

## QUARTERLY REPORT FOR THE PERIOD ENDING DECEMBER 2016

*Kairos boosts gold resources to 258,000oz and commences key drilling programs at Mt York and Roe Hills, WA with large volume of assays outstanding*

### Mt York Gold-Lithium Project (Pilbara, WA)

- Mt York emerging as significant WA gold project with the overall JORC 2012 Mineral Resource inventory increasing to 258,000oz following completion of Phase 2 JORC Mineral Resource estimates for the Main Hill and Breccia Hill deposits.
- Upgraded Indicated & Inferred Resource: 5.692Mt at 1.42g/t Au for 258,000oz, comprising:
  - Phase I Indicated and Inferred Resources (ASX announcement – 1<sup>st</sup> 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 – 5<sup>th</sup> 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.
- 13 RC holes and 15 diamond core holes completed at Mt York for 5,242m with assays awaited for 23 holes. Initial assays received for diamond holes KMDY001 to KMYD004 with best results including:
  - KMYD002: 11.92m @ 3.57g/t Au from 10.25m down-hole, including:
    - 7.18m @ 5.21g/t Au from 14.00m down-hole; and
    - 1.00m @ 20.5g/t Au from 15.00m down-hole;
    - 14.62m @ 0.59g/t Au from 102m down-hole, including:
      - 6.92m @ 1.12g/t Au from 109.70m down-hole
      - 6.90m @ 1.13g/t Au from 140.46m, including:
        - 1.83m @ 2.23g/t Au from 141.53m

### Roe Hills Gold Project (Eastern Gold Fields, WA)

- Maiden gold-focused drilling program commenced, with 8 holes (1,195m) completed in the December quarter and drilling resuming in January with a total of 17 holes for 3,420m proposed as part of the 2017 program. Drilling is continuing.

### Corporate

- Lithium JV secured with Altura Mining (ASX: AJM) at Kairos' Wodgina East Project.
- Kairos secures \$150,000 in EIS funding for nickel-copper exploration at Roe Hills Project.

### Summary

Kairos Minerals (ASX: KAI – “Kairos” or “the Company”) is pleased to report on another active and productive period in the December 2016 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).

The announcement of an upgraded 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 project. This project was last operated in a significantly lower gold price environment in the mid-1990s.

The maiden Mineral Resource estimate, which encompasses four deposits (several of which were previously mined as shallow open pits) 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.

A maiden drilling program completed during the quarter has successfully identified potentially significant extensions to each of the known deposits at Old Faithful, Iron Stirrup, Main Hill and Breccia Hill, with final confirmation and interpretation awaiting the return of all outstanding assay data. In addition, visually encouraging results have been received from the initial drill assessment of several high priority gold-in-soil anomalies identified at the Golden Spur, Camelback, Gilt Dragon and Golden Gully Trends (refer Figures 2, 5 and 6). Assays are pending.

At the Roe Hills Project, which is located near Breaker Resources’ (ASX: BRB) emerging Lake Roe gold discovery, drilling commenced in December before being temporarily suspended over the Christmas/New Year break. Drilling has now re-commenced and will continue over the coming weeks. Drilling has been focused on the +2km long Terra Gold Trend and the Ginger Kiss Gold Trend, situated immediately west of Silver Lake Resources (ASX: SLR) Aldiss Project/French Kiss Gold Deposit **(1.45Mt @ 1.89g/t Au for 118,490oz Au)**.

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

*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 Figure 2). The main gold deposits at the Mt York Project include Main Hill, Breccia Hill, Old Faithful and Iron Stirrup.*



**Figure 1. Kairos Project Locations**

The Iron Stirrup, Main Hill and Breccia Hill Deposits include existing shallow open pits which were mined in the mid-1990s as part of the Lynas Find gold mining operations 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).

### Upgraded Mineral Resource

A key development during the December Quarter was the completion of an upgraded JORC 2012 compliant Mineral Resource estimate for the Mt York Gold-Lithium Project (refer Figures 2, 3 and 4).

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

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

The increased Phase 2 Resource followed the re-assessment of existing resources at the Main Hill and Breccia Hill deposits, adding to the previously announced Resources at Iron Stirrup and Old Faithful. The upgraded Indicated and Inferred Mineral Resource inventory now comprises:

- *Previously announced Indicated and Inferred Resources (ASX announcement, 1 August 2016):*
  - Iron Stirrup – 714Kt at 1.99g/t for 45,000oz Au
  - Old Faithful – 2.069Mt at 1.37g/t for 90,000oz Au
- *Newly completed Indicated and Inferred Resources (ASX announcement, 5 October 2016):*
  - Main Hill – 1.641Mt at 1.26g/t for 66,000oz Au
  - Breccia Hill – 1.269Mt at 1.40g/t for 57,000oz Au

A Mineral Resource estimate for the Zakanaka deposit was not completed due to insufficient historical data. Zakanaka however represents a high priority exploration target which will be assessed during the 2017 campaign.

