

ASX ANNOUNCEMENT

19 October 2017

DRILLING COMMENCES AT MOUNT YORK GOLD PROJECT, PILBARA, WA

**Initial focus is to evaluate extensions to expand the current
258,000oz resource base**

Highlights:

- **Extensive drilling programme underway focusing on an exceptional gold target in the Pilbara, WA, at the Company's 100%-owned Mt York Project.**
- **Phase 1 will evaluate the eastern extensions to the Main Hill and Breccia Hill gold deposits.**
- **Mount York has a JORC 2012 gold resource of 258,000oz with outstanding growth potential.**
- **Kairos well-funded following recent successful ~\$1.7m capital raising.**
- **Mt York drilling to be progressed in parallel with expanded Pilbara conglomerate gold program, as announced earlier this week.**
- **Gold exploration activity in the Pilbara currently at record highs, following recent high profile discoveries.**

Kairos Minerals Ltd (ASX: KAI) is pleased to advise that it has commenced an approximate 2,000m RC drilling program at its 100 per cent-owned Mt York Lithium-Gold Project in the Pilbara region of WA.

The drilling program will focus initially on testing extensions to Main Hill and Breccia Hill deposits, testing a further 1km of strike to the east to Gossan Hill.

The commencement of the program follows an extensive geological, geophysical and geochemical review of the Mt York Project in 2016 and additional drilling through early 2017 which resulted in the establishment of a maiden JORC 2012 Indicated and Inferred Mineral Resources of 5.692Mt @ 1.42g/t for 258,000oz.

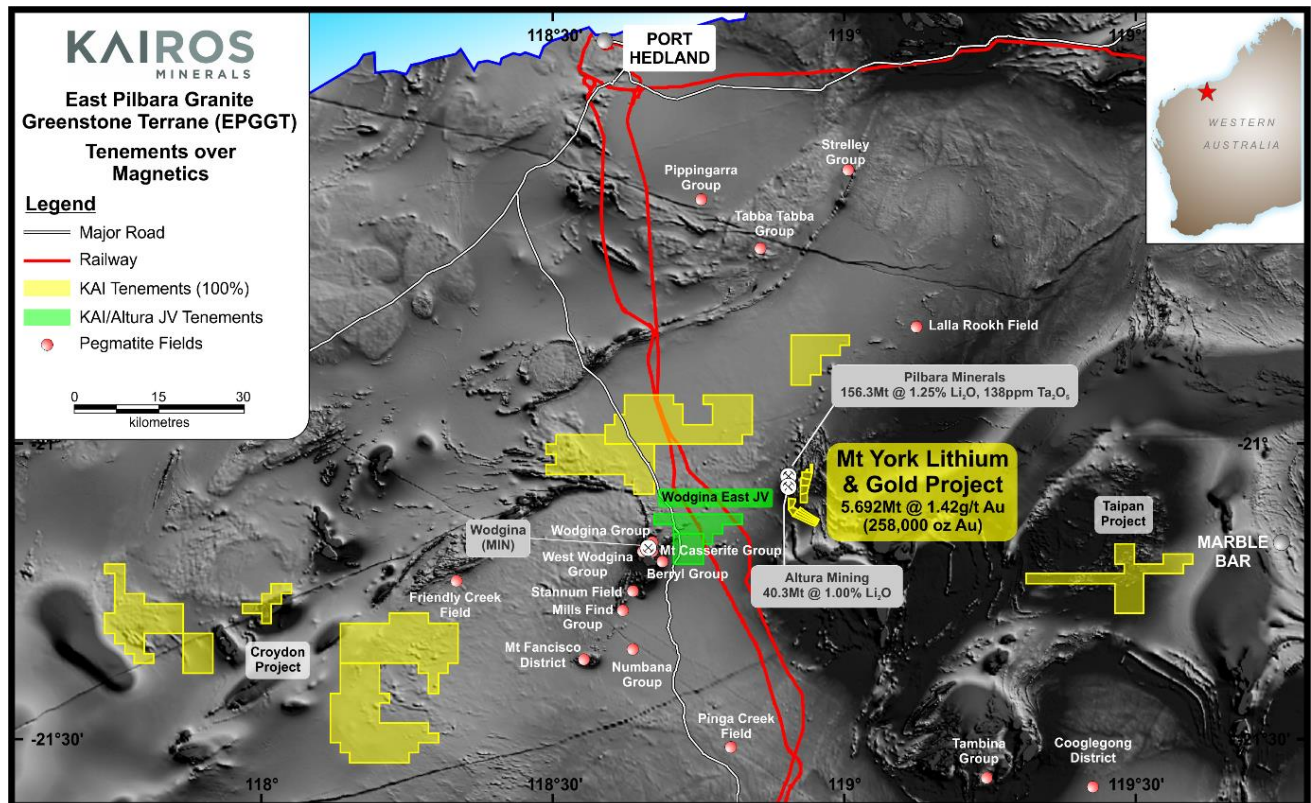


Figure 1 – Mt York Project Location, Tenements and Key Gold-Lithium-Tantalum Targets

