

SEPTEMBER 2016 QUARTERLY ACTIVITIES REPORT

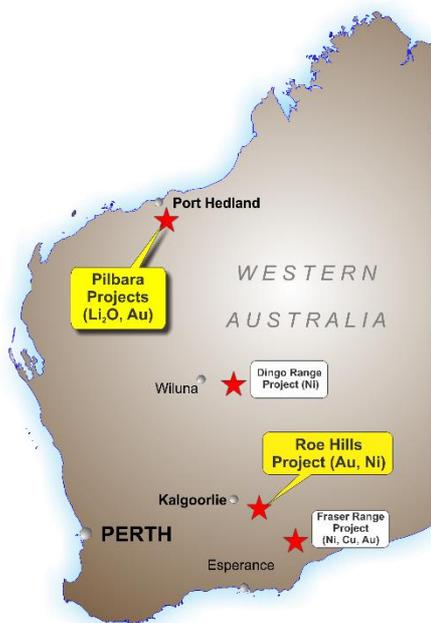
Kairos embarks on WA gold strategy with 258,000oz resource at Mt York, maiden drill program commenced and exploration ramping-up at Roe Hills

Mt York Gold-Lithium Project (Pilbara, WA)

- Mt York emerging as a significant WA gold project with the overall JORC 2012 Mineral Resource inventory increasing from 135,000oz to 258,000oz following completion of Phase 2 JORC Mineral Resource estimates for the Main Hill and Breccia Hill deposits.
- The upgraded Indicated and Inferred Resource now stands at 5.692Mt at 1.42g/t Au for 258,000oz, comprising:
 - Phase I Indicated and Inferred Resources (ASX announcement – 1st August 2016):*
 - Iron Stirrup – 714Kt at 1.99g/t Au for 45,000oz
 - Old Faithful – 2.069Mt at 1.37g/t Au for 90,000oz
 - Phase II Indicated and Inferred Resources – (ASX announcement – 5th October 2016)*
 - Main Hill – 1.641Mt at 1.26g/t Au for 66,000oz
 - Breccia Hill – 1.269Mt at 1.40g/t Au for 57,000oz
- All deposits remain open along strike and at depth within well-defined mineralised zones, providing rapid resource expansion opportunities.
- High-grade historical intercepts below both Main Hill and Breccia Hill resource boundary highlight the potential for high-grade shoots within the broader mineralised envelope.
- “Hinge Zone” separating Main Hill and Breccia Hill deposits re-interpreted as a high priority target – previously untested.
- Multiple new lithium and gold targets defined following review of soil geochemistry.
- Aggressive exploration RC and diamond drilling program underway at Mt York with initial focus on the Old Faithful and Iron Stirrup gold deposits:
 - 4 diamond holes for 1,178m completed to date at Old Faithful gold deposit;
 - Multiple intersections of strong sulphide-bearing and quartz veined alteration zones identified – assays pending;
 - Drilling to continue next at Iron Stirrup.

Roe Hills Gold Project (Eastern Gold Fields, WA)

- Programme of Works (POW) approved for maiden drilling program, scheduled to commence in early November.
- Phase 1 gravity survey completed with to assist in finalising priority drill targets.



Corporate

- \$5.9M capital raising successfully completed comprising \$1.2M share placement, \$4.04M rights issue and offer to expiring listed option-holders to raise ~\$700,000.

Summary

Kairos Minerals (ASX: KAI – “Kairos” or “the Company”) is pleased to report on an active and productive quarter during which it embarked on an aggressive exploration and growth strategy at its two key WA gold projects, the Mt York Gold-Lithium Project in the Pilbara and the Roe Hills Project in the Eastern Goldfields (both 100 per cent owned) (Figure 1).

Figure 1. Project Locations.

The completion of a maiden JORC 2012 compliant Mineral Resource inventory comprising 5.692 million tonnes at 1.42g/t Au for 258,000oz, was a key highlight of the quarter, following a review and reinterpretation of historical data from the former Lynas Find gold mine. This mine was last operated in a significantly lower gold price environment in the mid-1990s.

The maiden resource estimate, which encompasses four deposits (several of which were previously mined) provides a strong foundation for the Company’s gold strategy.

Systematic and methodical exploration work also continued during the quarter to identify gold exploration targets at Mt York, including immediate depth and strike extensions of the known deposits, and regional exploration targets with the potential to deliver new discoveries. The Company’s maiden drilling program at Mt York commenced at the end of the quarter to test both gold and lithium targets.

At Roe Hills, which is located near Breaker Resources’ (ASX: BRB) emerging Lake Roe gold discovery, preparations continued during the quarter for the Company’s maiden exploration program, which is due to commence in early November.

Mt York Gold-Lithium Project, Pilbara Region (Kairos: 100%)

A key development during the September Quarter was the completion of a maiden JORC 2012 compliant Mineral Resource estimate for the Mt York Gold-Lithium Project, located

120km south-east of Port Hedland in WA's East Pilbara (Refer Figures 1-7).

The resource was completed in two stages, with the Phase 1 JORC 2012 compliant Mineral Resource estimate completed in August comprising Indicated and Inferred Resources of 2.8 million tonnes grading 1.53g/t Au for 135,000oz (see ASX release dated August 1, 2016).