### Mt York Project – JORC 2012 Mineral Resources

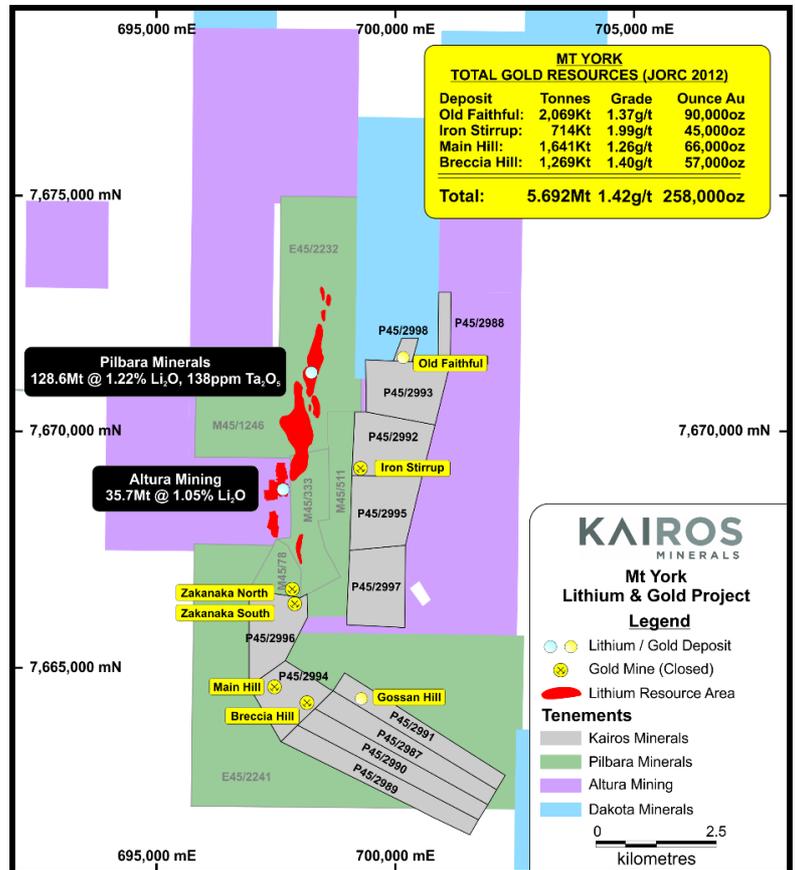


Figure 2. Mt York Project – Tenements and Prospect/Deposit Locations

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 are shown in Figure 2.

**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	1.4	12
		Inferred	466	1.33	20
Fresh		Inferred	217	1.96	14
<b>Total Indicated</b>			2,446	1.46	113
<b>Total Inferred</b>			3,246	1.40	145
<b>Total Indicated + Inferred</b>			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. This work has been aimed at updating and re-estimating the resource estimates that were in place when Kairos acquired the Mt York Project earlier this year.

### **Mt York Project – Background and Gold Potential**

The Mt York Project includes four historical gold mines (Main Hill, Breccia Hill, Iron Stirrup, Zakanaka) which formed part of the Lynas Find Gold Project, owned and operated by Lynas Gold NL during the mid – 1990's. Figures 3 and 4 present vertical longitudinal projections of the Iron Stirrup and Main Hill – Breccia Hill Deposits respectively.

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 30 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 2.114Mt 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).

