordance with the Corporations Act.

2.6 Minimum Subscription

There is no minimum subscription for the Offers.

2.7 Underwriting

The Company has entered into an agreement with BW Equities dated 4 July 2016 (**Underwriting Agreement**) to fully underwrite the Entitlement Offer. In accordance with the Underwriting Agreement, the Underwriter has an obligation to subscribe for, or procure subscription for, any Shortfall Shares by completing and lodging with the Company, or procuring other persons complete and lodge with the Company, Shortfall New Shares Application Forms together with Application Monies.

For further information on the material terms of the Underwriting Agreement please refer to Section 7.1.

The New Options Offer is not underwritten.

2.8 Entitlement Shortfall Offer

Any New Shares offered under the Entitlement Offer for which Applications are not received will form the Shortfall Shares. The offer of Shortfall Shares is a separate offer under this Prospectus (**Entitlement Shortfall Offer**).

Under this Prospectus, the Company offers to issue the Shortfall Shares to an investor at the same price of \$0.05 per New Share as that offered under the Entitlement Offer. The Shortfall Shares will have the same rights as the New Shares as detailed in Section 6.1.

Eligible Shareholders may apply for Shortfall Shares under the Entitlement Shortfall Offer at the same time as they take up New Shares under their Entitlement, by completing the appropriate section of the Entitlement Acceptance Form. There is no limit on the number of New Shares that Eligible Shareholders may apply for under the Entitlement Shortfall Offer. However, applications under the Entitlement Shortfall Offer will only be satisfied to the extent that the Entitlement Offer is not fully subscribed. Other investors may apply for Shortfall Shares by completing the Shortfall New Shares Application upon invitation from the Company.

Shortfall Shares may be allocated to any Eligible Shareholder or to other investors who apply for Shortfall Shares under the Entitlement Shortfall Offer, at the absolute discretion of the Directors and in accordance with the Underwriting Agreement.

An Application for Shortfall Shares accompanied by payment of the Application Monies does not guarantee the allotment of any Shortfall Shares. The Shortfall Shares will be allocated within three months after the Entitlement Offer Closing Date.

In relation to the Entitlement Shortfall Offer, the Company reserves the right to issue to an Applicant a lesser number of Shortfall Shares than the number applied for, reject an Application or not proceed with the issuing of the Shortfall Shares or part thereof. If the number of Shortfall Shares issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

2.9 New Options Shortfall Offer

Any New Options offered under the New Options Offer for which Applications are not received will form the Shortfall Options. The offer of Shortfall Options is a separate offer under this Prospectus (**New Options Shortfall Offer**).

Under this Prospectus, the Company offers to issue the Shortfall Options to an investor at the same price of \$0.005 per New Option as that offered under the New Options Offer. The Shortfall Options will have the same rights as the New Options as detailed in Section 6.2.

Participation in the New Options Shortfall Offer will be at the discretion of the Company. Investors who are invited to participate in the New Options Shortfall Offer may apply for Shortfall Options by completing the Shortfall New Options Application Form.

Shortfall Options may be allocated to investors who apply for Shortfall Options under the New Options Shortfall Offer, at the absolute discretion of the Directors.

An Application for Shortfall Options accompanied by payment of the Application Monies does not guarantee the allotment of any Shortfall Options. The Shortfall Options will be allocated within three months after the New Options Closing Date.

In relation to the New Options Shortfall Offer, the Company reserves the right to issue to an Applicant a lesser number of Shortfall Options than the number applied for, reject an Application or not proceed with the issuing of the Shortfall Options or part thereof. If the number of Shortfall Options issued is less than the number applied for, surplus Application Monies will be refunded in full. Interest will not be paid on Application Monies refunded.

2.10 No Rights Trading

The rights to New Shares under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for New Shares under the Entitlement Offer to any other party. If you do not take up your Entitlement to New Shares under the Entitlement Offer by the Entitlement Offer Closing Date, your Entitlement will lapse.

2.11 Risks of the Offers

As with any securities investment, there are risks associated with investing in the Company. However, having regard to the matters detailed in Section 2.4 and the risks applicable to the Company and its business detailed in Section 5, Eligible Investors should be aware that an investment in the New Securities offered under this Prospectus should be considered highly speculative and there exists a risk that you may, in the future, lose some or all of the value of your investment.

Before deciding to invest in the Company, investors should read this Prospectus in its entirety, in particular the specific risks associated with an investment in the Company (detailed in Section 5), and should consider all factors in light of their personal circumstances and seek appropriate professional advice.

2.12 Application Forms and BPAY® Payments

Acceptance of a completed Application Form, or alternatively, a BPAY® payment, to the Company creates a legally binding contract between the Applicant and the Company for the number of New Securities accepted by the Company. The Application Form does not need to be signed to be a binding acceptance of New Securities.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision whether to treat the Application Form as valid and how to construe, amend or complete the Application Form is final.

2.13 Issue and Dispatch

The expected dates for issue of New Securities and dispatch of holding statements are expected to occur on the dates specified in the Indicative Timetable.

It is the responsibility of Applicants to determine their allocation prior to trading in New Securities. Applicants who sell New Securities before they receive their holding statements will do so at their own risk.

2.14 Application Monies held on trust

All Application Monies will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the New Securities are issued. All Application Monies will be returned (without interest) if the New Securities are not issued.

2.15 ASX Quotation

Application will be made to ASX no later than 7 days after the date of this Prospectus for Official Quotation of the New Securities offered pursuant to this Prospectus.

If the New Shares are not admitted to quotation on ASX within three months after the date of this Prospectus (or such period as ASX allows), no New Shares will be issued or allotted under the Entitlement Offer and the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

If the New Options are not admitted to quotation on ASX within three months after the date of this Prospectus (or such period as ASX allows), no New Options will be issued or allotted under the New Options Offer and the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Official Quotation is not to be taken in any way as an indication of the merits of the Company or the New Securities offered pursuant to this Prospectus.

2.16 Withdrawal

The Directors may at any time decide to withdraw this Prospectus and the Offers, in which case, the Company will return all Application Monies (without interest) in accordance with the provisions of the Corporations Act.

2.17 CHES

The Company participates in the Clearing House Electronic Subregister System, known as CHES. ASX Settlement, a wholly owned subsidiary of ASX, operates CHES in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHES, Applicants will not receive a certificate but will receive a statement of their holding of Securities.

If you are broker sponsored, ASX Settlement will send you a CHES statement.

The CHES statement will set out the number of New Securities issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Securities.

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If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Security Transfer Registrars and will contain the number of New Securities issued to you under this Prospectus and your security holder reference number.

A CHESSE statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

2.18 Foreign Shareholders

The Entitlement Offer is not being extended to any Shareholders whose registered address is outside Australia or New Zealand. The Company is of the view that it is unreasonable to make the Entitlement Offer to Shareholders outside Australia or New Zealand, having regard to:

- (a) the number of those Shareholders;
- (b) the number and value of Shares to be offered to those persons; and
- (c) the cost of complying with overseas legal requirements.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer other than for Shareholders in Australia or New Zealand. The Company is not required to make offers under this Prospectus to Shareholders other than in Australia or New Zealand. Where this Prospectus has been despatched to Shareholders domiciled outside Australia or New Zealand and where the country's securities code or legislation prohibits or restricts in any way the making of the Offers contemplated by this Prospectus, this Prospectus is provided for information purposes only.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Entitlement Offer and applying for New Shares under the Entitlement Shortfall Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

2.19 Taxation Implications

The Directors do not consider it appropriate to give investors advice regarding the taxation consequences of subscribing for New Securities.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to investors. Investors should consult their own professional tax adviser to obtain advice in relation to the taxation laws, regulations and implications applicable to their personal circumstances.

