

ACN 006 189 331

PROSPECTUS

This Prospectus is primarily being issued for a non-renounceable pro rata offer to Eligible Shareholders of 1 new Share for every 8 Shares held on the Record Date, at an issue price of \$0.011 per new Share, together with 1 free Attaching Option for every 2 new Shares subscribed for (**Entitlement Offer**).

This Prospectus is also being issued for the Secondary Offers described in this Prospectus.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

The Securities offered in connection with this Prospectus are of a speculative nature.

Important information

This Prospectus is dated 18 June 2020 and was lodged with the ASIC on that date with the consent of all Directors. Neither ASIC nor ASX nor their respective officers take any responsibility for the contents of this Prospectus.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

A copy of this Prospectus is available for inspection at the registered office of the Company at 14 Outram Street, West Perth Western Australia, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 5.6).

The Securities offered by this Prospectus should be considered speculative. Please refer to Section 4 for details relating to investment risks.

Applications for Securities under the Offers can only be submitted on an original Application Form sent with a copy of this Prospectus by the Company. If the application is by BPAY® there is no need to return the original Application Form.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed. No person is authorised to give any information or to make any representation in connection with the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers.

No action has been taken to permit the offer of Securities under this Prospectus in any jurisdiction other than Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

This document is important and should be read in its entirety before deciding to participate in the Offers. This does not take into account the investment objectives, financial or taxation, or particular needs of any Applicant. Before making any investment in the Company, each Applicant should consider whether such an investment is appropriate to their particular needs, and considering their individual risk profile for speculative investments, investment objectives and individual financial circumstances. Each Applicant should consult their stockbroker, solicitor, accountant or other professional adviser without delay. Some of the risk factors that should be considered by potential investors are outlined in Section 4.

Definitions of certain terms used in this Prospectus are contained in Section 7. All references to currency are to Australian dollars and all references to time are to the time in Perth, Western Australia unless otherwise indicated.

Corporate Directory

Directors

Terence (Terry) Topping
Bruno Seneque
Neil Hutchison

Executive Chairman
Non-Executive Director
Non-Executive Director

Share Registry*

Advanced Share Registry Limited
110 Stirling Highway
NEDLANDS WA 6009

Company Secretary

Adrien Wing

Telephone (within Australia): 08 9389 8033
Telephone (international): +61 8 9389 8033

Registered and Principal Office

Level 1, 14 Outram Street
WEST PERTH WA 6005

Auditor*

BDO Audit Pty Ltd
Level 18, 727 Collins Street
MELBOURNE VIC 3008

Phone: +61 8 9226 1141
Email: info@kairosminerals.com.au
Website: www.kairosminerals.com.au

Lead Managers

CPS Capital Group Pty Ltd
Level 45, 108 St Georges Terrace
PERTH WA 6000

ASX Code:

Shares: KAI

Beer & Co Pty Ltd
11-19 Bank Place
MELBOURNE VIC 3000

Solicitors

HWL Ebsworth Lawyers
Level 20, 240 St Georges Terrace
PERTH WA 6000

* These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus.

Proposed timetable

Lodgement of Prospectus with ASIC Lodgement of Prospectus, announcement of Offers and lodgement of Appendix 3B with ASX	Thursday, 18 June 2020
Shares quoted on an "EX" basis	Wednesday, 24 June 2020
Record Date for determining Entitlements	Thursday, 25 June 2020
Prospectus and Application Form dispatched to Eligible Shareholders and Company announces that this has occurred	Friday, 26 June 2020
Last day to extend Closing Date	Friday, 17 July 2020
Closing Date (5pm AWST)*	Wednesday, 22 July 2020
Securities quoted on a deferred settlement basis	Thursday, 23 July 2020
Announcement of results of Entitlement Offer	Monday, 27 July 2020
Anticipated date for issue of the Securities under the Entitlement Offer Company lodges an Appendix 2A with ASX applying for quotation of the new Securities (before 10am AWST)	Wednesday, 29 July 2020
Anticipated date for commencement of new Securities trading on a normal settlement basis	Thursday, 30 July 2020

* The Directors may extend the Closing Date by giving at least three Business Days' notice to ASX prior to the Closing Date. As such, the date the Securities offered under this Prospectus are expected to be issued and commence trading on ASX may vary.

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Letter from the Chairman

Dear Shareholder,

On behalf of your Directors, I am pleased to invite you to participate in this non-renounceable pro-rata 1-for-8 Entitlement Offer at an issue price of \$0.011 per Share with 1 Attaching Option for every 2 new Shares subscribed for, to raise up to approximately \$1.7 million (before costs).

Eligible Shareholders also have the opportunity to subscribe for any Securities that are not subscribed for under the Entitlement Offer pursuant to the Shortfall Offer under this Prospectus.

The Company recently undertook a Placement as announced on 25 May 2020. This Prospectus also incorporates an offer to Placement Subscribers of 122,500,000 Attaching Options on the basis of 1 Option for every 2 Shares issued under the Placement with an exercise price of \$0.025 each and expiring on 31 December 2021. The issue of the Attaching Options to the Placement Subscribers is subject to and conditional on the receipt of Shareholder approval at the General Meeting.

The funds raised by the Offers under this Prospectus are intended to be used towards the Company's exploration field work programs across the Company's broader Pilbara Gold Project, geochemistry programs and drilling programs across priority intrusive-related gold targets at the Kangan and Skywell Projects, drilling and mining studies at the Pilbara Gold Project, reverse circulation drilling at the large Fuego gold anomaly, as well as for working and other capital requirements. For further details on the proposed use of funds to be raised under the Offers, please see Section 1.3 of this Prospectus.

The Entitlement Offer is scheduled to close at **5.00pm (AWST) on Wednesday, 22 July 2020**. Eligible Shareholders wishing to participate in the Entitlement Offer or the Shortfall Offer must apply for new Securities before this time in accordance with the instructions set out in Section 2 and on the Application Form accompanying this Prospectus.

The Company encourages participants in the Offers to apply by BPAY® as a matter of public safety, to avoid the handling of paper Application Forms and cheques and to overcome potential mail delays in light of the ongoing COVID-19 pandemic.

The Entitlement Offer is non-renounceable and therefore your Entitlements will not be tradeable on the ASX or otherwise transferable.

The Board recommends that you take up your Entitlement after reading this Prospectus in its entirety including the risks outlined in Section 4.

The Prospectus includes further details of the Offers and the effect of the Offers on the Company, and a statement of the risks associated with investing in the Company. This is an important document and should be read in its entirety. If you have any doubts or questions in relation to the Prospectus you should consult your stockbroker, accountant, solicitor or other independent professional advisor to evaluate whether or not to participate in the Offers.

I look forward to your continued support.

Yours faithfully

A handwritten signature in black ink, appearing to read "Terry Topping", with a long horizontal flourish above the name.

Terry Topping
Executive Chairman

Investment overview

This Section is intended to highlight key information for potential investors. It is an overview only, and is not intended to replace the Prospectus. Potential investors should read the Prospectus in full before deciding to invest in Securities.

Key Information	Further Information
<p>Transaction specific prospectus</p> <p>This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.</p>	Section 5.4
<p>Risk factors</p> <p>Potential investors should be aware that subscribing for Securities involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4, including (but not limited to) risks in respect of:</p> <ul style="list-style-type: none"> • Grant and renewal of permits: Exploration activities are dependent upon the maintenance (including renewal) of tenements, which is dependent on, among other things, the Company's ability to meet the licence conditions imposed by relevant authorities including minimum annual expenditure requirements which, in turn, is dependent on the Company being sufficiently funded to meet those expenditure requirements. <p>The Company also has tenement applications. There can be no guarantee that the tenement applications will be granted, or if they are granted, that they will be granted in their entirety. If the tenement applications are not granted, the Company will not acquire an interest in these tenements. The tenement applications therefore should not be considered as assets or projects of the Company.</p> <ul style="list-style-type: none"> • Land access: There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Commonly, this will affect the procedure required for access and may impose obligations in respect of compensation, land rehabilitation and/or land impact management. Inability to access, or delays experienced in accessing, the land and unforeseen expenses associated therewith may impact on the Company's activities. • Exploration and development risk: Mineral exploration and development is a high risk undertaking. There can be no assurance that further exploration on the Company's projects will result in the discovery of an economic ore deposit or that it can be economically exploited. 	Section 4