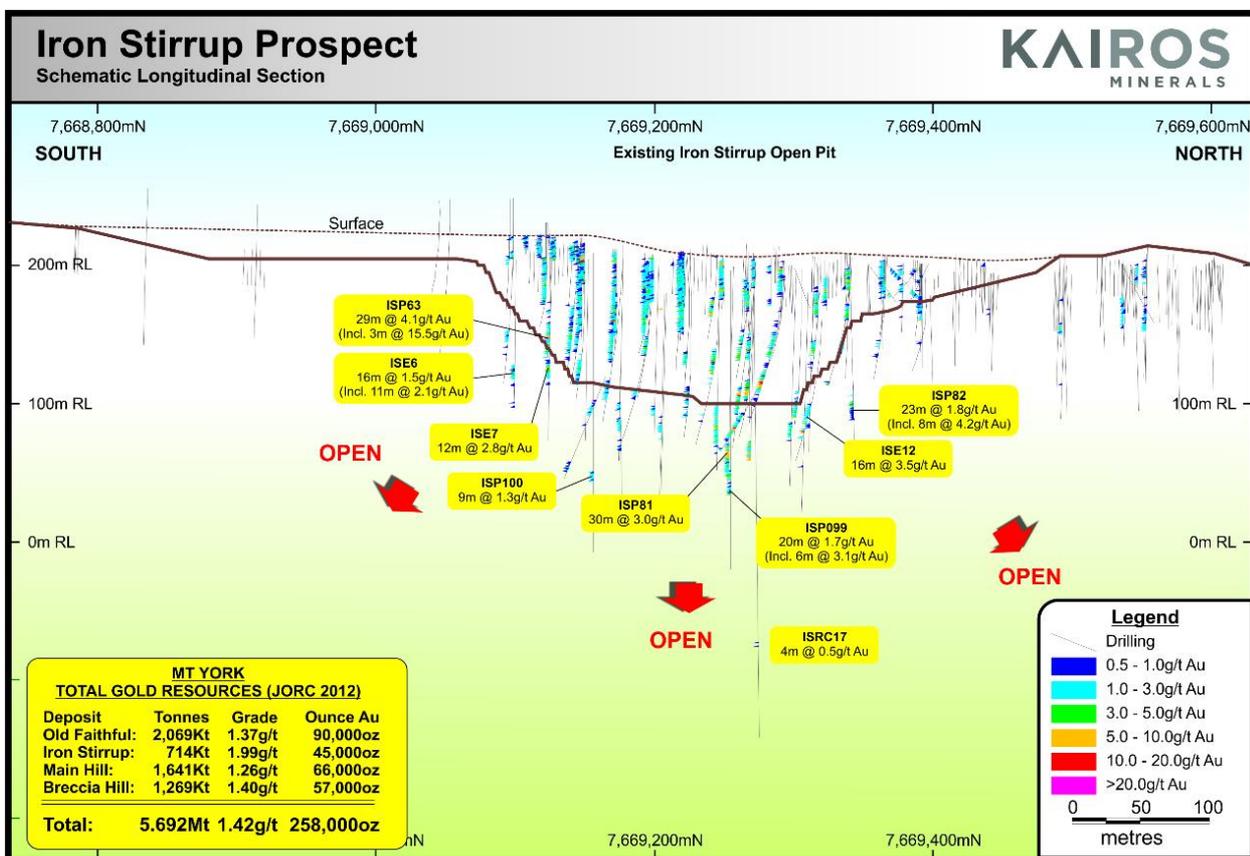


Figure 3. Mt York Project – Iron Stirrup Vertical Longitudinal Projection

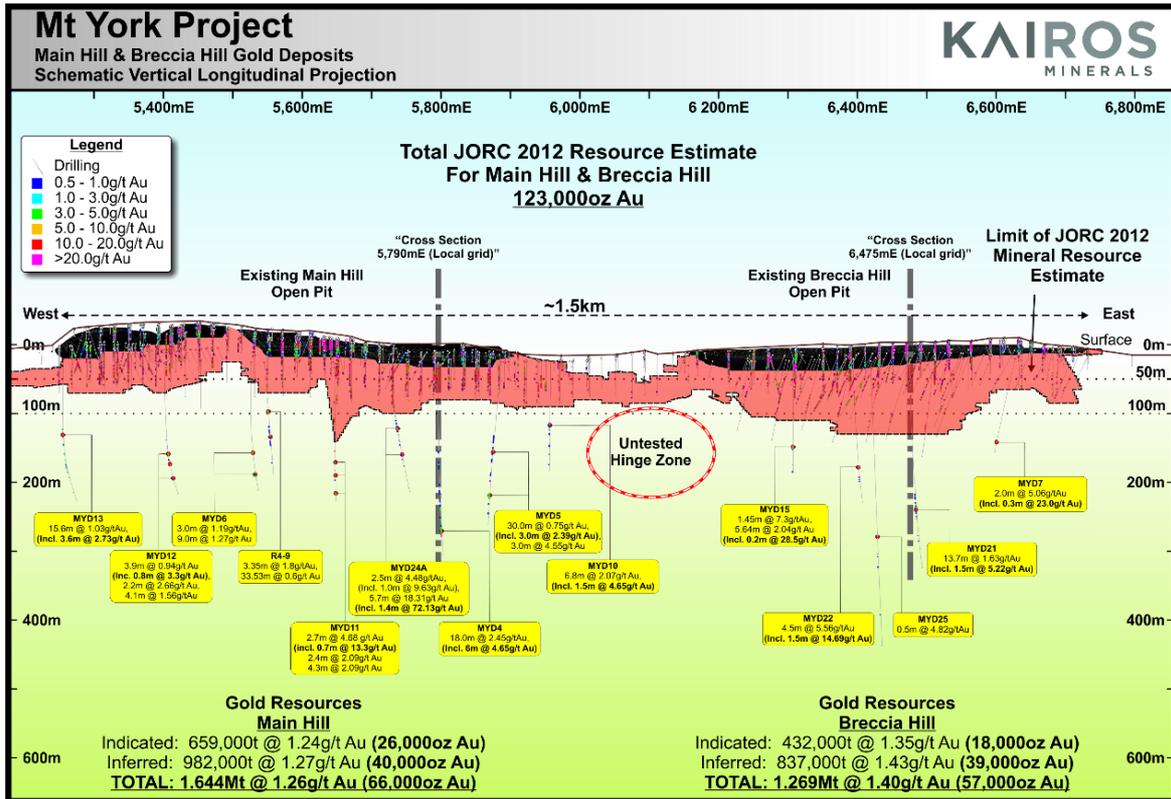


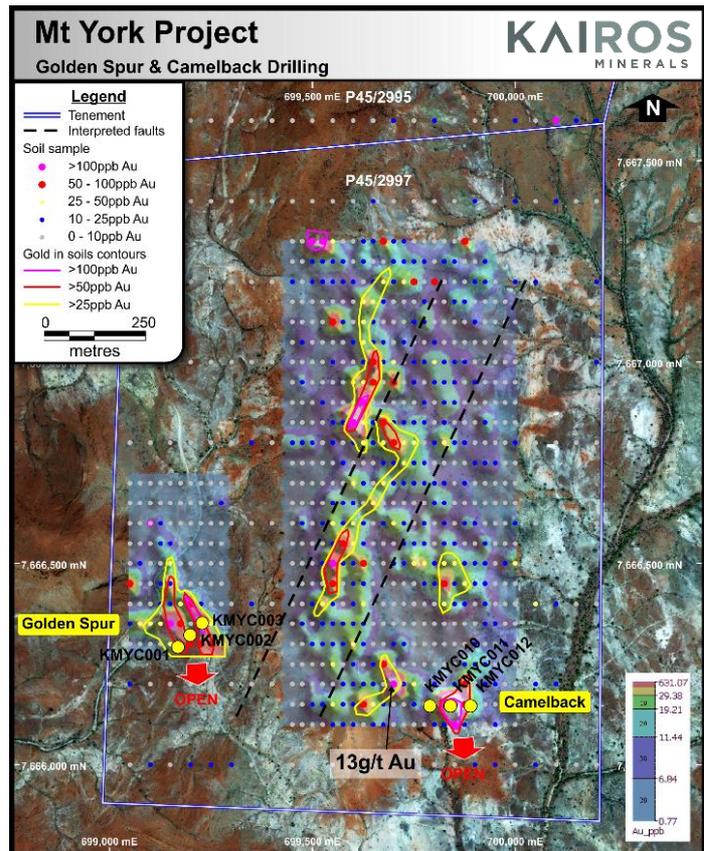
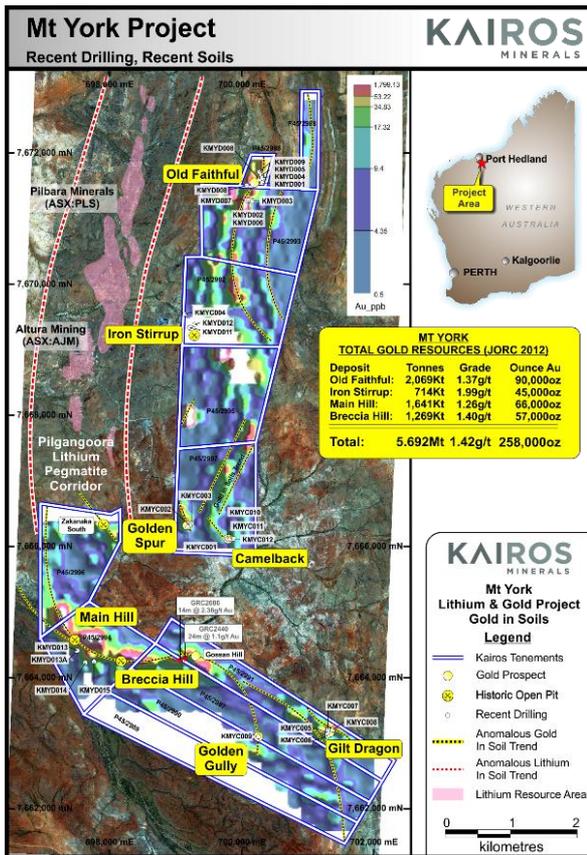
Figure 4. Mt York Project – Breccia Hill and Main Hill Deposits

## Next Steps

All the tenements which comprise the Mt York Project have now been granted. Due to the commencement of the wet season, exploration has been suspended and will recommence in 2017 field season. 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, Main Hill & Breccia Hill Pits in order to assess the potential for near-term pit expansion opportunities;
- Depth and strike extensions representing potential future underground mining opportunities; and
- Initial testing of high priority gold and lithium – tantalum-in-soil anomalies/trends.

Assays are pending on 23 holes and the Company is eagerly waiting on results and will release assays as they become available.



Figures 5 & 3. Mt York Soil Geochemistry and Drilling Targets

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

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 level of exploration activity and investor interest.

The Company's tenure encompasses a dominant land-holding in the area comprising a total of 324km<sup>2</sup> and securing a 40km continuous strike length of the interpreted southern extensions of the highly prospective Leonora-Laverton greenstone belts, host to numerous significant historical and current gold mines in WA.

