

ASX ANNOUNCEMENT

15 May 2017

DRILLING TO COMMENCE AT HIGH-GRADE COBALT PROSPECTS, ROE HILLS PROJECT, WA

Aiming to confirm strike extent and continuity of recently discovered extensive zone of near-surface cobalt mineralisation with high-grade results of up to 1.16% cobalt

Highlights:

- Drill rig mobilised to the Roe Hills Gold-Nickel-Cobalt Project to commence a 1,500m Aircore drilling programme at the ROE 1 prospect targeting high-grade cobalt mineralisation.
- Strike extensive, near-surface cobalt mineralisation was identified recently at the ROE 1 prospect from historical drill data, with high-grade cobalt intercepts including:
 - ROE172: 14m @ 0.39% Co from 20m (*incl: 2m @ 1.16% Co from 22m*)
- Significant cobalt mineralisation (>0.05% Co) extends over a strike length of at least 330m (open), 150m width (open) and >8m thickness, with the mineralised zone remaining open to the north, east and south.
- Anomalous cobalt results have been identified over a total strike distance of ~7.5km at ROE 1 while significant cobalt mineralisation has also been identified at numerous other prospects throughout the project tenure.
- Cobalt has been one of the strongest performing metals of the past year, with prices more than doubling to ~US\$25/lb (~US\$55K/t) due to an acute supply shortage, restrictions in the existing supply chain and soaring demand from the burgeoning lithium-ion battery and electric vehicle industry.
- Kairos intends to evaluate the cobalt potential at Roe Hills before resuming drill testing of high priority gold targets outlined during its maiden drilling program which was completed earlier this year.

Kairos Minerals Ltd (ASX: KAI; “Kairos” or “the Company”) is pleased to advise that it is about to commence a drilling program to evaluate several near surface occurrences of high-grade cobalt mineralisation recently identified at its 100%-owned **Roe Hills Project**, located 120km east-south-east of Kalgoorlie in Western Australia (see Figure 1).

Potentially significant shallow cobalt mineralisation was recently highlighted by Kairos at the ROE 1 prospect and from numerous other locations throughout the broader project area. following a review of historical drilling data. (see Figure 2. Refer KAI ASX Announcement 14 March 2017)

In light of the continued strong performance of the cobalt market, and forecast long term growth due to supply bottlenecks and surging demand, the Company has decided to further evaluate the cobalt potential at Roe Hills as a priority in order to determine potential pathways to unlock the value of this mineralisation for shareholders.

A drill rig has mobilised to site and drilling is anticipated to commence within days. The initial programme will comprise approximately 1,500m of Aircore drilling, primarily at the ROE 1 prospect to assess the strike extent and continuity of the extensive zone of high-grade cobalt mineralisation (grading up to 1.16% Co) which has recently been identified.