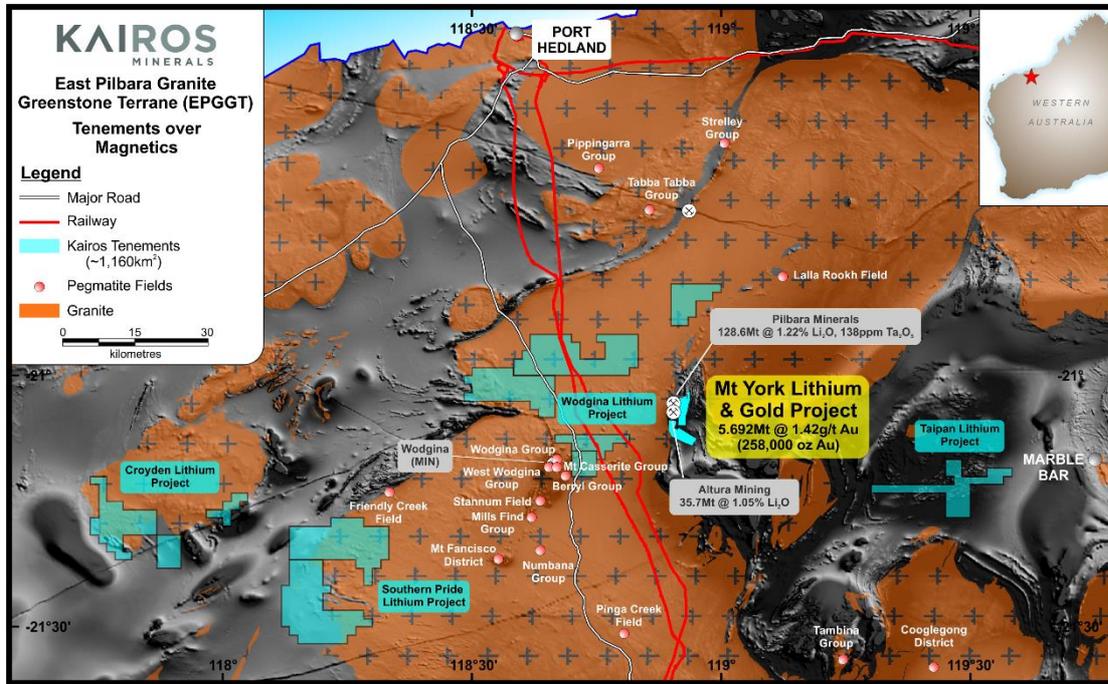


Figure 2. Pilbara Project Locations.

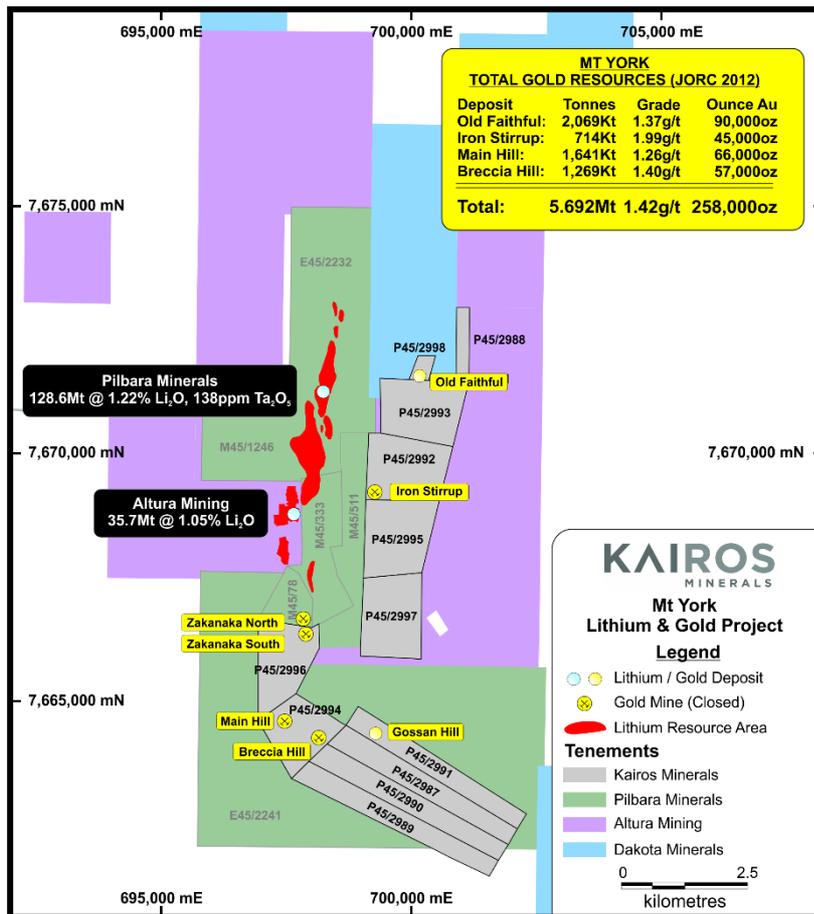


Figure 3. Mt York Project – Tenements & Prospect/Deposit Locations.

Subsequently, in October 2016, the Company advised that that the Indicated and Inferred gold resource had almost doubled to 5.692 million tonnes grading 1.42 g/t for a total of 258,000oz (see ASX release dated 5 October 2016) (and refer to detailed resource tables below).

The increased Phase 2 Resource followed the re-assessment of the existing resources at the Main Hill and Breccia Hill deposits, adding to the previously announced Resources at the Iron Stirrup and Old Faithful prospects.

Mt York Project – JORC 2012 Mineral Resources

The total JORC 2012 Mineral Resource estimate for the Mt York Project, encompassing the Iron Stirrup, Old Faithful, Breccia Hill and Main Hill deposits and reported using a 0.5g/t gold cut-off grade, is set out in Table 1 below and deposit locations in Figures 3-7.