During the quarter, Kairos commenced its maiden gold-focused drilling program at Roe Hills with eight holes completed for 1,195m. Drilling resumed in January following the Christmas break with a total of 17 holes for 3,420m proposed as part of the 2017 program. Results will be reported as assays are received.

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. 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.

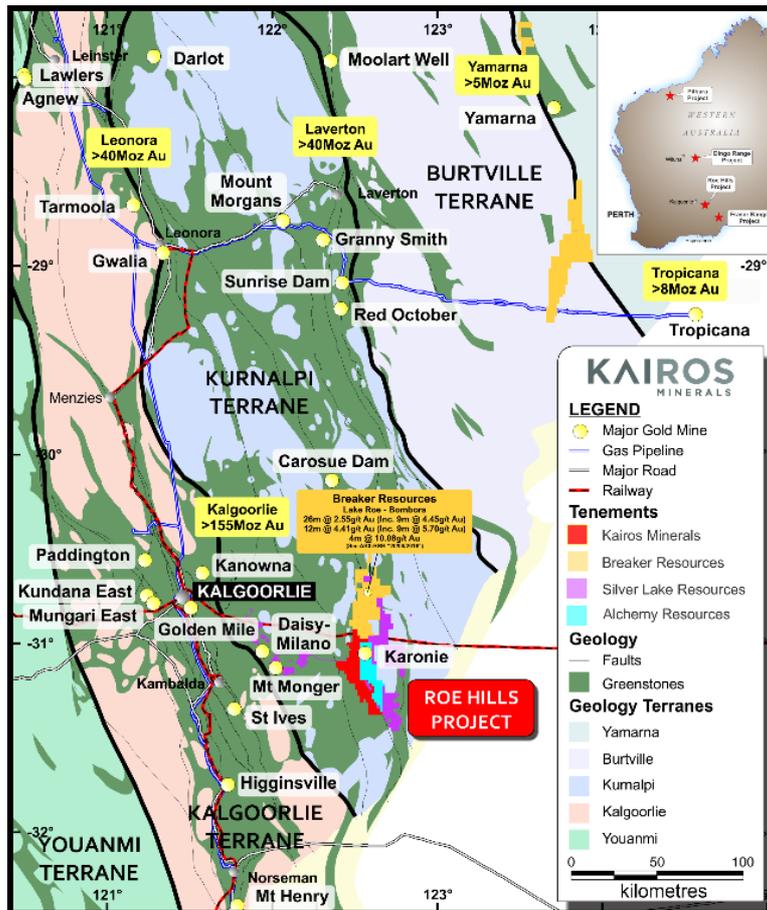


Figure 7. Eastern Goldfields, Roe Hills Project

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 8).

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 Figure 7).