Main Hill and Breccia Hill

The Main Hill and Breccia Hill deposits (Indicated and Inferred Mineral Resources – Main Hill: 1.641Mt @ 1.26g/t Au for 66,000oz Au; Breccia Hill: 1.269Mt @ 1.40g/t Au for 57,000oz Au) define a zone of BIF-hosted gold mineralization traceable over a strike length of at least 1.5km and extending from surface to a maximum drilled depth of 250m. The deposits were partially mined by Lynas Gold NL as a series of shallow open pits to a maximum depth of about 30m in conjunction with the Iron Stirrup mining operation during the mid-1990s.

The deposits remain open along strike to the north and south and at depth. A central “hinge zone” defined by a marked flexure in the mineralised horizon separates the two deposits. This “gap” remained untested and unmined due to a weakened surface expression and a perception by previous operators that the position was barren.

The Hinge Zone represents a data shadow of some 400m in strike, which Kairos’ technical team identified as a key structural target with the potential to rapidly expand the current resource, significantly improve future pit expansion/optimization opportunities and to host conceptual underground opportunities.

Three holes were completed in 2016 to provide a preliminary test of the Hinge Zone. The drilling confirmed the presence of both a thickening of the host BIF sequence (>100m thickness) and the presence of a stacked series of gold mineralised lodes well beyond the limits of the known deposits, confirming that the mineralised BIF sequence is significantly wider than was previously recognized.

Importantly, the up-dip position of the footwall lodes remains untested immediately adjacent to (north of) the existing open pits and represents a high priority near-surface target for drill testing during the 2017 field season. The results of this drilling support Kairos' view that the Main Hill and Breccia Hill deposits are part of a much larger, more extensive mineralised system than was previously recognized and that the two are connected.

An additional data shadow occurs immediately east of Breccia Hill where the BIF sequence remains untested over a strike length of some 400m.

Sparse historical drilling beyond this point to Gossan Hill, a distance of a further ~500m, has returned gold mineralisation over variable widths and at shallow depths in virtually all holes completed previously including holes GRC2440, and GRC2686 which returned the following intersections:

- **GRC2440: 24m @ 1.1g/t Au**
- **GRC2686: 14m @ 2.38g/t Au**

These results highlight the significant exploration potential within close proximity to the existing resources (refer to Figure 2 and 3):

