

JUNE 2016 QUARTERLY ACTIVITIES REPORT

Maiden gold resource in preparation, new gold and lithium targets identified and WA lithium portfolio refined as Kairos completes capital raising and gears up for start of drilling

HIGHLIGHTS

EXPLORATION – LITHIUM & GOLD, WA

- Significant depth extensions of the high-grade gold lodes identified beneath the historical Iron Stirrup, Main Hill and Breccia Hill open pits at Kairos' 100%-owned Mt York Lithium-Gold Project near Port Hedland following a detailed geological review of the project.
- Data from this review will form the basis of a JORC 2012 Mineral Resource Estimate, planned for completion in coming weeks, with drill testing of key target areas also planned to commence once the tenements are granted and statutory approvals received.
- Numerous new pegmatite targets identified from radiometric and aeromagnetic data interpretation.
- Rock chip samples from Mt York Project return lithium and tantalum grades of up to 2.22% Li₂O and 0.44% Ta₂O₅.
- Sub-surface pegmatites and/or pegmatite-related lithologies reported in numerous historical drillholes.
- Targets to be field-checked, mapped and sampled ahead of drilling planned for early in the September 2016 Quarter.

BUSINESS DEVELOPMENT – WA LITHIUM PROJECTS

- Advanced modelling technique implemented in consultation with leading consulting group Geochemical Services Pty Ltd to identify and secure new highly prospective lithium tenure and rationalise the Company's existing Pilbara footprint to ensure the efficient deployment of exploration capital.
- Kairos's total lithium exploration footprint in the Pilbara region has been expanded to 1,158.7km², making the Company one of the most significant emerging lithium companies in the region.
- New tenements secured during the June 2016 Quarter include E45/4760 (covering northern extensions to the Wodgina East Lithium-Tantalum Project), Croydon Project (182.4km²), Southern Pride (383.7km²) and Taipan (108.9km²).

CORPORATE

- Capital raisings undertaken:
 - A share placement to raise up to \$1.2M before costs;
 - A pro-rata non-renounceable rights issue to raise up to approximately \$4.04 million (before costs); and
 - An offer to expiring listed option holders to raise approximately \$700,000.

SUMMARY

The June 2016 Quarter delivered strong results for Kairos Minerals on a number of fronts, with initial exploration programs and historical data reviews significantly enhancing the prospectivity of the Company's flagship Mt York Lithium-Gold Project in the Pilbara region of Western Australia.

A geological review of historical data has identified significant depth extensions of the high-grade gold lodes beneath the historical Iron Stirrup, Main Hill and Breccia Hill open pits, along with near term resource expansion opportunities following a reinterpretation of the unmined Old Faithful Deposit, which form part of the Mt York Project.

This review delivered a series of outstanding historical gold intercepts, which will form the basis of a JORC 2012 Mineral Resource Estimate for the Mt York Project, which is expected to be delivered early in the September 2016 Quarter. Drill testing of key target areas is also planned to commence once the tenements are granted and statutory approvals received.

Exploration also commenced targeting the outstanding lithium potential within the Mt York tenements, with the receipt of final results from a targeting exercise using recently acquired airborne geophysical data from Mt York.

As a result of this work, multiple pegmatite targets have been identified throughout Kairos' tenement package, using ultra-detailed radiometric and aeromagnetic data. In addition, historical mapping and drilling has confirmed the presence of both outcropping and subsurface pegmatites throughout the project area.

Kairos completed an initial campaign of reconnaissance rock chip sampling, which returned outstanding results of up to 2.22% Li_2O and 0.44% Ta_2O_5 (as announced 07/06/2016).

A Permit-of-Works for Mt York is now being finalised for submission, with the drilling schedule to be confirmed upon receipt of statutory approvals.

During the Quarter, the Company further expanded and refined its lithium portfolio in the Pilbara region to include five highly prospective new projects which were identified by utilising advanced modelling techniques in consultation with leading Perth-based consultants Geochemical Services Pty Ltd.

The new projects have expanded Kairos' total lithium exploration footprint in the Pilbara region to 1,158.7km² making the Company one of the most significant emerging lithium companies in the region.

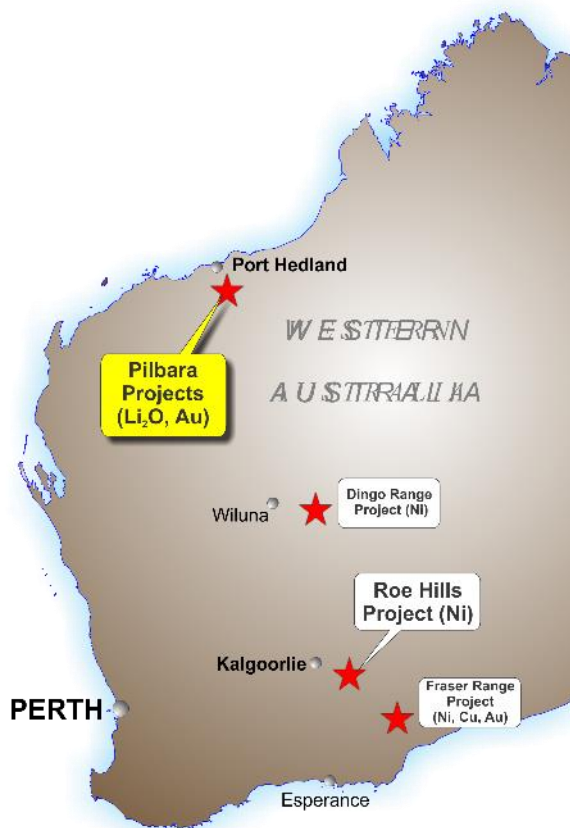


Figure 1 – Kairos Minerals Project Locations

During the Quarter the Company announced plans to undertake a capital raising to raise up to approximately \$5.94 million. Funds raised through this capital raising will help underpin Kairos' growth strategy focused on gold and lithium, and for working capital requirements.

WA GOLD EXPLORATION

During the Quarter, Kairos significantly expanded the gold potential of its 100%-owned Mt York Lithium-Gold Project, located 120km south-east of Port Hedland in WA's East Pilbara region, after identifying thick zones of high-grade gold mineralisation located directly below a number of historical mining areas.

As part of its review of the gold potential of the Mt York Project, the Company completed a geological review and reinterpretation of the Iron Stirrup, Main Hill, Breccia Hill and Old Faithful gold prospects on its tenements (see Figure 2).

