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KAIROS MINERALS

ASX/MEDIA ANNOUNCEMENT **7th June 2016**

HIGH-GRADE LITHIUM AND TANTALUM CONFIRMED AT KAIROS' MT YORK PROJECT IN WA'S PILBARA

Rock chip samples reveal lithium oxide grades of well over 2% and historical drilling confirms subsurface pegmatites

Highlights

- **Initial rock chip samples return grades of up to:**
  - **2.22% Li_2O &**
  - **0.44% Ta_2O_5**
- **Subsurface pegmatites and/or pegmatite-related lithologies reported in numerous historical drillholes**
- **Historical mapping confirms outcropping pegmatites at Iron Stirrup, Main-Breccia Hill, Zakanaka**
- **6 PL's granted defining the northern Project area (P45/2988; 2992; 2993; 2995; 2997 & P45/2998)**
- **Permit-of-Works being finalised for submission**
- **Drilling schedule to be confirmed upon receipt of statutory approvals**

Kairos Minerals (ASX KAI) is pleased to advise that it has received and evaluated analytical results from an initial campaign of reconnaissance rock chip sampling at the Mt York Lithium-Gold Project, located in the highly prospective Pilgangoora Region of Western Australia's East Pilbara.

Samples have returned outstanding results of **up to 2.22% Li_2O and 0.44% Ta_2O_5**. In addition, historical mapping and drilling has confirmed the presence of both outcropping and subsurface pegmatites throughout the project area.

Importantly, the majority of pegmatite targets identified from radiometric and aeromagnetic data interpretation reported previously (see ASX Announcement dated 10 May 2016) have not been subject to drilling and remain priority targets.

Kairos Managing Director Joshua Wellisch said the initial results from Mt York highlighted the project's immense lithium potential.

"These results are extremely strong and demonstrate that Kairos' strategy to pursue lithium exploration at Mt York has the potential to create outstanding value for shareholders," Mr Wellisch said.

"Intensive groundwork including mapping, rock chip and soil sampling continues to refine high priority targets in preparation for imminent drilling."

A summary of significant results are presented in Tables 1 and 2. Sample locations are shown on Figures 3, 4 & 5.

Table 1: Summary of Significant Rock Chip Sampling >0.1% Li_2O – June 2016

SampleID	E GDA94	Nth GDA94	Li_2O_pct	Ta_2O_5_ppm
PG20160011	699349	7666022	0.23	207.57
PG20160035	699358	7669427	1.35	67.16
PG20160037	698838	7664244	0.09	-24.42
PG20160049	698216	7664394	2.22	85.47
PG20160078	699389	7664147	0.10	-24.42
PG20160058	697948	7666492	1.05	122.00

Table 2: Summary of Significant Rock Chip Sampling >100ppm Ta2O5 – June 2016

SampleID	E GDA94	Nth GDA94	Ta_2O_5_ppm	Li_2O _pct
PG20160011	699349	7666022	207.57	0.23
PG20160038	697748	7664893	128.21	0.02
PG20160039	697731	7664914	134.31	-0.01
PG20160040	697478	7665224	152.63	-0.01
PG20160041	697529	7665247	122.10	-0.01
PG20160104	697498	7665282	140.42	-0.01
PG20160107	697520	7665068	238.10	0.04
PG20160109	697692	7664868	4420.02	0.01
PG20160110	697790	7664922	274.73	-0.01
PG20160058	697948	7666492	122.00	1.05

NB: Samples PG20160035 and PG20160049 were collected from amongst mine waste rocks at the Iron Stirrup and Breccia Hill Open Pit Mines respectively and are not in-situ. The material sampled at both locations is however considered to be close to it's original source and appears to have been exposed during earthworks associated with gold mining activities. Historical mapping and historical drill records document outcropping and buried pegmatite lithologies proximal to both occurrences. Ground disturbance and post mining rehabilitation has resulted in the original outcrops now being obscured and drilling will be required to further evaluate each area.

Samples PG20160011, PG20160038-41, PG20160104, 107 109 and PG20160110 outline a large area of strong Tantalum dominant mineralization close to the Main Hill gold deposit at the southern end of the Project area with an exceptionally high peak value of 0.44% Ta2O5.