Key Information	Further Information
<ul style="list-style-type: none"> • Future capital needs and additional funding: The Company believes that the proceeds from the Offers will provide adequate funding to continue to develop the growth of the Company while strategically focussing on the commencement of mining studies for the Pilbara Gold Project and exploration at the Croydon and Kangan Projects. Additional funding will be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on acceptable terms or at all. • General market risks: Share market conditions may affect the value of the Company's Securities regardless of the Company's operating performance. The Company is exposed to general market and economic condition risks including adverse changes in levels of economic activity, exchange rates, interest rates, commodity prices, government policies, employment rates and industrial disruption. • Coronavirus (COVID-19) risk: The global economic outlook is facing uncertainty due to the COVID-19 pandemic, which has had and may continue to have a significant impact on capital markets and share prices. The price of the Company's Securities may be adversely affected by the economic uncertainty caused by COVID-19. Further, measures to limit the transmission of the virus implemented by governments in Australia and around the world (such as travel bans and quarantining) may adversely impact the Company's operations. In particular, the restrictions on accessing remote Aboriginal communities may materially impact the timeline for negotiations in relation to native title access agreements and heritage clearances required by the Company. 	
<p>Entitlement Offer</p> <p>This Prospectus is for a non-renounceable entitlement offer of 1 new Share for every 8 existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.011 per new Share to raise up to approximately \$1.7 million (before costs). Participants in the Entitlement Offer will also be issued 1 Attaching Option for every 2 new Shares subscribed for.</p>	Section 1.1
<p>Secondary Offers</p> <p>The Company is also undertaking the Secondary Offers under this Prospectus.</p> <p>The Secondary Offers are being made under this Prospectus to:</p> <ul style="list-style-type: none"> (a) ensure that the offers of the Securities under the Secondary Offers are made in accordance with the disclosure requirements of Part 6D.2 of the Corporations Act; and (b) remove the need for an additional disclosure document to be issued upon the sale of any Options (or any Shares issued on exercise of any Options) that are issued under the Secondary Offers. 	Section 1.2
<p>Shortfall Offer</p> <p>Any Securities not taken up pursuant to the Entitlement Offer will form the Shortfall Offer.</p>	Section 1.2(b)

Key Information	Further Information
<p>Eligible Shareholders may apply for Securities under the Shortfall Offer subject to such Applications being received by the Closing Date.</p> <p>The issue price for each new Share to be issued under the Shortfall Offer shall be \$0.011 being the price at which new Shares have been offered under the Entitlement Offer. Participants in the Shortfall Offer will also be issued 1 Attaching Option for every 2 new Shares subscribed for.</p> <p>The allocation policy for the Shortfall Offer is outlined in Section 1.2(b). There is no guarantee that Eligible Shareholders will receive new Securities applied for under the Shortfall Offer.</p>	
<p>Placement Offer</p> <p>As announced on 25 May 2020, the Company issued 227,000,000 Shares at an issue price of \$0.011 per Share to raise approximately \$2.5 million (before costs).</p> <p>The Company intends to issue a further 18,000,000 Shares under the Placement, to the Company's largest Shareholder, Ontario Limited (an entity associated with Mr Eric Sprott), subject to and conditional on the receipt of Shareholder approval, which will be sought at the General Meeting.</p> <p>The Placement Subscribers are entitled to be issued 1 Attaching Option for every 2 Shares subscribed for and issued under the Placement.</p> <p>The offer of up to 122,500,000 Attaching Options to the Placement Subscribers is made pursuant to this Prospectus, with an exercise price of \$0.025 each and expiring on 31 December 2021.</p> <p>The issue of the Attaching Options to the Placement Subscribers is subject to the receipt of Shareholder approval, which will be sought at the General Meeting.</p>	Section 1.2(c)
<p>Joint Lead Manager Offer</p> <p>The Company is undertaking a Joint Lead Manager Offer under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale of any Options issued under the Joint Lead Manager Offer.</p> <p>The Company has agreed to issue a total of 20,000,000 Options to CPS Capital Group Pty Ltd and Beer & Co Pty Ltd at an issue price of \$0.00001 each, exercisable at \$0.025 each and expiring on 31 December 2021. In addition, CPS Capital Group Pty Ltd has elected to be issued 3,405,000 Options, exercisable at \$0.025 each and expiring 31 December 2021, in lieu of its Placement fees. The issue of the Options is subject to the receipt of Shareholder approval at the General Meeting.</p>	Section 1.2(d)
<p>Eligible Shareholders</p> <p>The Entitlement Offer is made to Eligible Shareholders only. Eligible Shareholders are those Shareholders who:</p> <ul style="list-style-type: none"> • are the registered holder of Shares as the Record Date; and • have a registered address in Australia or New Zealand. 	Sections 1.15 and 1.16

Key Information	Further Information																
<p>Underwriting</p> <p>The Entitlement Offer is not underwritten.</p>	Section 1.6																
<p>Use of funds</p> <p>Funds raised under the Entitlement Offer will be used towards exploration field work programs across the Company's broader Pilbara Gold Project, geochemistry programs and drilling programs across priority intrusive-related gold targets at the Kangan and Skywell Projects, drilling and mining studies at the Pilbara Gold Project, reverse circulation drilling at the large Fuego gold anomaly, as well as for working and other capital requirements.</p>	Section 1.3																
<p>Effect on control of the Company</p> <p>The Company is of the view that the Offers will not affect the control of the Company.</p> <p>No investor or existing Shareholder will hold a voting power greater than 20% as a result of the Offers.</p> <p>Shareholders should note that if they do not participate in the Offers, their holdings will be diluted. Examples of how the dilution may impact Shareholders are set out in Section 1.8.</p>	Sections 1.7 and 1.8																
<p>Indicative capital structure and pro-forma balance sheet</p> <p>The indicative capital structure upon completion of the Offers is set out below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;"></th> <th style="width: 15%;">Shares</th> <th style="width: 15%;">Options</th> <th style="width: 15%;">Performance Rights</th> </tr> </thead> <tbody> <tr> <td>Balance at the date of this Prospectus</td> <td style="text-align: right;">1,246,673,019</td> <td style="text-align: right;">220,480,181</td> <td style="text-align: right;">31,500,000</td> </tr> <tr> <td>Maximum to be issued pursuant to the Offers</td> <td style="text-align: right;">155,834,127</td> <td style="text-align: right;">223,822,063</td> <td style="text-align: center;">Nil</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">1,402,507,146</td> <td style="text-align: right;">444,302,244</td> <td style="text-align: right;">31,500,000</td> </tr> </tbody> </table> <p>The above table assumes that the Offers are fully subscribed and that Shareholder approval is received for the issue of the Options under the Placement Offer and Joint Lead Manager Offer.</p> <p>The indicative pro-forma balance sheet showing the effect of the Offers is in Section 3.2.</p>		Shares	Options	Performance Rights	Balance at the date of this Prospectus	1,246,673,019	220,480,181	31,500,000	Maximum to be issued pursuant to the Offers	155,834,127	223,822,063	Nil	Total	1,402,507,146	444,302,244	31,500,000	Sections 3.1 and 3.2
	Shares	Options	Performance Rights														
Balance at the date of this Prospectus	1,246,673,019	220,480,181	31,500,000														
Maximum to be issued pursuant to the Offers	155,834,127	223,822,063	Nil														
Total	1,402,507,146	444,302,244	31,500,000														
<p>Directors' interests in Shares and Entitlements</p> <p>The relevant interest of each of the Directors in Shares as at the date of this Prospectus, together with their respective Entitlement is set out in the table below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 25%;">Name</th> <th style="width: 45%;">Existing Securities</th> <th style="width: 30%;">Entitlement</th> </tr> </thead> <tbody> </tbody> </table>	Name	Existing Securities	Entitlement	Section 5.9(b)													
Name	Existing Securities	Entitlement															

Key Information				Further Information
	Shares	Performance Rights		
Terry Topping	4,393,255	6,000,000	549,156	
Bruno Seneque	2,115,309	3,000,000	264,413	
Neil Hutchison	6,711,515	3,000,000	838,939	
<p>It is the intention of all Directors to take up all of their Entitlement under the Entitlement Offer.</p>				
<p>Forward looking statements</p> <p>This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.</p> <p>These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable.</p> <p>Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the management.</p> <p>The Directors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.</p> <p>The Directors have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.</p> <p>These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.</p>				<p>Key Information and Section 4</p>

1. Details of the Offers

1.1 Entitlement Offer

The Company is making a non-renounceable pro-rata offer of:

- (a) ordinary fully paid Shares at an issue price of \$0.011 each to Eligible Shareholders on the basis of 1 new Share for every 8 Shares held at 5.00pm on the Record Date; and
- (b) Attaching Options on the basis of 1 new Attaching Option for every 2 new Shares issued under the Entitlement Offer to Eligible Shareholders.

The market price of Shares at the date of this Prospectus is such that it is unlikely that any of the existing Options will be exercised before the Record Date. On the basis that no existing Options are exercised or existing Performance Rights are converted prior to the Record Date, the Entitlement Offer is for a maximum of 155,834,127 Shares, to raise up to approximately \$1.7 million (before costs).

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share.

A summary of the rights and liabilities attaching to the Shares offered under the Entitlement Offer is in Section 5.1.

A summary of the rights and liabilities attaching to the Attaching Options offered under the Entitlement Offer is in Section 5.2. All Shares issued upon the exercise of the Attaching Options will rank equally with the Shares on issue at the date of the Prospectus, as summarised in Section 5.1.

1.2 Secondary Offers

(a) Overview

The Company is also undertaking the Secondary Offers under this Prospectus.

The Secondary Offers are being made under this Prospectus to:

- (i) ensure that the offers of the Securities under the Secondary Offers are made in accordance with the disclosure requirements of Part 6D.2 of the Corporations Act; and
- (ii) remove the need for an additional disclosure document to be issued upon the sale of any Options (or any Shares issued on exercise of any Options) that are issued under the Secondary Offers.