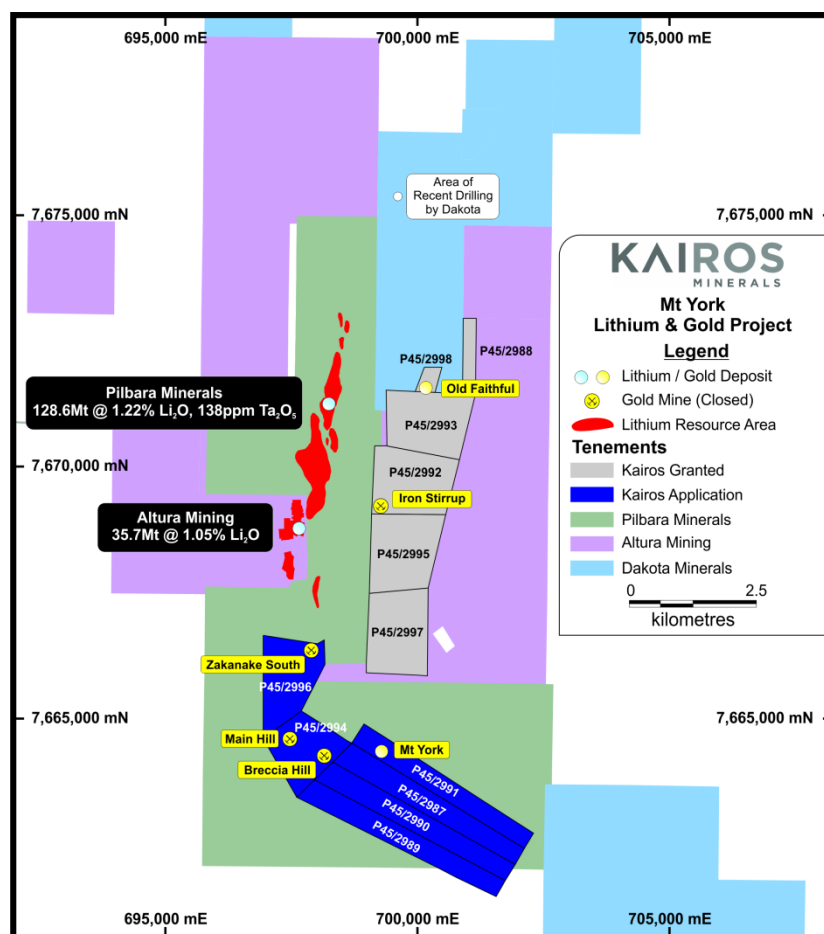


Figure 2. Mt York Project location and tenement plan showing historical gold workings.

The review identified significant depth extensions of the high-grade gold lodes beneath each of the historical open pits, with significant historical intersections including:

Iron Stirrup:

- 30m @ 3 g/t gold (ISP081)
- 25m @ 3.3 g/t gold (ISE11)
- 9m @ 3.9 g/t gold (ISP53)
- 8m @ 4.2 g/t gold (ISP82)
- 2m @ 10.0 g/t gold (ISP80)
- 13m @ 2.5 g/t gold (ISE13)
- 14m @ 3.1 g/t gold (DIS5)
- 29m @ 4.1 g/t gold (ISP63)
- 22m @ 3.1 g/t gold (ISP41)
- 16m @ 3.5 g/t gold (ISE12)

Main Hill:

- 36m @ 5.35g/t Au (incl. 7m @ 21.37g/t Au & 2m @ 7.09g/t Au) (mhe3)
- 12m @ 4.91g/t Au (mhe35)
- 18m @ 2.77g/t Au ended in mineralisation (MRC9442)
- 28m @ 2.16g/t Au (Incl. 2m @ 4.05g/t Au & 4m @ 4.33g/t Au) (MRC6073N)
- 11.9m @ 4.5g/t Au and 15.4m @ 1.6g/t Au (MYD24A)
- 18m @ 2.07g/t Au (incl. 6m @ 5.14g/t Au) ended in mineralisation (MRC5843E)
- 26m @ 2.15g/t Au (incl. 8m @ 5.11g/t Au) ended in mineralisation (MRC5880)
- 24m @ 4.09g/t Au (incl. 6m @ 12.25g/t Au) (MRC5883)
- 18m @ 2.45g/t Au (incl. 6m @ 4.65g/t Au) (MYD4)
- 36m @ 1.54g/t Au (incl. 8m @ 3.27g/t Au) ended in mineralization (MRC5685)
- 24m @ 2.19g/t Au (MRC5060E)
- 24m @ 3.14g/t Au incl. 6m @ 8.02g/t Au and 10m @ 7.19g/t Au [incl. 2m @ 24.1g/t Au] ended in mineralisation (MRC4883)
- 21m @ 3.52g/t Au (Incl. 4m @ 11.4g/t Au) (MRC4093E)
- 8m @ 4.75g/t Au (incl. 4m @ 8.052g/t Au) (mhe28)

Breccia Hill:

- 12m @ 2.95g/t Au (incl. 1m @ 9.65g/t Au) ended in mineralisation (BHE4)
- 13m @ 2.79g/t Au Incl. 2m @ 6.83g/t Au & 2m @ 4.65g/t Au & 1m @ 4.05g/t Au ended in mineralisation (BHE2)
- 22m @ 3.02g/t Au (BHE3)
- 9.1m @ 4.14g/t Au (incl. 2.1m @ 10.2g/t Au) (MYD18A)
- 16m @ 2.17g/t Au (incl. 2m @ 10.55g/t Au) ended in mineralisation (BHE6)
- 8m @ 5.88g/t Au and 20m @ 1.07g/t Au ended in mineralisation (BRC8274E)

Full results of the data review are provided in the Company's ASX Announcements dated 20 June 2016 and 28 June 2016.

Data from this review will form the basis of a JORC 2012 Mineral Resource Estimate, planned for completion in coming weeks.