The identification of a tantalum rich pegmatite swarm within the southern project area is highly encouraging both as a potential "stand alone" mineral occurrence and as a vector toward a potential association with an increasingly fractionated Lithium dominant phase situated along strike and/or down-dip.

Figure 1 presents a schematic illustrations of mineral zonation within Complex Rare Element Lithium-Cesium-Tantalum (LCT) Pegmatites demonstrating the spatial relationship between tantalum rich and lithium rich phases at both regional and local scales respectively.

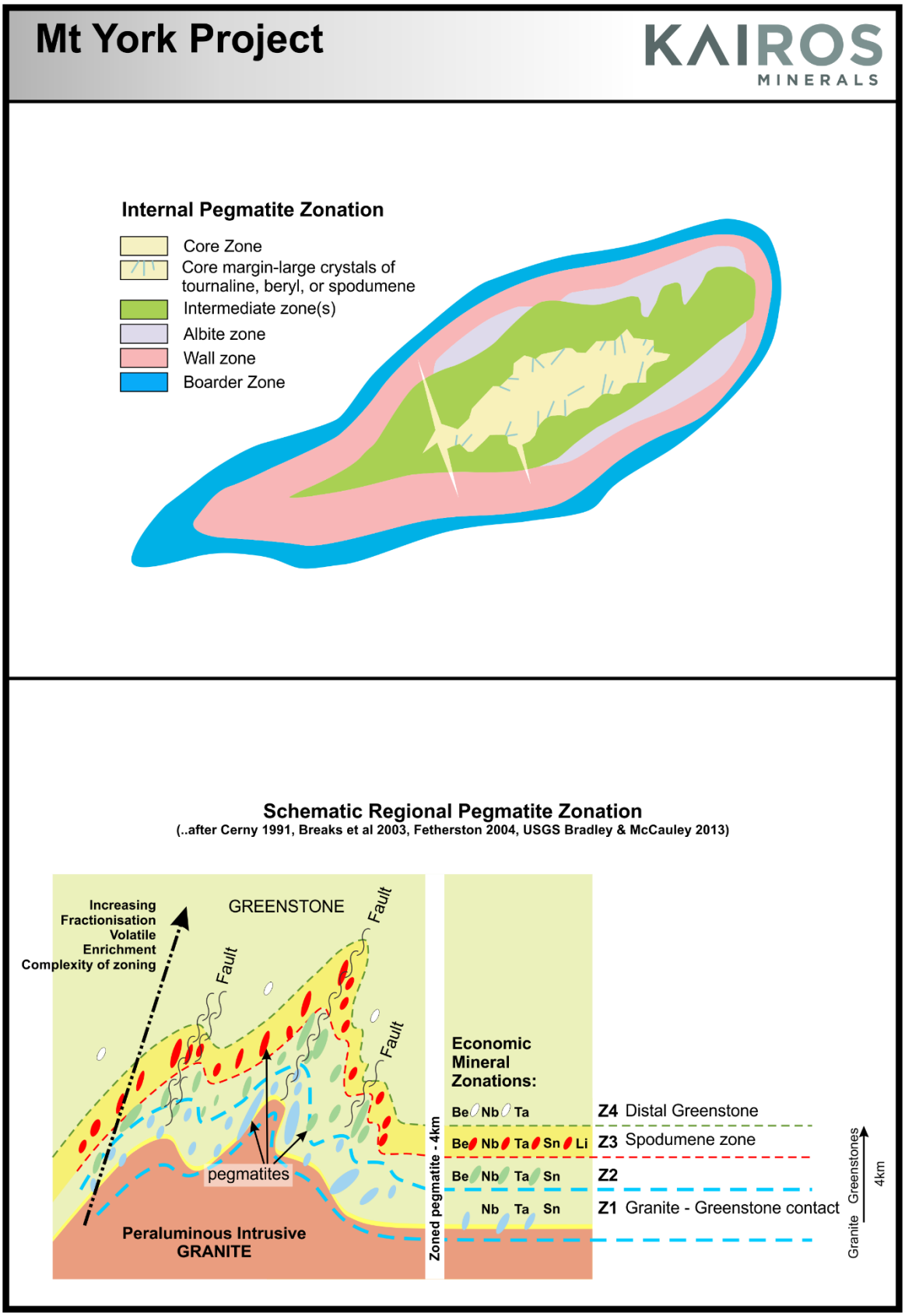

Figure 1: Schematic illustrations of mineral zonation within Complex Rare Element Lithium-Cesium-Tantalum (LCT) Pegmatites
(ref: Cerny 1991, Breaks et al 2003, Fetherston 2004, USGS Bradley & McCauley 2013)

The presence of both outcropping and blind or subsurface pegmatites within Kairos' tenure is confirmed by historical mapping and in the geological logs of historical gold-focused drill-holes which record pegmatites and/or pegmatite related lithologies in most areas that have been subjected to drill testing (NB: drilling was restricted to defined gold targets primarily associated with the *"Lynas Shear Zone"* and approx 80% of the project area remains untested by drilling).