2.20 Major Activities and Financial Information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2015 is contained in the Annual Report which is available on the Company's website at www.kairosminerals.com.au.

A summary of the major activities and financial information relating to the Company for the half-year ended 31 December 2015 is in the Half-Year Interim Financial Report which is available on the Company's website at www.kairosminerals.com.au.

The Company's continuous disclosure notices (i.e. ASX announcements) since the lodgement of its Annual Report for the year end 30 June 2015 with ASX on 22 October 2015 are detailed in Section 7.2.

Copies of these documents are available free of charge from the Company or the Company's website: www.kairosminerals.com.au. Directors strongly recommend that Shareholders review these and all other announcements prior to deciding whether or not to participate in the Offers.

2.21 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes detailed in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

2.22 Enquiries concerning Prospectus

Enquiries relating to this Prospectus should be directed to the Company Secretary on +61 8 6144 4492.

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3. Effect of the Offers

3.1 Capital Structure on completion of the Offers

On the basis that the Company completes the Offers on the terms in this Prospectus and that the Offers are fully subscribed, the Company's capital structure will be as follows:

	Number of Shares	Number of Listed Options	Number of Unlisted Options	Performance Rights
Balance at the date of this Prospectus	282,673,665	-	19,000,000	6,916,668
Entitlement Offer ⁽¹⁾	80,763,904	-	-	-
New Options Offer	-	140,852,158	-	-
Broker Offer	-	12,500,000	-	-
Proposed to be issued subject to Shareholder approval at General Meeting	-	-	-	13,200,000 ⁽²⁾
Balance after the Offers	363,437,569	153,352,158⁽¹⁾	19,000,000	20,116,668

Notes:

- (1) The number of New Shares to be issued under the Entitlement Offer is subject to rounding and assumes that no Options are exercised before the Expired Option Date.
- (2) A total of 4,400,000 Series D, 4,400,000 Series E, 4,400,000 Series F Performance Rights are to be issued to the directors subject to Shareholder approval at the General Meeting.

3.2 New Options Offer Conditional on Shareholder Approval

The issue of New Options under the New Options Offer is conditional on the receipt of Shareholder approval at the General Meeting.

Shareholder approval is being sought, pursuant to Listing Rule 7.1, as the number of New Options to be issued under the New Options offer exceeds the Company's 15% placement capacity.

3.3 Pro-Forma Statement of Financial Position

Set out on the following pages are the Company's consolidated statement of financial position as at 31 December 2015 (audit reviewed), 31 May 2016 (unaudited) and the Company's pro-forma consolidated statement of financial position as at 31 May 2016 (unaudited) (**Statements**).

The Statements are presented in abbreviated form insofar as they do not include all the disclosures that are present in annual financial reports as required by Australian Accounting Standards. The significant accounting policies that underpin the Statements are the same policies as those outlined in the Company's Annual Report.

The pro-forma statement of financial position has been prepared on the basis that there are no material movements in the assets and liabilities of the Company between 31 May 2016 and the completion of the Offers except for:

- at full subscription, the issue of 80,763,904 New Shares at \$0.05 each and 140,852,158 New Options at \$0.005 each (subject to rounding) to raise up to approximately \$4,742,455; and
- estimated costs of the Offers of \$375,672.

No allowance has been made for expenditure incurred in the normal course of business from 31 May 2016 to the New Options Offer Closing Date.

**UNAUDITED PRO-FORMA CONSOLIDATED STATEMENT
OF FINANCIAL POSITION AS AT 31 MAY 2016**

	31-Dec-15 (reviewed)	31-May-16 (unaudited)	Pro-Forma 31-May-16 (unaudited)
ASSETS			
<u>Current assets</u>			
Cash and cash equivalents	190,889	188,582	5,683,280
Trade and other receivables	903,276	137,335	144,535
Other financial assets	55,090	750	750
Other assets - Prepayments	20,490	3,415	3,415
Total Current Assets	1,169,745	330,082	5,831,980
<u>Non-Current Assets</u>			
Property, plant and equipment	5,445	13,779	13,779
Exploration and evaluation costs	5,196,057	5,937,056	7,037,056
Total Non-Current Assets	5,201,502	5,950,836	7,050,836
TOTAL ASSETS	6,371,247	6,280,918	12,882,816
LIABILITIES			
<u>Current Liabilities</u>			
Trade and other payables	1,094,444	323,990	273,990
Total Current Liabilities	1,094,444	323,990	273,990
TOTAL LIABILITIES	1,094,444	323,990	273,990
NET ASSETS	5,276,803	5,956,928	12,608,826
EQUITY			
Issued capital	44,919,691	46,232,488	52,834,767
Retained earnings	(39,245,120)	(39,245,120)	(39,245,120)
Current year earnings	(1,137,071)	(1,752,453)	(1,802,834)
Revaluation reserve	49,314	32,024	32,024
Performance Right Reserve	691,100	691,100	691,100
Parent interests	5,277,914	5,958,039	12,509,937
Non-controlling interests	(1,111)	(1,111)	(1,111)
TOTAL EQUITY	5,276,803	5,956,928	12,508,826

Notes:

- (1) Consolidated statement of financial position as at 31 May 2016 includes movements from 1 January 2016 to 31 May 2016, 5,000,000 Options to CPS Capital, and 20,000,000 Shares and 10,000,000 Options to Tyranna Resources Limited and Tribal Mining Pty Limited as per the Appendix 3B lodged with ASIC on 15 April 2016.
- (2) Pro-forma balance sheet as at 31 May 2016 including recent share placement of 24,000,000 Shares as per the Appendix 3B lodged with ASIC on 22 June 2016 and effect of the Entitlement Offer.

4. Action required by investors

4.1 Eligible Shareholders

Your entitlement to participate in the Entitlement Offer will be determined on the Record Date. The number of New Shares which Eligible Shareholders are entitled to is shown on the accompanying Entitlement Acceptance Form.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted.

If you are an Eligible Shareholder you may either:

- (a) take up all or part of your Entitlement in accordance with this Prospectus;
- (b) take up all of your Entitlement and apply for New Shares in excess of your Entitlement pursuant to the Entitlement Shortfall Offer in accordance with this Prospectus; or
- (c) decline to exercise all or part of your Entitlement and allow it to lapse.

If you are an Eligible Investor and wish to take up all or part of your Entitlement:

- (a) carefully read this Prospectus in its entirety;
- (b) consider the risks associated with the an investment in the Company (refer to Section 5) in light of your personal circumstances;
- (c) complete the personalised Entitlement Acceptance Form in accordance with the instructions detailed on the form; and
- (d) return the completed Entitlement Acceptance Form together with the Application Monies (in full) in accordance with Section 4.7, to the following address so that it is received by no later than 5:00pm (AEST) on the Entitlement Offer Closing Date:

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953
Email: registrar@securitytransfer.com.au

4.2 Non-Eligible Shareholders – Foreign Shareholders

If you are a Foreign Shareholder, you may not take up any of, or do anything in relation to, your Entitlement. Refer to Section 2.18 for treatment of Foreign Shareholders.

4.3 Acceptance of all of your Entitlement

If you wish to accept all of your Entitlement, then applications for New Shares must be made on the Entitlement Acceptance Form in accordance with the instructions in this Prospectus and on the Entitlement Acceptance Form. Please read the instructions carefully.

Please complete the personalised Entitlement Acceptance Form in accordance with the instructions detailed on the form and return the completed form, together with the Application Monies (in full), in accordance with Section 4.7, to the Share Registry so that it is received at the following address by no later than 5:00pm (AEST) on the Entitlement Offer Closing Date:

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953
Email: registrar@securitytransfer.com.au

4.4 Acceptance of all of your Entitlement and applying for Shortfall Shares

If you wish to accept all of your Entitlement and apply for New Shares in excess of your Entitlement by applying for Shortfall Shares, then applications for Shortfall Shares must be made by completing the relevant sections on the Entitlement Acceptance Form, in accordance with the instructions in this Prospectus and on the Entitlement Acceptance Form. Please read the instructions carefully.