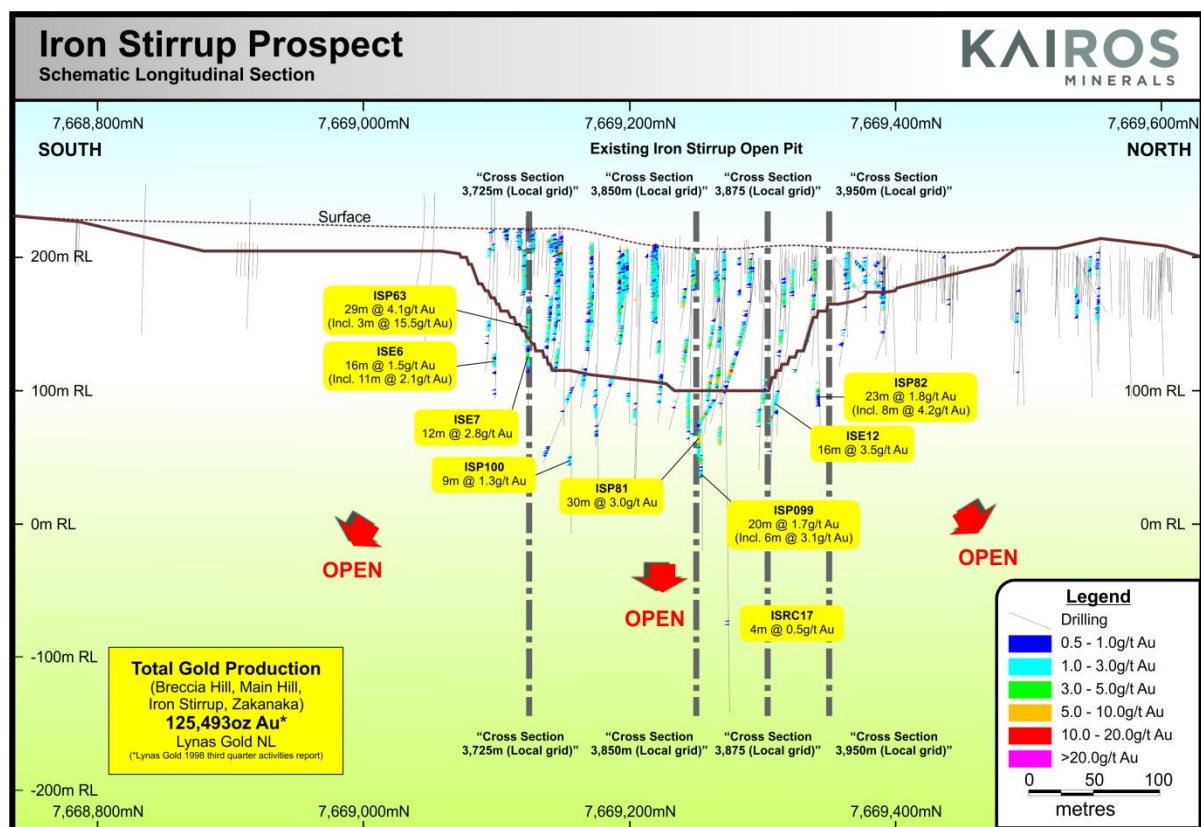


Figure 4. Longitudinal section of the Iron Stirrup Prospect.

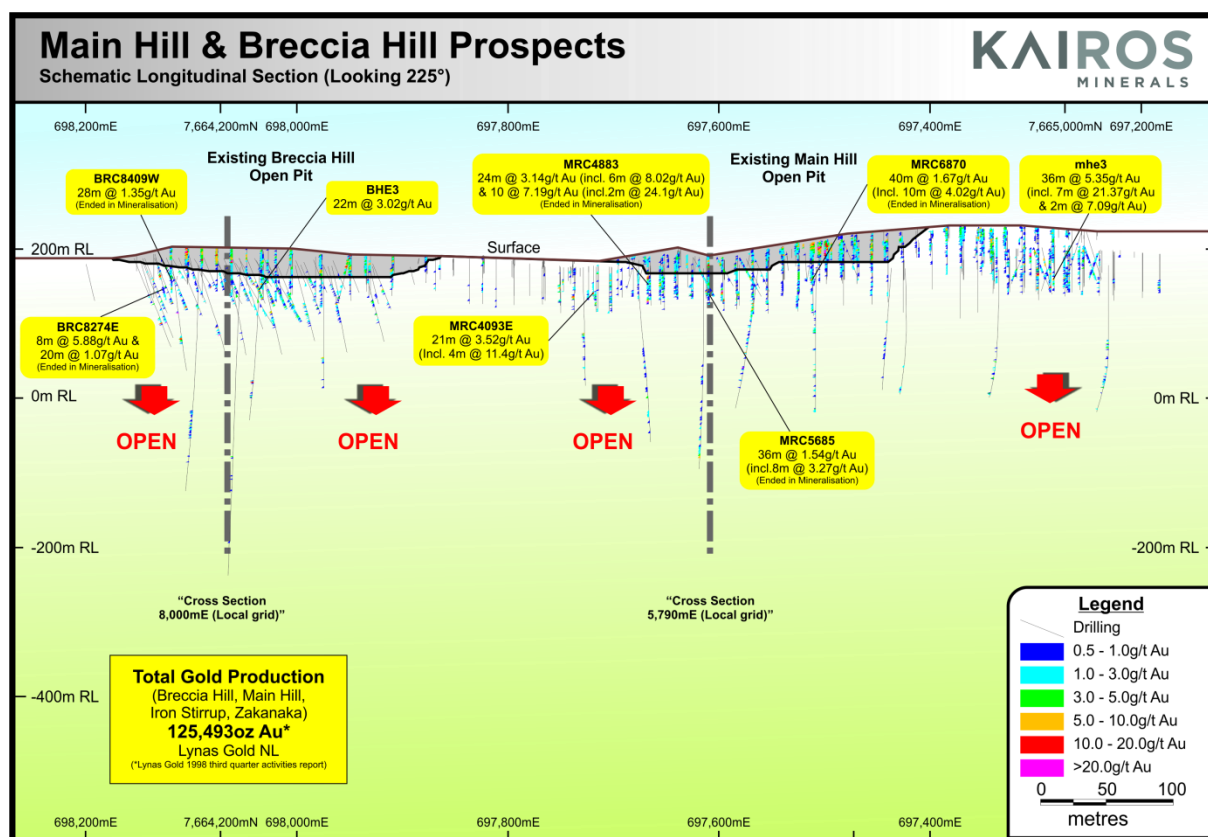


Figure 5. Longitudinal Section of the Breccia Hill & Main Hill Prospect.

Kairos is currently undertaking similar geological data reviews for the Zakanaka and Old Faithful Gold Deposits at Mt York.

Next Steps

Kairos plans to commence an initial 10-hole, 3000m RC/diamond drill program in August-September 2016 once granting of tenement applications is completed and statutory approvals are received.

Key targets will include:

- Depth and strike extensions to the known gold mineralisation in close proximity to the current base of the Iron Stirrup Pit in order to assess the potential for near-term pit expansion opportunities;
- Depth and strike extensions representing potential future underground mining opportunities;
- Open pit potential to the north and south along strike within the defined mine sequence; and
- Initial assessment of the Lynas Shear Zone (LSZ) within the project area.

Roe Hills Gold Project (100% Owned)

During the Quarter, the Company commenced an assessment of the gold potential at its 100%-owned Roe Hills Project, located 120km east - southeast of Kalgoorlie in Western Australia (see Figures 3 & 4 below).