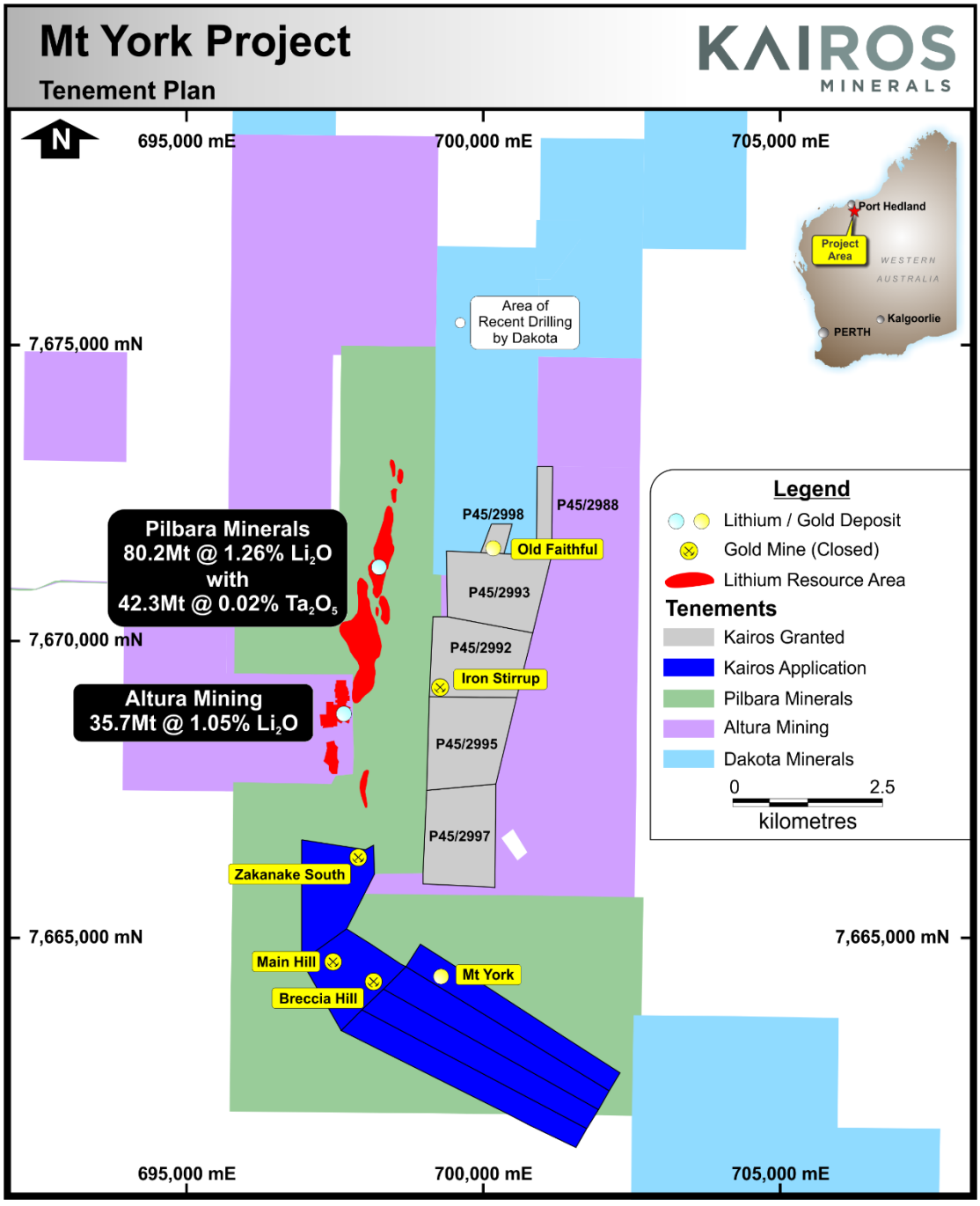

Figure 2: Mt. York tenement location in the Pilgangoora Region, East Pilbara W.A.

