

DRILLING OF KEY GOLD TARGETS COMMENCES AT ROE HILLS PROJECT, WA

Highlights:

- **Multiple, existing gold occurrences to be tested, including:**
 - **UR19** **14m @ 46.8 g/t Au** from 38m
(Including **4m @ 181.4 g/t Au** from 38m)
 - **TD1** **35m @ 1.0 g/t Au** “stockwork” from 116.5m
 - **KD1** **19m @ 1.47 g/t Au** from 161m
(Including **1m @ 20.4 g/t Au** from 165m)
 - **ROE247** **5m @ 13.7 g/t Au** from 50m
 - **ROE147** **18m @ 1.65 g/t Au** from 138m
(Including **2m @ 11 g/t Au** from 138)
 - **KR01** **26m @ 0.84 g/t Au** from 74m
- **Numerous priority targets identified utilizing recently completed gravity surveys, re-modelling of detailed aeromagnetic data and in-depth reviews of all historical data.**
- **Program to comprise up to 5,000m of combined Reverse Circulation Percussion and Diamond Core Drilling in the first phase.**

Kairos Minerals Ltd (ASX: KAI; “Kairos” or “the Company”) is pleased to advise that it has commenced drill testing of multiple priority gold targets at its 100%-owned **Roe Hills Gold Project**, located 120km east-southeast of Kalgoorlie in Western Australia (see Figures 1 & 2).

The program, comprising up to 5,000 metres of combined reverse circulation percussion (RCP) and diamond core drilling, commenced this week and will continue up until the Christmas break. The drilling will test multiple, existing gold occurrences delineated by historical drilling and several new priority targets outlined by Kairos in recent months (see ASX Announcement, 27 September 2016).

The Company envisages that the current drilling program will continue in the New Year given the increasing number of high quality targets emerging from the ongoing project evaluation process.

In conjunction with the drilling, Haines Surveys is continuing to conduct detailed gravity surveys over the Roe Hills Project area. The surveys are designed to complement existing aeromagnetic data in order to better define potential gold-bearing structures hidden beneath transported cover.

Surface sampling programs have also been planned over selected areas of residual soil cover. These will be undertaken early in the New Year and will provide an initial assessment of key areas which have not previously been explored or which remain under-explored.

Background

The Roe Hills Project lies within the Kurnalpi Terrane of the Eastern Goldfields, Eastern Yilgarn Craton (EYC) in a rapidly emerging gold province which is currently enjoying a significant level of exploration activity and investor interest.

The Company's tenure encompasses a dominant land-holding in the area comprising a total of 324km² and covering a 40km continuous strike length of the interpreted southern extensions of the highly prospective Leonora-Laverton greenstone belts (see Figures 1 & 2).