Table 1 – October 2016 Kairos Minerals JORC 2012 Mineral Resource Table for Iron Stirrup, Old Faithful Prospects, Breccia Hill and Main Hill (reported at a 0.5g/t cut-off)

Prospect	Material	Category	Tonnes (kt)	Au (g/t)	Ounces (koz)
Iron Stirrup	Fresh	Indicated	421	2.22	30
		Inferred	293	1.67	15
Old Faithful	Transitional	Indicated	325	1.18	12
		Inferred	327	1.37	14
	Fresh	Indicated	609	1.41	27
		Inferred	807	1.41	37
Main Hill	Oxide	Indicated	361	0.99	11
		Inferred	339	1.16	12
	Transitional	Indicated	298	1.55	15
		Inferred	560	1.26	23
	Fresh	Inferred	83	1.85	5
	Breccia Hill	Oxide	Indicated	157	1.24
Inferred			154	1.01	5
Transitional		Indicated	275	1.40	12
		Inferred	466	1.33	20
Fresh		Inferred	217	1.96	14
Total Indicated			2,446	1.46	113
Total Inferred			3,246	1.40	145
Total Indicated + Inferred			5,692	1.42	258

The Resource estimate is the result of Kairos’ ongoing review of the gold potential at Mt York. The updated Mineral Resource was independently estimated by Auralia Mining Consulting Pty Ltd as part of a geological review and reinterpretation of the extensive historical database for the project.

Mt York Project – Background and Gold Potential

The Mt York Lithium-Gold Project is located 120km south-east of Port Hedland in WA’s East Pilbara region, immediately adjacent to the world-class Pilgangoora Lithium-Tantalum Project (Refer to Figures 1-7).

The main gold deposits at the Mt York Project include Main Hill, Breccia Hill, Old Faithful and Iron Stirrup. The Zakanaka Deposit was “trial” mined late in the life of the historical Lynas Find operation (Lynas Gold NL) and currently has insufficient historical data associated with it to enable calculation of a JORC 2012 compliant resource. As a consequence, Zakanaka is not currently included in Kairos’ resource estimate for the Mt York Project.

The Iron Stirrup, Main Hill and Breccia Hill Deposits include existing shallow open pits which were mined in the mid-1990s at historically low gold prices of less than US\$300 per ounce.

Significant depth extensions of the gold lodes beneath these pits were recently identified by Kairos from a review of historical data (refer to ASX release dated 28 June 2016).

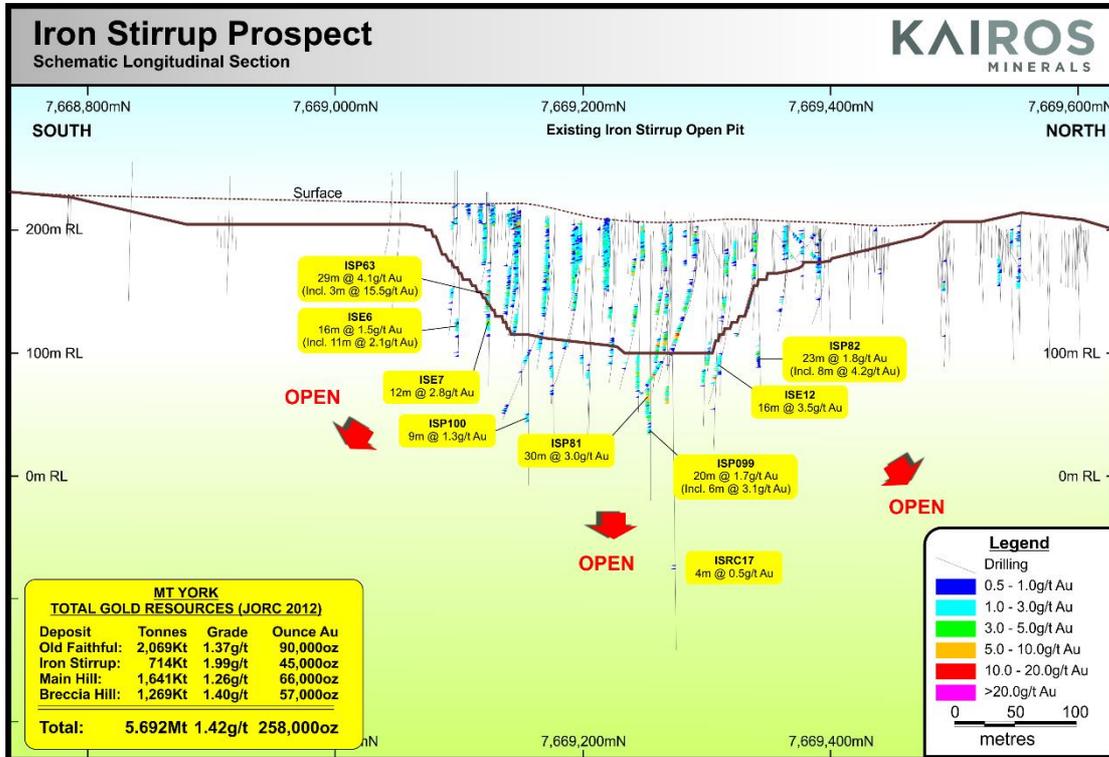


Figure 4. Mt York Project – Iron Stirrup Vertical Longitudinal Projection.