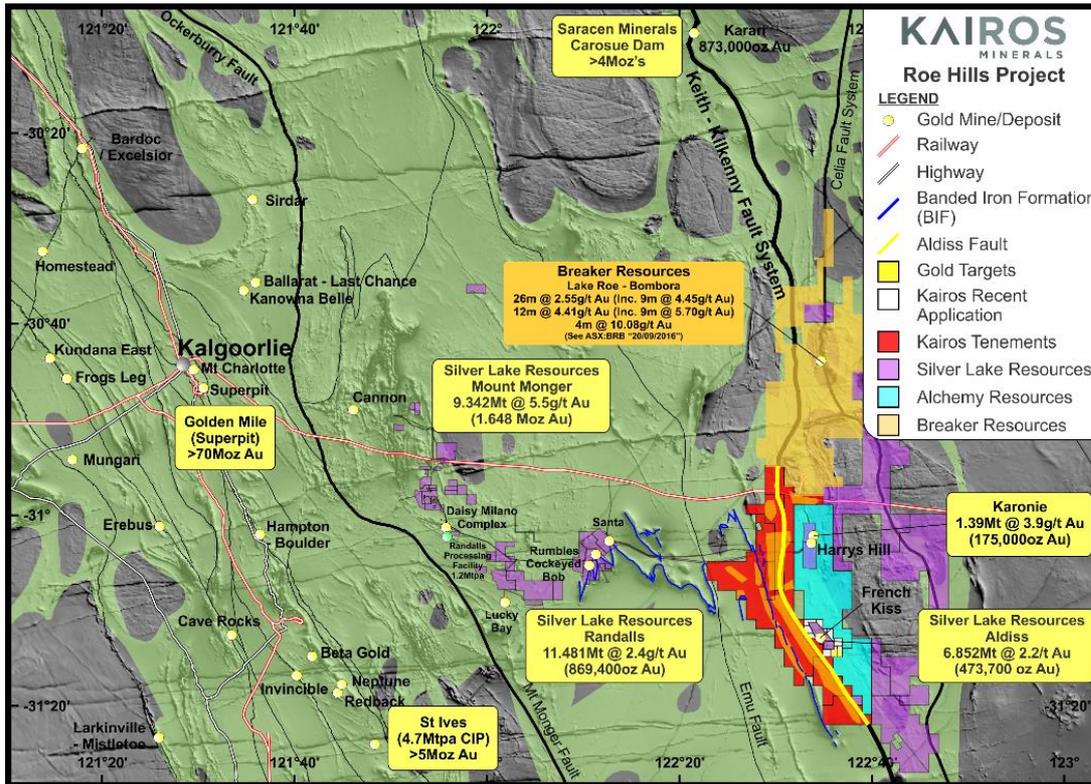


Figure 8. Roe Hills Project, Regional Location

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 which commenced late in the quarter and which will continue into 2017.

This work has delivered a number of positive interim results, which are summarised below and shown in Figure 9:

- 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***

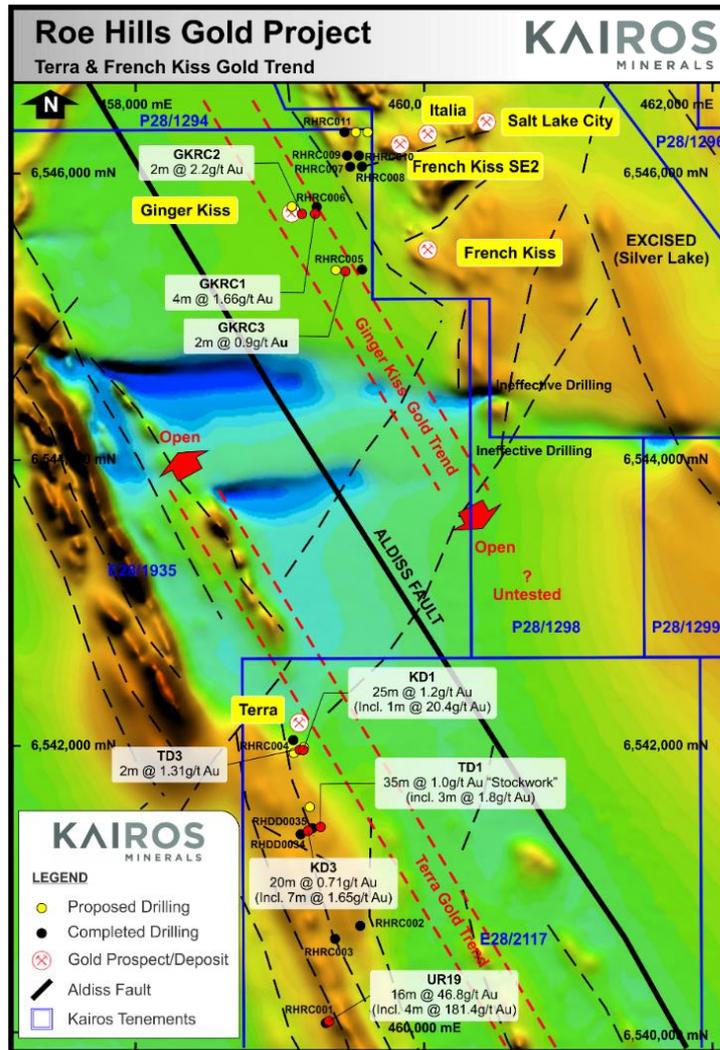
- **Hole ROE147** 18m @ 1.65 g/t Au from 138m  
***Including*** 2m @ 11.0 g/t Au from 138m

***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 unrealized 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. This survey has now been completed and interpretation is ongoing.



*Figure 9. Roe Hills – Terra and Ginger Kiss Gold Trends, Planned and Completed Drilling*

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.

### Next Steps

Multi-disciplinary project assessment and target generation will continue in the March 2017 Quarter utilising the best available data from geology, geophysics (detailed magnetics and the recently acquired detailed gravity survey data) and geochemistry in collaboration with leading expert consultants.

Continued drill testing of key targets will be undertaken with the re-commencement of field activities following scheduled Christmas break. A nominal 17 RCP and/or diamond cored holes for approximately 3,500m planned for completion during Q1/Q2 2017.

Results will be reported following receipt and interpretation of all assay data.

## **Corporate**

### **Joint Venture with Altura Mining**

During the Quarter, Kairos entered into a lithium joint venture with Altura Mining Limited (ASX: AJM – “Altura”) at its Wodgina East Project, located approximately 15km from the main Pilgangoora Lithium Mining Centre in the Pilbara region of Western Australia (Figure 10).

The farm-out deal, with one of the major lithium developers region, will allow Kairos to realise value from one of its key East Pilbara lithium projects while continuing to focus on developing the gold resources at its 100%-owned Mount York Gold-Lithium Project. Under the terms of the agreement, Altura can earn a 75% interest in the lithium rights over the Wodgina East tenements (E45/4780 and E45/4715 – see Figure 2) by spending a total of \$1.25 million over 5 years, with an upfront cash payment of \$100,000 upon execution. Once Altura has earned its interest, Kairos will retain a free-carried 25% interest in the project.