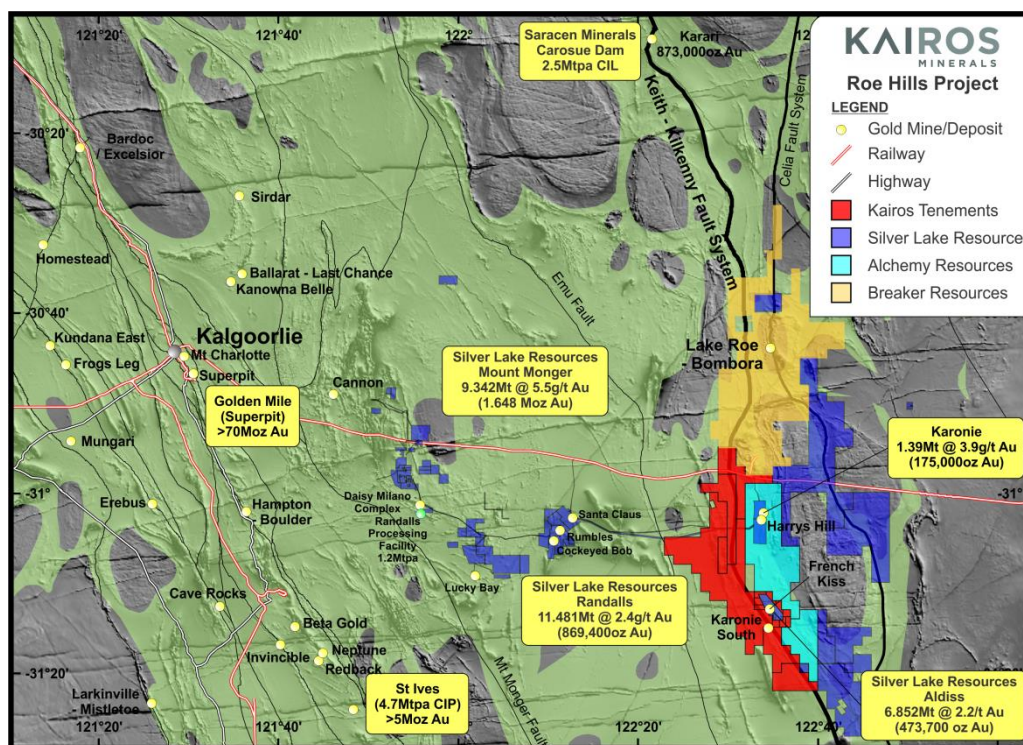


Figure 6. Simplified geology and major gold deposits of the Eastern Yilgarn Craton

The Roe Hills Project is located 120km east-southeast of Kalgoorlie's "Golden Mile" within the Eastern Goldfields of the Eastern Yilgarn Craton (EYC) of WA. The Eastern Goldfields is a world-class gold province that has produced in excess of 130Moz of gold with more than 20 deposits containing >1Moz Au (Wyche et al 2012). The Golden Mile has produced in excess of 70Moz of gold over a continuous production period since discovery of some 120 years.

The Company's tenure comprises a total area of 324km² and secures a 40km continuous strike length of the interpreted southern extensions of the highly prospective Leonora-Laverton greenstone belts – a major gold bearing terrane of WA.

The project area is flanked by Silver Lake Resources' Mt. Monger/Randalls Gold Operations to the west and the Aldiss Gold Project to the immediate east (9.342Mt @ 5.5g/t for 1.648Moz Au; 11.481Mt @ 2.4g/t for 869,400 oz Au and 6.852 Mt @ 2.2g/t for 473,700 oz Au respectively) (Silver Lake Annual Report Dec 2015).

The Karonie Gold Mine, located just 5km to the north-east of the project, was discovered and operated by Freeport in the late 1980's. The mine produced 175000oz of gold from 1.4Mt at an average grade of 4g/t Au. Exploitation of the deposit was via open pit mining methods.

Most recently, Breaker Resources Limited (ASX: BRB) has announced the discovery of a potentially significant new field at its Lake Roe Project, only ~10km to the NNE of the project within the same tectono-stratigraphic corridor, further highlighting the gold potential of the region (for details refer Breaker Resources website ASX: BRB).

Western Mining Corporation's (WMC) Exploration Division – St. Ives Gold Division identified the Roe Hills Belt as a high priority gold-nickel project during the mid- 1990's to early 2000's. Although numerous potentially significant occurrences were outlined (e.g., Ginger Kiss, Eucalyptus, Sheehans Well, Terra) exploration effectively ceased in 2001 during a protracted period of historically low commodity prices (in 2001 the spot gold price was US\$250-300/oz).

No follow-up evaluation or methodical modern exploration for gold has been undertaken during the past 15 years.

The recent world-class gold discoveries at Tropicana (>8Moz) and Gruyere (>6Moz) to the east-north-east of the project demonstrate the opportunities available with the application of modern exploration methodologies within historically under-explored regions such as that of Roe Hills.

The immediate objectives of the new gold exploration program at Roe Hills are to:

- A. Continue geological/geochemical/structural interpretation of known gold occurrences;
- B. Assess historical data;
- C. Identify new target areas;
- D. Commence soil sampling; and
- E. Commence drill testing – utilising Aircore/RC/Diamond drilling

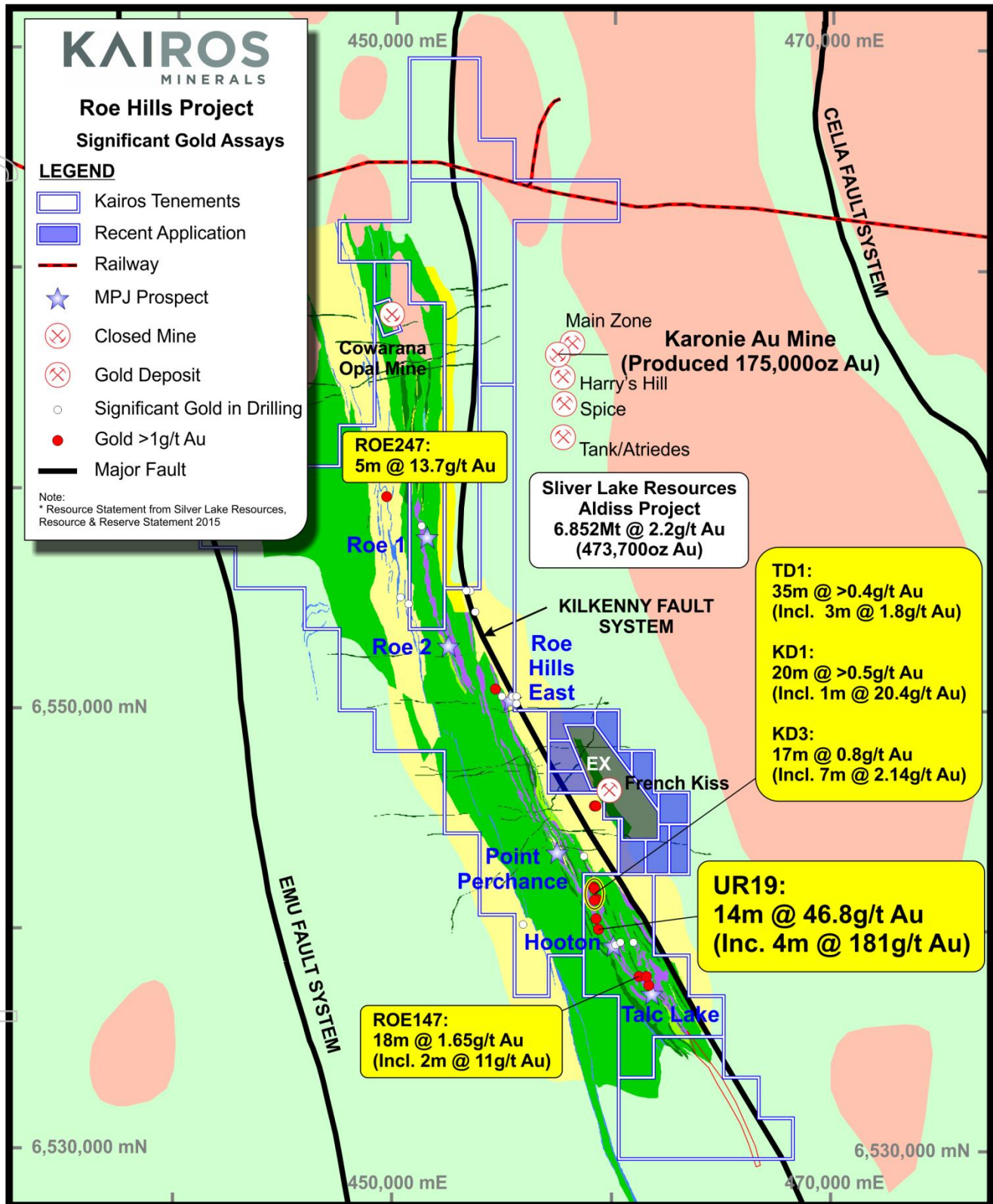


Figure 7. Roe Hills Project - local geology and significant gold occurrences

Table 1. Presents a preliminary summary of significant historical gold intercepts at the Roe Hills Project (as announced on 22/02/16) :