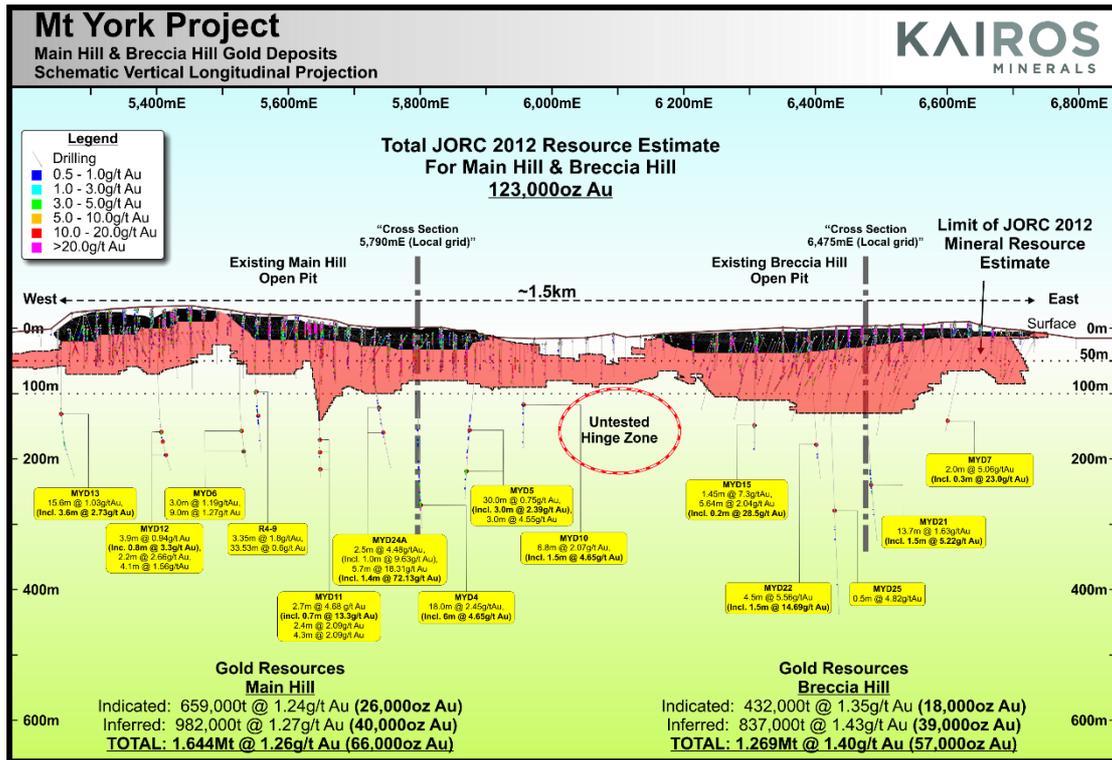


Figure 5. Mt York Project – Breccia Hill & Main Hill Deposits.

Project History

The Main Hill and Breccia Hill Gold Deposits are two of five main historical gold deposits (Main Hill, Breccia Hill, Iron Stirrup, Zakanaka and McPhees) which formed part of the Lynas Find Gold Project, owned and operated by Lynas Gold NL during the mid – 1990’s.

The Old Faithful Deposit, situated several kilometres north of Iron Stirrup, was discovered and broadly defined by Lynas Gold NL during the same period, however it was never developed and remains as an unmined resource.

The Main Hill and Breccia Hill prospects were originally explored by Lynas Gold NL in 1986 with an initial resource estimate being calculated later that year. Other companies to have held an interest in the project include Esso Exploration, Amax Iron Ore Corporation (Amax), Carpentaria Exploration Pty Ltd, Australian Consolidated Minerals (ACM) and Trafford Resources.

Gold mining of the oxide zone commenced at Main Hill/Breccia Hill in February 1995 via shallow open pits to a maximum depth of only about 80 vertical metres. The oxide material has for the majority been mined out however some remnant material remains behind. It is evident that the mineralisation often weakens near the base of the pits but improves in width and grade down dip from this at least within the area of current broad spaced drill testing.

The operations provided a significant contribution to the total production at Lynas Find which recovered 125,493oz of gold from 2.114 million tonnes of ore with an average grade of 1.85g/t gold during the 4- year period from 1994 to closure of the mines in 1998 (Lynas 1998 Annual report).

Regional Geology

The Mt York Project lies within the Pilgangoora Greenstone Belt of the Archaean Pilbara Craton. The Pilbara Craton is composed of greenstone and sediment units which have been deformed by tight isoclinal folds during the intrusion of diapiric granites.

The Pilgangoora Greenstone Belt covers an area of about 600 square kilometres and forms the western part of the large central greenstone belt of the east Pilbara (Hickman & Lipple, 1978 and Hickman & Gibson, 1982). The Carlindi Batholith bounds the greenstone belt to the north-east and north-west; the Yule Batholith lies to the south-west and the internal Strelley granitoid lies to the east.

The Pilgangoora Greenstone Belt is dominated by the Pilgangoora Syncline, which contains a sequence of steep dipping, inward younging volcano-sedimentary rocks belonging to the two lower groups of the Pilbara Supergroup, the Warrawoona, and Gorge Creek Groups.

The Warrawoona Group dominates the lithology of the synclinal limbs, whilst the Gorge Creek Group conformably overlies the Warrawoona Group and dominates the lithology within the synclinal core. Throughout the Pilgangoora Syncline major D2 fold axes of the synclinal core have been rotated by two major D3 conjugate folds associated with faults and quartz veining (Hickman, 1983).

Local Geology

The western edge of the Pilgangoora Syncline is stopped out by regional granite, partly along north-striking faults. A gently dipping, anticlinally domed dolerite exhibiting high deformation structures lies on the western side of the syncline. Gently dipping pegmatite sills associated with the waning phase of granite intrusion intrude the dolerite.

These pegmatites are the source of lithium-tantalum mineralisation in the area. A serpentinised peridotite forms a semi-continuous member along the eastern edge of the dolerite.