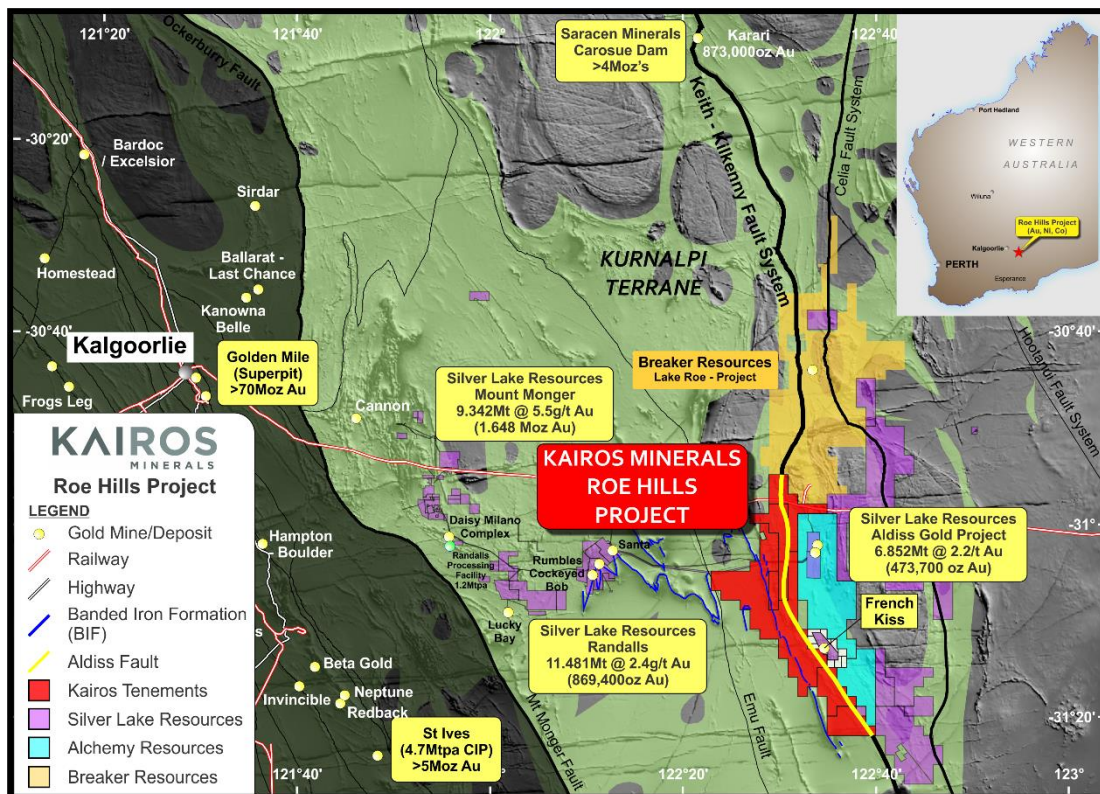


Figure 1. Roe Hills Project Location

Cobalt Potential

A preliminary evaluation of the cobalt potential at Roe Hills was undertaken by Kairos' technical team earlier this year based on a review of historical drilling and geochemical data from the Roe Hills Project. The review has identified potentially significant near surface cobalt mineralisation within an extended geochemically anomalous footprint at the ROE 1 prospect (see Figures 2-5).

A number of historical high-grade cobalt intercepts have been identified at ROE 1, including:

- **ROE172:** 14m @ 0.39% Co from 20m.
 - **Including 2m @ 1.16% Co from 22m**

The cobalt mineralisation at ROE 1 (>0.05% Co) extends over a strike length of at least 330m, a width of at least 150m and a thickness in excess of 8m (see Figures 2, 3, 4 and 5 below).

Importantly, this zone occurs within a broader area of cobalt anomalism which can be traced over a strike length of at least 7.5km and which remains open in all directions.

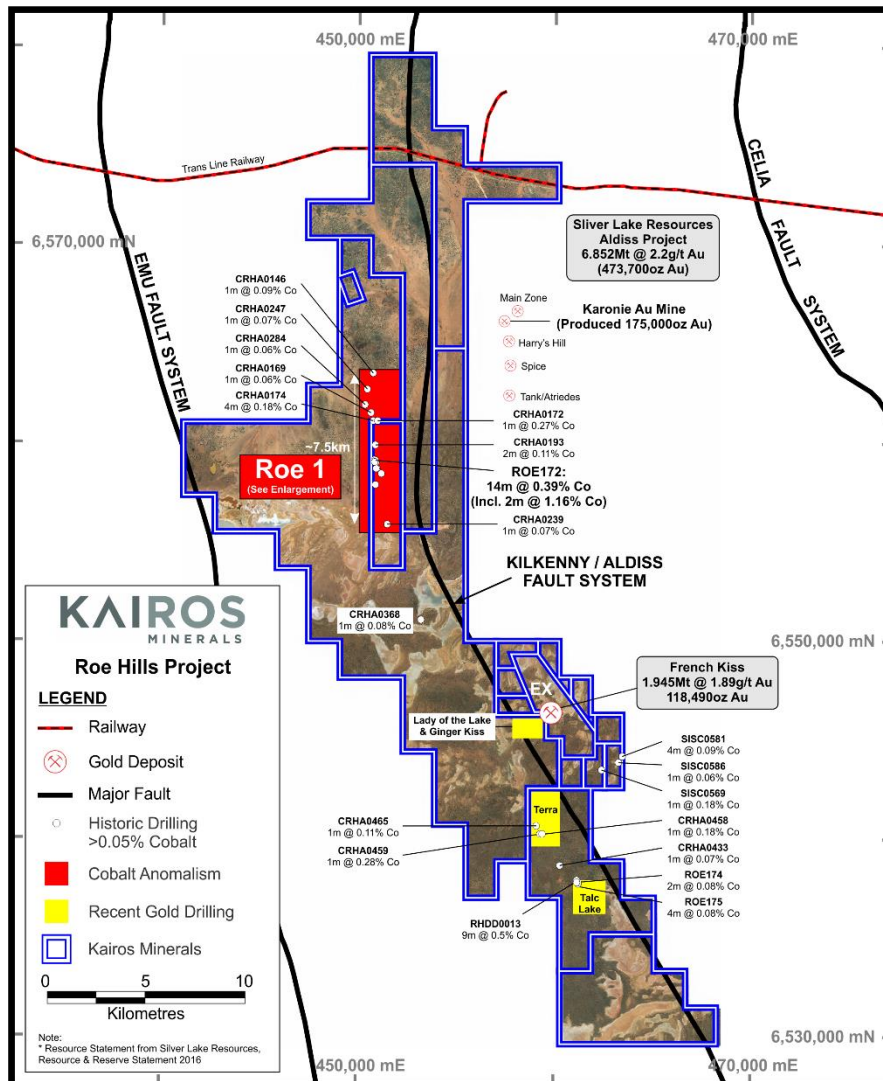


Figure 2. Project Tenure & Location of ROE1 Cobalt Zone.