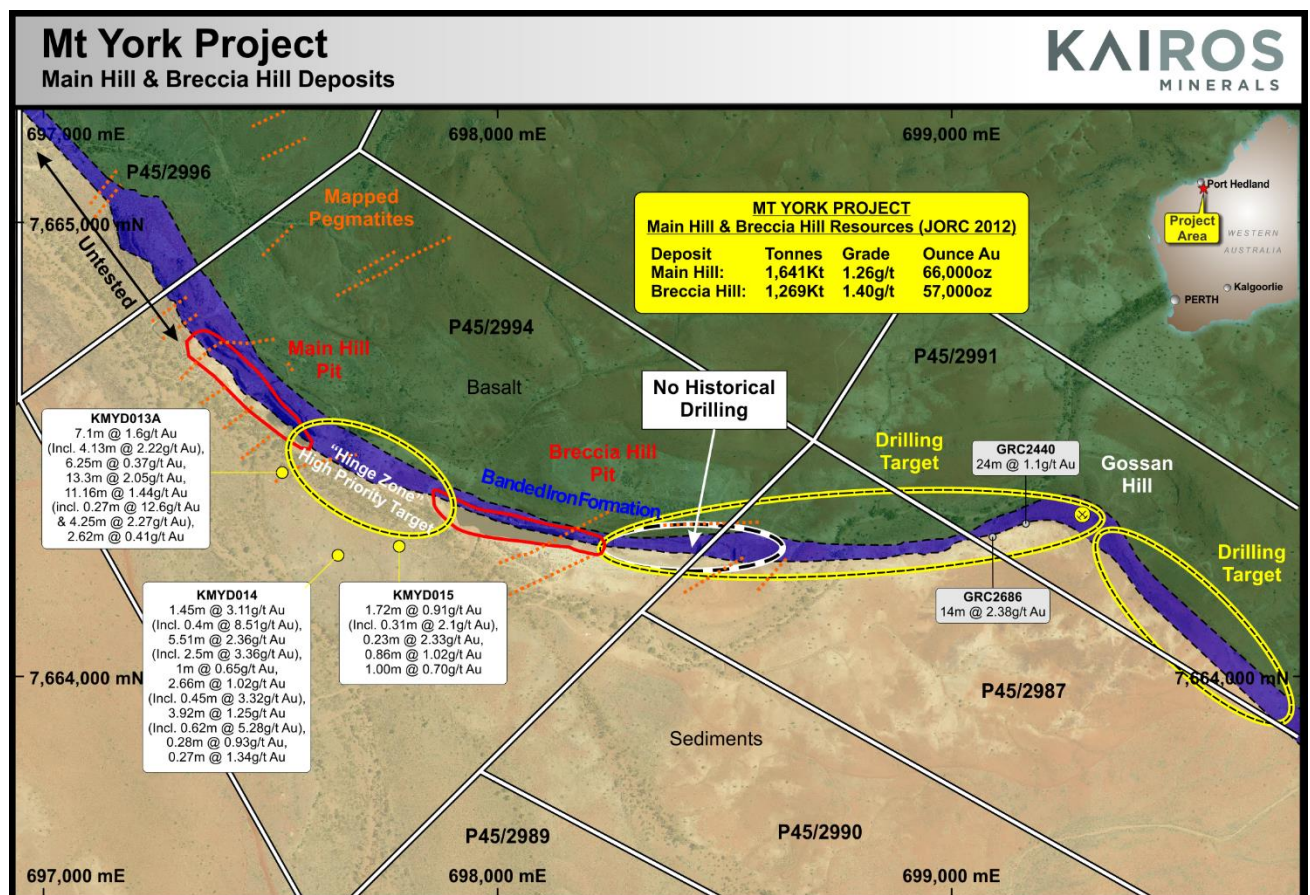


Figure 2 – Main Hill-Breccia Hill-Gossan Hill Targets

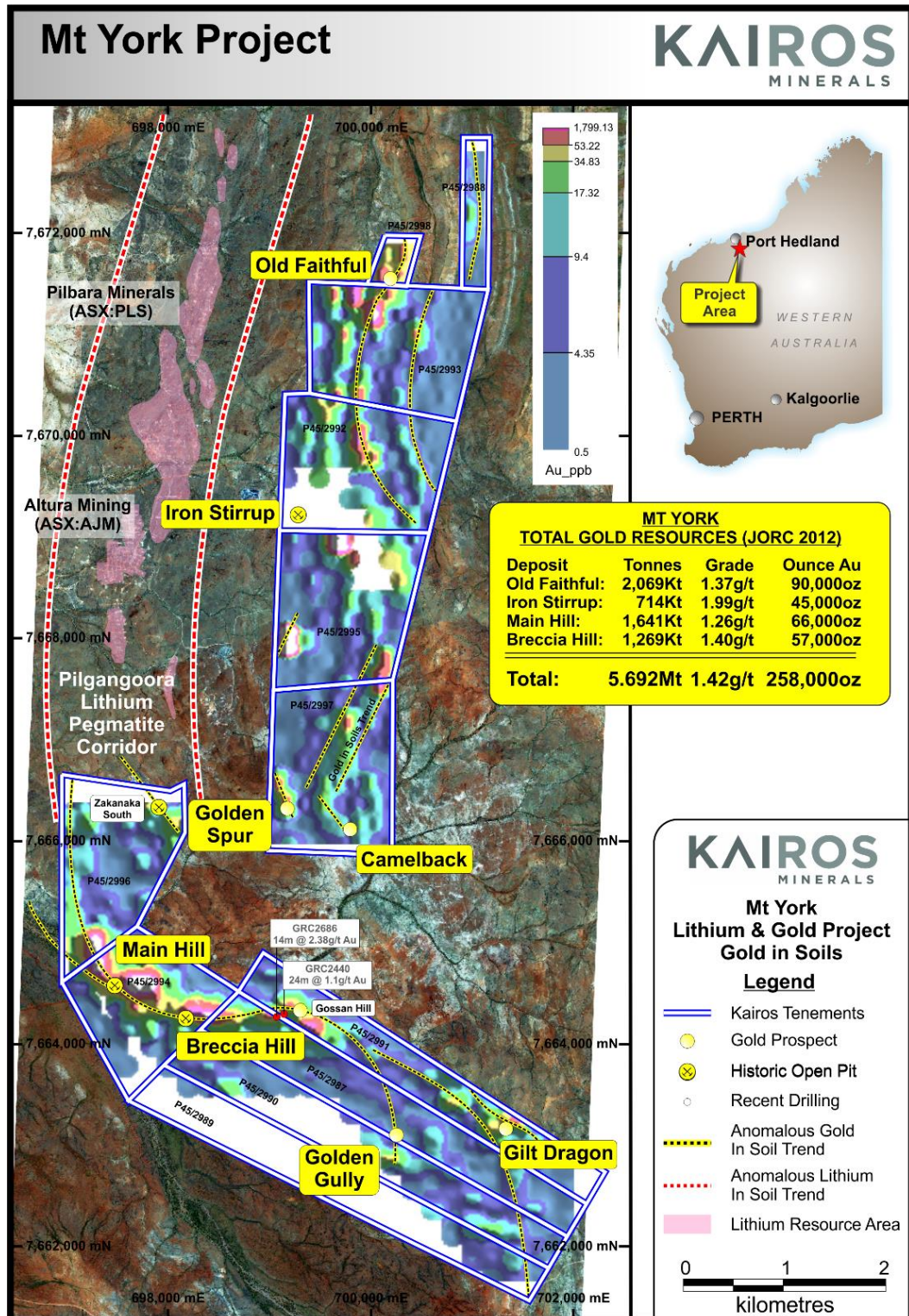


Figure 3. Mt York Gold & Lithium Project

This new drill program will focus on testing extensions/repetitions to the known mineralisation over the ~1km strike length between Breccia Hill and Gossan Hill on approximate 100m spaced drill lines including a preliminary assessment of the “data shadow” identified immediately east of the Breccia Hill open pit.

Management Comment

Kairos' Chairman, Terry Topping, said the Company was pleased to be drilling again at Mt York, with the start of the new program coinciding with a major upsurge in gold exploration activity across the Pilbara region.

"Mt York is an important part of our extensive gold footprint in the Pilbara, particularly as it already hosts a substantial JORC Resource inventory with considerable upside," he said.

"This drilling program complements our extensive field operations underway at Croydon, south of Whim Creek, where we are targeting gold mineralisation within conglomerates below the Mt Roe Basalt.

"This is a great time to be exploring for gold in the Pilbara, and we are looking forward to the results which our current programs will deliver over the coming weeks."

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About Kairos Minerals

Kairos Minerals (ASX: KAI) is a diversified West Australian-based exploration company which is focused on the exploration and development of two key project hubs located in WA's premier mining districts.

The 100%-owned Mt York Gold-Lithium Project is located ~100km south of Port Hedland in the world-class Pilgangoora district. Since acquiring the project in early 2016, Kairos has rapidly established a 258,000oz JORC 2012 compliant Mineral Resource inventory at Mt York by re-evaluating the known resources from the historical Lynas Find gold mine, which produced over 125,000oz between 1994 and 1998.