Just north of the Zakanaka gold deposit, the peridotite is structurally thickened and swings around the doleritic anticlinal core to strike north north-west. A mixed suite of talc-carbonate-chlorite schists, peridotite and dolerite, lie to the east of the serpentinised peridotite.

This hybrid suite is extensively developed to the west of Old Faithful and contains a thin chert marker horizon and heavily brecciated, coarsely amphibolitised lenses. This suite is missing at Iron Stirrup, and the serpentinised peridotite is in direct contact with the Iron Stirrup ultramafic.

The Iron Stirrup ultramafic is the main host rock for gold mineralisation at the Old Faithful, Iron Stirrup, and Darius prospects. The unit is dominantly talc-carbonate schist with some talc-carbonate-chlorite and talc-chlorite assemblages.

The suite is highly deformed and is thought to have a volcanic and komatiitic affinity, possibly in association with Archaean sea-floor spreading or rifting. The schist diverges southward from the northern parts of the Old Faithful deposit. Drilling and mapping of this area have shown that the schist is in fact part of the Iron Stirrup ultramafic.

A suite of black to glassy cherts interbedded with silicic volcanics and/or tuffs lie to the east of the Iron Stirrup ultramafic. This sequence can be traced as a continuous unit through the Project area adjacent to the Iron Stirrup ultramafic. To the east of the felsic-chert sequence lies a broad, sparsely outcropping basalt unit. Interflow silicic layers or folded remnants of thin felsic-chert units are observed within the basalts to the south-east of the Iron Stirrup and Old Faithful prospects.

A major zone of intermediate volcanic lies to the south of Iron Stirrup. The unit contains chlorite, epidote and thin, possibly interflow, chert-limonite lenses, which are sometimes quartz veined and gossanous in appearance. The Cleopatra deposit is contained within a suite of chlorite-epidote altered andesitic volcanic.

The Main Hill and Breccia Hill deposits are hosted within an extensive sequence of banded iron formation (BIF) on the eastern limb of the Pilgangoora Syncline and traceable over a strike length of at least 7km.

The area contains the older Warrawoona Group of basalts, felsic volcanic, sediments and cherts and the younger Gorge Creek Group of medium to coarse-grained clastic sediments and schists. These have been metamorphosed to upper greenschist-lower amphibolite grade facies (Koning, 1990).

The Archaean banded iron formation (BIF) hosting the gold deposits being described is thought to correlate with the upper part of the Euro Basalt – one of the upper members of the Warrawoona Group which consists of a mafic volcanic sequence between 150 to 450 m thick (Koning, 1990).

The BIF is unconformably overlain to the southwest by a lenticular pebble-cobble conglomerate horizon up to 15m thick belonging to the Lalla Rookh Sandstone of the Gorge Creek Group. The basal zone of the conglomerate may be sheared and contains coarse pyrrhotite, minor arsenopyrite-loellingite, trace pyrite, chalcopyrite, sphalerite and sub-economic gold mineralisation (Koning, 1990).

Three units have been observed within the BIF:

- I. Basal unit of finely laminated shale up to 10m in thickness, overlain by a highly siliceous chert horizon with regular chert and thin intercalated stilpnomelane bands and porphyroblasts of pink garnet.

- II. The middle unit contains cummingtonite-grunerite with recrystallised chert bands, magnetite and traces of pyrrhotite, arsenopyrite and anomalous, but sub-economic gold mineralisation.
- III. The upper unit is a siliceous cummingtonite-grunerite chert up to 40m in thickness. The intense shearing within the unit is associated with strong concentrations of pyrrhotite, arsenopyrite- loellingite, minor gold and trace chalcopyrite, galena and sphalerite.

Oxide and primary sulphide associated gold mineralisation has been intersected by historical drilling within the BIF horizon over a strike length of at least 3 km. The mineralisation is shear controlled and is commonly associated with limonite, secondary silica, graphite, pyrolusite and supergene gold.

The BIF horizon is traceable by surface mapping and in detailed aeromagnetic data over a strike length of at least 7km. The mineralised zones are currently limited by a lack of drill information.

The attitude of the BIF is variable with the unit generally dipping west-southwesterly. At Gossan Hill and from the central part of Breccia Hill to the central part of Main Hill, the dip is 60 degrees.

Two major faults are recognized at the surface (Koning & Munt, 1986). The first occurs at Gossan Hill and trends at 330 degrees magnetic with the eastern side being upthrown. The second major fault occurs at Main Hill and trends at 350 degrees magnetic with the eastern side being upthrown.

Mineralisation

The gold mineralisation at Main Hill and Breccia Hill occurs as electrum at the interface between the two arsenic minerals. At the surface, gold mineralisation is normally associated with brecciated zones and/or gossan rich zones close to the hanging wall contact of the BIF.

Within the oxide zone, gold mineralisation has a strong tendency to occur within the more siliceous lithology of the BIF horizon. In addition, better gold values are often associated with the occurrence of limonite.

In the primary zone, gold mineralisation is wholly contained within arsenopyrite-loellingite assemblages. The better mineralised sections are associated with major shear zones, heavily impregnated with pyrrhotite and coarsely crystalline arsenopyrite.

The primary mineralisation is contained in parallel lodes dipping 60 degrees to the west and striking approximately 330 (local grid). A secondary mineralised zone in the north of the deposit strikes at 030 and dips 20° to the east.

Weathering

The BIF as observed at surface is totally different to the grunerite-magnetite chert which is its equivalent below the base of oxidation. The gold mineralisation above the base of oxidation appears to be controlled by chemical changes within the host rock caused by weathering effects (Koning, 1987).

