

ASX ANNOUNCEMENT

25 May 2020

\$4.2M Capital Raising to Progress Drilling and Exploration Programs at the Pilbara Gold Project, WA

Raising to underpin major new exploration campaign across Kairos' large, strategic land-holding at the heart of the emerging Pilbara gold province

Highlights

- Firm commitments received for \$2.5M share placement at 1.1 cents per share.
- Participants in the placement will receive one free attaching option for every two shares acquired, exercisable at 2.5 cents each and expiring on 31 December 2021 (subject to shareholder approval).
- Major shareholder, Eric Spott, to participate in the placement to maintain his 10% holding in the Company.
- Kairos to also undertake a one-for-eight non-renounceable rights issue at 1.1 cents to raise up to a further \$1.7M ("Rights Issue"), bringing the total amount of the proposed capital raising to \$4.2M.
- Proceeds from the placement to underpin exploration and drilling programs across Kairos' Pilbara Gold Project, where the Company is targeting intrusive-hosted gold discoveries similar to De Grey Mining's nearby Hemi discovery.
- Field work and mapping programs to commence at the Pilbara Gold Project within the next two weeks, with drilling scheduled to commence in July.

Kairos Executive Chairman Terry Topping said: *"We are very pleased by the strong support for the share placement, which has introduced a number of new investors to our register.*

"This strong outcome reflects the market's growing recognition of the Pilbara as one of Australia's most exciting emerging gold provinces, highlighted by De Grey Mining's rapidly-emerging high-grade discovery at Hemi, which is located just 20km north of our Kangan Project. Kairos has long recognised the Pilbara's exceptional gold prospectivity, and over the past four years has accumulated one of the region's largest strategic land-holdings for gold exploration.

"The funds raised through the combined placement and rights issue will enable us to progress a focused, multi-pronged exploration program across our land-holding, focused on the discovery of new greenfields intrusive-hosted gold discoveries similar to Hemi. Key initial targets will include the Kangan and Skywell prospects – both of which show strong prospectivity for intrusive-related gold, as well as the exciting 10km long Fuego gold-in-soil anomaly.

"We are also pleased to offer existing eligible shareholders with the opportunity to participate in the capital raising on the same terms as the placement, and I would like to thank all our existing and new shareholders for their ongoing support including our cornerstone shareholder Eric Sprott."

Kairos Minerals Ltd (ASX: KAI) (“Kairos” or the “Company”) is pleased to announce it has received firm commitments from sophisticated and professional investors to raise \$2.5 million through a share placement (“Placement”) and also intends to undertake a non-renounceable rights issue to raise \$1.7 million (“Rights Issue”), for a total of \$4.2 million before costs.

The proceeds of the capital raising will strengthen Kairos’ balance sheet and allow it to progress a multi-pronged exploration campaign at the Company’s 100%-owned **Pilbara Gold Project** in the north-west of WA, including field work and drilling programs aimed at delineating intrusive-hosted gold discoveries similar to De Grey Mining’s nearby Hemi discovery.

Initial fieldwork programs are scheduled to commence within the next two weeks, with drilling programs to commence in July.

Capital Raising Details

Kairos has received binding commitments for a placement to sophisticated and professional investors, comprising 227 million fully-paid ordinary shares in the Company (**New Shares**) at an issue price of 1.1 cents to raise approximately A\$2.5 million (before costs).

The Placement was conducted within the Company’s placement capacity under ASX Listing Rule 7.1 (129,499,988 shares) and Listing Rule 7.1A (97,500,012 shares) which settled today per the Appendix 2A provided separately. Shareholder approval is not required for the issue of New Shares under the Placement.

Participants in the Placement will receive free-attaching options (“Options”) on a one (1) for two (2) basis, with each Option being exercisable at 2.5c (\$0.025) and expiring on 31 December 2021. The issue of the Options is subject to shareholder approval, with a general meeting of the Company’s shareholders to be convened as soon as practicable.

Additionally, the Company’s largest shareholder, Eric Spott, will subscribe for up to 18 million shares on the same terms as the Placement. As the Company does not have the placement capacity available, the placement to Eric Spott is subject to the receipt of prior shareholder approval. The Company will seek the necessary shareholder approval at the proposed general meeting of shareholders to be convened shortly. Once issued, Eric Spott will maintain his interest in the Company at 10%.

The Placement was jointly conducted by CPS Capital and Beer & Co Pty Ltd as Joint Lead Managers. A fee of up to 6% will be paid on the Placement. In addition, the Joint Lead Managers will both receive 10 million options, having the same terms as the options issued pursuant to the Placement (subject to shareholder approval).

The Company also intends to offer eligible shareholders the opportunity to acquire new shares through a pro-rata non-renounceable rights issue at the same price as the Placement (**Rights Issue**) to raise approximately A\$1.7 million (before costs). An indicative timetable for the Rights Issue, including the record date, will be set in due course.

The Company reserves the right to place any shortfall from the Rights Issue with the assistance of the Joint Lead Managers. The allocation policy for the shortfall issue will be disclosed in the Company’s prospectus.

The Capital Raising price of A\$0.011 cents per New Share represents:

- A discount of 35.29% to the closing price of A\$0.017 on 19 May 2020;
- A discount of 30.47% to the VWAP for the 5 trading days up to and including 19 May 2020;
- A discount of 25.63% to the VWAP for the 10 trading days up to and including 19 May 2020; and
- A discount of 22.60% to the VWAP for the 15 trading days up to and including 19 May 2020.