Hole	MGA_E	MGA_N	Dip	Az	From	To	Width	g/t Au
UR19	459380	6540097	-90	0	38	52	14	46.8
				incl	38	42	4	181.4
TD1	459277.3	6541464.3	-60	065	117	152	35	>0.4
				incl	117.1	120.1	3	1.8
KD1	459131.47	6541995.37	-60	062	160	180	20	>0.5
				incl	165	166	1	20.4
KD3	459190.39	6541436.91	-60	060	237	254	17	0.8
				incl	237	244	7	2.14
ROE147	461237.1	6537957.2	-60	090	138	156	18	1.65
				incl	138	140	2	11.0
ROE247	449597.1	6559697.2	-90	0	50	55	5	13.7
GKRC1	459152	6545686	-59	090	75	78	3	2.15
GKRC2	459242	6545686	-60	270	74	76	2	2.2
GKRC3	459454	6545286	-59	089	76	77	1	1.1
TD3	459155.863	6541996.56	-58	065	86	88	2	1.31

WA LITHIUM EXPLORATION

Mt York Lithium-Gold Project

Kairos' Mt York Lithium-Gold Project is located on and in the vicinity of an extensive lithium-tantalum bearing pegmatite dyke swarm. Peer activity in the immediate area, commonly described as the Pilgangoora region, includes Pilbara Minerals (ASX Code: PLS) and Altura Mining (ASX Code: AJM), which have both discovered globally significant lithium and tantalum resources in recent times.

Geophysical Survey

In February 2016, Kairos commissioned Magspec Airborne Surveys Pty Ltd to conduct an ultra-detailed airborne geophysical survey across the Company's Mt York Lithium-Gold Project tenements.

The survey was conducted on 25m line spacing, with the principal aim of utilising high quality magnetic and radiometric data to identify areas containing potential pegmatite intrusives and to assist with drill targeting. The survey was completed in February, with data processing and targeting completed by Terra Resources Pty Ltd during the June 2016 Quarter.

The targeting identified a series of radiometric anomalies throughout the tenement package which are interpreted to represent potassium feldspar-rich zones of pegmatite intrusives, either outcropping, emplaced as non-outcropping sub-horizontal sheets or buried beneath shallow cover. The signatures of the geophysical anomalies were cross-referenced with areas of known pegmatite-bearing lithium mineralisation, such as the Pilgangoora Central Pegmatite Suite, to establish a benchmark for the targeting.

In most cases, the targets are in structures parallel to known lithium-bearing pegmatites, within favourable structural settings and host stratigraphy (Figure 1). If they are proven to be pegmatites, this suggests that they could also potentially be lithium-bearing.

Rock Chip Sampling

Following the completion of the geophysical program outlined above, Kairos completed an initial campaign of reconnaissance rock chip sampling at Mt York. Samples from this program returned outstanding results of up to 2.22% Li_2O and 0.44% Ta_2O_5 (as announced on 07/06/16).

The rock chip sampling program outlined a large area of strong tantalum-dominant mineralisation close to the Main Hill gold deposit at the southern end of the Project area with an exceptionally high peak value of 0.44% Ta_2O_5 .

The identification of a tantalum rich pegmatite swarm within the southern project area is highly encouraging both as a potential “stand alone” mineral occurrence and as a vector toward a potential association with an increasingly fractionated lithium-dominant phase situated along strike and/or down-dip.

Review of historical drilling results

The presence of both outcropping and blind or subsurface pegmatites within Kairos’ tenure is confirmed by historical mapping and in the geological logs of historical gold-focused drill holes which record pegmatites and/or pegmatite related lithologies in most areas that have been subjected to drill testing (NB: drilling was restricted to defined gold targets primarily associated with the “Lynas Shear Zone” and approx 80% of the project area remains untested by drilling).

In order to assess the potential of Kairos’ Mt. York Project to host sub-surface pegmatites the Company’s geological and geophysical consultants, Newexco, recently completed a review of the historical gold-focused drilling database. Multiple holes report widely distributed pegmatites and pegmatite associated lithologies at relatively shallow depths within most areas that have been subjected to previous drilling.

Next Steps

Based on the very promising exploration results and data received to date, a Permit-of-Works is now being finalised for submission. A drilling schedule will be confirmed upon receipt of statutory approvals.

Wodgina East Project

Located 90km south-east of Port Hedland, the Wodgina East Project lies in the heart of one of the world’s most significant emerging mining centres for lithium and tantalum, in close proximity to several existing and emerging strategic metals operations. It is strategically situated immediately adjacent to Global Advanced Metals’ Wodgina Tantalum Mine, one of the world’s largest hard rock tantalum resources, and is located ~17km to the south-west of the lithium projects held by Pilbara Minerals and Altura Mining.

Expansion of Wodgina East tenements

During the Quarter, Kairos further strengthened its dominant strategic position in the world-class East Pilbara lithium-tantalum province after securing the northern extensions to its existing Wodgina East Lithium-Tantalum Project (E45/4760).

The new tenement significantly expands the Company's tenure over the Wodgina greenstone belt which it sees as a mirror image of the Pilgangoora geological setting with confirmed LCT pegmatites intruding a similar sequence of mafic, ultramafic and volcano-sedimentary sequences. Refer Figure 8.