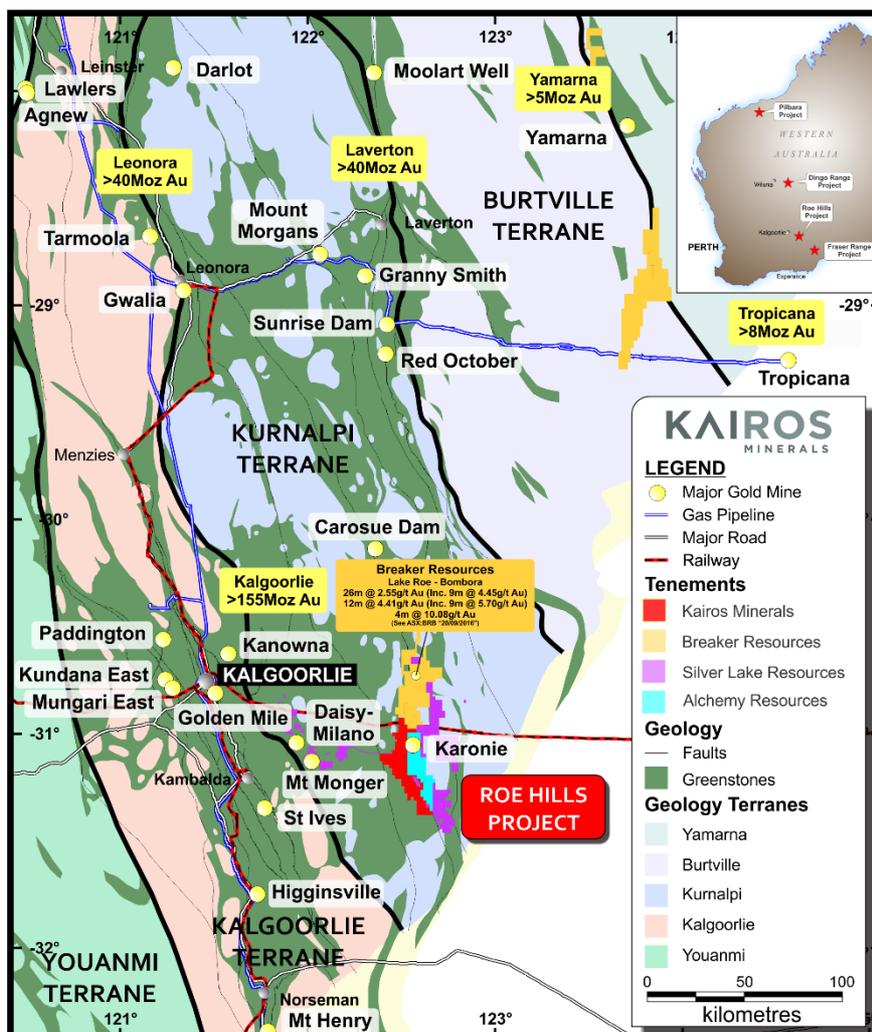


Figure 1. Roe Hills Project location – East Yilgarn Craton (EYC) Kurnalpi Terrane

The Roe Hills Project is flanked by Silver Lake Resources' (ASX: SLR) Mt Monger/Randalls Gold Operations to the west and the Aldiss Gold Project to the immediate east. Breaker Resources (ASX: BRB) has recently confirmed the discovery of a potentially significant new goldfield at its Lake Roe Project, located ~10km to the north-east of Kairos' tenement package within the same tectono-stratigraphic corridor (see Figures 1 & 2).

Virtually no methodical gold exploration has been undertaken at Roe Hills for more than 15 years, with the last concerted gold exploration in the region undertaken by BHP and WMC in the mid-1990s.

By contrast, the Laverton goldfield – which also lies within the Kurnalpi Terrane of the EYC, some 200km to the north of Roe Hills – has grown from a reported gold resource endowment of <3Moz in the early 1990s to a current endowment of >28Moz thanks to discoveries by companies including Dacian Gold (Mt Morgans >3Moz¹); AngloGold Ashanti (Sunrise Dam >10Moz²), Goldfields (Wallaby >8Moz, Granny Smith >2Moz³) and Saracen Mineral Holdings (Carosue Dam >4Moz⁴) (Figures 1 & 2).

The potential for significant new discoveries to be made under cover by applying modern exploration methodologies in this historically under-explored region has recently been demonstrated by Breaker Resources (ASX: BRB) at the nearby Lake Roe Project.