(b) Shortfall Offer

Eligible Shareholders may subscribe for additional Shares and Attaching Options in excess of their Entitlement by applying for additional Securities under the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus.

The issue price of any Shares issued under the Shortfall Offer will be \$0.011 each, which is the issue price at which Shares are offered to Eligible Shareholders under the Entitlement Offer. Attaching Options will also be issued under the Shortfall Offer on the basis of 1 new Option for every 2 Shares issued.

Eligible Shareholders who wish to subscribe for Shortfall Securities may apply by completing the relevant section on the Application Form or by making payment for such Shortfall Securities using BPAY® (refer to Section 2.4).

Entitlements not subscribed for under the Entitlement Offer may be allocated to Eligible Shareholders who subscribe for Shortfall Securities under the Shortfall Offer. The Board may elect to cap the number of Shortfall Securities that are allotted to Eligible Shortfall Offer Participants, having regard to:

- (i) the number of Securities that an Eligible Shortfall Offer Participant is entitled to subscribe for pursuant to its Entitlement relative to the number of Shortfall Securities that it has applied for;
- (ii) the total number of Shortfall Securities available for subscription; and
- (iii) the number of Shares held by an Eligible Shortfall Offer Participant after the completion of the Offers.

The Board will give priority to Shareholders who, after the allocation of their Entitlement, would not hold a marketable parcel of Shares without being allocated a sufficient number of Shortfall Securities under the Shortfall Offer. Otherwise, the Board anticipates that should it receive applications for Shortfall Securities in excess of the number of Securities available for subscription under the Shortfall Offer, it will cap or scale back allocations of Shortfall Securities on a pro-rata basis having regard to each Eligible Shortfall Offer Participant's holding in Shares as at the Record Date. In any event:

- (i) the number of Shortfall Securities available under the Shortfall Offer will not exceed the Shortfall;
- (ii) no Shortfall Securities will be issued to an Eligible Shortfall Offer Participant which would, if issued, result in them increasing their voting power in the Company above 20%; and
- (iii) no Shortfall Securities will be issued if their issue would contravene any law or Listing Rule.

For the avoidance of doubt, the Board reserves the discretion to cap the Shortfall allocated to Eligible Shortfall Offer Participants and issue the balance of the Shortfall during the three month period following the Closing Date. In exercising this discretion, the Board will take into account a number of factors including recommendations of the JLMs to place the Shortfall, ensuring the Company has an appropriate and optimal Shareholder base, which may be achieved through strategic investors increasing their interests, or by the introduction of new investors.

There is no guarantee of any allocation of Shortfall Securities, or that applications for Shortfall Securities will be satisfied in full. Excess Application Monies for the Shortfall Offer will be refunded without interest. It is a term of the Shortfall Offer that, should the Company scale back applications for Shortfall Securities, the Applicant will be bound to accept such lesser number allocated to them.

New Shares issued under the Shortfall Offer will be issued as fully paid ordinary shares and will rank equally in all respects with existing Shares on issue. A summary of the rights and liabilities attaching to the Shares offered under the Shortfall Offer is in Section 5.1.

A summary of the rights and liabilities attaching to the Attaching Options offered under the Shortfall Offer is in Section 5.2. All Shares issued upon the exercise of the Attaching Options will rank equally with the Shares on issue at the date of the Prospectus, as summarised in Section 5.1.

(c) **Placement Offer**

As announced on 25 May 2020, the Company agreed to issue 227,000,000 Shares at an issue price of \$0.011 per Share to institutional and sophisticated investors, none of whom is a related party of the Company, to raise approximately \$2.5 million (before costs) (**Placement**).

The Company intends to issue a further 18,000,000 Shares to the Company's largest Shareholder, Ontario Limited (an entity associated with Mr Eric Sprott) on the same terms as the Placement. As the Company does not have sufficient placement capacity, the Shares issued to Ontario Limited is subject to and conditional on the receipt of Shareholder approval, which will be sought at the General Meeting.

The Placement was jointly conducted by CPS Capital and Beer & Co as joint lead managers (together, the **JLMs**).

Participants in the Placement and Ontario Limited (together, the **Placement Subscribers**) are entitled to be issued 1 Attaching Option for every 2 Shares subscribed for and issued. The offer of up to 122,500,000 Attaching Options to the Placement Subscribers is made pursuant to this Prospectus (**Placement Offer**).

The issue of the Attaching Options under the Placement Offer is subject to and conditional on the receipt of Shareholder approval, which will be sought at the General Meeting.

As the issue of the Shares under the Placement occurred prior to the Record Date, the Placement Subscribers who are Eligible Shareholders are entitled to participate in the Entitlement Offer. However Ontario Limited (an entity associated with Mr Eric Sprott) will not be able to participate in the Entitlement Offer with respect to the new Securities proposed to be issued, as this is anticipated to occur after the Record Date.

A summary of the rights and liabilities attaching to the Attaching Options offered under the Placement Offer is in Section 5.2. All Shares issued upon the exercise of the Attaching Options will rank equally with the Shares on issue at the date of the Prospectus, as summarised in Section 5.1.

(d) **Joint Lead Manager Offer**

The Company has agreed to issue Options to the JLMs (or their respective nominees) for assisting the Company to achieve the outcomes set out in the mandate with the JLMs for the provision of joint lead manager services, including coordination and management of the Placement and any shortfall under the Entitlement Offer, as well as marketing services (**JLM Mandate**).

This Prospectus includes a separate offer of:

- (i) 20,000,000 Options to the JLMs (or their respective nominees), exercisable at \$0.025 each and expiring 31 December 2021 (**Broker Options**); and
- (ii) 3,405,000 Options to CPS Capital Group Pty Ltd, exercisable at \$0.025 each and expiring 31 December 2021, in lieu of its Placement fees (**CPS Options**).

A summary of the rights and liabilities attaching to the Broker Options and CPS Options offered under the Joint Lead Manager Offer is in Section 5.2. If the Broker Options or CPS Options are exercised, the resultant Shares will be of the same class and will rank equally in all respects with the existing Shares in the Company.

Only the JLMs (or their respective nominees) may accept the Joint Lead Manager Offer. An Application Form in relation to the Joint Lead Manager Offer will be issued to the JLMs (or their respective nominees) together with a copy of this Prospectus.

Refer to Section 5.3 for a summary of the JLM Mandate.

1.3 Use of funds

Completion of the Offers will result in an increase in cash at hand of approximately \$1.7 million (before payment of costs), on the assumption that the Offers are fully subscribed.

The following indicative table sets out the proposed use of funds raised under the Offers:

Proposed use	\$	%
Exploration field work programs including Geochemistry programs across the Company's broader Pilbara Gold Projects	400,000	24
Drilling programs across the Company's broader Pilbara Gold Projects	500,000	29
Geophysical surveys across the Company's broader Pilbara Gold Projects	200,000	12
Mining studies at the Pilbara Gold Project	100,000	6
Working Capital	403,643	24
Costs of the Offers	96,357	5
Total	1,700,000	100

Notes:

1. Working capital includes but is not limited to corporate office, administration, staff and operating costs, directors' fees, executive fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.
2. The above table assumes the maximum amount offered under the Offers is raised. In the event that a lesser amount is raised, the Company intends to reduce the funds attributed to working capital accordingly and would be required to draw on existing cash balances to fund the Company's working capital requirements.
3. Refer to Section 5.11 for details regarding the expenses of the Offers.

The above is a statement of current intentions at the date of this Prospectus. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

The amounts and timing of the actual expenditures and investments may vary significantly and will depend on numerous factors including the success of exploration activities, access conditions, weather and any changes in the business and economic environment.

1.4 **Opening and Closing Dates**

For the Entitlement Offer and the Placement Offer, the Company will accept Application Forms from the date it dispatches the Prospectus until 5.00pm (AWST) on Wednesday, 22 July 2020 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules (**Closing Date**).

The Shortfall Offer will remain open for a period of up to three months from the Closing Date (or such shorter period as determined by the Directors), however Eligible Shareholders who wish to participate in the Shortfall Offer must submit their Applications to the Company by no later than the Closing Date.

The Placement Offer and the Joint Lead Manager Offer will remain open for a period of up to three months from the Closing Date (or such shorter period as determined by the Directors). It is intended that the Placement Offer and the Shortfall Offer will be completed and closed as soon as practicable following the receipt of the requisite Shareholder approvals, to be sought at the General Meeting.

1.5 **Minimum subscription**

There is no minimum subscription for the Offers.

1.6 **Underwriting**

The Offers are not underwritten.

1.7 **Effect on control of the Company**

The maximum number of Shares proposed to be issued under the Offers is 155,834,127 which will constitute 11.1% of the Shares on issue following completion of the Offers (assuming no other Shares are issued or Securities exercised or converted to Shares).

The Company is of the view that the Offers will not affect the control (as defined by section 50AA of the Corporations Act) of the Company.

No Shareholder's voting power in the Company may increase to 20% or above as a result of the Offers. Refer to the Company's allocation policy summarised in Section 1.2(b) for further information.