The 100%-owned Roe Hills Project, located 120km east of Kalgoorlie in WA's Eastern Goldfields, comprises an extensive tenement portfolio which is highly prospective for gold, nickel and cobalt discoveries. Kairos' tenure adjoins the emerging Lake Roe gold discovery, owned by Breaker Resources (ASX: BRB).

Kairos has completed maiden drilling programs across both projects over the past 12 months, delivering impressive results which have highlighted the significant potential of both projects to deliver significant new discoveries and host economic mineral deposits.

In the Pilbara, Kairos also holds 1,158 square kilometres of tenure which is highly prospective for conglomerate-hosted gold discoveries. The Company's portfolio includes ~100 strike kilometres of prospective lower Fortescue Group rocks including both the base of the Hardey Formation and the basal sequence of the Mount Roe Basalt. Major exploration programs are underway targeting these highly prospective stratigraphic horizons, which have been associated with a number of recent high-profile gold discoveries in the Pilbara.

Kairos has been well recognised for its industry leading technical team that includes its Chairman Terry Topping (Taipan Resources NL, Cauldron Energy Ltd and Orinoco Gold Ltd), Technical Director Neil Hutchison (Poseidon Nickel, Jubilee Mines), Technical Manager Steve Vallance (WMC, ACM, Jubilee Mines, Xstrata, Kagara, LionOre), and consulting specialists Dr Robin Hill, Sarah Dowling, Dr Nigel Brand, Adrian Black and Bill Amman.

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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 Steve Vallance, who is the Technical Manager for Kairos Minerals Ltd and who is a Member of The Australian Institute of Geoscientists. The information was also reviewed by Mr Terry Topping, who is a Director of Kairos Minerals Ltd and who is also a Member of AusIMM. Both Mr Vallance and Mr Topping have sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as Competent Persons 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 and Mr Topping have consented to the inclusion in the report of the matters based on their 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.