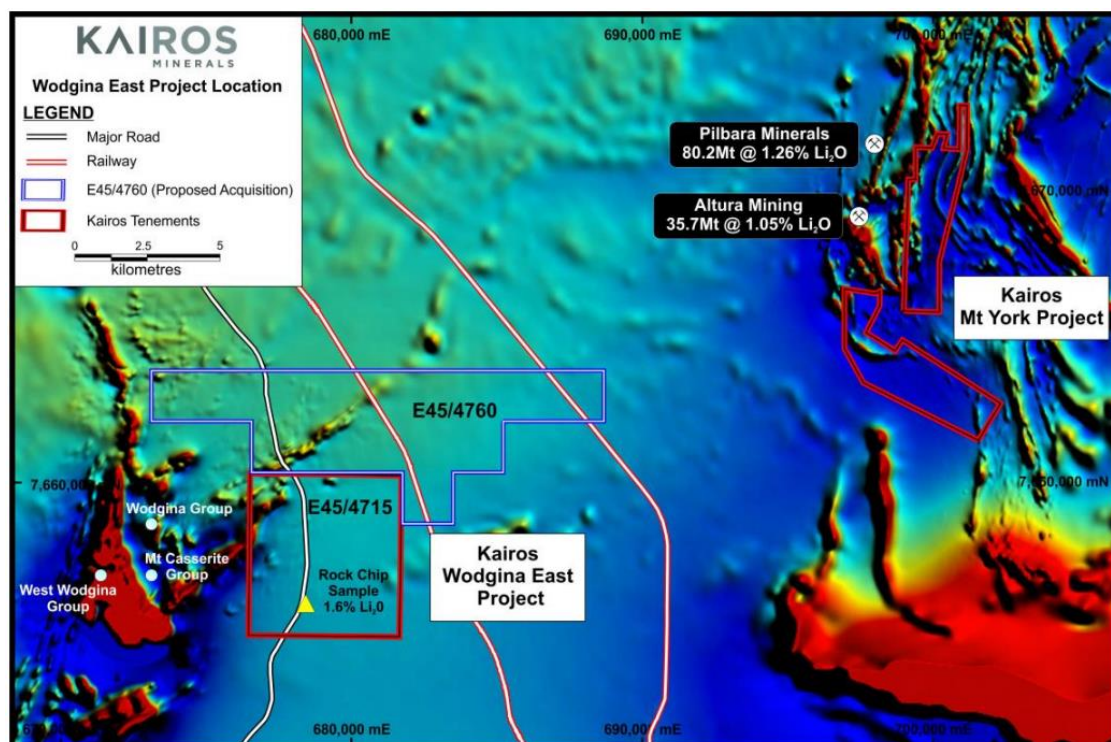


Figure 8: Wodgina East/Mt. Francisco & Mt. York Projects over TMI Magnetics

Pegmatite hosted spodumene-lithium mineralisation is well documented in historical records from the area.

Sweetapple & Collins 2002 state that “the giant Ta-Sn-Li pegmatites at Mount Cassiterite and the substantial Ta-Li-Cs pegmatites at Wodgina contain substantial amounts of tantalum minerals and primary or late replacement Li-Al silicate phases (spodumene and lepidolite)”.

Despite this the area remains essentially unexplored for lithium due to an historical focus on the production of tantalum.

Next Steps

Kairos recognises the Wodgina district as a priority exploration opportunity and will be advancing the project in tandem with its Mt. York Lithium-Gold Project.

Compilation of historical data, preliminary targeting followed by field mapping and rock chip sampling continues and drilling planned to commence Q3 CY2016.

Expansion and refinement of lithium tenements

To assist in the exploration process, Kairos engaged Geochemical Services which, under the direction of its principal Dr Nigel Brand, has successfully delineated LCT (lithium-caesium-tantalum) pegmatite targets for a number of lithium explorers and has worked with the Company extensively on its Roe Hills Gold & Nickel Project since 2014.

In order to increase the prospects for exploration success in targeting, detecting and testing potentially economically viable LCT pegmatites, Kairos has formulated the following exploration strategy; including but not restricted to:

- Focusing on exposed greenstone terrains close to granitic intrusions;
- Undertaking conventional surface sampling;
- Pre-screening samples using field portable analysers (e.g. pXRF and LIBS);
- Confirmation of significant results by conventional laboratory methods; and
- Drill testing significant LCT-pegmatite targets.

Based on the application of this advanced modelling technique, during the Quarter the Company secured multiple new lithium projects and rationalised its existing portfolio to ensure efficient capital deployment. The Company's updated tenement position is shown in Figure 9.

The new tenement acquisitions include three new projects in the Pilbara region which complement the Company's flagship Mt York and Wodgina East Projects. These comprise:

- The Croydon Project – 182.4km²;
- The Southern Pride Project – 383.7km²; and
- The Taipan Project – 108.9km².

The acquisitions bring Kairos' total lithium exploration footprint in the Pilbara region to 1,158.7km² making the Company one of the most significant emerging lithium companies in the region.

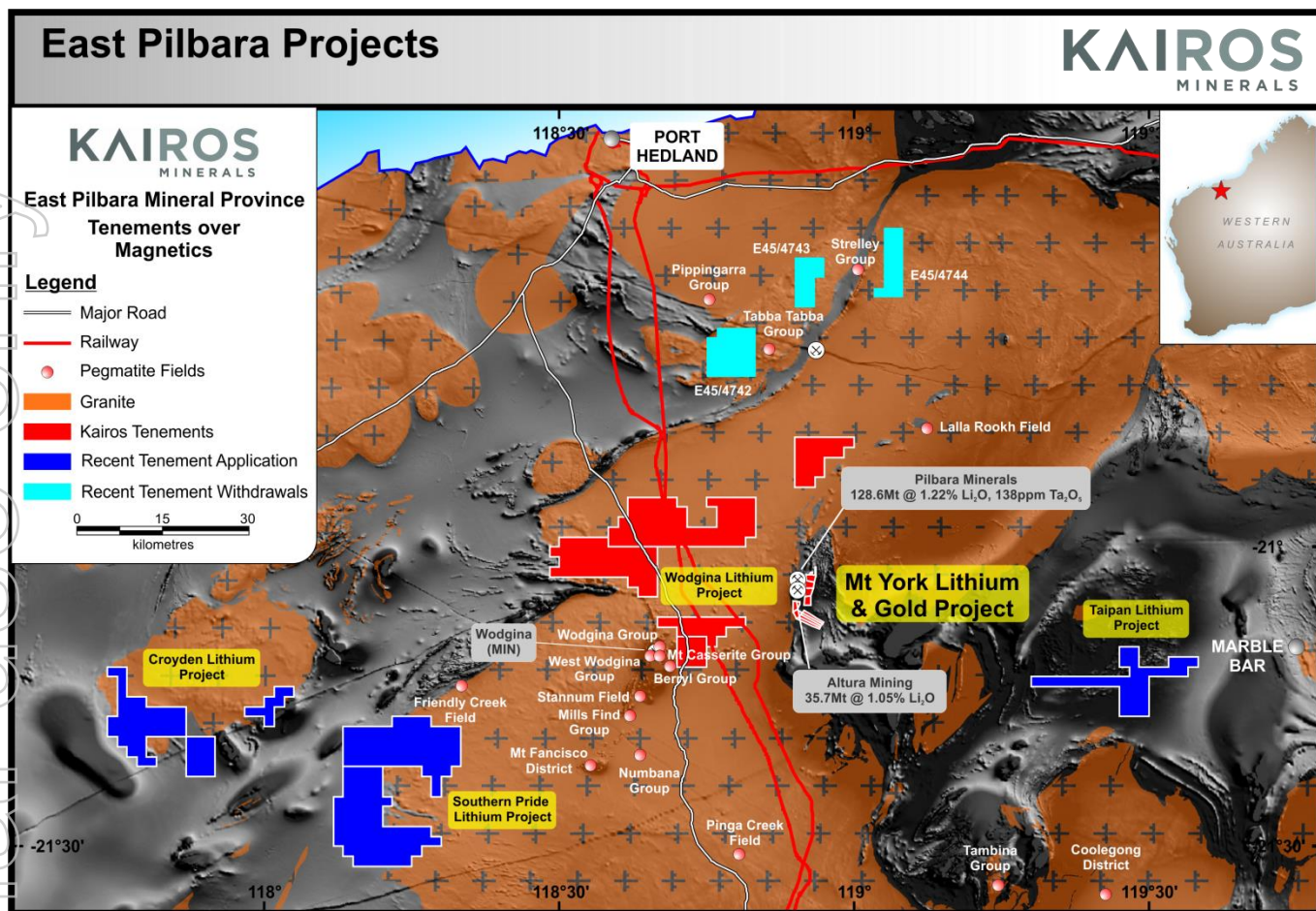


Figure 9: East Pilbara Mineral Province Project locations and tenement map showing new tenements acquired & withdrawn during the Quarter