Use of Funds

- Exploration field work programs across the Company's broader Pilbara Gold Project, including helicopter-supported field work as required.
- Geochemistry programs and drilling programs across priority intrusive-related gold targets at Kangan and Skywell.
- RC drilling at the large Fuego gold anomaly.
- Working capital.

Project Location

The Pilbara Gold Project is located 120km SE of Port Hedland in the West Pilbara of Western Australia (Figure 1).

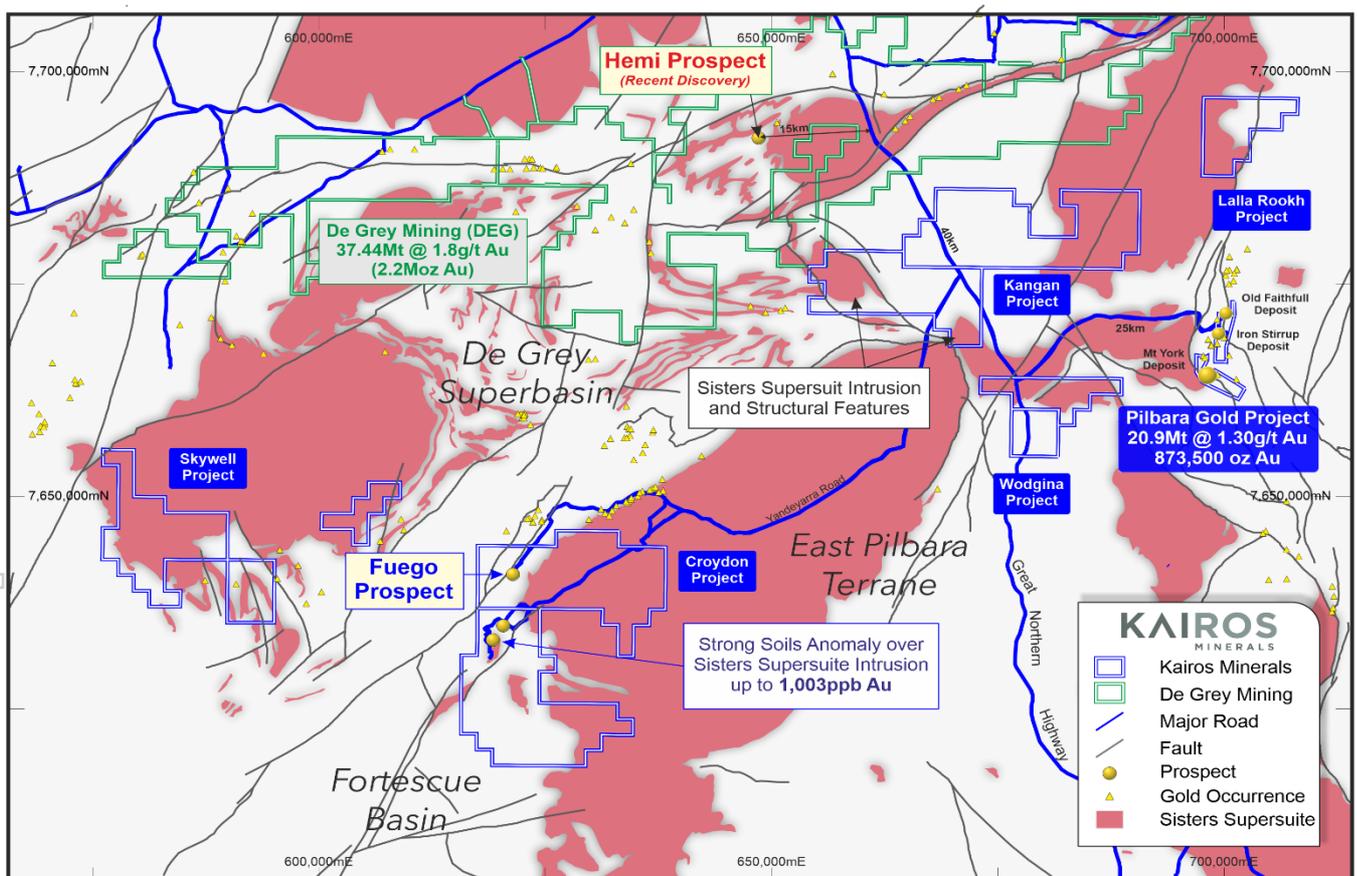


Figure 1. Pilbara Gold Project location.

For further information, please contact:

Investors:

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Chairman
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MINERAL RESOURCE ESTIMATE

Indicated			Inferred			Total		
Tonnes (kt)	Au (g/t)	Ounces (koz)	Tonnes (kt)	Au (g/t)	Ounces (koz)	Tonnes (kt)	Au (g/t)	Ounces (koz)
8,565	1.33	366	12,364	1.28	507	20,929	1.30	873

COMPETENT PERSON STATEMENT:

The Mineral Resource estimate for the Pilbara Gold Project referred to in this announcement was first reported by the Company in accordance with Listing Rule 5.8 on 4 March 2020. The Company confirms that it is not aware of any new information or data that materially affects the information included in the previous announcement, and that all material assumptions and technical parameters underpinning the Mineral Resource estimate continue to apply and have not materially changed.

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