Please complete the personalised Entitlement Acceptance Form in accordance with the instructions detailed on the form and return the completed form, together with the Application Monies (in full), in accordance with Section 4.7, to the Share Registry so that it is received at the following address by no later than 5:00pm (AEST) on the Entitlement Offer Closing Date:

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953
Email: registrar@securitytransfer.com.au

4.5 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement and allow the balance to lapse, complete the personalised Entitlement Application Form in accordance with the instructions detailed on the form, including the number of New Shares you wish to accept and the Application Monies (calculated at \$0.05 per New Share accepted) and return the completed Entitlement Acceptance Form together with the Application Monies (in full) in accordance with Section 4.7, to the Share Registry so that it is received at the following address by no later than 5:00pm (AEST) on the Entitlement Offer Closing Date:

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953
Email: registrar@securitytransfer.com.au

4.6 Allow all or part of your Entitlement to lapse

If you do not wish to accept any of your Entitlement, you are not obliged to do anything.

The number of Shares you currently hold and the rights attaching to those Shares will not be affected should you choose not to accept any part of your Entitlement.

4.7 Payment

The offer price of New Shares under the Entitlement Offer is \$0.05 per New Share.

For all Eligible Shareholders, payments must be received by 5:00pm (AEST) on the Entitlement Offer Closing Date.

If paying by cheque, the completed Entitlement Acceptance Form must be accompanied by a cheque, drawn in Australian dollars, made payable to "Kairos Minerals Limited" and crossed "Not Negotiable".

If you wish to pay via BPAY® you must follow the instructions on the Entitlement Acceptance Form. You will be deemed to have accepted all or party of your Entitlement (as applicable) upon receipt of the BPAY® payment by the Company.

If paying via BPAY®, Eligible Shareholders should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of Eligible Investors to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Entitlement Acceptance Form and you will not need to return the Application Form.

The Company shall not be responsible for any postal or delivery delays, or delay in the receipt of the BPAY® payment.

4.8 Eligible Previous Optionholders

If you are an Eligible Previous Optionholder and wish to apply for New Options under the New Options Offer, complete the personalised New Options Acceptance Form attached to, or accompanying, this Prospectus. Please read the instructions carefully.

Completed New Options Acceptance Forms and Application Monies should be returned to the Share Registry so that it is received at the following address by no later than 5:00pm (AEST) on the New Options Offer Closing Date:

Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953
Email: registrar@securitytransfer.com.au

Refer to instructions on the New Options Acceptance Form when completing your Application. Cheques must be made payable to "Kairos Minerals Limited" and crossed "Not Negotiable". All cheques must be in Australian dollars.

An original completed and lodged New Options Acceptance Form, together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of New Options specified in the New Options Acceptance Form. The New Options Acceptance Form does not have to be signed to be a valid Application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

The Directors reserve the right to close the Public Offer early without prior notice. Applicants are therefore encouraged to submit their New Options Acceptance Form as early as possible. However, the Company reserves the right to extend the New Options Offer or accept late Applications.

4.9 Broker Offer

The Broker Offer is only offered to BW Equities. A personalised Broker Offer Application Form will be issued to BW Equities, together with a copy of this Prospectus.

No brokerage, commission or stamp duty is payable by BW Equities on subscription or issue of New Options pursuant to the Broker Offer.

4.10 Representations by Applicant

By completing and returning your personalised Application Form or paying any Application Monies by BPAY®, in addition to the representations set out elsewhere in this Prospectus and in the Application Form, you:

- (a) represent to the Company that you are an Eligible Investor;
- (b) acknowledge that you have received a copy of this Prospectus and the accompanying Application Form, and read them in their entirety;

- (c) agree to be bound by the terms of the Offers, the provisions of this Prospectus and the Constitution;
- (d) authorise the Company to register you as the holder(s) of the New Securities allotted to you;
- (e) declare that all details and statements in the Application Form are complete and accurate;
- (f) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (g) acknowledge that once the Application Form is returned, or a BPAY[®] payment instruction is given in relation to any Application Monies, the Application may not be varied or withdrawn except as required by law;
- (h) agree to accept and be issued up to the number of New Shares or New Options (as applicable) specified in the relevant Application Form at the issue price of \$0.05 per New Share and \$0.005 per New Option;
- (i) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Securities to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in the Application Form;
- (j) in relation to Applications under the Entitlement Offer, declare that you were the registered holder at 5:00pm (AEST) on the Record Date of the Shares indicated on your personalised Entitlement Acceptance Form as being held by you at 5:00pm (AEST) on the Record Date;
- (k) in relation to Applications under the New Options Offer, declare that you were the holder of Expired Options indicated on your personalised New Options Acceptance Form as being held by you on the Expired Option Date;
- (l) acknowledge the statement of risks in Section 5 of this Prospectus and that an investment in the Company is subject to risk;
- (m) represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the Application Form, nor does it prohibit you from accepting New Securities and that you are otherwise eligible to participate in the Offers;
- (n) represent and warrant that you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- (o) understand and acknowledge that neither the Entitlement or New Securities have been, or will be, registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia or New Zealand and accordingly, the New Securities may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- (p) agree not to send this Prospectus, the Application Form or any other material relating to the Offers to any person in the United States or that is a person in the United States, or is acting for the account or benefit of a person in the United States; and

- (q) agree that, if in the future you decide to sell or otherwise transfer your New Securities, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States or a person in the United States.

4.11 Brokerage

No brokerage or stamp duty is payable by Eligible Investors who accept their Entitlement.

4.12 Enquiries concerning your Entitlement

If you have any queries concerning your Entitlement please contact the Company Secretary on +61 8 6144 4492.

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5. Key Risks

The New Securities offered under this Prospectus are considered highly speculative and carry no guarantee with respect to the payment of dividends or returns of capital. An investment in the Company is not risk free and the Directors strongly recommend that potential investors consult their professional advisers and consider the risks described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Securities.

The following list of key risks ought not to be taken as exhaustive of all the risks faced by the Company or by Shareholders. The proposed future activities of the Company are subject to a number of risks and other factors which may impact its future performance. Some of these risks can be managed and mitigated by planning and the use of safeguards and appropriate controls. However, many of the risks are outside the control of the Company or the Directors and cannot be mitigated.

5.1 Risks specific to the Company

(a) Grant and Renewal of Permits

The Company's exploration activities are dependent upon the maintenance (including renewal) of the tenements in which the Company has or acquires an interest. Maintenance of the Company's tenements is dependent on, among other things, the Company's ability to meet the licence conditions imposed by relevant authorities including minimum annual expenditure requirements which, in turn, is dependent on the Company being sufficiently funded to meet those expenditure requirements. Although the Company has no reason to think that the tenements in which it currently has an interest will not be renewed, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed by the relevant granting authority.

(b) Land Access

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. The Company currently has a focus on various exploration tenements located in Western Australia. Western Australia has implemented restrictions affecting land access in areas deemed to be subject to certain protective overlays and zoning classifications, including areas containing sites of indigenous cultural heritage significance and areas of urban development. In some instances the protective overlays and zoning classifications may restrict mining and exploration activities completely. However, more commonly they will affect the procedure required for access and may impose obligations in respect of compensation, land rehabilitation and/or land impact management. This may, for example, necessitate the completion of impact assessment studies and/or require the negotiation of access or compensation arrangements with landowners and indigenous groups. Inability to access, or delays experienced in accessing, the land and unforeseen expenses associated therewith may impact on the Company's activities. Any future changes in legislation and regulations, whether in response to this increased political and media attention or otherwise, may impose significant obligations or restrictions on the Company which cannot be predicted.