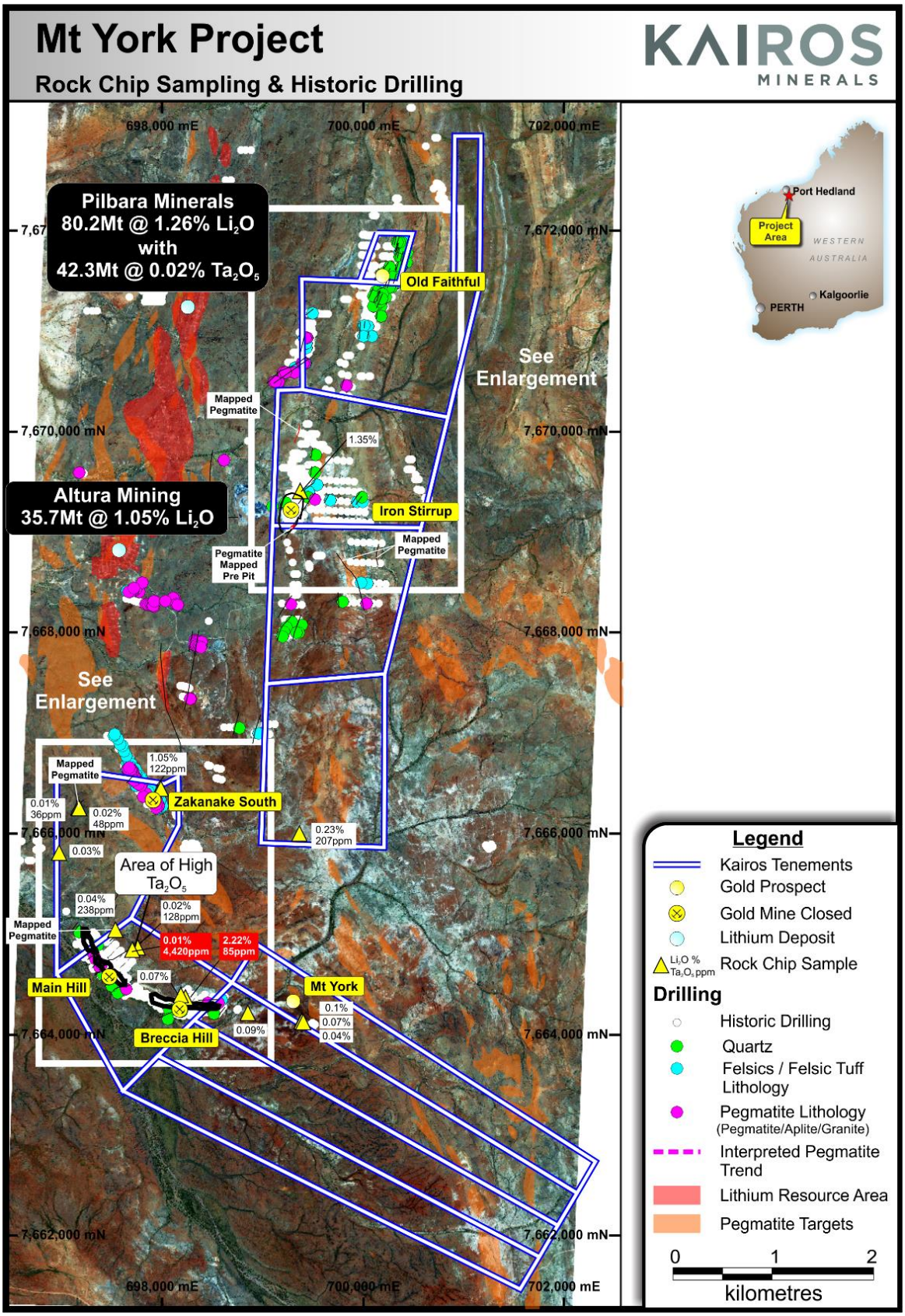

Figure 3: Mt. York - Regional historical drilling and sampling

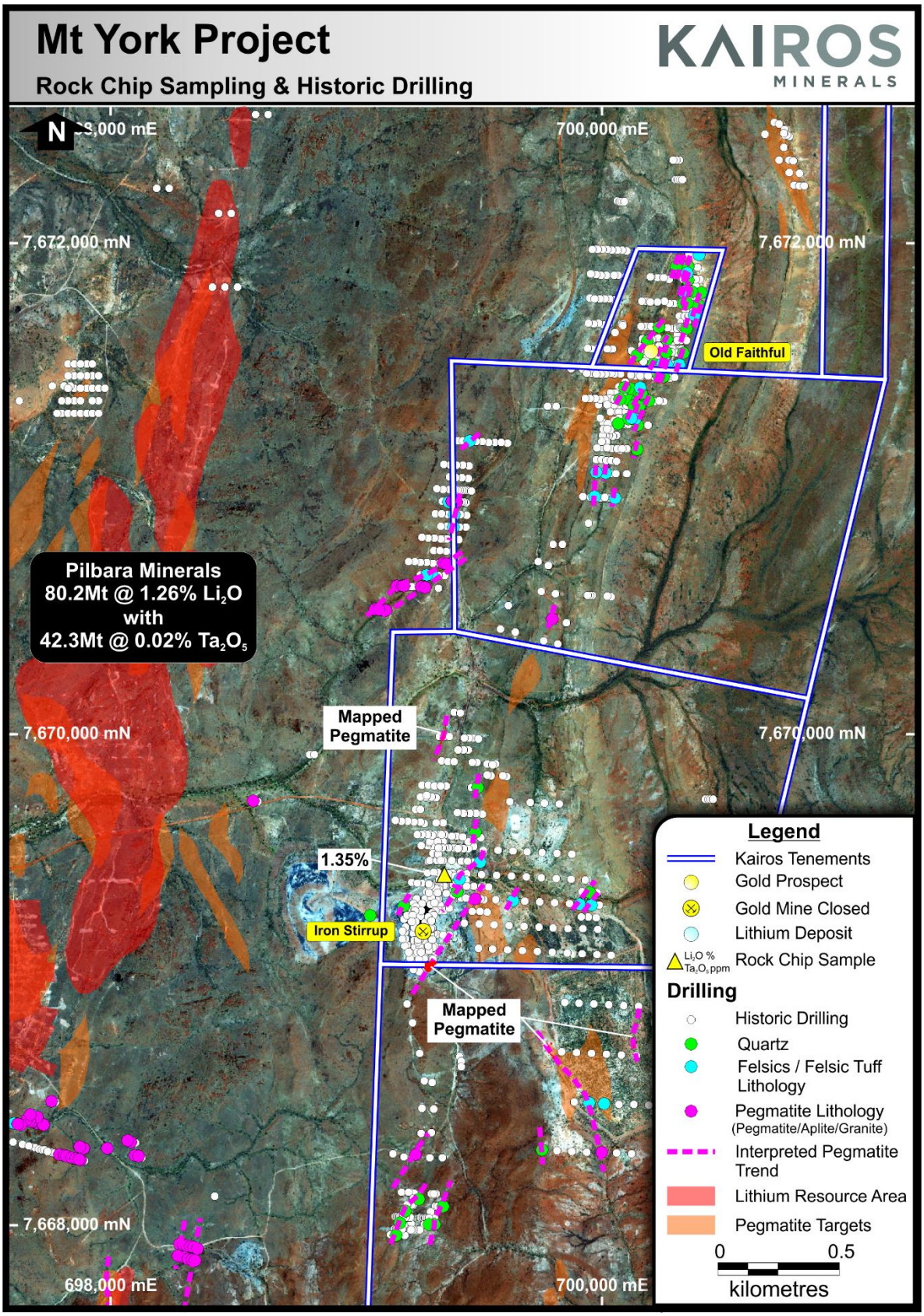

Figure 4: Mt. York – Northern tenure historical drilling and sampling

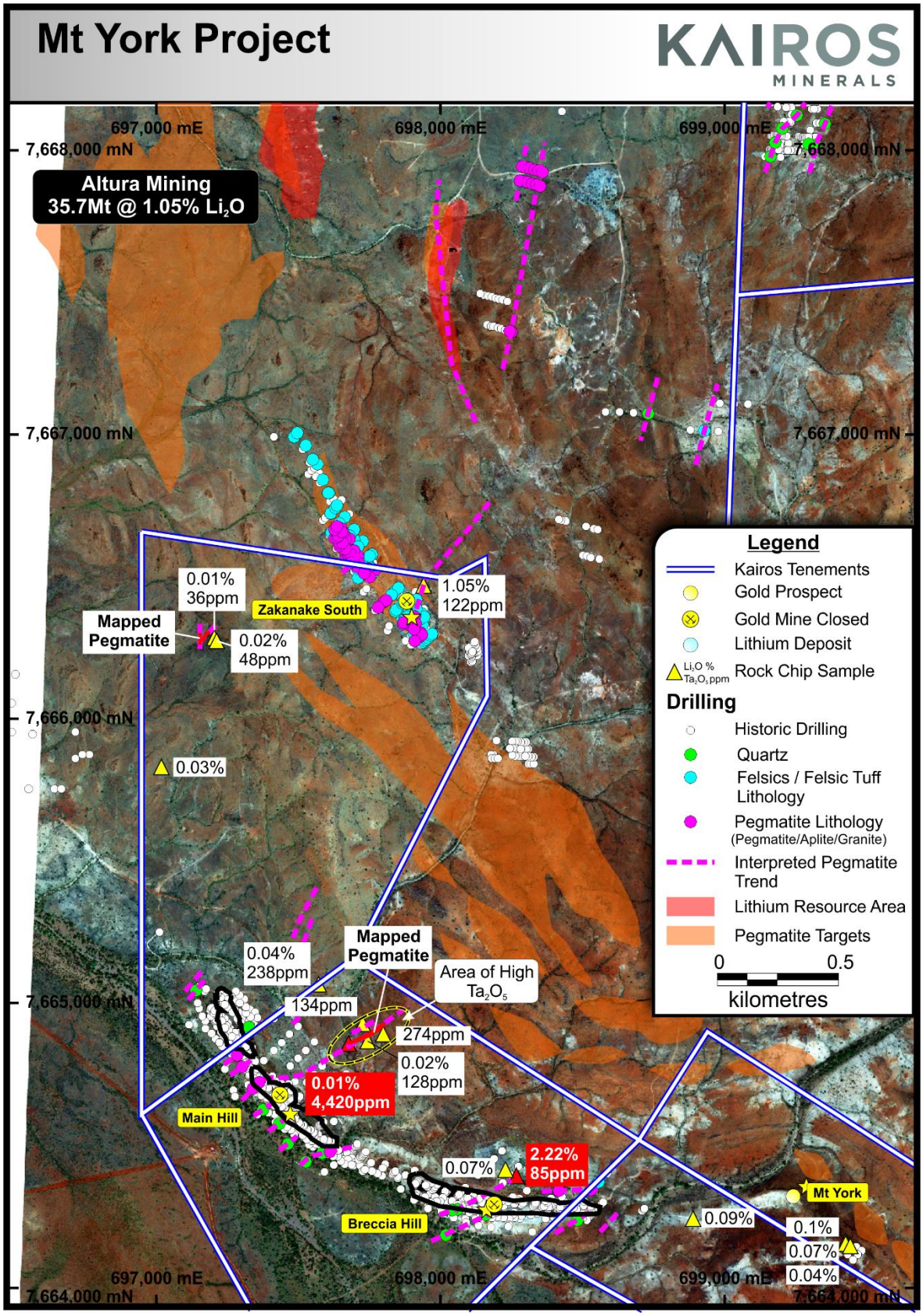

Figure 5: Mt. York – Southern tenure historical drilling and sampling

Historical geological fact mapping of the Mt. York Project area undertaken by Carpentaria, Austamax and Lynas (circa 1985-1987) prior to the commencement of ground disturbing gold mining activities documents outcropping pegmatites north and south of the Iron Stirrup Deposit, south of the Zakanaka Deposit and in the immediate vicinity of the Main Hill – Breccia Hill Deposits situated towards the southern end of the Project tenure. No sampling data is recorded for these and the lithium-tantalum bearing nature of the occurrences cannot be confirmed at this time. (Figures 3, 4 & 5)

The relatively limited reconnaissance completed to date by Kairos' field team suggests that pegmatite sequences are not outcropping in abundance as prominent horizons within the Mt. York Project area. The potential for "blind" or subsurface pegmatites to occur within the project is however considered to be high as demonstrated by the work being undertaken by Pilbara Minerals and Altura Mining immediately adjacent to Kairos' tenements.