1.8 **Potential dilution**

Shareholders should note that if they do not participate in the Offers, their holdings are likely to be diluted (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlement to Shares	Shareholding if Entitlement not subscribed	% post Offer
Shareholder 1	4,000,000	0.32%	500,000	4,000,000	0.29%
Shareholder 2	8,000,000	0.64%	1,000,000	8,000,000	0.57%
Shareholder 3	17,500,000	1.40%	2,187,500	17,500,000	1.25%
Shareholder 4	35,000,000	2.81%	4,375,000	35,000,000	2.50%
Shareholder 5	70,000,000	5.61%	8,750,000	70,000,000	4.99%

The dilution effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall is not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

The above table also assumes that no Shares are issued other than those offered pursuant to this Prospectus, including by exercise of the existing Options or Performance Rights on issue, or the Options issued pursuant to this Prospectus.

1.9 Substantial Shareholders

Based on available information as at the date of this Prospectus, those persons which together with their associates have a voting power in 5% or more of the Shares on issue are set out below:

Substantial Shareholder	Number of Shares	Voting power
Ontario Limited ¹	110,909,091	8.90%

Note:

1. An additional 18,000,000 Shares and 9,000,000 Attaching Options are proposed to be subscribed for by Ontario Limited (an entity associated with Mr Eric Sprott), on the same terms as the Placement, subject to the receipt of prior Shareholder approval, to be sought at the General Meeting. In the unlikely event that Ontario Limited (an entity associated with Mr Eric Sprott) is the only participant in the Offers, and is issued the additional 18,000,000 Shares, its voting power would increase from 8.90% to 10.19% (assuming no other Shares are issued, including by exercise of the existing Options or Performance Rights on issue, or the Options issued pursuant to this Prospectus).

1.10 No rights trading

The rights to Securities under the Entitlement Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your Entitlement to any other party. If you do not take up your Entitlement by the Closing Date, your Entitlement will lapse.

1.11 Issue Date and dispatch

All Securities under the Entitlement Offer and Securities subscribed for by Eligible Shareholders under the Shortfall Offer are expected to be issued on or before the date specified in the proposed timetable in this Prospectus.

Any remaining issues of Shortfall Securities will occur within three months after the Closing Date.

The issue of the Options under the Placement Offer and Joint Lead Manager Offer is expected to occur as soon as practicable following the receipt of Shareholder approval for the issue of those Options at the General Meeting.

No Securities will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus (being the expiry date of this Prospectus).

Security holder statements will be dispatched at the end of the calendar month following the issue of the Securities under the Offers.

1.12 Application Monies held on trust

All Application Monies received for the Securities under the Offers will be held on trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Securities are issued. All Application Monies will be returned (without interest) if the Securities are not issued.

1.13 ASX quotation

Application has been or will be made for the official quotation of the Securities offered by this Prospectus. If permission is not granted by ASX for the official quotation of the Securities offered by this Prospectus within three months after the date of this Prospectus (or such period as the ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

1.14 CHESS

The Company participates in the Clearing House Electronic Sub-Register System, known as CHESS. ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASX Settlement Pty Limited will send you a CHESS statement.

The CHESS statement will specify the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares, including a notice to exercise the Shares.

If you are registered on the Issuer Sponsored sub-register, your statement will be dispatched by the Company's share registry and will contain the number of Securities issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes.

Shareholders may request a statement at any other time; however, a charge may be made for additional statements.

1.15 Ineligible Foreign Shareholders

This Prospectus, and any accompanying Application Form, do not, and is not intended to, constitute an offer of Securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus or the Securities under the Offers.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Company believes that it is unreasonable to extend the Entitlement Offer to Ineligible Foreign Shareholders. The Company has formed this view having considered:

- (a) the number and value of the Securities that would be offered to those Shareholders; and
- (b) the cost of complying with the legal requirements and the requirements of regulatory authorities in the overseas jurisdictions.

Accordingly, Ineligible Foreign Shareholders will not be entitled to participate in the Entitlement Offer.

The Securities are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these Securities is being made in reliance on the transitional provisions of the *Financial Markets Conduct Act 2013* (New Zealand) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand). This Prospectus has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

1.16 Notice to nominees and custodians

Nominees and custodians that hold Shares should note that the Entitlement Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

1.17 Risk factors

An investment in Securities should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are certain specific risks associated with an investment in the Company which are detailed in Section 4.

1.18 Taxation implications

The Directors do not consider it appropriate to give Applicants advice regarding the taxation consequences of subscribing for Securities under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Applicants. As a result, Applicants should consult their professional tax adviser in connection with subscribing for Securities under this Prospectus.

1.19 Major activities and financial information

A summary of the major activities and financial information relating to the Company, for the financial year ended 30 June 2019, can be found in the Company's Annual Report announced on ASX on 27 September 2019 and, for the half-year ended 31 December 2019, the Half Year Accounts announced on ASX on 13 March 2020. The Company's continuous disclosure notices (i.e. ASX announcements) since 27 September 2019 are listed in Section 5.6. Copies of these documents are available free of charge from the Company. The Directors strongly recommend that Applicants review these and all other announcements prior to deciding whether or not to participate in the Offers.

1.20 Privacy

The Company collects information about each Applicant provided on an Application Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's holding of Securities in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Application Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your application (as applicable).

An Applicant has an entitlement to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

1.21 Enquiries concerning Prospectus

For enquiries concerning the Application Forms and the Prospectus, please contact the Company Secretary on +61 8 9226 1141.

For general Shareholder enquiries, please contact Advanced Share Registry on 08 9389 8033 (within Australia) and +61 8 9389 8033 (International).

2. Action required by Eligible Shareholders

2.1 Action in relation to the Offers

The Company will send this Prospectus, together with a personalised Application Form, to all Eligible Shareholders.

Should you wish to acquire new Shares as part of the Entitlement Offer, you may either take up all of your Entitlement (refer to Section 2.2) or part of your Entitlement (refer to Section 2.3) as shown on the accompanying personalised Application Form.

If you take up all of your Entitlement, you may also apply for Shortfall Securities under the Shortfall Offer (refer to Section 2.4).

Applicants are encouraged to apply via BPAY®.

If you do not wish to take up any of your Entitlement, you may allow your Entitlement to lapse (refer to Section 2.5).

2.2 Acceptance of Entitlement in full

Should you wish to accept all of your Entitlement under the Entitlement Offer and you are not paying by BPAY®, then Applications must be made on the Application Form which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided and attach a cheque, bank draft or money order for the amount indicated on the Application Form.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Kairos Minerals Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

Delivery: Advanced Share Registry Limited
 110 Stirling Highway
 Nedlands WA 6009

Post: C/- PO Box 1156
 Nedlands WA 6909

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If paying via BPAY®, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY® by the Closing Date. **If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Application Form and you will not need to return the Application Form.**

2.3 If you wish to take up only part of your Entitlement

Should you wish to only take up part of your Entitlement under the Entitlement Offer and you are not paying by BPAY®, then applications for Securities under the Entitlement Offer must be made

on the Application Form which accompanies this Prospectus in accordance with the instructions referred to in this Prospectus and on the Application Form. Please read the instructions carefully.

Please complete the Application Form by filling in the details in the spaces provided, including the number of Shares you wish to accept and the amount payable (calculated at \$0.011 per Share accepted), and attach a cheque, bank draft or money order for the appropriate Application Monies.

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Kairos Minerals Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at the address indicated at Section 2.2.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If paying via BPAY®, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY® by the Closing Date. If you elect to pay via BPAY®, you must follow the instructions for BPAY set out in the Application Form and you will not need to return the Application Form.

2.4 If you wish to apply for Shortfall Securities

If you are an Eligible Shareholder and you wish to apply for Securities in excess of your Entitlement under the Entitlement Offer by applying for Shortfall Securities, you may do so by completing the relevant section of the Application Form relating to the Shortfall Offer and which accompanies this Prospectus, in accordance with the instructions referred to in this Prospectus and on the Application Form. Any Shares applied for in excess of your Entitlement will be applied for under the Shortfall Offer and will be issued in accordance with the allocation policy described in Section 1.2(b).

Completed Application Forms must be accompanied by a cheque, bank draft or money order in Australian dollars, crossed "Not Negotiable" and made payable to "Kairos Minerals Limited" and lodged at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at the address indicated at Section 2.2.

Applications will be deemed not to have been received until the Company is in receipt of cleared funds.

If paying via BPAY®, Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Applicant to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Application Form and you will not need to return the Application Form.

The Company may also provide application forms with a copy of this Prospectus to other investors who are invited to subscribe for Shortfall Securities in accordance with the allocation policy described in Section 1.2(b).

2.5 Entitlements not taken up

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. The number of Securities you hold and the rights attached to those Securities will not be affected should you choose not to accept any of your Entitlement.

2.6 Placement Offer

Separate Application Forms will be provided with a copy of this Prospectus to the Placement Subscribers for completion and return in accordance with the instructions set out in the relevant Application Form and this Prospectus in respect of Attaching Options under the Placement Offer.