(c) Operational Risks

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental

hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(d) **Exploration and Development Risks**

Mineral exploration and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration and development of the mineral interests owned by the Company, or any other projects that may be acquired in the future can be profitably exploited.

(e) **Future Capital Needs and Additional Funding**

The Company's funding requirements depend on numerous factors including the Company's ability to generate income from its projects, the outcome of future exploration and work programs and the acquisition of any new projects. The Company may require further funding in addition to current cash reserves to fund future exploration activities or the acquisition of new projects. Additional equity financing, if available, may be dilutive to shareholders and/or occur at prices lower than the market price. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed it may be required to reduce the scope of its exploration operations.

(f) **Minimum Expenditure Requirements**

In order to maintain an interest in the exploration licences in which the Company is involved, the Company is committed to meet the conditions under which the licences were granted and the obligations of the Company are subject to minimum expenditure commitments required by Australian mining legislation. The extent of work performed on each exploration licence may vary depending upon the results of the exploration programme which will determine the prospectivity of the relevant area of interest. As at the date of this Prospectus, the Company is not in breach of its minimum expenditure commitments. There is a risk that if the Company fails to satisfy these minimum expenditure requirements at the time of expiry, the Company may be required to relinquish part or all of its interests in these licences. Accordingly, whilst there is no guarantee that the Australian authorities will grant the Company an extension of the licences, the Company is not aware of any reason why the licences would not be renewed upon expiry.

(g) **Availability of Personnel**

The Company is reliant on technical consultants and other resource industry specialists engaged on a consultancy basis to provide analyses and recommendations on, and carry out, exploration activities in respect of its projects. The availability of suitable technical consultants and resource industry specialists may be limited and there may be delays in securing equipment and personnel required to carry out the Company's planned activities. This may result in cost and time overruns which may have a material adverse effect on the Company.

(h) **Contract Risks**

The Company's subsidiaries may operate through a series of contractual relationships with operators and sub-contractors. All contracts carry risks associated with the performance by the parties thereto of their obligations as to time and quality of work performed. Any disruption to services or supply may have an adverse effect on the financial performance of the Company's operations.

(i) **Equipment Risk**

The operations of the Company could be adversely affected if essential equipment fails.

(j) **Underwriting**

There is a risk that the Underwriter may terminate its agreement to underwrite the Entitlement Offer. If the Underwriter terminated its agreement to underwrite the Entitlement Offer, the Company would make an announcement to this effect to ASX and give all shareholders who had accepted the Entitlement Offer the right to withdraw their applications.

(k) **Dilution**

As noted in section 7.4 of this Prospectus, the percentage shareholding in the Company of Eligible Investors who do not take up all of their Entitlement pursuant to the Offers will be diluted.

(l) **Litigation**

Neither the Company nor any of its subsidiaries are presently involved in litigation and the Directors are not aware of any basis on which any litigation against the Company or any of its subsidiaries may arise.

(m) **Occupational Health and Safety Risk**

The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. Mining activities have inherent risks and hazards. The Company provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems.

(n) **Resource Estimates**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(o) **Payment Obligations**

Under the licences and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, mineral licence holders are required to expend the funds necessary to meet the minimum work commitments attaching to the licences. Failure to meet these work commitments will render the licence liable to be cancelled.

(p) **Commodity Price Volatility**

It is anticipated that any future revenues derived from mining will primarily be derived from the sale of gold, lithium and other minerals. Consequently, any future earnings are likely to be closely related to the price of gold and lithium.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for base metals, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(q) **Competition**

The Company competes with other companies, including major mineral exploration and production companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

(r) **Title**

All of the licences in which the Company has or may earn an interest in will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each tenement or licence is at the discretion of the relevant government authorities in Australia.

If a licence is not granted or received, the Company may suffer significant damage through the loss of the opportunity to develop and discover mineral deposits on that licence.

(s) **Environmental**

The proposed activities of the Company are subject to both Australian Federal and State laws and regulations concerning the environment. The Company

may require approval from relevant regulatory authorities before undertaking activities that are likely to impact on the environment. If the Company fails to obtain such approvals it may be prevented from undertaking those activities. Delays in obtaining any required approvals may also adversely affect the Company's proposed activities. Furthermore, future legislation and regulations may impose significant environmental obligations on the Company which cannot be predicted.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances, which could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

5.2 General Risks

(a) Securities investments

There are risks associated with any securities investment. The prices at which the securities of the Company trade may fluctuate in response to a number of factors. Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the securities of the Company regardless of its operational performance.

(b) Share Market Conditions

Share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) mineral price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;

- (vi) the demand for, and supply of, capital;
- (vii) terrorism or other hostilities; and
- (viii) other factors beyond the control of the company.

The market price of the Shares and New Options may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

(c) **Economic Risk**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia, interest rates, exchange rates and the rate of inflation.

(d) **Government Policy**

In addition to the effect of legislative or regulatory changes in the specific areas of land access and environment discussed in above, changes in government, financial policy, taxation and other laws (including legislation which regulates the resource industry) may affect the ability of the Company to carry on its proposed activities, restrict the Company in achieving its objectives or may result in increased compliance costs or complexities in managing the Company's proposed operations and activities. Changes to State or Commonwealth government, government policies or legislation cannot be predicted and could have a materially adverse effect on the Company.

5.3 Investment Speculative

The above list of key risks ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors and others not specifically referred to above, may, in the future, materially affect the financial performance of the Company and the value of the New Securities.

The New Securities offered pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Securities.

6. Rights attaching to Securities

6.1 Rights Attaching to New Shares

A summary of the rights attaching to Shares is set out below. The New Shares will rank pari passu in all respects with existing Shares. This summary is qualified by the full terms of Company's Constitution (a full copy of the Constitution is available from Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) **Voting**

At a general meeting, on a show of hands every Shareholder present in person has one vote. At the taking of a poll, every Shareholder present in person or by proxy and whose Shares are fully paid has one vote for each of his or her Shares.

(b) **General Meetings**

Each Shareholder is entitled to, receive notice of, attend and vote at general meetings of Company and to receive all notices, financial statements and other documents required to be sent to Shareholders under the constitution of Company, the Corporations Act and the Listing Rules.

(c) **Dividends**

The Directors may pay to Shareholders any interim and final dividends as, in the Directors' judgement, the financial position of the Company justifies. The Directors may fix the amount, the record date for determining eligibility and the method of payment. All dividends must be paid to the Shareholders in proportion to the number and the amount paid on the Shares held.

(d) **Transfer of Shares**

Generally, all Shares in the Company are freely transferable subject to the procedural requirements of the constitution, and to the provisions of the Corporations Act, the Listing Rules and the ASX Settlement Rules. The Directors may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is permitted under the Listing Rules or the ASX Settlement Rules. If the Directors decline to register a transfer, the Company must give reasons for the refusal. The Directors must decline to register a transfer when required by the Corporations Act, the Listing Rules or the ASX Settlement Rules.

(e) **Variation of Rights**

The Company may only modify or vary the rights attaching to any class of Shares with the prior approval by a special resolution of the holders of Shares in that class at a meeting of those holders, or with the written consent of the holders of at least three-fourths of the issued Shares of that class.

(f) **Directors**

The minimum number of Directors is three (3). Currently, there are four (4) Directors. Directors must retire on a rotational basis so that one-third of Directors must retire at each annual general meeting. Any other Director who has been in office for three or more years must also retire. A retiring Director is eligible for re-election. The Directors may appoint a Director either in addition to existing Directors or to fill a casual vacancy, who then holds office until the next annual general meeting.

(g) **Decisions of Directors**

Questions arising at a meeting of Directors are decided by a majority of votes. The Chairperson will not have a casting vote but may exercise the right to vote as a Director.