Kairos acquired the Wodgina East Lithium Project earlier this year as part of an extensive and high-quality lithium portfolio which it established in the East Pilbara lithium-tantalum province following its acquisition of the Mt York Project. Located ~90km south-east of Port Hedland, Wodgina East is strategically situated immediately adjacent to Mineral Resources’ (ASX: MIN) Wodgina Tantalum-Lithium Project and ~15km from the Pilgangoora Lithium Mining Centre (Figure 10).

It includes an extensive pegmatite field with well-documented lithium (spodumene) mineralization and grades of up to 1.6% Li<sub>2</sub>O reported from historical reconnaissance rock chip sampling. The regional geological and structural setting is similar to that of the Pilgangoora Syncline which hosts the major lithium-tantalum deposits at Pilgangoora.

Despite its high prospectivity, the Wodgina East Project remains essentially unexplored for lithium due to an historical focus on tantalum mining. The key terms of the farm-in agreement between Kairos and Altura are set out below:

- Altura must pay \$100,000 (ex GST) to Kairos within seven days of the execution of the Letter Agreement;
- Altura and Kairos have agreed to strategic cooperation on certain other aspects relating to their respective East Pilbara tenure;
- Kairos must use all reasonable endeavours to procure the grant of E45/4780 and E45/4715 as soon as reasonably practicable;
- Once granted, Kairos must keep the tenements in good standing by complying with their expenditure conditions, while granting Altura the right to explore for and mine for

lithium on the tenements;

- Altura may acquire a 75% interest in the lithium rights over E45/4780 and E45/4715 by spending \$250,000 per annum on exploration or mining activities for a five-year period, or by spending a total of \$1.25 million less any expenditure already incurred;
- Once Altura has acquired a 75% interest in E45/4780 and E45/4715, Kairos must do anything necessary to enable Altura to become the registered holder of a 75% interest in the tenements and Kairos will retain a 25% free-carried interest.

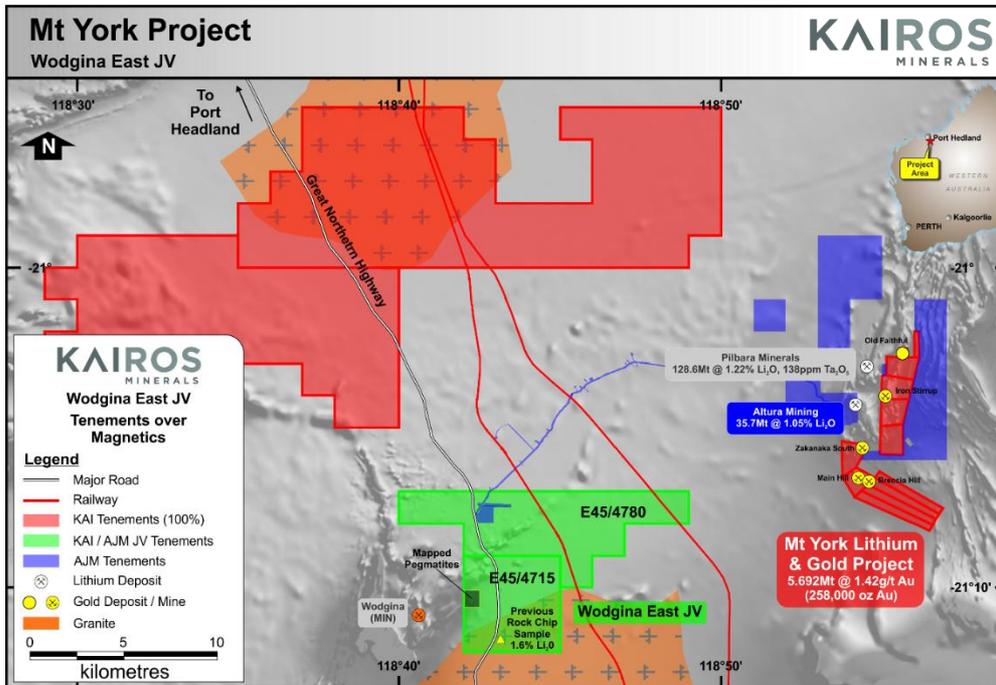


Figure 10. Wodgina East tenements subject to joint venture with Altura Mining

## EIS Funding Secured for Roe Hills

During the Quarter, Kairos secured a co-funding grant of \$150,000 under the Western Australian Government's Exploration Incentive Scheme (EIS) for future nickel-copper focused drilling at the Company's Roe Hills Project, located 70km east of Kambalda in Western Australia (Figures 7 & 8).