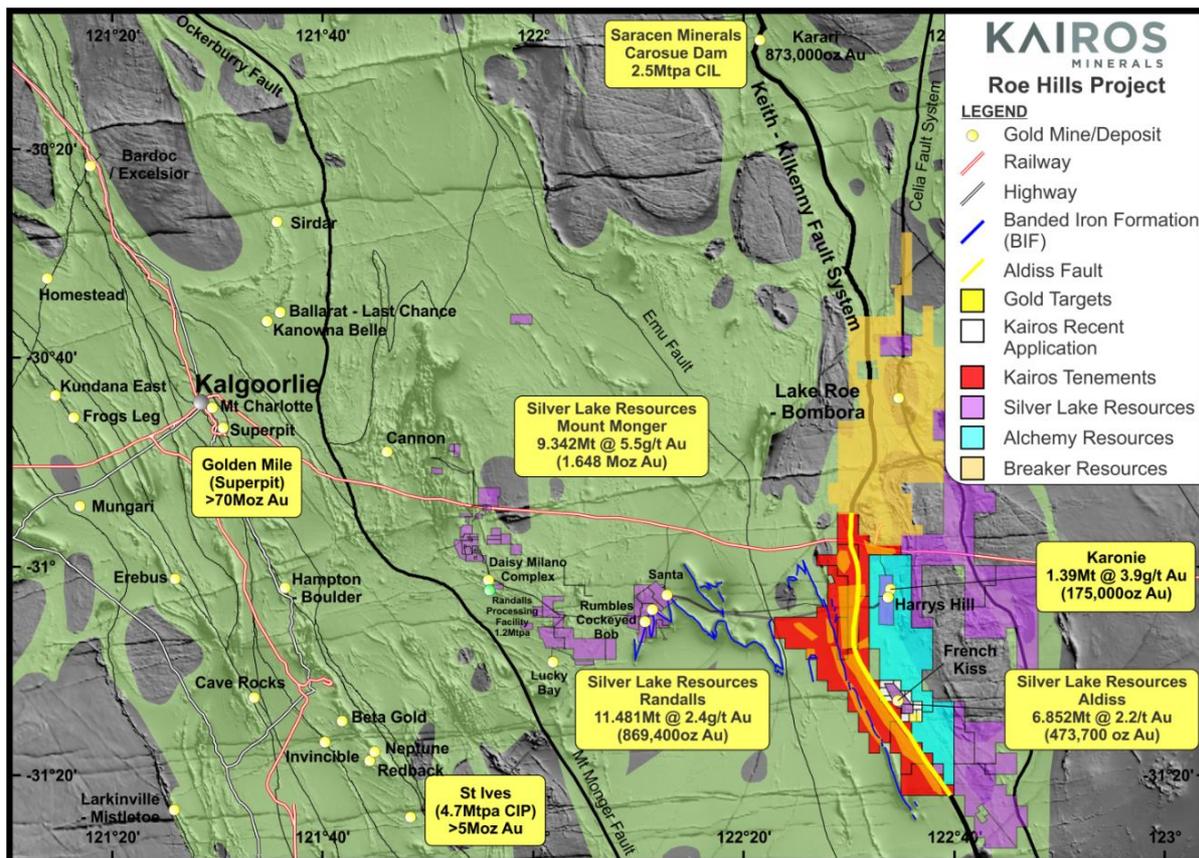


Figure 2. Project location – tenure & gold targets⁵

¹ Refer Dacian Gold ASX Announcement 28 July 2016

² Refer <http://www.anglogoldashanti.com/>

³ Refer <https://www.goldfields.co.za/>

⁴ Refer Saracen Mineral Holdings ASX Announcement 12 October 2016

⁵ Refer Silver Lake Resources ASX Announcement 26 August 2016, refer <https://www.goldfields.co.za/>, refer Alchemy Resources ASX Announcement 24 May 2016, refer <http://superpit.com.au/>

Roe Hills Project – Key Targets

With the assistance of expert consultants, Kairos’ geological team has been progressing a detailed review of the gold exploration potential at Roe Hills in preparation for the current drilling program. This work has delivered a number of positive results, which are summarised below and presented in Figures 3 & 4:

- The project is bounded by the Celia/Claypan and Emu Fault systems and secures 40 strike kilometres of the Keith-Kilkenny Lineament (locally known as the “Aldiss” Fault) – all of which are regionally extensive deep crust/mantle tapping structures, well recognized as controlling the distribution of many of WA’s major gold deposits;
- Numerous ENE and WNW “linking” structures transect the project stratigraphy, providing dilational traps within favourable lithologies and defining multiple priority targets with the potential to host significant gold mineralization;
- An initial collaborative targeting exercise undertaken with geophysical consultants Newexco Services Pty Ltd has identified multiple high-priority gold targets. A summary of historical intercepts from these areas is presented below (previously announced in KAI June Quarterly Report):