(h) **Issue of Further Shares**

Subject to the Company's constitution, the Corporations Act and the Listing Rules, the Directors may issue, or grant options in respect of, Shares to such persons on such terms as they think fit. In particular, the Directors may issue preference shares, including redeemable preference shares, and may issue shares with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on winding up.

(i) **Officers' Indemnity**

To the full extent permitted by the law and to the extent not covered by insurance, the Company must indemnify each officer of Company against all losses and liabilities incurred by the person as an officer of Company, including costs and expenses incurred in defending proceedings in which judgement is given in favour of the person or in which the person is acquitted or in connection with relief granted to the person in an application under the Corporations Act in respect to such proceedings.

(j) **Alteration to the Constitution**

The Company's constitution can only be amended by a special resolution passed by at least 75% of Shareholders present and voting at a general meeting. At least twenty eight (28) days' notice of the intention to propose the special resolution must be given.

6.2 **Rights Attaching to New Options**

(a) **Exercise Price**

Subject to paragraph (m), each New Option shall have an exercise price of \$0.10 (**Exercise Price**).

(b) **Expiry Date**

Each New option will expire at 5:00pm (AEST) on the date which is 12 months after the date of issue (**Expiry Date**). A New Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Exercise Period**

The New Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(d) **Exercise of New Options**

The New Options may only be exercised during the Exercise Period.

(e) **Official Quotation of New Options**

The Company will apply for official quotation of the New Options.

(f) **Entitlement**

Each New Option entitles the holder to subscribe for one Share upon the exercise of each New Option.

(g) **Notice of Exercise**

The New Options may be exercised by giving written notice to the Company at any time during the Exercise Period. The notice (**Exercise Notice**) must:

- (i) specify the number of New Options being exercised and the number of Shares to be issued;
- (ii) specify whether the Shares are to be issued to the holder of the New Options or a nominee; and
- (iii) be accompanied by payment of the Exercise Price for each New Option being exercised.

Any Exercise Notice in respect of a New Option received by the Company will be deemed to be notice of the exercise of that New Option as at the date of the receipt.

(h) **Shares Issued on Exercise**

Shares issued on exercise of the New Options rank equally with the then issued Shares of the Company.

(i) **Official Quotation of Shares on Exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the New Options.

(j) **Timing of the Issue of Shares on Exercise**

Within 3 Business Days after the receipt of an Exercise Notice, given in accordance with these terms and conditions and payment of the Exercise Price for each New Option being exercised, the Company will allot and issue the Shares pursuant to the exercise of the New Option.

(k) **Participation in New Issues**

There are no participation rights or entitlements inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the New Options.

However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the record date will be at least 5 Business Days after the issue is announced. This will give the holders of New Options the opportunity to exercise their New Options prior to the date for determining entitlements to participate in any such issue.

(l) **Adjustment for Bonus Issue of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of a New Option will be increased by the number of Shares which the New Option holder would have received if the New Option holder had exercised the New Option before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(m) **Adjustment for Rights Issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) the Exercise Price of a New Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the New Option.

E = the number of underlying Shares into which one New Option is exercisable.

P = average market price (as defined in the ASX Listing Rules) per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

(n) **Adjustments for Reorganisation**

If at any time the issued capital of the Company is reconstructed, all rights of an optionholder are changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(o) **New Options Transferable**

The New Options are transferable.

(p) **Lodgement Instructions**

Cheques shall be in Australian currency made payable to "Kairos Minerals Limited" and crossed "Not Negotiable". The application for Shares on exercise of the New Options with the appropriate remittance should be lodged at the Company's share registry.

6.3 Dividend Policy

The Company does not intend to declare or pay any dividends in the immediately foreseeable future.

Any future determination as to the payment of dividends by the Company will be at the sole discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

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7. Additional Information

7.1 Underwriting Agreement

The Company has entered into an agreement with BW Equities dated 4 July 2016 (**Underwriting Agreement**) pursuant to which BW Equities has agreed to fully underwrite the Entitlement Offer. In accordance with the Underwriting Agreement, the Underwriter has an obligation to subscribe for, or procure subscription for, any Shortfall Shares by completing and lodging with the Company, or procuring other persons complete and lodge with the Company, Shortfall New Shares Application Forms together with Application Monies.

The Company must pay the Underwriter a 5% underwriting fee and a 1% management fee of the total dollar amount raised under the Entitlement Offer. The Company will also reimburse the Underwriter for, all reasonable expenses incurred by the Underwriter in connection with the Entitlement Offer.

The Underwriting Agreement is governed by the laws of the State of Victoria.

The Underwriter may terminate its obligations under the Underwriting Agreement if, at any time prior to the date on which allotment of the last of Shortfall Shares occurs in accordance with the Prospectus:

- (a) **(Company default under this agreement)** there is material default by the Company in the performance of any of its undertakings or obligations under the Underwriting Agreement;
- (b) **(Company breach of covenant, representation or warranty)** a covenant, representation or warranty made or given or deemed to have been made or given by the Company under the Underwriting Agreement having been breached or proving to have been untrue or incorrect in any material respect and the matters causing the covenant to have been breached or rendering the representation or warranty untrue are not remedied to the satisfaction of the Underwriter within five (5) Business Days;
- (c) **(Prospectus defect):**
 - (i) there is an omission from, or a statement which is, or has become, false or misleading in the Prospectus and such omission or statement is or likely to be materially adverse from the point of view of an investor;
 - (ii) the Prospectus does not comply with the Corporations Act, the Listing Rules or any of laws of foreign jurisdiction in which the Entitlement Offer is made in a material respect;
- (d) **(Change in the Company)** any material adverse change occurs in the assets, liabilities, financial position and performance, profits, losses or prospects of the Company including without limitation any adverse change in the assets, liabilities, financial position and performance, profits, losses or prospects of the Company from those previously disclosed by the Company to the ASX;
- (e) **(Market fall)** the All Ordinaries Index of the ASX closes on any Business Day at a level that is 20% or more below the level at market close on the Operative Date and remains at 20% or more below that level for at least 3 consecutive Business Days or until 10:00am on the Shortfall Subscription Date if the Business Day on which the index closed 20% or more lower is a Business Day

that is less than one or two Business Days before the Shortfall Subscription Date;

- (f) **(Change of law)** there is introduced or there is announced a proposal to introduce into the Parliament of Australia or any State or Territory of Australia a new law or the Reserve Bank of Australia or any Commonwealth or State or Territory authority adopts or announces a proposal to adopt a new policy, any of which does or is likely to prohibit or regulate the business activity of the Company, the Entitlement Offer or capital issues generally in Australia, which will likely be materially adverse;
- (g) **(Company breach of law)** there occurs a contravention by the Company of the Corporations Act, or its constitution which will likely be materially adverse;
- (h) **(No ASX approval)** approval to the quotation of all of the New Shares on the ASX is refused or not granted on or before the New Shares issue date;
- (i) **(ASIC Prosecution)** ASIC gives notice of an intention to prosecute the Company, any director or employee of the Company (unless it withdraws that intention in writing on or before the Entitlement Offer Closing Date);
- (j) **(Offer withdrawn)** at any time after the date of the Underwriting Agreement the Company withdraws the Entitlement Offer or the Prospectus;
- (k) **(Offence by director)** a director of the Company is charged with an indictable offence;
- (l) **(Undisclosed charge over Company's assets)** other than disclosed in the Prospectus or by the Company to the Underwriter in writing prior to the date of the Prospectus, the Company charges, or agrees to charge, the whole or a substantial part, of its business or property;
- (m) **(Company insolvency)** an insolvency event in respect of the Company occurs;
- (n) **(Supplementary or replacement Prospectus required but not issued)** a supplementary or replacement Prospectus in relation to the Entitlement Offer is required under the Corporations Act and the Company fails to lodge a supplementary or replacement Prospectus; or
- (o) **(Company's capital structure, management, or directors changed)** the Company alters its capital structure or the Constitution in any respect without the prior written consent of the Underwriter, or if there is a change in the directors or senior management of the Company.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered common for an Underwriting Agreement of this type.