A typical profile through a subvertically dipping mineralised grunerite chert would be (from Koning, 1987) – from surface to a variable depth of 5-20 metres recrystallised chert with limonite occurrence.

This lithology is underlain by a weathered brown, crystalline grunerite chert. The weathered grunerite chert is itself underlain by a 15-20m thick zone of greenish clay. This zone occurs only within the weathered BIF horizon. Below the clay zone fresh grunerite chert is observed.

Next Steps

All the key tenements which comprise the Mt York Project have now been granted.

Initial POW Applications have been approved for PL's 45/2992, 2993, 2995, 2997, 2998, and 45/2988

Initial POW Applications have been submitted for PL's P45/2990, 2991, 2994, 2996 and P45/2987, 2989 are currently being assessed.

Kairos has commenced an extensive program of exploratory RCP/diamond drilling with the initial focus on the Old Faithful and Iron Stirrup Gold Deposits.

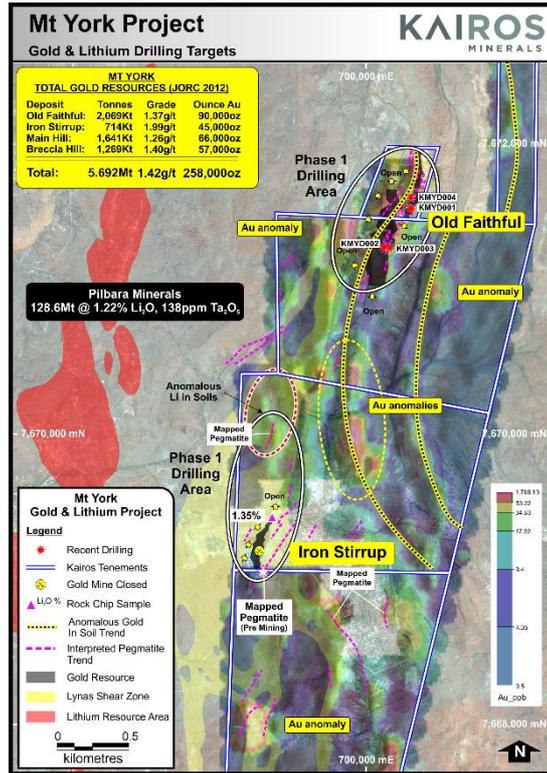
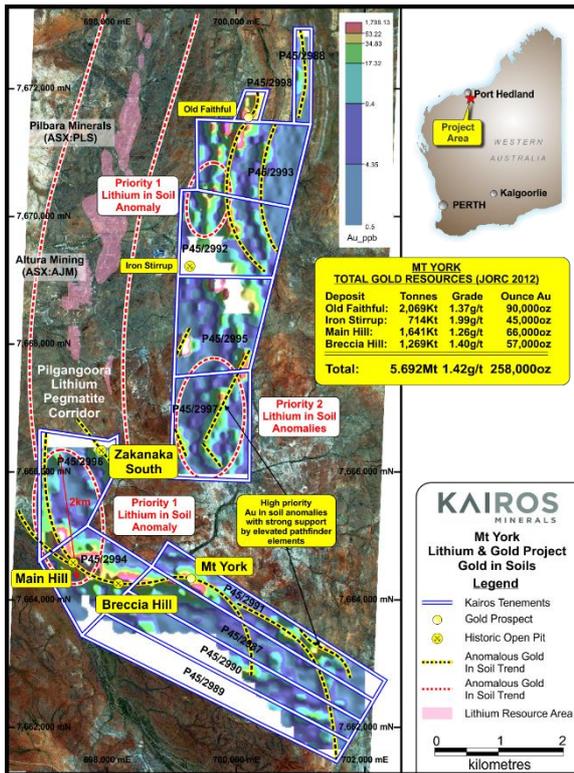
A detailed soil sampling programme has recently been completed over the Mt York Project and has been successful in identifying numerous extensive and previously unrecognised gold and lithium-tantalum soil anomalies and anomalous trends throughout the project area (Refer ASX Announcement dated September 21, 2016).

These are being assessed in detail and will assist with the definition of additional high priority drill targets.

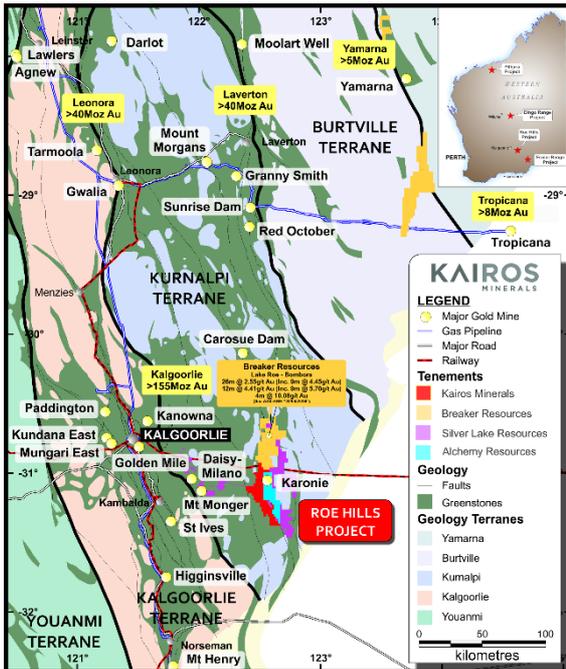
Key targets will include:

- Depth and strike extensions and repetitions to the known gold mineralisation at the Old Faithful Deposit;
- 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;
- Initial testing of high priority gold and lithium – tantalum in soil anomalies/trends



Figures 6 & 7. Mt York Project – Soil Geochemistry & Drilling Targets.