WA NICKEL PROJECTS

Eastern Goldfields

Roe Hills Project (100% Owned)

The Roe Hills Project encompasses approximately 40 strike kilometres of highly prospective volcano-sedimentary terrane comprising at least five separate ultramafic sequences. Kairos is exploring the belt for Kambalda-style Komatiite/ultramafic hosted primary and structurally re-mobilised high-grade massive nickel sulphide mineralisation.

Structural repetition of the target sequences via folding and faulting is interpreted to have significantly increased the amount of prospective ultramafic contact available to explore.

Exploration completed during 2015 was successful in identifying broad widths of low grade disseminated, blebby and narrow massive nickel sulphides in numerous holes throughout the project area, all of which require further evaluation. In addition, numerous high priority conductors identified during surface MLEM/FLEM and down-hole (DHEM) surveys undertaken during the 2015 field season remain untested.

Work completed during the March Quarter included:

- Ongoing evaluation of all geoscientific data sets, geology/geochemistry/geophysics;
- Ongoing petrographic studies;
- Prioritisation of nickel sulphide targets; and
- EIS application submitted for government co-funding support.

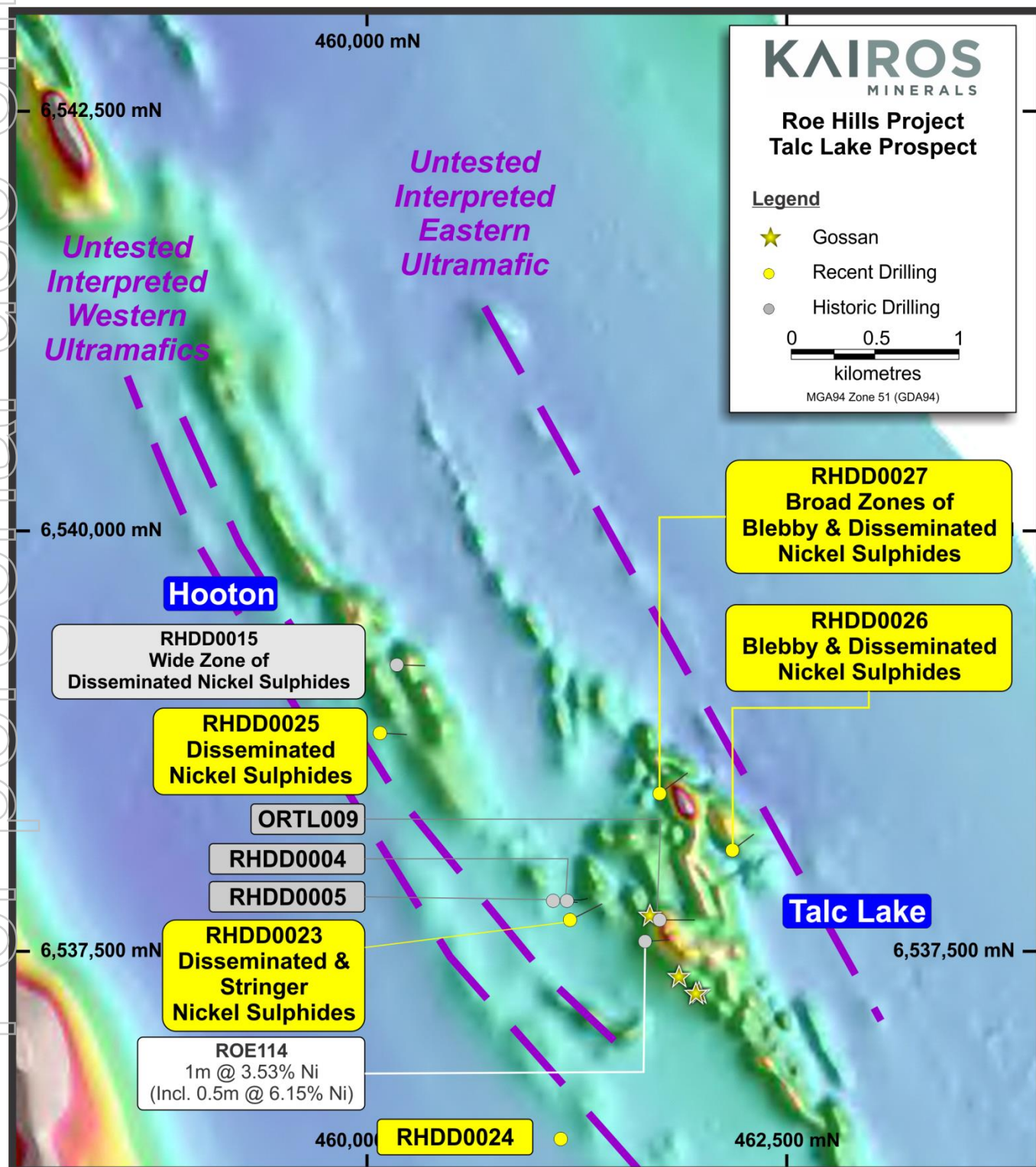


Figure 10. Roe Hills Project – Talc Lake Prospect, recent drilling over magnetics

CORPORATE

Capital Raising

During the Quarter, Kairos announced plans to undertake the following capital raising initiatives:

- A placement of up to 24 million fully paid ordinary shares (Shares) at an issue price of \$0.05 per Share to raise up to \$1.2 million before costs (Placement). The Placement was completed in June 2016;
- A pro-rata non-renounceable rights issue (Rights Issue) to raise approximately \$4.04 million (before costs) through the issues of up to 80,763,903 Shares (New Shares). The Offer closed on 22 July 2016 with 17,333,423 (\$866,671) New Shares subscribed under the Rights issue. The Company will place the shortfall (63,430,481 New Shares) via its underwriting in the coming weeks; and
- An offer to holders of listed options exercisable at \$0.10 and expiring 30 June 2016 (Expiring Listed Options) on the basis of one new option (New Option) for every Expiring Listed Option held on the date they expire. The New Options will be issued at a price of \$0.005 (0.5 cents) each to raise approximately \$700,000 (Option Issue). The anticipated closing date of the New Options Offer is Friday 29 July 2016.

It is proposed that the funds raised from these capital raising initiatives will be utilised by the Company to continue to develop its growth strategy focused on lithium and gold, and working capital requirements.