7.2 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act, and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus and the Shares underlying the New Options, are in the same class as Shares that have been quoted on the official list of ASX during the three months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or operation to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Securities on the Company and the rights attaching to the New Securities. It is not necessary to include general information in relation to all of the assets and liabilities, the financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. This Prospectus does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the three months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the closing date of the Offers:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2015 being the most recent annual financial report of the Company lodged with the ASIC before the issue of this Prospectus; and
 - (ii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of this Prospectus in accordance with the Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of its Annual Report on 22 October 2015:

Date	Description of Announcement
4 July 2016	Kairos Expands and Refines W.A. Lithium Portfolio
28 June 2016	Notice of General Meeting/Proxy Form
28 June 2016	Kairos On Track For Gold Resource At Mt York
22 June 2016	Appendix 3B and Cleansing Statement
20 June 2016	Thick Zones of High-Grade Gold Identified - Mt York
14 June 2016	Capital Raising Update - Placement and Rights Issue
9 June 2016	Trading Halt
7 June 2016	High-Grade Lithium and Tantalum Confirmed at Mt York-Pilbara
2 June 2016	Capital Funding Update
26 May 2016	RRS Presentation - New Lithium and Gold Growth Strategy
26 May 2016	Notification of Expiry of Options
18 May 2016	Presentation - A Growth Strategy Focussed on Lithium and Gold
17 May 2016	Wodgina East Expansion Secures Extensive Pegmatite Field
10 May 2016	Numerous new pegmatite targets identified at Mt York
2 May 2016	Quarterly Activities and Cashflow Report
29 April 2016	Change of Company Name and ASX Code
22 April 2016	Company Update - Change of company name and ASX code
20 April 2016	Becoming a substantial holder from TYX
18 April 2016	MPJ further expands East Pilbara Lithium Portfolio
15 April 2016	Change of Director's Interest Notice x3
15 April 2016	Appendix 3B and cleansing notice
14 April 2016	Results of Meeting
8 April 2016	Response to ASX Price Query
29 March 2016	MPJ Expands East Pilbara Lithium Portfolio
23 March 2016	Trading Halt
16 March 2016	Consolidation/Split MPJ
15 March 2016	Half Year Accounts

Date	Description of Announcement
11 March 2016	Notice of General Meeting/Proxy Form
3 March 2016	Initial Director's Interest - Mr I Finch
3 March 2016	Ian Finch appointed as Chairman
1 March 2016	Pilbara Lithium/Gold Project - Acquisition Update
25 February 2016	Pilbara Lithium/Gold Airborne Survey - High Priority Targets
22 February 2016	Gold Exploration at Roe Hills advances
4 February 2016	Pilbara Gold-Lithium Project Update
4 February 2016	Appendix 3B - Cleansing Notice - LR3.10.5A Disclosure
1 February 2016	Quarterly Activities and Cashflow Report
28 January 2016	MPJ to acquire Pilbara Lithium-Gold Asset - Minor Amendments
28 January 2016	Mining Projects to acquire Pilbara Lithium-Gold Project
25 January 2016	Trading Halt
15 December 2015	Conductors confirmed beneath nickel sulphides in new area
7 December 2015	Appendix 3B & Cleansing Notice
26 November 2015	Results of Meeting
26 November 2015	Multiple thick zones of nickel sulphides intersected
19 November 2015	Strong Off Hole Conductor confirmed beneath Nickel Sulphides
9 November 2015	Multiple Zones of Nickel Bearing Sulphides Intersected
5 November 2015	More Nickel Sulphide Targets at Roe Hills
28 October 2015	Multiple new nickel targets identified at Roe Hills
22 October 2015	Drilling set to start at Roe Hills nickel project
22 October 2015	Notice of Annual General Meeting/Proxy Form

7.3 Interests of Directors

Except as disclosed in this Prospectus, no Director (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or

(c) the Offers,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

(d) any Director to induce him or her to become, or to qualify as, a Director; or

(e) any Director for services which he or she (or entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Entitlement Offers.

7.4 Control Implications and Potential Dilution

Eligible Shareholders should note that if they do not participate in the Entitlement Offer and the Offers are otherwise fully subscribed, their holdings will be diluted. Examples of how the dilution may impact Eligible Shareholders are detailed in the table below:

Holder	Shareholding as at Record Date	% at Record Date	Entitlements under the Entitlement Offer	Shareholding if Entitlement Offer not taken up	% post Entitlement Offer
Shareholder 1	50,000,000	17.69%	14,285,714	50,000,000	13.76%
Shareholder 2	25,000,000	8.84%	7,142,857	25,000,000	6.88%
Shareholder 3	10,000,000	3.54%	2,857,142	10,000,000	2.75%
Shareholder 4	1,000,000	0.35%	285,714	1,000,000	0.28%
Shareholder 5	100,000	0.035%	2,857	100,000	0.028%

7.5 Directors' Interests

Each Director's interest in the securities of the Company as at the date of this Prospectus and their Entitlement is detailed in the table below.

Director	Shares	Existing Performance Rights ⁽¹⁾	Options	Entitlement
Joshua Wellisch ⁽¹⁾	1,650,000	3,850,000 ⁽²⁾	-	471,428
Ian Finch	-	- ⁽³⁾	-	-
Neil Hutchison ⁽⁴⁾	1,626,667	766,667 ⁽⁵⁾	-	464,761
Dehong Yu ⁽⁶⁾	333,333	766,667 ⁽⁷⁾	-	95,238

Notes:

- (1) Mr Joshua Wellisch is a director of LTJ Investments Pty Ltd which is the holder of 1,650,000 Shares, 6,000,000 unlisted \$0.10-\$0.25 Options and 3,850,000 Performance Rights.
- (2) Mr Joshua Wellisch will be issued a further 2,500,000 Series D, 2,500,000 Series E and 2,500,000 Series F Performance Rights subject to Shareholder approval at the General Meeting.
- (3) Mr Ian Finch will be issued a further 900,000 Series D, 900,000 Series E and 900,000 Series F Performance Rights subject to Shareholder approval at the General Meeting.
- (4) Mr Neil Hutchison is a Trustee of the Hutchison Family Trust A/C which is the holder of 1,626,666 Shares, 1,500,000 unlisted \$0.10 Options and 766,667 Performance Rights.

- (5) Mr Neil Hutchison will be issued a further 500,000 Series D, 500,000 Series E and 500,000 Series F Performance Rights subject to Shareholder approval at the General Meeting.
- (6) Mr Dehong Yu is a director of Redcliffe Coal Projects Pty Ltd which is the holder of 333,333 Shares and 766,667 Performance Rights.
- (7) Mr Dehong Yu will be issued a further 500,000 Series D, 500,000 Series E and 500,000 Series F Performance Rights subject to Shareholder approval at the General Meeting.