2.7 Joint Lead Manager Offer

Separate Application Forms will be provided with a copy of this Prospectus to the JLMs for completion and return in accordance with the instructions set out in the relevant Application Form and this Prospectus in respect of the Broker Options and CPS Options under the Joint Lead Manager Offer.

2.8 Application Form

Acceptance of a completed Application Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Securities accepted by the Company. The Application Form does not need to be signed to be a binding application for Securities.

If the Application Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the Application Form as valid and how to construe, amend or complete the Application Form, is final.

The Company will send this Prospectus, together with the relevant Application Form, to all Eligible Shareholders.

By completing and returning your Application Form with the requisite Application Monies (if applicable), or making a payment via BPAY®, you will be deemed to have:

- (a) represented and warranted that you are an Eligible Shareholder, if your Application Form is in respect of the Entitlement Offer;
- (b) represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus;
- (c) agreed to be bound by the terms of the relevant Offer;
- (d) declared that all details and statements in the Application Form are complete and accurate;
- (e) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (f) authorised the Company and its respective officers or agents, to do anything on your behalf necessary for the Securities to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Application Form;
- (g) acknowledged that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that the Securities are suitable for you given your investment objectives, financial situation or particular needs; and
- (h) acknowledged that the Securities offered under this Prospectus have not, and will not be, registered under the securities laws in any jurisdictions outside Australia.

2.9 Enquiries concerning your Entitlement

For enquiries concerning the Prospectus, please contact the Company Secretary on +61 8 9226 1141.

For general Shareholder enquiries, please contact Advanced Share Registry on 08 9389 8033 (within Australia) and +61 8 9389 8033 (International).

3. Effect of the Offers

3.1 Capital structure on completion of the Offers

	Shares	Options	Performance Rights
Balance at the date of this Prospectus	1,246,673,019 ¹	220,480,181 ²	31,500,000 ³
Maximum to be issued under the Offers ⁴	155,834,127	223,822,063 ⁵	Nil
Total	1,402,507,146	444,302,244	31,500,000

Notes:

- Existing Shares on issue includes the 227,000,000 Placement Shares issued on 25 May 2020.
- 220,480,181 Options comprising of:
 - 87,662,000 Options exercisable at \$0.025 each on or before on 31 December 2021; and
 - 132,818,181 Options exercisable at \$0.10 each on or before on 31 December 2020.
- On 15 November 2017, the Company obtained Shareholder approval at its 2017 annual general meeting to issue a total of 16,000,000 Performance Rights to the Directors of the Company, to be convertible into Shares and subject to the achievement of certain milestones, expiring three years from the date of issue. Refer to the Company's notice of annual general meeting dated 11 October 2017 for further details regarding the terms and conditions of the Performance Rights. In addition to obtaining approval to issue the Performance Rights to the Directors, the Company also issued a further 26,000,000 to other eligible participants under the Performance Rights Plan who are not Directors or an associate of the Directors. As at the date of this Prospectus, 10,500,000 performance rights have been converted to Shares.
- Assumes that Shareholder approval is received for the issue of the Attaching Options under the Placement Offer and issue of the Broker Options and CPS Options under the Joint Lead Manager Offer and that those Attaching Options are issued in full.
- 223,822,063 Options comprises of:
 - 113,500,000 Options to the Placement Subscribers pursuant to the Placement;
 - 9,000,000 Options to Ontario Limited (an entity associated with Mr Eric Sprott) on the same terms as the Placement;
 - 77,917,063 Attaching Options pursuant to the Entitlement Offer;
 - 20,000,000 Broker Options; and
 - 3,405,000 CPS Options.The Options listed in items 5(a), (b), (d) and (e) above are subject to and conditional on the receipt of Shareholder approval at the General Meeting.
- The Company intends to issue 18,000,000 Shares to Ontario Limited (an entity associated with Mr Eric Sprott) on the same terms as the Placement. As the Company does not have sufficient placement capacity, the Shares are subject to the receipt of Shareholder approval at the General Meeting.

7. The Company intends to issue up to 70,000,000 incentive Options to the Directors as part of the Directors' remuneration packages, subject to the receipt of Shareholder approval at the General Meeting.
8. CPS Capital Group Pty Ltd has elected to be issued 6,810,000 Shares and 3,405,000 CPS Options, exercisable at 2.5 cents each and expiring 31 December 2021, in lieu of its Placement fees, subject to the receipt of Shareholder approval at the General Meeting.
9. Assumes that all Securities offered under the Offers are issued. The actual number of Securities issued will vary based on the Securities subscribed for and issued pursuant to the Offers. This number is also subject to rounding.

3.2 Pro forma consolidated statement of financial position

Set out below is:

- (a) the audited consolidated statement of financial position of the Company as at 31 December 2019 (**Balance Date**);
- (b) the unaudited effects of the Offers (assuming the Offers are fully subscribed); and
- (c) the unaudited pro forma statement of financial position of the Company at the Balance Date adjusted to reflect paragraph 3.2(b).

The statements of financial position have been prepared to provide Shareholders with information on the assets and liabilities of the Company and the pro forma assets and liabilities of the Company as noted below. The historical and pro forma information is presented in abbreviated form and does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

	Reviewed Balance Sheet as at 31/12/19 (\$'000)	Significant changes since 31/12/19 (\$'000)	Effect of Offer (after costs) (\$'000)	Unaudited Pro Forma Balance Sheet Post Offer (\$'000)
Current Assets				
Cash & cash equivalents	1,307	2,422	1,618	5,347
Trade and other receivables	161			161
Other assets	25			25
Non-Current Assets				
Other financial assets	350			350
Property, plant & equipment	37			37
Exploration & evaluation costs	10,234			10,234
TOTAL ASSETS	12,114	2,422	1,618	16,154
Current Liabilities				
Trade & other payables	436			436
TOTAL LIABILITIES	436	-	-	436
NET ASSETS / (LIABILITIES)	11,678	2,422	1,618	15,718
EQUITY				
Contributed equity	71,411	2,422	1,618	75,451
Revaluation reserve	(230)			(230)
Performance rights reserve	2,345			2,345
Accumulated Losses	(61,847)			(61,847)
Parent interests	11,679			15,719
Non-controlling interests	(1)			(1)
TOTAL EQUITY	11,678	2,422	1,618	15,718

Basis of Preparation

The pro forma balance sheet has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The pro forma statement of financial position is based on the audited financial position as at 31 December 2019 and is adjusted to reflect the following:

- (a) the placement of 227,000,000 Shares at \$0.011 per Share completed on 25 May 2020, raising approximately \$2.5 million (after costs);

- (b) the assumption that the Offers are fully subscribed and approximately \$1.714 million is raised by the issue of 155,834,127 Shares at \$0.011 per Share and 77,917,063 Attaching Options; and
- (c) the costs of the Offer are approximately \$96,357 (see Section 5.11).

Other than as specified above and in the ordinary course of business, there have been no other material changes to the Company's financial position between 31 December 2019 and the date of this Prospectus.

3.3 **Market price of Shares**

The highest and lowest closing market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: \$0.027 on 17 June 2020

Lowest: \$0.005 on 20, 23, 25, 30 and 31 March 2020

The latest available market sale price of the Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was \$0.027 per Share on 17 June 2020.

4. Risk Factors

Activities in the Company and its controlled entities, as in any business, are subject to risks, which may impact on the Company's future performance. The Company and its controlled entities have implemented appropriate strategies, actions, systems and safeguards for known risks; however, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

4.1 Risks specific to the Company

(a) Grant and renewal of permits

The Company's exploration activities are dependent upon the maintenance (including renewal) of the tenements in which the Company has or acquires an interest. Maintenance of the Company's tenements is dependent on, among other things, the Company's ability to meet the licence conditions imposed by relevant authorities including minimum annual expenditure requirements which, in turn, is dependent on the Company being sufficiently funded to meet those expenditure requirements. Although the Company has no reason to think that the tenements in which it currently has an interest will not be renewed, there is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed by the relevant granting authority.

The Company also has tenement applications. There can be no guarantee that the tenement applications will be granted, or if they are granted, that they will be granted in their entirety. If the tenement applications are not granted, the Company will not acquire an interest in these tenements. The tenement applications therefore should not be considered as assets or projects of the Company.

(b) Land access

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. The Company currently has a focus on various exploration tenements located in Western Australia.

Western Australia has implemented restrictions affecting land access in areas deemed to be subject to certain protective overlays and zoning classifications, including areas containing sites of indigenous cultural heritage significance and areas of urban development. In some instances the protective overlays and zoning classifications may restrict mining and exploration activities completely. However, more commonly they will affect the procedure required for access and may impose obligations in respect of compensation, land rehabilitation and/or land impact management. This may, for example, necessitate the completion of impact assessment studies and/or require the negotiation of access or compensation arrangements with landowners and indigenous groups. Inability to access, or delays experienced in accessing, the land and unforeseen expenses associated therewith may impact on the Company's activities. Any future changes in legislation and regulations, whether in response to this increased political and

media attention or otherwise, may impose significant obligations or restrictions on the Company which cannot be predicted.