Many of the pegmatite lenses identified at Pilgangoora show no surface expression or present only a thin outcrop at surface and thicken rapidly down – dip/plunge highlighting the possibility of similar essentially blind orebodies to occur elsewhere within the region (refer ASX announcements PLS, AJM, published geological cross-sections relative to each Company).[12]

In order to assess the potential of Kairos' Mt. York Project to host sub-surface pegmatites the Company's geological and geophysical consultants, Newexco, recently completed a review of the historical gold-focussed drilling database.

Multiple holes report widely distributed pegmatites and pegmatite associated lithologies at relatively shallow depths within most areas that have been subjected to previous drilling.

Table 3: Summary of Historical Drillholes Reporting Pegmatite Lithologies

Prospect	Section Line	Hole ID	From	To	Width (m)	Lithology/Comments
Old Faithful	7671260N	OF143	16	26	10	Quartz vein
	7670500N	08THRC005	151	159	8	GRA - Granite
Iron Stirrup	7669780N	ISN22	7	36	29	Quartz vein
	7669360N	ISP1	3	15	12	Quartz vein
	7668320N	ISS72	2	6	4	GRA - Granite
Darius	7668300N	08DRC003	12	32	20	GRA - Granite
Main Hill	5450E	MRC9002W	19	23	4	PEG - Pegmatite
	5490E	MRC8684	34	35	1	PEG - Pegmatite
	5490E	MRC8684	37	40	3	PEG - Pegmatite
	5490E	MRC8684	46	48	2	PEG - Pegmatite
	5570E	MRC7850E	30	33	3	PEG - Pegmatite
	5570E	MRC7886W	49	50	1	PEG - Pegmatite
	5570E	MRC7886W	54	55	1	PEG - Pegmatite
	5910E	MHE22	36	46	10	Quartz vein - hole ends in quartz veining
	5930E	MRC4382E	33	34	1	PEG - Pegmatite
Breccia Hill	8020E	BHE9	29	39	10	Quartz vein

Table 3 presents a summary of holes identified to date reporting intersections of pegmatites and/or pegmatite related lithologies, eg pegmatite, aplite, granite, quartz. Figures 3, 4 & 5 presents the distribution of all holes reporting significant intersections of pegmatite and/or pegmatite related lithologies and interpreted trends. (NB: no rare element analytical data is available due to a lack of sampling and consequently the Lithium-Tantalum bearing nature of the pegmatites described cannot be confirmed at this time).

Mt. York Lithium/Gold Project - Summary

Kairos' Lithium-Gold Project is located on and in the vicinity of an extensive lithium-tantalum bearing pegmatite dyke swarm. Peer activity in the immediate area, commonly described as "Pilgangoora", includes Pilbara Minerals (ASX Code: PLS) and Altura Mining (ASX Code: AJM), which have both discovered globally significant lithium and tantalum resources in recent times.

Pilbara Minerals reports a total Indicated and Inferred Resource of 80.2Mt @ 1.26% Li_2O and 42.3Mt @ 0.02% Ta_2O_5 and has recently announced a substantially upgraded exploration target for it's project. [1]

Along strike to the south from Pilbara Minerals, Altura Mining has identified an Indicated and Inferred Resource totaling 35.7Mt @ 1.05% Li_2O. [2]

No exploration for Lithium-Tantalum mineralisation has been undertaken previously within the Mt. York Project area.

Initial work to date by Kairos has included ultra-detailed low level airborne magnetics/radiometrics, reconnaissance field evaluation, mapping/rock chip sampling and interrogation of the Projects historical gold-focussed drilling database.

Numerous priority pegmatite targets have been identified throughout the Project area using the data acquired from the airborne geophysical survey. These continue to be field checked, mapped and sampled over the coming weeks (Refer KAI Announcement 10 May 2016).