The Company plans to undertake drilling next year to further evaluate the significant nickel and copper potential of the highly-prospective Roe Hills greenstone belt. The Roe Hills Project encompasses approximately 40 strike kilometres of highly prospective volcano-sedimentary terrane comprising at least five separate ultramafic sequences.

The proposed drilling campaign for next year will comprise a combination of diamond and Reverse Circulation drilling totalling 11 holes for approximately 3,700m of drilling.

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 by Kairos in 2015 identified 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 by surface (MLEM/FLEM) and down-hole (DHEM) electromagnetic surveys remain untested.

The exploration program at Roe Hills will be completed by one of Australia's most highly-credentialed nickel exploration teams, led by Technical Manager Steve Vallance (who played a key role in several of Jubilee Mines' nickel discoveries at the Cosmos Nickel Project) and internationally-acclaimed komatiite nickel sulphide specialist and geoscientific consultant, Dr Robin Hill.

Kairos' technical team also includes Neil Hutchison, Sarah Dowling and Newexco (Adrian Black, Bill Aman). Collectively, the members of Kairos' Technical Team have played key roles in the discovery and delineation of more than \$10 billion worth of nickel in Western Australia.

Kairos will continue to monitor the nickel market and finalise the timing for the drilling, most likely against the backdrop of positive improvements in the nickel price.

## 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:**

*The information in this report that relates to the Mineral Resources based on information compiled by Mr Christopher Speedy who is a Member of Australian Institute of Geoscientists working for Auralia Consulting Pty Ltd. Mr Speedy has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person (CP) as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Speedy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Where the Company refers to the Mineral Resources in this report (referencing this release made to the ASX), it confirms that it is not aware of any new information or data that materially affects the information included in the announcement and all material assumptions and technical parameters underpinning the resource estimate with that announcement continue to apply and have not materially changed.*

### **COMPETENT PERSON STATEMENT:**

*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 Exploration Manager for Kairos Minerals 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.*

## References

Reference Documents		
Date	Title	Reference
5/10/16	Gold Resource Upgrade to Over 250koz	1
28/10/16	Gold Drilling advances at Mt York & Roe Hills	2
09/11/16	New High priority gold targets confirmed at Mt York	3
17/11/16	High grade gold hits up to 20g/t at Mt York	4
28/11/16	Lithium JV with Altura at KAI's Wodgina East Project	5
08/12/16	Drilling of key gold targets commence at Roe Hills	6
12/12/16	KAI secures 150k in EIS funding for Roe Hills Exploration	7
19/12/16	Further strong results from Mt York	8
22/12/16	Roe hills Drilling update	9
28/10/16	Pilbara Minerals Quaterly Report - September 2016	10
28/10/16	Altura Mining Minerals Quaterly Report - September 2016	11
14/10/16	Silver Lake Resources Annual Report 2016	12

## 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")

31<sup>st</sup> December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(740)	(1,703)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(363)	(945)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	2
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,102)</b>	<b>(2,646)</b>

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(6)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	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	(11)	(426)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(11)</b>	<b>4,322</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,129	1,346
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,102)	(2,646)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(6)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	4,322
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,016</b>	<b>3,016</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	3,016	4,129
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,016</b>	<b>4,129</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	102
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. <b>Payments to related entities of the entity and their associates</b>	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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## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
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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<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	1,200
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	500
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>1,700</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

**Refer to Annexure A.**

**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 Director**

Date: **Tuesday 31 January 2017**

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
<b>Roe Hills</b>	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					
E28/2593					
E28/2594					
<b>Fraser Range Project</b>					
E69/3082	WA	100%			100%
E69/3411					
E69/3308					
<b>Dingo Range</b>					
E53/1731	WA	100%			100%
E53/1732					
E53/1733					
P53/1624					
E53/1814					
E53/1927	WA	0%	E53/1927		100%
E53/1928	WA	0%	E53/1928		100%
<b>Pilbara Lithium-Gold Project (Mt York Project)</b>					
P45/2987	WA	100%			100%
P45/2989					
P45/2996					
P45/2998					
P45/2988					
P45/2992					
P45/2993					
P45/2994					

+ See chapter 19 for defined terms

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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
P45/2990	WA	100%			100%
P45/2991					
P45/2997					
P45/2995					
L45/0422	WA	0%	L45/0422		100%
<b>Wodjina Project</b>					
E45/4715	WA	100%		JV Altura	100%
E45/4780				JV Altura	
E45/4740					
E45/4731					
<b>Southern Pride Project</b>					
E47/3522	WA	100%			100%
E47/3523					
<b>Croyden Project</b>					
E47/3519	WA	100%			100%
E47/3520					
E47/3521					
<b>Lalla Rookh Project</b>					
E45/4741	WA	100%			100%
<b>Tiapan Project</b>					
E45/4806	WA	100%			100%
<b>Woodcutters Project</b>					
E28/2646	WA	100%			100%
E28/2647					
E28/2648					
<b>Mooloo Project</b>					
E08/2857	WA	0%	E08/2857		100%