(c) **Operational risks**

The operations of the Company may be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(d) **Future capital needs and additional funding**

The Company's funding requirements depend on numerous factors including the Company's ability to generate income from its projects, the outcome of future exploration and work programs and the acquisition of any new projects.

The Company may require further funding in addition to current cash reserves to fund future exploration activities or the acquisition of new projects. Additional equity financing, if available, may be dilutive to shareholders and/or occur at prices lower than the market price. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed it may be required to reduce the scope of its exploration operations.

(e) **Minimum expenditure requirements**

In order to maintain an interest in the exploration licences in which the Company is involved, the Company is committed to meet the conditions under which the licences were granted and the obligations of the Company are subject to minimum expenditure commitments required by Australian mining legislation. The extent of work performed on each exploration licence may vary depending upon the results of the exploration programme which will determine the prospectivity of the relevant area of interest. As at the date of this Prospectus, the Company is not in breach of its minimum expenditure commitments. There is a risk that if the Company fails to satisfy these minimum expenditure requirements at the time of expiry, the Company may be required to relinquish part or all of its interests in these licences. Accordingly, whilst there is no guarantee that the Australian authorities will grant the Company an extension of the licences, the Company is not aware of any reason why the licences would not be renewed upon expiry.

(f) **Reliance on key personnel**

The Company is reliant on technical consultants and other resource industry specialists engaged on a consultancy basis to provide analyses and recommendations on, and carry out, exploration activities in respect of its projects. The availability of suitable technical consultants and resource industry specialists may be limited and there may be delays in securing equipment and personnel required to carry out the Company's planned

activities. This may result in cost and time overruns which may have a material adverse effect on the Company.

(g) **Contract risks**

The Company's subsidiaries may operate through a series of contractual relationships with operators and sub-contractors. All contracts carry risks associated with the performance by the parties thereto of their obligations as to time and quality of work performed. Any disruption to services or supply may have an adverse effect on the financial performance of the Company's operations.

(h) **Equipment risks**

The operations of the Company could be adversely affected if essential equipment fails.

(i) **Dilution**

As noted in section 1.8 of this Prospectus, the percentage shareholding in the Company of Eligible Investors who do not take up all of their Entitlement pursuant to the Offers will be diluted.

(j) **Resource estimates and targets**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

(k) **Payment obligations**

Under the licences and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, mineral licence holders are required to expend the funds necessary to meet the minimum work commitments attaching to the licences. Failure to meet these work commitments will render the licence liable to be cancelled.

(l) **Title**

All of the licences in which the Company has or may earn an interest in will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the term of each tenement or licence is at the discretion of the relevant government authorities in Australia.

If a licence is not granted or received, the Company may suffer significant damage through the loss of the opportunity to develop and discover mineral deposits on that licence.

(m) **Exploration costs**

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially

differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(n) **Native title risk**

Access to land for exploration purposes can be adversely affected by land ownership, including private (freehold) land, pastoral lease and native title land or claims under the Native Title Act 1993 (Cth) (**NTA**) (or similar legislation in the jurisdiction where the Company operates). The effect of the NTA is that existing and new tenements held by the Company may be affected by native title claims and procedures. There is a risk that a determination could be made that native title exists in relation to land the subject of a tenement held or to be held by the Company which may affect the operation of the Company's business and development activities. In the event that it is determined that native title does exist or a native title claim has been registered, the Company may need to comply with procedures under the NTA in order to carry out its operations or to be granted any additional rights required. Such procedures may take considerable time, involve the negotiation of significant agreements, may involve access rights, and require the payment of compensation to those persons holding or claiming native title in the land the subject of a tenement. The involvement in the administration and determination of native title issues may have a material adverse impact on the position of the Company in terms of cash flows, financial performance, business development, and the Share price.

(o) **Option risk and dilution**

Options are, by their nature, only of value at times when the exercise price is lower than the price of the underlying Shares. There is no guarantee that the Options offered under this Prospectus will, at any particular time, have an exercise price which is lower than the price of the Shares.

The Options are, at the date of this Prospectus, 'out of the money'. There is a risk that the Options may expire at a time when they have little or no value.

On completion of the Offers, assuming maximum subscription, there will be up to a further 223,822,063 Options on issue. If exercised, these Options will be converted into Shares, thereby causing the shareholdings of Shareholders to be diluted by up to 12.1% (on the basis that the Offers are fully subscribed, no other Shares are issued and no existing Options on issue at the date of this Prospectus are exercised). However, each Attaching Option has an exercise price of \$0.025 which means that the Company will receive additional funds of up to approximately \$5.59 million (before costs) upon exercise of the Attaching Options, if all Options the subject of the Offers are issued and subsequently exercised.

4.2 Risks relating to the industry generally

(a) **Exploration**

The mineral tenements of the Company are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of these tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Tenements, a reduction in the case reserves of the Company and possible relinquishment of the Tenements.

(b) **Development risk**

If the Company does locate commercially viable reserves of minerals, then the future development of a mining operation at any of the Company's projects will be subject to a number of risks, including:

- (i) geological and weather conditions causing delays and interference to operations;
- (ii) obtaining all necessary and requisite approvals from relevant authorities and third parties;
- (iii) technical and operational difficulties associated with mining of minerals and production activities;
- (iv) access to necessary funding;
- (v) mechanical failure of plant and equipment;
- (vi) shortage or increases in price of consumables, and plant and equipment;
- (vii) environmental hazards, fires, explosions and other accidents;
- (viii) transportation facilities;
- (ix) costs overruns; and
- (x) the costs of extraction being higher than expected.

There is no guarantee that the Company will achieve commercial viability through the development of its projects. If the Company locates commercial reserves of minerals, it may seek to apply for a mining lease over the area. The lease is subject to approval being obtained from the Minister and may be subject to any terms and conditions imposed by the Minister (or other interested parties).

(c) **Operations**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(d) **Environmental risk**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

(e) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(f) **Commodity and currency price risk**

It is anticipated that any future revenues derived from mining will primarily be derived from the sale of gold, lithium and other minerals. Consequently, any future earnings are likely to be closely related to the price of gold and lithium.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include world demand for base metals, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(g) **Regulatory Risks**

The Company's exploration and development activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of the Company's tenements.

(h) **Government policy changes**

Adverse changes in government policies or legislation may affect the Company's ability to develop its technology, availability of research and development credits, taxation, royalties, ownership of mineral interests, land access, labour relations, and mining and exploration activities of the Company. Any material adverse changes in relevant government policies or legislation of Australia may affect the viability and profitability of the Company, and consequent returns to investors. The activities of the Company are subject to various federal, state and local laws governing prospecting, development, production, taxes, labour standards and occupational health and safety, and other matters.

4.3 **General risks**

(a) **Securities investments**

There are risks associated with any securities investment. The prices at which the securities of the Company trade may fluctuate in response to a number of factors. Furthermore, the stock market, and in particular the market for mining and exploration companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the securities of the Company regardless of its operational performance.

(b) **Share market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;

- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Litigation risks**

The Company is exposed to possible litigation risks including intellectual property claims, contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

(d) **Potential acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies or prospects although no such acquisitions or investments are currently planned. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions.

(e) **General economic and political risks**

Changes in the general economic and political climate in Australia and on a global basis may impact on economic growth, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any activities that may be conducted by the Company.

(f) **Insurance**

Insurance against all risks associated with the Company's business is not always available or affordable. The Company maintains insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

(g) **Unforeseen expenditure risks**

Expenditure may need to be incurred which has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, however if such expenditure is subsequently required or incurred, this may adversely impact budgeted expenditure proposals by the Company.

(h) **Coronavirus disease**

The outbreak of coronavirus disease (COVID-19) is having a material effect on global economic markets. The global economic outlook is facing uncertainty due to the pandemic, which has had and may continue to have a significant impact on capital markets and share prices.

The Company's Share price may be adversely affected by the economic uncertainty caused by COVID-19. Further, any measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations. In particular, the restrictions on accessing remote Aboriginal communities may materially impact the timeline for negotiations in relation to native title access agreements and heritage clearances required by the Company.

(i) **Climate change risks**

Climate change is a risk the Company has considered, particularly related to its operations in the mining industry. The climate change risks particularly attributable to the Company include:

- (i) the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and
- (ii) climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

4.4 **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

5. Additional information

5.1 Rights and liabilities attaching to Shares

A summary of the rights attaching to Shares in the Company is provided below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to Shares in any specific circumstances, the Shareholder should seek legal advice.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company and to receive all notices, financial statements.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held.

(c) Dividend rights

The Directors may from time to time pay to the Shareholders any dividends as they may determine. The dividend may only be paid out of profits of the Company or out of the share premium account if the dividend is satisfied by the issue of Shares to Shareholders. No dividend shall carry interest as against the Company. The Directors may fix the amount payable, the time for payment and the method of payment of the dividend.

Subject to the Corporations Act, the Listing Rules and the rights attaching to Shares issued on special conditions, the Directors may from time to time declare that an interim dividend or dividend is payable to the holders of any class of shares as they see fit and such dividend may be paid out of the current profits of the then financial year or out of other profits as the Directors in their absolute discretion think fit and declare.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, may divide in specie among the shareholders in kind the whole or any part of the assets of the Company, and may vest any part of the assets in the Company in a trustee or

trustees upon such trusts and for the benefit of the Shareholders, or any of them as the liquidator with the consent of the Shareholder for whose benefit the vesting or transfer is to take place, as the liquidator thinks fit.