Terra Trend

- **UR19** **16m @ 46.8g/t Au from 38m**
Including ***4m @ 181.4 g/t Au from 38m***
- **TD1** **35m @ 1.0 g/t Au “stockwork” from 116.5m**
Including ***3m @ 1.8 g/t Au from 117.1m***
- **KD1** **25m @ 1.2 g/t Au from 161m**
Including ***1m @ 20.4 g/t Au from 165m***
- **KD3** **20m @ 0.71 g/t Au from 238m**
Including ***7m @ 1.65g/t Au from 238m***

Ginger Kiss Trend

- **KR01** **26m @ 0.84 g/t Au from 74m**
- **GKRC1** **4m @ 1.66 g/t Au from 74m**
- **GKRC2** **2m @ 2.2 g/t Au from 74m**
- **GKRC3** **2m @ 0.9 g/t Au from 76m**
- **GKR11** **4m @ 1.22 g/t Au from 64m**

Talc Lake Trend

- **ROE147** **18m @ 1.65 g/t Au from 138m**
Including ***2m @ 11.0 g/t Au from 138m***

Sheehans Well Trend

- **ROE247** **5m @ 13.7 g/t Au from 50m**

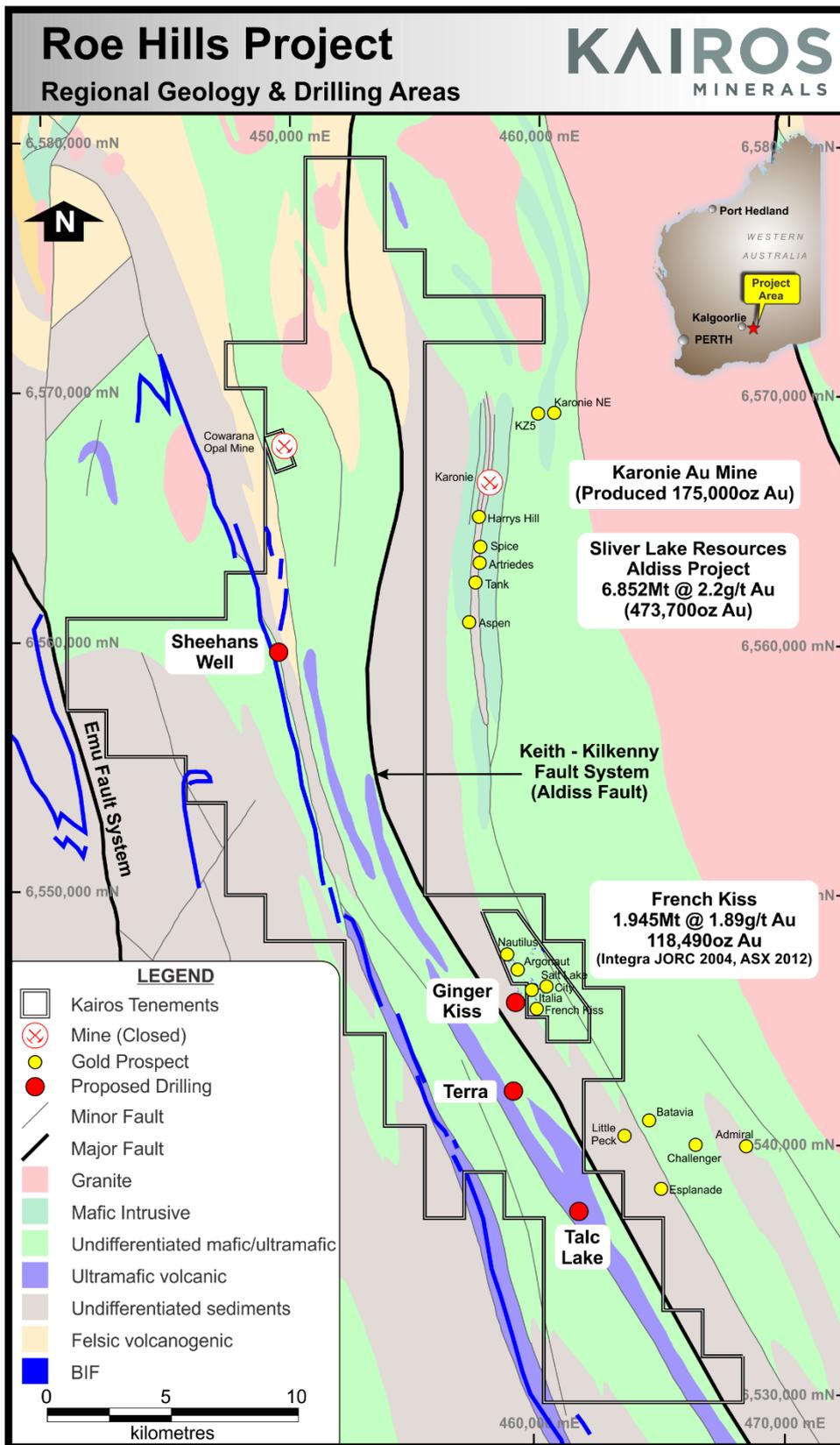


Figure 3. Prospect locations – tenure & proposed drilling

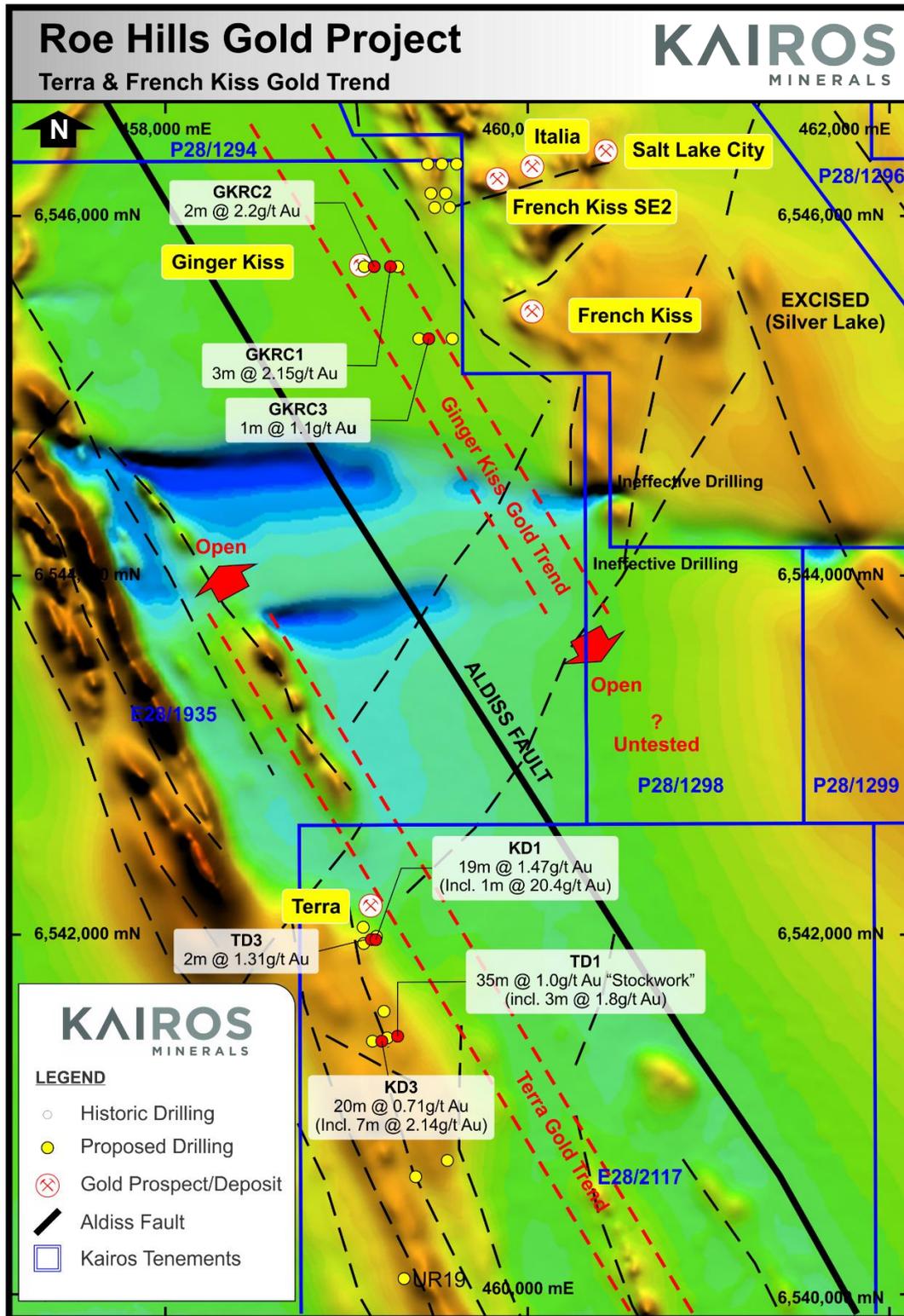


Figure 4. Prospect locations - TMI, gravity interpretation & proposed drilling

- A review of historical geochemical data in conjunction with detailed mapping of the regolith (near-surface environment) by geochemical consultant Dr Nigel Brand has highlighted extensive areas within the Roe Hills tenement package where historical exploration and surface geochemistry is believed to have been ineffective – significantly enhancing the exploration potential;