ENDS

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COMPETENT PERSON STATEMENT:

Competent Person: *The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled and reviewed by Mr N Hutchison, who is a Non-Exec Director for Mining Projects Group and who is a Member of The Australian Institute of Geoscientists. Mr Hutchison has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' (the JORC Code 2012). Mr Hutchison has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

Reference	***ASX Announcement***
1	*Pilbara Minerals Limited (ASX: PLS) March Quarterly Report 2016*
2	*Altura Mining Limited (ASX: AJM) March Quarterly Report 2016*

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Appendix 1 – Kairos Minerals – Mt York Project

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types*	**Rock Chip Sampling** • Reconnaissance rock-chip sampling completed via visual identification by qualified geologist looking for favorable rock types within surface out crops or roads side exposures. • Location of samples was determined using a Garmin handheld GPS units with an accuracy of +/- 15m. • Samples submitted for assay typically weigh 3-4kg **NA**
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• NA

Criteria	JORC Code explanation	Commentary
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse*	• NA
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• NA
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• 3-4 kg of rock chip sample was collected from the identified outcrop site. • Samples were collected from the pegmatite in a representative method so as to not introduce selective sampling bias. • Whole rock samples were submitted to SGS Perth Laboratories for crushing, grinding and assaying in accordance with industry best practice. No Field prep was applied. • The sample collected is representative of the in-situ outcropping rock. • The pegmatite sample is coarse grained and sufficient mass was collected to represent the coarse grain size of the pegmatite.

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Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have*	**Sample Analysis** • Samples were submitted to SGS Laboratories in Perth for sample preparation and assaying for lithium analysis by SGS technique AAS40Q. NA No standards, blanks or external lab checks have been used due to reconnaissance nature of the sampling programme.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Geologist ,Steve Vallance collected the samples in the field & Neil Hutchison has visually inspected the collected samples. The samples have been verified with assays returned for the samples. Mr Vallance & Mr Hutchison are both associated with MPJ and are AIG Members. • All field data is manually collected in the field, entered into Excel spread sheets, validated and stored in hard copy and in the Company's digital database in the Perth office. • Lab reported Li_ppm assays have
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.*	• Location of samples were collected using a Garmin 72 handheld GPS units with an accuracy of +/- 15m.

Criteria	JORC Code explanation	Commentary
	• *Quality and adequacy of topographic control.*	• All data points were located using the Geocentric Datum of Australia 1994 and the Map Grid of Australia zone 50 projection. Topographic control using GPS is more than adequate for rock chip sampling.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• NA- single point rock chip sample collected. Not used for the purpose of resource classification.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if*	• Single point data. More extensive sampling required and planned • NA.
Sample security	• *The measures taken to ensure sample security.*	• Samples were collected, transported and submitted to the lab by Mr Vallance, who is an MPJ employee. Sample security was ensured.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data*	• No audits or reviews have been completed at this early reconnaissance exploration stage.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Mining Project Group Limited acquiring 100% ownership of the tenement. • The project consists of 1 EL. • The Project is Located on Vacant Crown Land.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Atlas Iron conducted detailed field mapping of the tenement as part of their iron ore evaluation. • No sampling or drilling of the mapped pegmatites is known to have been previously undertaken.

Criteria	JORC Code explanation	Commentary
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Wodgina East Project comprises a portion of the Wodgina Greenstone belt, a roughly triangular shaped unit with a strike extent (north-south) of about 15km. It forms an elevated but steeply dissected plateau that strongly contrasts with the surrounding granitic terrain. The stratigraphic sequence is made up of ultramafic rocks, cherts and basalts of the Warrawoona Group. Above this sequence is a succession of clastic sediments. The greenstone lithologies are surrounded by the granitic rocks of the Yule Batholith to the south and the Carlindi Batholith to the north. The structure of the project area is described in literature as being similar to that of the Pilgangoora Syncline which hosts Altura's and Pilbara Minerals Li/Li-Ta Deposits 20 km's to the east. The Project secures a broad area of N-S trending pegmatite intrusives adjacent to the Wodgina Tantalum operations of Global Advanced Metals (GAM). • Recent reconnaissance sampling by MPJ has confirmed the pegmatites to be Lithium
Drill hole Information	• *A summary of all information material to the understandingof the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information isnot Material and thisexclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Co ordinates and other attributes of rock chip samples are included in the release.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be*	• NA
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• NA
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Suitable summary plans have been included in the body of the report.

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• NA
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater,*	• All relevant material relating to the lithogeochemical sampling programme have been reported.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• This is a new acquisition in relatively unexplored ground for lithium bearing rocks so substantial grass roots exploration work is still required.