(e) **Shareholder liability**

As the Shares under the Prospectus are fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture. If a Shareholder fails to pay any call or instalment on a partly paid share, the share may be forfeited by a resolution of the Directors.

(f) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules. The Directors may decline to register an instrument of transfer received where the transfer is not in registrable form or where refusal is permitted under the Listing Rules or the ASX Settlement Rules. If the Directors decline to register a transfer, the Company must give reasons for the refusal. The Directors must decline to register a transfer when required by the Corporations Act, the Listing Rules or the ASX Settlement Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Board of the Company as appointed from time to time. Subject to restrictions on the issue or grant of Securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares and other Securities as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Indemnity**

Subject to the provisions of the Corporations Act, the Company must indemnify each officer of the Company against all losses and liabilities incurred by the person as an officer of the Company, including defending any proceedings whether civil or criminal in which judgment is given in favour of the person or in which the person is acquitted or in connection with relief granted to the person in an application under the Corporations Act in respect to such proceedings.

(j) **Alteration of Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of votes validly cast for Shares at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

5.2 **Rights and liabilities attaching to the Attaching Options, Broker Options and CPS Options**

The rights attaching to the Options are regulated by the Constitution, the Corporations Act, the Listing Rules and the general law. The following is a summary of the key terms of the Attaching Options, the Broker Options and CPS Options:

1. **(Entitlement)**: Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
2. **(Exercise Price)**: The amount payable upon exercise of each Option will be \$0.025 **(Exercise Price)**.
3. **(Expiry Date)**: Each Option will expire at 5.00pm (WST) on 31 December 2021 **(Expiry Date)**. An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
4. **(Exercise Period)**: The Options are exercisable at any time on or prior to the Expiry Date **(Exercise Period)**.
5. **(Notice of Exercise)**: The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.
6. **(Exercise Date)**: A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds.
7. **(Quotation)**: The Options are unquoted. The Company intends to apply for quotation of the Quoted Options on ASX.
8. **(Quotation of Shares issued on exercise)**: Application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.
9. **(Timing of issue of Shares on exercise)**: Within 5 Business Days after the Exercise Date, the Company will:
 - (a) allot and issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
 - (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (c) if admitted to the official list of ASX at the time, subject to any restriction or escrow arrangements imposed by ASX, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under 9(a) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

10. **(Shares issued on exercise):** Shares issued on exercise of the Options rank equally with the then issued shares of the Company.
11. **(Reconstruction of capital):** In the event of any reconstruction (including consolidation, subdivision, reduction or return of capital) of the issued capital of the Company prior to the expiry date of the Options, all rights of the Option holder will be varied in accordance with the Listing Rules.
12. **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options. However, the Company will give the holders of Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue.
13. **(Change in exercise price):** There will be no change to the exercise price of the Options or the number of Shares over which the Options are exercisable in the event of the Company making a pro-rata issue of Shares or other securities to the holders of Shares in the Company (other than a bonus issue).
14. **(Adjustment for bonus issues):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
 - (a) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the holder would have received if the holder of the Options had exercised the Option before the record date for the bonus issue; and
 - (b) no change will be made to the Option exercise price.
15. **(Transferability):** The Options are transferable.

5.3 Joint Lead Manager Mandate

The Company has entered into a joint capital raising and corporate advisory mandate with CPS Capital Group Pty Ltd and Beer & Co Pty Ltd to manage the Offers, for a period of 4 months from the execution of the mandate, being 18 May 2020 or upon the Company successfully completing both the Placement and Entitlement Offer (whichever occurs first).

The JLM's will be entitled to receive fees comprised of the following:

- (a) a management fee of 1% for each of the JLM's (aggregate of 2%), plus GST, where applicable, on the total funds raised under the Placement as consideration for managing the Placement;

- (b) a placing fee of 4%, plus GST, where applicable, of the total funds raised under the Placement; and
- (c) by negotiation, the JLM's will be liable to pay a placing fee to certain parties, of up to 4%, plus GST, where applicable.

The fees listed above are to be paid in cash or equity (subject to any required Shareholder approvals) at each of the JLM's election, within 2 business days following completion of the Placement.

CPS Capital Group Pty Ltd has elected to be issued 6,810,000 Shares and 3,405,000 Options, exercisable at 2.5 cents each and expiring 31 December 2021, in lieu of its Placement fees, subject to the receipt of Shareholder approval at the General Meeting.

In addition to the fees listed above, the Company has agreed to issue 10 million Broker Options exercisable at 2.5 cents each and expiring 31 December 2021, to each JLM at \$0.00001 per Option, as consideration for assisting the Company to achieve the outcomes set out in the JLM Mandate.

5.4 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purpose of ASX making the information available to the securities market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions), to notify ASX once it is, or becomes aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit review or report. Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 5.6 below). Copies of all documents announced to the ASX can be found on the Company's website.

5.5 Dividend Policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

5.6 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the Entitlement Offer a copy of:

- (a) the Annual Report for the period ending 30 June 2019 lodged with ASX on 27 September 2019 (**Annual Financial Report**);
- (b) the Half Yearly Report for the period ending 31 December 2019 lodged with ASX on 13 March 2020; and

- (c) the continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Financial Report lodged with ASX on 27 September 2019, until the date of this Prospectus:

Date lodged	Subject of Announcement
18/06/2020	Kairos substantially expands Croydon Gold Project
10/06/2020	Kairos commences field exploration Pilbara WA
25/05/2020	Appendix 2A and Cleansing Notice
25/05/2020	Capital Raising and Company Update
19/05/2020	Trading Halt
07/05/2020	KAI Investor Presentation
30/04/2020	Quarterly Activities and Cashflow Report
13/03/2020	Half Year Accounts
04/03/2020	Pilbara Gold Project JORC Resource Update
05/02/2020	Fuego Prospect Gold Analysis
31/01/2020	Quarterly Activities and Cashflow Report
08/01/2020	Change of Auditor
13/12/2019	Iron Stirrup RC Drilling Update
13/12/2019	Change of Director's Interest Notice x 3
09/12/2019	Appendix 3B
28/11/2019	Results of Meeting
28/11/2019	Drilling Commences at Iron Stirrup Gold Deposit, Pilbara WA
14/11/2019	Extension of SPP
11/11/2019	Croydon Exploration Update
01/11/2019	Quarterly Activities and Cashflow Report
30/10/2019	Share Purchase Plan
29/10/2019	Notice of Annual General Meeting / Proxy Form
28/10/2019	Appendix 3B LR 3.10.5A disclosure and Cleansing Notice
28/10/2019	Gold and Alternative Investments Conference - October 2019

Date lodged	Subject of Announcement
22/10/2019	Reinstatement to Official Quotation
22/10/2019	Placement and SPP - Exploration Update
21/10/2019	Voluntary Suspension
17/10/2019	Trading Halt
27/09/2019	Appendix 4G and Corporate Governance Statement
27/09/2019	2019 Annual Report

The following documents are available for inspection throughout the period of the Offer during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 5.12 and the consents provided by the Directors to the issue of this Prospectus.

5.7 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules other than as is set out in this Prospectus.

5.8 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in offering and issuing the Shares under this Prospectus.

5.9 Interests of Directors

(a) Information disclosed in this Prospectus

Other than as set out in this Prospectus, no Director holds or has held within the 2 years preceding lodgement of this Prospectus with ASIC, any interest in:

- (i) the formation or promotion of the Company;
- (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (iii) the Offers,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director:

- (iv) as an inducement to become, or to qualify as, a Director; or

- (v) for services provided in connection with the formation or promotion of the Company, or the Offers.

(b) **Security holdings**

The relevant interests of each of the Directors in Securities as at the date of this Prospectus is set out below.

Name	Existing Securities		Entitlement
	Shares	Performance Rights	
Terry Topping ¹	4,393,255	6,000,000	549,156
Bruno Seneque ²	2,115,309	3,000,000	264,413
Neil Hutchison ³	6,711,515	3,000,000	838,939

Notes:

1. Mr Topping's interest is held indirectly by TTJT account and Factor Resources Pty Ltd.
2. Mr Seneque's interest is held indirectly by his spouse, Wendy Seneque as trustee for the Seneque Family Trust.
3. Mr Hutchison's interest is held indirectly by him and his spouse, Mrs Joyce Odeh Hutchison in the Hutchison Family account.
4. The Company intends to issue up to 70,000,000 incentive Options to the Directors as part of the Directors' remuneration packages, subject to the receipt of Shareholder approval at the General Meeting.

It is the intention of all Directors to take up all of their Entitlement under the Entitlement Offer.

(c) **Remuneration**

The Constitution of the Company provides that the Managing Director, Non-Executive Directors and Executive Directors are entitled to be paid an amount of fees expressed as a fix sum and may be by way of a fixed salary commission or by issue of Shares in the Company or in any corporation in which the Company is interested in, by participation in any profits, by way of pension or retiring allowance or in any other manner that is agreed between the Directors and the Board.