7.6 Directors' Remuneration

The remuneration (including superannuation) of existing Directors for the past three financial years (30 June year-end) are as follows:

Director	Title	Financial Year to 30 June 2016	Financial Year to 30 June 2015	Financial Year to 30 June 2014
Joshua Wellisch	Managing Director	\$239,000	\$192,000	\$176,000
Ian Finch	Executive Chairman	\$20,000	-	-
Neil Hutchison	Non-executive director	\$38,333.30	\$40,000	\$7,727
Dehong Yu	Non-executive director	\$40,769.19	\$40,000	\$40,330
TOTAL		\$338,302.49	\$272,000	\$221,057

7.7 Interests of Other Persons

No promoter or other person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director) holds, have, and has in the two years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offers; or
- (c) the Offers,

and no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be paid to a promoter or any person named in this Prospectus as having performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus (or entity in which they are a partner or director), provided in connection with the formation or promotion of the Company or the Offers, except as disclosed in this Prospectus and as follows:

- (d) DLA Piper has acted as the Australian lawyers to the Company for the Offers. In respect of this work, the Company will pay approximately \$35,000. During the two years before the date of this Prospectus, DLA Piper has provided the Company with legal services and was paid approximately \$2,000 for these services; and
- (e) Security Transfer Registrars conducts the Company's share registry functions and will provide administrative services in respect to the proposed Share applications pursuant to this Prospectus. Security Transfer Registrars will be paid for these services on standard industry terms and conditions.

The amounts disclosed above are exclusive of GST.

7.8 Related Party Transactions

At the date of this Prospectus, no material transactions with related parties and Directors interests exist that the Directors are aware of, other than those disclosed in this Prospectus.

7.9 Market Price of Shares

The highest and lowest market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.12 (9 May 2016)

Lowest: \$0.04 (6 April 2016)

The latest available market sale price of Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.056 per Share on 4 July 2016.

7.10 Expenses of the Offers

The estimated expenses of the Offers payable by the Company are as follows:

	\$
ASIC lodgement fee	2,320
ASX quotation fee (assuming fully subscribed)	26,805
Underwriter fees (assuming 6% fee)	284,547
Legal expenses	35,000
Printing, mailing, and other administration expenses	<u>27,000</u>
Total	<u>375,672</u>

7.11 Taxation Implications

The acquisition and disposal of New Securities will have taxation consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in Company are urged to take independent financial advice about the taxation and any other consequences of acquiring and selling the New Securities.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for New Securities.

7.12 Litigation and Claims

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company (or any other member of the Group) is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company or the Group.

7.13 Consents

Each of the parties referred to in this Section 7.13:

- (a) has given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of lodgement of this Prospectus with ASIC;

- (b) makes no express or implied representation or warranty in relation to the Company, this Prospectus or the Offers;
- (c) makes no, and purports to have made no, statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this Section; and
- (d) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

None of the parties referred to in this Section 7.13 authorised or caused the issue of this Prospectus or the making of the Offers.

Name	Role
DLA Piper	Lawyers
Security Transfer Registrars	Share Registry
BW Equities	Underwriter

Each of the Directors has given their written consent to being named in this Prospectus in the context in which they are named and have not withdrawn their consent prior to lodgement of this Prospectus with ASIC.

7.14 Documents Available for Inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus; and
- (b) the Constitution.

7.15 Information Excluded from Continuous Disclosure Notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

7.16 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the New Securities offered under this Prospectus.

7.17 Electronic Prospectus

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic copy of this Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of New Securities in response to an electronic Application Form, subject to compliance with certain provisions. If you have received an electronic copy of this Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send to you, free of charge, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from an Applicant if it has reason to believe that when that Applicant was given access to the electronic Application Form, it was not provided together with an electronic copy of this Prospectus

and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies shall be held by the Company on trust and returned (without interest) to the Applicant as soon as practicable.

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8. Authorisation

This Prospectus is authorised by each of the Directors.

This Prospectus is signed for and on behalf of the Company, pursuant to a resolution of the Board, by:



Joshua Wellisch
Managing Director

5 July 2016

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9. Glossary

In this Prospectus, unless the context otherwise requires:

AEST means Australian Eastern Standard Time, being the time in Melbourne, Victoria.

Annual Report means the financial report lodged by the Company with ASIC in respect to the financial year ended 30 June 2015 and includes the corporate directory, review of activities, Shareholder information, financial report of the Company and its controlled entities for the financial year ended 30 June 2015, together with a Directors' report in relation to that financial year and the auditor's report for the period to 30 June 2015.

Applicant means a person who submits an Application Form.

Application means a valid application for New Securities under an Offer made pursuant to an Application Form.

Application Form means an Entitlement Acceptance Form, New Options Acceptance Form or Shortfall Application Form (as applicable).

Application Monies means application monies for the New Securities received by the Company from an Applicant.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and where the context permits, the market operated by it.

ASX Settlement Rules means ASX Settlement Operating Rules of ASX.

Board means the board of Directors.

Broker Offer has the meaning given to that term in Section 2.3.

Broker Offer Application Form means the broker offer acceptance form attached to, or accompanying this Prospectus, that sets out the entitlement of BW Equities to subscribe for New Options pursuant to the Broker Offer.

Business Day means Monday to Friday inclusive, excluding public holidays in Victoria and any other day that ASX declares is not a trading day.

BW Equities means BW Equities Pty Ltd ACN 146 642 462.

CHESS means ASX Clearing House Electronic Subregistry System.

Closing Date means the Entitlement Offer Closing Date or New Options Offer Closing Date as applicable.

Company means Kairos Minerals Limited ACN 006 189 331.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

DLA Piper means DLA Piper Australia.

Eligible Investor means an Eligible Shareholder or an Eligible Previous Optionholder (as applicable).

Eligible Previous Optionholder means a person who held Expired Options on the Expired Option Date.

Eligible Shareholder means a person who:

- (a) is a Shareholder at 5:00pm (AEST) on the Record Date; and
- (b) has a registered address in Australia or New Zealand as recorded with the Share Registry as at the Record Date.

Entitlement means a Shareholder's entitlement to subscribe for New Shares under the Entitlement Offer or an Eligible Previous Optionholder's entitlement to subscribe for New Options under the New Options Offer.

Entitlement Offer has the meaning given to that term in Section 2.1.

Entitlement Offer Closing Date means the date referred to as such in the Indicative Timetable.

Entitlement Shortfall Offer has the meaning given to that term in Section 2.5.

Entitlement Acceptance Form means the entitlement acceptance form attached to, or accompanying this Prospectus, that sets out the entitlement of an Eligible Shareholder to subscribe for New Shares pursuant to the Entitlement Offer.

Exercise Notice has the meaning given to that term in Section 6.2(g).

Exercise Period has the meaning given to that term in Section 6.2(c).

Exercise Price has the meaning given to that term in Section 6.2(a).

Expired Option has the meaning given to that term in Section 2.2.

Expired Option Date means 30 June 2016.

Expiry Date has the meaning given to that term in Section 6.2(b).

Foreign Shareholder means any Shareholder who is not an Eligible Shareholder.

General Meeting means a general meeting to be held on or about 29 July 2016.

Group means the Company and each of its subsidiaries.

Indicative Timetable means the indicative timetable on page 2 of this Prospectus.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHES.

Listing Rules means the official listing rules of ASX.

Offers means the Entitlement Offer, Entitlement Shortfall Offer, New Options Offer and New Options Shortfall Offer.

Official Quotation means quotation of Securities on the official list of ASX.

Opening Date means the date referred to as such in the Indicative Timetable.

Option means an option to acquire a Share.

New Option means an Option offered pursuant to this Prospectus.

New Option Acceptance Form means the new option acceptance form attached to, or accompanying this Prospectus, that sets out the entitlement of an Eligible Previous Optionholder to subscribe for New Options pursuant to the New Options Offer.

New Options Offer has the meaning given to that term in Section 2.2.

New Options Offer Closing Date means the date referred to as such in the Indicative Timetable.

New Options Shortfall Offer has the meaning given to that term in Section 2.9.

New Securities means New Shares or New Options (as applicable).

New Share means a Share offered pursuant to this Prospectus.

Prospectus means this prospectus dated 5 July 2016.

Record Date means the record date referred to in the Indicative Timetable.

Section means a section of this Prospectus.

Securities means a Share or an Option.