ENDS

For further information, please contact:

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COMPETENT PERSON STATEMENT:

Competent Person: The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled and reviewed by Mr N Hutchison, who is a Non-Exec Director for Mining Projects Group and who is a Member of The Australian Institute of Geoscientists. Mr Hutchison has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' (the JORC Code 2012). Mr Hutchison has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears. The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

Tenement Schedule

Project/Tenements	Location	Held at the start of quarter	Acquired during the quarter	Disposed during the quarter	Held at end of Quarter
Roe Hills Project E28/1935 E28/2117 E28/2118 E28/2495 E28/2548 E28/2585	W.A., Australia	100%	E28/2585 P28/1292 P28/1293 P28/1294 P28/1295 P28/1296 P28/1297 P28/1298 P28/1299 P28/1300		100%
Fraser Range Project E69/3082 E69/3211 E69/3411 E69/3308	W.A., Australia	100%			100%
Dingo Range Project E53/1731 E53/1732 E53/1733 P53/1624	W.A., Australia	100%			100%
Pilbara Lithium-Gold Project (Pilgangoora Project) P45/2987 P45/2989 P45/2996 P45/2998 P45/2988 P45/2992 P45/2993 P45/2994 P45/2990 P45/2991 P45/2997 P45/2995	W.A., Australia	N/a	Refer to Note 1 below	N/a	Refer to Note 1 below 100%
Wodjina Project E45/4715	W.A., Australia	N/a	Refer to Note 2 below E45/4731 E45/4740 E45/4780	N/a	Refer to Note 2 below 100%

Project/Tenements	Location	Held at the start of quarter	Acquired During the quarter	Disposed during the quarter	Held at end of Quarter
Strelly Project	W.A., Australia	0%	E45/4743 E45/4744	E45/4743 E45/4744	0%
Woodstock Project	W.A., Australia	0%	E45/4739 E45/4745	E45/4739 E45/4745	0%
Southern Pride Project	W.A., Australia	0%	E47/3522 E47/3523		100%
Croyden Project	W.A., Australia	0%	E47/3519 E47/3520 E47/3521		100%
Lalla Rookh Project	W.A., Australia	0%	E45/4741		100%
Tiapan Project	W.A., Australia	0%	E45/4806		100%
Tabba Tabba Project	W.A., Australia	0%	E45/4742	E45/4742	0%

Note 1. The Company entered into an acquisition arrangement with the vendors to acquire 100% of the tenements described. Refer to further details in ASX Announcement lodged "28 January 2016 – Mining Projects to acquire Pilbara Lithium-Gold Project"

Note 2. The Company entered into an acquisition arrangement with the vendors to acquire 100% of the tenement described. Refer to further details in ASX Announcement lodged "29 March 2016 – MPJ expands East Pilbara Lithium Portfolio"

Rule 5.5

Appendix 5B – 4th Quarter

Mining Exploration Entity and Oil and Gas Exploration Entity Quarterly Report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of Entity:

Kairos Minerals Limited (ASX:KAI)

ABN:

84 006 189 331

Quarter Ended ('Current Quarter')

30th June 2016

Consolidated Statement of Cash Flows

Cash Flows Related to Operating Activities		Current Quarter \$A'000	Year-to-Date (12 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) exploration and evaluation	(402)	(2,927)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(204)	(530)
	(e) contract services	(146)	(571)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	2
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other –Rental Income & R&D Rebate 2015	2	758
Net Operating Cash Flows		(749)	(3,268)
Cash Flows Related to Investing Activities			
1.8	Payment for purchases of:		
	(a) prospects	-	(242)
	(b) equity investments	-	-
	(c) other fixed assets	-	-
	(d) physical non-current assets	-	(2)
	(e) other non-current assets	-	-
1.9	Proceeds from sale of:		
	(a) business	-	-
	(b) equity investments	-	129
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net Investing Cash Flows		-	(115)

		Current Quarter \$A'000	Year-to-Date (12 months) \$A'000
1.13	Total Operating and Investing Cash Flows (Carried Forward)	(749)	(3,383)
Cash Flows Related to Financing Activities			
1.14	Proceeds from issues of shares, options, etc.	1,219	3,610
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19a	Other – Capital Raising Costs	(13)	(195)
1.19b	Other – Share Buy-back	-	-
Net Financing Cash Flows		1,206	3,415
Net Increase / (Decrease) in Cash Held		457	32
1.20	Cash at beginning of quarter/year to date	889	1,314
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at End of Quarter	1,346	1,346

Payments to Directors of the Entity and Associates of the Directors
Payments to Related Entities of the Entity and Associates of the Related Entities

		Current Quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	76
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Salaries, Directors' fees, corporate advisory & consulting fees at normal commercial rates	

Non-Cash Financing and Investing Activities

2.1	Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	
	-	
2.2	Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	
	-	

Financing Facilities Available

Add notes as necessary for an understanding of the position.

		Amount Available \$A'000	Amount Used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated Cash Outflows for Next Quarter

		\$A'000
4.1	Exploration and evaluation	700
4.2	Development	-
4.3	Production	-
4.4	Administration	180
4.5	Contract Services	-
Total:		880

Reconciliation of Cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current Quarter \$A'000	Previous Quarter \$A'000
5.1	Cash on hand and at bank	1,346	889
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: Cash at End of Quarter (item 1.22)		1,346	889

Changes in Interests in Mining Tenements

		Tenement Reference	Nature of Interest (note (2))	Interest at Beginning of Quarter	Interest at End of Quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-	-

Refer to schedule above

Issued and Quoted Securities at End of Current Quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total Number	Number Quoted	Issue Price Per Security (cents) (see note 3)	Amount Paid Up Per Security (cents) (see note 3)
7.1	Preference +Securities <i>(Description)</i>	-	-	-	-
7.2	Changes During Quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	+Ordinary Securities	282,673,665	282,673,665	-	-
7.4	Changes during quarter				
	(a) Increases through issues	243,405,097	243,405,097	\$0.004	\$0.004
		29,833,333	29,833,333	-	-
		24,000,000	24,000,000	\$0.05	\$0.05
		3,814,161	3,814,161	\$0.0001	\$0.0001
		500,000	500,000	\$0.10	\$0.10
	(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5	+Convertible debt securities <i>(Description)</i>	-	-	-	-
7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>(Description and Conversion Factor)</i>	140,852,158	140,852,158	Exercisable @ \$0.010	-
		90,000,000	90,000,000	Exercisable at \$0.01, \$0.02 and \$0.03	-
7.8	Issued during quarter	60,166,666	60,166,666	Exercisable @ \$0.010	-
		10,000,000	10,000,000	Exercisable @ \$0.10	-
7.9	Consolidation during quarter	248,276,752	248,276,752	-	-
	Exercised during quarter	46,084	46,084	\$0.10	\$0.10
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-	-	-
7.12	Unsecured notes (totals only)	-	-	-	-

Compliance Statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign Here: 
Managing Director

Date: Friday 29 July 2016

Print Name: **Joshua Wellisch**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities**
The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards**
ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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