The total maximum remuneration of Directors is determined by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Director.

The Company currently has one Executive Director, Mr Terence Topping. Mr Topping is the Company's Executive Chairman and has a base salary of \$290,000 per annum (exclusive of superannuation and share-based payments).

The following table sets out the remuneration the Directors have accrued up to 30 June 2019:

Director	Directors' fees, and salary (accrued) (\$)	Super-annuation (\$)	Share based payments (\$)	Total (\$)
Terence Topping ¹	290,000	27,550	-	317,550
Neil Hutchison ²	40,000	3,800	-	43,800
Bruno Seneque ³	40,000	3,800	-	43,800
Adrien Wing ⁴	90,000	-	-	90,000

Notes:

1. Mr Topping was appointed as an Executive Chairman on 15 March 2017. The Company proposes to issue 30,000,000 incentive Options to Mr Topping as part of his remuneration package, subject to the receipt of Shareholder approval at the General Meeting.
2. Mr Hutchison was appointed as a Non-Executive Director on 15 April 2014. The Company proposes to issue 15,000,000 incentive Options to Mr Hutchison as part of his remuneration package, subject to the receipt of Shareholder approval at the General Meeting.
3. Mr Seneque was appointed as a Non-Executive Director on 4 August 2017. The Company proposes to issue 25,000,000 incentive Options to Mr Seneque as part of his remuneration package, subject to the receipt of Shareholder approval at the General Meeting.
4. Mr Wing was appointed as Company Secretary on 2 October 2013.

The following table sets out the remuneration the Directors have accrued up to 30 June 2018:

Director	Directors' fees, and salary (accrued) (\$)	Super-annuation (\$)	Share based payments (\$)	Total (\$)
Terence Topping ¹	234,663	20,900	620,600	876,163
Joshua Wellisch ²	240,900	-	-	240,900
Neil Hutchison ³	40,000	3,167	310,300	353,467
Bruno Seneque ⁴	36,667	3,483	310,300	350,450
Adrien Wing ⁵	91,300	-	465,450	556,750

Notes:

1. Mr Topping was issued 8,000,000 Performance Rights pursuant to the Company's Performance Rights Plan, approved by Shareholders at the Company's 2017 annual general meeting on 15 November 2017.

2. Mr Wellisch was appointed as Managing Director on 28 March 2013 and resigned from his position on 4 August 2017.
3. Mr Hutchison was issued 4,000,000 Performance Rights pursuant to the Company's Performance Rights Plan, approved by Shareholders at the Company's 2017 annual general meeting on 15 November 2017.
4. Mr Seneque was issued 4,000,000 Performance Rights pursuant to the Company's Performance Rights Plan, approved by Shareholders at the Company's 2017 annual general meeting on 15 November 2017.
5. Mr Wing was issued 6,000,000 Performance Rights pursuant to the Company's Performance Rights Plan. The Company was not required to seek approval from Shareholder's as Mr Wing is an eligible participant under the Performance Rights Plan and is not a Director or an associate to the other Directors.

5.10 Interests of other persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

- (a) has any interest nor has had any interest in the last two years prior to the date of this Prospectus in the formation or promotion of the Company, the Shares offered under this Prospectus or property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Shares offered under this Prospectus; or
- (b) has been paid or given or will be paid or given any amount or benefit in connection with the formation or promotion of the Company or the Shares offered under this Prospectus.

5.11 Expenses of Offer

The estimated expenses of the Offer are as follows:

Estimated expense	\$
ASIC lodgement fees	3,206
ASX quotation fees	60,151
Legal and preparation expenses	15,000
Printing, mailing and other expenses	18,000
TOTAL	96,357

5.12 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

HWL Ebsworth Lawyers has given its written consent to being named as the solicitors to the Company in this Prospectus. HWL Ebsworth Lawyers has not withdrawn its consent prior to the lodgment of this Prospectus with ASIC.

Advanced Share Registry Limited has given its written consent to being named as the share registry to the Company in this Prospectus. Advanced Share Registry Limited has not withdrawn its consent prior to the lodgment of this Prospectus with ASIC.

CPS Capital Group Pty Ltd has given its written consent to being named as the joint lead manager to the Company in this Prospectus. CPS Capital Group Pty Ltd has not withdrawn its consent prior to the lodgment of this Prospectus with ASIC.

Beer & Co Pty Ltd has given its written consent to being named as the joint lead manager to the Company in this Prospectus. Beer & Co Pty Ltd has not withdrawn its consent prior to the lodgment of this Prospectus with ASIC.

6. Directors' Statement and Consent

The issue of this Prospectus has been authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

A handwritten signature in black ink, appearing to read 'T. Topping', written over a horizontal line.

Terence Topping
Executive Chairman

Dated: 18 June 2020

7. Glossary

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$	means Australian dollars.
Applicant	means a person who submits an Application Form.
Application Form	means the relevant application form for an Offer provided by the Company with a copy of this Prospectus.
Application	means a valid application for Securities made on an Application Form.
Application Monies	means application monies for Shares received by the Company.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited (ACN 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.
Attaching Options	means the free-attaching options offered under the Placement Offer, Entitlement Offer or Shortfall Offer, on the basis of 1 free-attaching Option for every 2 Shares subscribed for and issued under the Placement Offer, Entitlement Offer or Shortfall Offer (as applicable), pursuant to the terms and conditions in Section 5.2.
AWST	means Australian Western Standard Time.
Board	means the Directors meeting as a board.
Broker Options	means a total of 20,000,000 Options offered to the JLMs on the terms and conditions in Section 5.2.
Business Day	means Monday to Friday inclusive, other than a day that ASX declares is not a business day.
CHESS	means ASX Clearing House Electronic Subregistry System.
Closing Date	has the meaning given to it in Section 1.4.
Company	means Kairos Minerals Limited (ACN 006 189 331).
Constitution	means the constitution of the Company as at the date of this Prospectus.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
CPS Options	means a total of 3,405,000 Options offered to CPS Capital

Group Pty Ltd on the terms and conditions in Section 5.2.

Directors	mean the directors of the Company.
Eligible Shareholder	means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.
Eligible Shortfall Offer Participant	means an Eligible Shareholder that in making an Application for Shortfall Securities has also subscribed for its full Entitlement.
Entitlement	means the number of new Shares and Attaching Options for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being 1 new Share for every 8 existing Shares held on the Record Date and 1 Attaching Option for every 2 new Shares subscribed for.
Entitlement Offer	means the offer under this Prospectus of up to approximately 155,834,127 new Shares and 77,917,063 new Attaching Options to Eligible Shareholders in the proportion of 1 new Share for every 8 Shares held on the Record Date and 1 Attaching Option for every 2 new Shares subscribed for.
General Meeting	means the general meeting of the Company to be held on 28 July 2020.
Ineligible Foreign Shareholder	means a person registered as the holder of Shares on the Record Date whose registered address is not in Australia or New Zealand.
Issuer Sponsored	means Shares issued by an issuer that are held in uncertified form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.
JLM or Joint Lead Managers	means CPS Capital Group Pty Ltd (AFSL 294848) and Beer & Co Pty Ltd (AFSL 224 313).
JLM Mandate	means the mandate entered into between the JLMs and the Company for the provision of joint lead manager services, including coordination and management of the Placement and any Shortfall, as well as marketing services, as summarised in Section 5.3.
Joint Lead Manager Offer	means the offer under this Prospectus of 20,000,000 Options to the JLMs as consideration for assisting the Company to achieve the outcomes set out in the JLM Mandate and 405,000 Options offered to CPS Capital Group Pty in lieu of its Placement fees.
Listing Rules	means the listing rules of ASX.
Offers	means the offers under this Prospectus to subscribe for Securities, namely, the Entitlement Offer and the Secondary Offers, and Offer means any one of those offers, as

	applicable.
Option	means the right to acquire one Share in the capital of the Company.
Performance Rights	means the right to acquire one Share in the capital of the Company, subject to the satisfaction (or where permitted, waiver) of certain conditions.
Placement	has the meaning given in Section 1.2(c).
Placement Offer	has the meaning given in Section 1.2(c).
Placement Subscribers	has the meaning given in Section 1.2(c).
Prospectus	means this prospectus dated 18 June 2020.
Record Date	means 5.00pm on the date identified in the Timetable as the record date.
Secondary Offers	means the Shortfall Offer, Placement Offer and Joint Lead Manager Offer (or any one or more of such Offers, as applicable).
Section	means a section of this Prospectus.
Securities	mean any securities including Shares, Options or Performance Rights issued or granted by the Company.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of Shares.
Shortfall Offer	means the offer of the Shortfall under this Prospectus, which includes the offer in relation to the Shortfall Securities.
Shortfall or Shortfall Securities	means Entitlements not subscribed for under the Entitlement Offer, or that would otherwise be offered to Ineligible Foreign Shareholders under the Entitlement Offer, if they had a registered address in Australia or New Zealand.
Timetable	means the timetable on page iii.
VWAP	means volume weighted average price.