Roe Hills Gold Project, Eastern Goldfields (Kairos: 100%)

During the quarter, Kairos identified multiple priority gold targets at its 100%-owned **Roe Hills Gold Project**, located 120km east-southeast of Kalgoorlie in Western Australia (see Figure 8-10), further strengthening the significant emerging gold exploration potential of the highly prospective tenement package.

The Company recently commenced an assessment of the gold potential at Roe Hills in parallel with its ongoing resource development and targeting work at the Mt York Project.

Figure 8. Eastern Goldfields – Roe Hills Project.

The Roe Hills Project is located 120km east of Kalgoorlie within the Kurnalpi Terrane of the Eastern Goldfields, Eastern Yilgarn Craton (EYC) in a rapidly emerging gold province which is currently enjoying a significant major 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, host to numerous significant historical & current gold mines in WA.

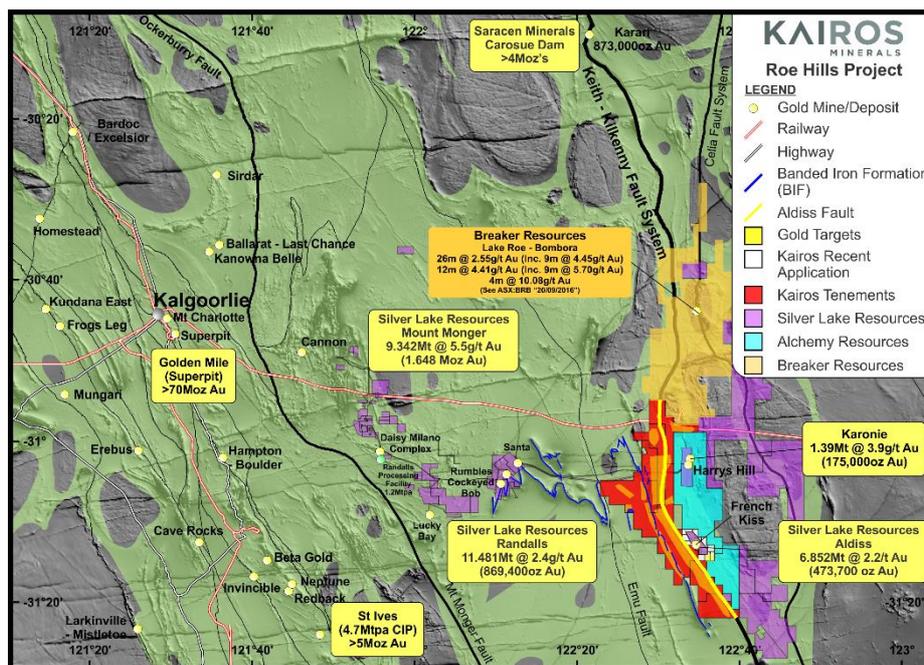


Figure 9. Roe Hills Project Location.

The Roe Hills Project area 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. Recently, Breaker Resources (ASX: BRB) has 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.

Breaker has identified wide, shallow, high-grade Gold mineralisation within altered doleritic host rocks at its Bombora and Bombora North discoveries as it aims to establish a continuous 2.2km long zone of Gold beneath transported cover including lake sediments. Recently reported results have included impressive intercepts such as 26m at 2.66g/t Au from 19m including 9m at 4.45g/t Au and 12m at 4.41g/t Au from 48m including 9m at 5.7g/t Au (see Breaker Resources ASX Announcement – 20 September 2016)(See Figure 9).

Previous gold exploration at Roe Hills was undertaken during the mid-late 1990's by several companies including BHP and WMC; however, despite promising early results gold exploration effectively ceased at Roe Hills in 2001 during a protracted period of historically low commodity prices.

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

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 1990's to a current endowment of >28Moz as a direct result of continued exploration effort, expenditure and subsequent success by companies such as Dacian Gold (Mt Morgans >3Moz); AngloGold Ashanti (Sunrise Dam > 10moz), Goldfields (Wallaby >8Moz, Granny Smith >2 Moz) & Saracen Mineral Holdings (Carosue Dam >4Moz) (see Figures 8 & 9).

The Laverton Goldfield is now widely recognized as Australia's second largest gold district after Kalgoorlie, demonstrating the significant opportunities available through the application of modern exploration methodologies within historically under-explored regions such as Roe Hills.

Roe Hills Project – Key Developments

With the assistance of expert independent consultants, Kairos' geological team has been progressing a detailed review of the gold exploration potential at the Roe Hills Project in preparation for a major new drilling program.

This work has delivered a number of positive interim results, which are summarised below and shown in Figure 10:

- The Roe Hills Project represents a dominant land-holding in an under-explored high quality geological setting with proven gold endowment.

- The project is bounded by the Celia/Claypan and Emu Fault systems and covers 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 defining multiple priority targets with the potential to host significant gold mineralisation.
- An initial collaborative targeting exercise undertaken with geophysical and geological consultants Newexco Services Pty Ltd has identified multiple high-priority target areas for gold. These targets, including the Ginger Kiss and Terra trends and the western BIF. A summary of historical intercepts from these areas is presented below (previously announced in KAI June quarterly):

Terra Trend

- **Hole 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
- **Hole KD1** 25m @ 1.2 g/t Au from 161m
Including 1m @ 20.4 g/t Au from 165m
- **Hole KD3** 20m @ 0.71 g/t Au from 238m
Including 7m @ 1.65g/t Au from 237m

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
- **GKRC11** 4m @ 1.22 g/t Au from 64m

Talc Lake Trend

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

Sheehans Well Trend

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

- 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. This conclusion significantly enhances the exploration potential of the Roe Hills Project.