Security Transfer Registrars means Security Transfer Registrars Pty Ltd ACN 008 894 488.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Security Transfer Registrars.

Shareholder means a registered holder of a Share.

Shortfall Application Form means a Shortfall New Shares Application Form or the Shortfall New Options Application Form (as applicable).

Shortfall New Options means the New Options not applied for by Eligible Previous Optionholders under the New Options Offer.

Shortfall New Options Application Form means the application form attached to, or accompanying this Prospectus, to be used for the purposes of apply for Shortfall New Options.

Shortfall New Shares Application Form means the application form attached to, or accompanying this Prospectus, to be used for the purposes of applying for Shortfall Shares.

Shortfall Securities means Shortfall Share or Shortfall New Options (as applicable).

Shortfall Shares means the New Shares not applied for by Eligible Shareholders under the Entitlement Offer.

Statements has the meaning given to that term in Section 3.2.

Underwriter means BW Equities.

Underwriting Agreement has the meaning given to that term in Section 2.7.

Voting Power has the meaning given in section 610 of the Corporations Act.

ENTITLEMENT ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
43 OUTRAM STREET
WEST PERTH WA 6005
AUSTRALIA

KAIROS MINERALS LIMITED

ABN: 84 006 189 331

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd

All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

«Company_code» «Sequence_number»

Code:
Holder Number:
Eligible Holding as at 5.00pm AEST
on 8 July 2016:
Entitlement to New Shares 2:7:
Amount payable on acceptance
@ \$0.05 per New Share:

NON-RENOUCEABLE ENTITLEMENT OFFER CLOSING AT 5.00PM AEST ON 22 JULY 2016

(1) I/We the above named being registered at 5.00pm AEST on the 8 July 2016 as holder(s) of Shares in the Company hereby accept as follows:

	NUMBER OF NEW SHARES ACCEPTED/APPLIED FOR		AMOUNT ENCLOSED @ \$0.05 PER NEW SHARE
Entitlement or Part Thereof	<input type="text"/> , <input type="text"/> , <input type="text"/>	\$	<input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/>
Additional New Shares * (Shortfall Shares)	<input type="text"/> , <input type="text"/> , <input type="text"/>	\$	<input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/>
TOTAL	<input type="text"/> , <input type="text"/> , <input type="text"/>	TOTAL \$	<input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/>

(* refer to the sections 2.8 of the prospectus)

- (2) I/We have enclosed/made payment for amount shown above (following the payment instructions as detailed overleaf).
- (3) I/We understand that if any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept this form, and how to construe, amend or complete it shall be final.
- (4) I/We authorise the Company to send me/us a substituted form if this form ceases to be current.
- (5) I/We declare that I/we have received a full and unaltered version of the Prospectus either in an electronic or paper format.
- (6) My/Our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER
()

EMAIL ADDRESS

@

BPAY PAYMENT OR THE RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE OFFER.
You do not need to return this form if you have made payment via BPAY.

<p>PAYMENT INFORMATION - Please also refer to payment instructions overleaf.</p>  <p>Biller code: 159483 Ref: <<EFT_REFERENCE_NUMBER>></p>	<p>CHEQUE / MONEY ORDER</p> <p>All cheques (expressed in Australian currency) are to be made payable to KAIROS MINERALS LIMITED and crossed "Not Negotiable".</p>	<p>REGISTRY DATE STAMP</p> <p>E & O.E.</p>
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LODGEMENT INSTRUCTIONS

PAYMENT INFORMATION



Biller code: 159483

BPAY® this payment via internet or phone banking.
Your reference number is quoted on the front of this form.

Multiple acceptances must be paid separately.

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the Closing Date of the offer. BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the Closing Date. It is the Applicant's responsibility to ensure funds are submitted correctly by the Closing Date and time.

Your BPAY reference number will process your payment to your Entitlement electronically and you will be deemed to have applied for such New Shares for which you have paid.

CHEQUE / MONEY ORDER

All cheques should be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Do not forward cash as receipts will not be issued.

When completed, this form together with the appropriate payment should be forwarded to the share registry:

Security Transfer Registrars Pty Ltd
PO Box 535, APPLECROSS WA 6953.

Applications must be received by Security Transfer Registrars Pty Ltd no later than 5.00pm AEST on the Entitlement Offer Closing Date.

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of New Shares and the price payable on acceptance of each New Share.
2. Your Entitlement may be accepted either in full or in part. There is no minimum acceptance.

ENQUIRIES

All enquiries should be directed to the Company's share registry:

Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953 AUSTRALIA

770 Canning Highway, Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email: registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

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NEW OPTION ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
43 OUTRAM STREET
WEST PERTH WA 6005
AUSTRALIA

KAIROS MINERALS LIMITED

ABN: 84 006 189 331

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd

All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

«Company_code» «Sequence_number»

Code: KAIO

Holder Number:

Holding of Expired Option as at 5.00pm AEST
on 30 June 2016:

Entitlement to New Options 1:1:

Amount payable on acceptance
@ \$0.005 per New Options:

NEW OPTIONS OFFER CLOSING AT 5.00PM AEST ON 29 JULY 2016

(1) I/We the above named being registered at 5.00pm WST on the 30 June 2016 as holder(s) of Expired Options in the Company hereby accept as follows:

Entitlement or Part Thereof	NUMBER OF NEW OPTIONS ACCEPTED/APPLIED FOR	AMOUNT ENCLOSED @ \$0.005 PER NEW OPTION
	<input type="text"/> , <input type="text"/> , <input type="text"/>	\$ <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/>
Additional New Options *	<input type="text"/> , <input type="text"/> , <input type="text"/>	\$ <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/>
TOTAL	<input type="text"/> , <input type="text"/> , <input type="text"/>	TOTAL \$ <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/>

(* refer to the sections 2.9 of the prospectus)

- (2) I/We have enclosed/made payment for amount shown above (following the payment instructions as detailed overleaf).
- (3) I/We understand that if any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept this form, and how to construe, amend or complete it shall be final.
- (4) I/We authorise the Company to send me/us a substituted form if this form ceases to be current.
- (5) I/We declare that I/we have received a full and unaltered version of the Prospectus either in an electronic or paper format.
- (6) My/Our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER
()

EMAIL ADDRESS
@

BPAY PAYMENT OR THE RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE OFFER.
You do not need to return this form if you have made payment via BPAY.

<p>PAYMENT INFORMATION - Please also refer to payment instructions overleaf.</p>  <p>Billor code: 159483 Ref: EFT_REFERENCE_NUMBER</p>		<p>REGISTRY DATE STAMP</p> <p>CHEQUE / MONEY ORDER</p> <p>All cheques (expressed in Australian currency) are to be made payable to KAIROS MINERALS LIMITED and crossed "Not Negotiable".</p>
<p>BPAY® this payment via internet or phone banking. Your BPAY® reference number is unique to this offer and is not to be used for any other offer.</p>		<p>E & O.E.</p>

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LODGEMENT INSTRUCTIONS

CHEQUE / MONEY ORDER

All cheques should be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

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When completed, this form together with the appropriate payment should be forwarded to the share registry:

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PO Box 535, APPLECROSS WA 6953.

Applications must be received by Security Transfer Registrars Pty Ltd no later than 5.00pm AEST on the New Options Offer Closing Date.

PAYMENT INFORMATION



Billers code: 159483

BPAY® this payment via internet or phone banking.
Your reference number is quoted on the front of this form.

Multiple acceptances must be paid separately.

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Your BPAY reference number will process your payment to your Entitlement electronically and you will be deemed to have applied for such New Options for which you have paid.

EXPLANATION OF ENTITLEMENT

1. The front of this form sets out the number of New Options and the price payable on acceptance of each New Option.
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KAIROS
MINERALS

KAIROS MINERALS LIMITED
ACN 006 189 331