- A reinterpretation of the regional geology has highlighted the Western BIF (banded iron formation) ultramafic package at Roe Hills as being a fault dislocated extension of the BIF sequences which host all of the key deposits on Silver Lake Resources' (ASX: SLR) Randall's Project tenements, including Randalls, Cock-eyed Bob, Santa and Maxwells. This sequence remains under-explored and significantly enhances the prospectivity of the project;
- The Company's geological team has now confirmed the presence of gold-bearing structures and favourable mafic host lithologies within the Ginger Kiss and Terra prospect trends, both of which have strong geological similarities to Silver Lake's Aldiss Project;
- A review of the French Kiss Deposit (Integra open file Wamex Reports) has highlighted the possibility of gold mineralisation occurring within a conjugate shear set. A shallow east-dipping and south-plunging "main" lode and a previously unrecognized higher grade, steeply west dipping, "secondary" lode. A similar structural setting is interpreted at Ginger Kiss and Terra and both trends will be targeted for drill testing as part of the current program;
- Kairos' Ginger Kiss and Terra trends occur within extensive "demagnetized zones" adjacent to Silver Lake's French Kiss Deposit and coincident with the interpreted position of the "Aldiss" Fault. This suggests the presence of a major "plumbing system", graben-style block and/or thrust faulting, intense alteration, magnetite destruction and deeper weathering associated with fluid movement along the "Aldiss Fault" and a network of second order structures related to it.



Management Comment

Kairos's Managing Director Joshua Wellisch said the start of drilling at Roe Hills opened up an exciting new front for the Company's gold exploration activities alongside the ongoing drilling and resource development program at its flagship Mt York Gold-Lithium Project in the Pilbara region.

"Roe Hills is located in the heart of one of the most active gold exploration districts in Australia with proven potential to yield large-scale, company-making discoveries – as evidenced by the recent success of Breaker Resources to the north of our tenements," he said.

"Our exploration team has done a great job in recent months in evaluating the extensive historical data and regional and structural geological information to generate a series of compelling gold targets at Roe Hills which will be tested over the coming months.

"We are very much looking forward to the results of our maiden drilling program at Roe Hills, with the initial phase of drilling set to continue up until the Christmas break," he said.

ENDS

For further information, please contact:

Investors:

Mr Joshua Wellisch
Managing Director
Kairos Minerals Limited

Media:

Nicholas Read/Paul Armstrong
Read Corporate
Ph: 08 9388 1474

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.*