To further refine these targets and prioritise drill testing, the Company engaged Haines Surveys during the quarter to conduct detailed gravity surveys over the known and potential Gold-bearing structures at Roe Hills.

As is common throughout much of the Kurnalpi Terrane the targeted gold-bearing sequences at both Kairos' Roe Hills Project and Breaker Resources' Lake Roe Gold Project occur hidden beneath transported cover including lake sediments.

Gravity surveys are a geophysical remote sensing technique used to complement detailed magnetic data in defining geological structures, particularly in areas of transported cover where traditional exploration techniques (i.e. surface geochemistry) are ineffective. They are a critical component of modern multi-disciplinary exploration and have contributed to many recent significant gold discoveries.

At the end of the quarter phase 1 of the proposed gravity survey had been completed, the data is currently being interpreted to assist in finalizing priority drill targets (refer to figure 10).

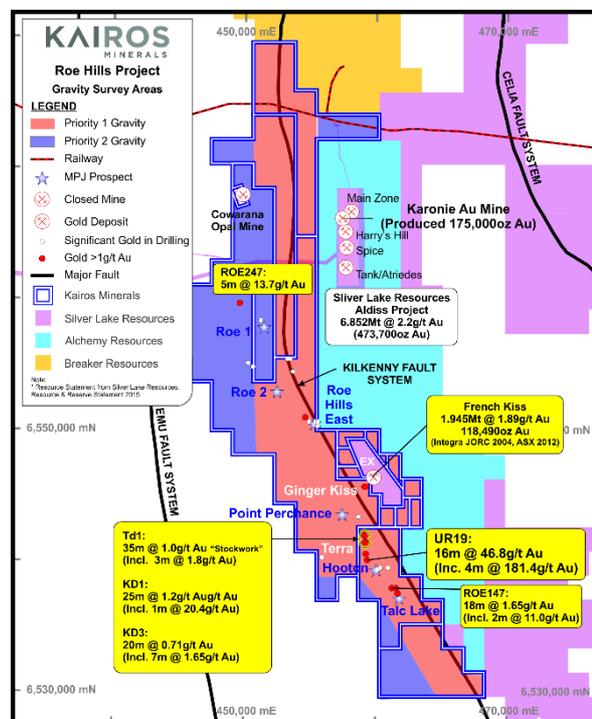


Figure 10. Roe Hills Project.

Corporate

In July 2016, the Company successfully completed a pro-rata non-renounceable rights issue raising \$4.04 million before costs through the issues of 80,763,903 fully paid ordinary shares. In addition, the Company made 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 were offered at an issue price of \$0.005 (0.5 cents) each and raised approximately \$700,000. The offer was completed whereby a total of 140,852,158 options were issued.

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 Steve Vallance, who is the Technical Manager for Kairos Minerals Ltd and who is a Member of The Australian Institute of Geoscientists. Mr Vallance 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 Vallance 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. Contributing Technical Team:

Dr Nigel Brand
Mr Neil Hutchison
Mr Ian Finch

ENDS

Appendix 5B

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, 01/05/13, 01/09/16

Name of entity

Kairos Minerals Limited (ASX:KAI)

ABN

84 006 189 331

Quarter ended ("current quarter")

30th September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(963)	(963)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(582)	(582)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,544)	(1,544)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(6)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(6)	(6)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	4,748	4,748
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(415)	(415)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	4,333	4,333

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,346	1,346
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,544)	(1,544)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6)	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	4,333	4,333
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,129	4,129

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	4,129	1,346
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,129	1,346

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	145
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

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7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	600
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	300
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	900

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E69/3211 WA Australia	Nickel/Copper/Gold	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	E28/2584 E28/2646 E28/2647 E28/2648	Gold	0%	100%
			0%	100%
			0%	100%

Refer to Annexure A below.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:

Managing DirectorDate: **Monday 31 October 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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

Annexure A – Tenement Schedule

Project Tenements	Location	Held at the start of the quarter	Acquired during the quarter	Disposed during the quarter	Held at the end of the quarter
Roe Hills	WA	100%			100%
E28/1935					
E28/2117					
E28/2118					
E28/2495					
E28/2548					
E28/2585					
P28/1292					
P28/1293					
P28/1294					
P28/1295					
P28/1296					
P28/1297					
P28/1298					
P28/1299					
P28/1300					
Fraser Range Project					
E69/3082	WA	100%			100%
E69/3411					
E69/3308					
E69/3211				E69/3211	
Dingo Range					
E53/1731	WA	100%			100%
E53/1732					
E53/1733					
P53/1624					
Pilbara Lithium-Gold Project (Mt York Project)					
P45/2987	WA	100%			Refer to Note 1 below 100%
P45/2989					
P45/2996					
P45/2998					
P45/2988					
P45/2992					
P45/2993					
P45/2994					
P45/2990					
P45/2991					
P45/2997					

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Project Tenements	Location	Held at the start of the quarter	Acquired during the quarter	Disposed during the quarter	Held at the end of the quarter
P45/2995					
Wodjina Project					
E45/4715	WA	100%			Refer to Note 2 below 100%
E45/4780					
E45/4740					
E45/4731					
Southern Pride Project					
E47/3522	WA	100%			100%
E47/3523					
Croyden Project					
E47/3519	WA	100%			100%
E47/3520					
E47/3521					
Lalla Rookh Project					
E45/4741	WA	100%			100%
Tiapan Project					
E45/4806	WA	100%			100%
Woodcutters Project					
E28/2646	WA		E28/2646		100%
E28/2647			E28/2647		
E28/2648			E28/2648		

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”