The Roe Hills Project has not previously been evaluated as a potential host for cobalt mineralisation and, as a consequence, historical cobalt data is limited or incomplete.

However, the available data indicates that significant cobalt enrichment is present throughout the Project tenure, and is not restricted only to the ROE 1 Prospect (see Figure 2).

While significant indications of cobalt mineralisation were identified within the broader Roe Hills region, the drill holes appear to have only been partially sampled and the opportunity remains for the widths of the mineralised intercepts to be extended with additional sampling and/or drilling. For example:

- Hole CRHA0172: 1m @ 0.27% Co from 19m. Bottom of hole sample, open down-hole.
- Hole CRH0174: 4m @ 0.18% Co from 34m. Bottom of hole sample, open up-hole.

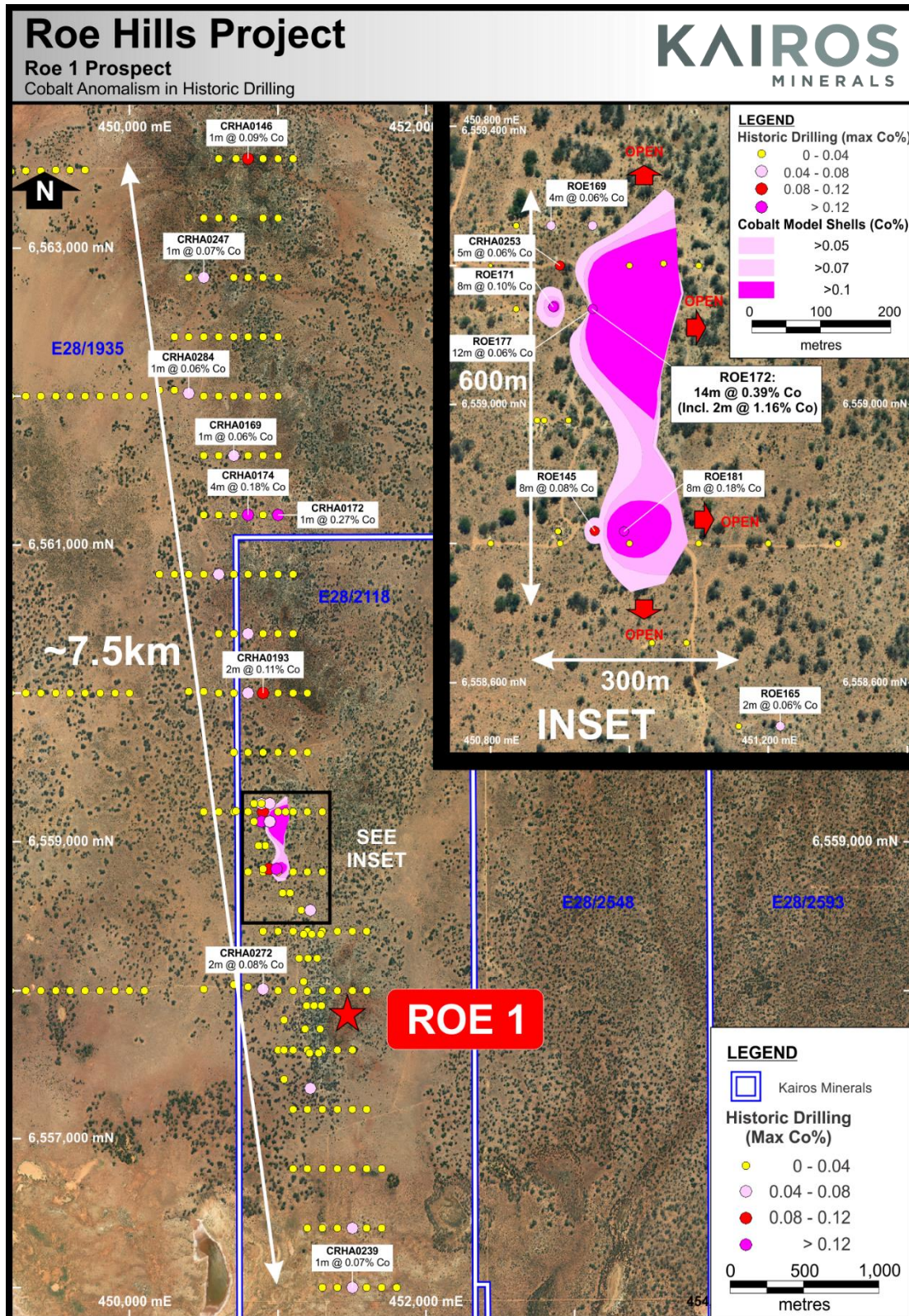


Figure 3. Opportunities for the identification of additional cobalt mineralisation within the ROE 1 prospect.

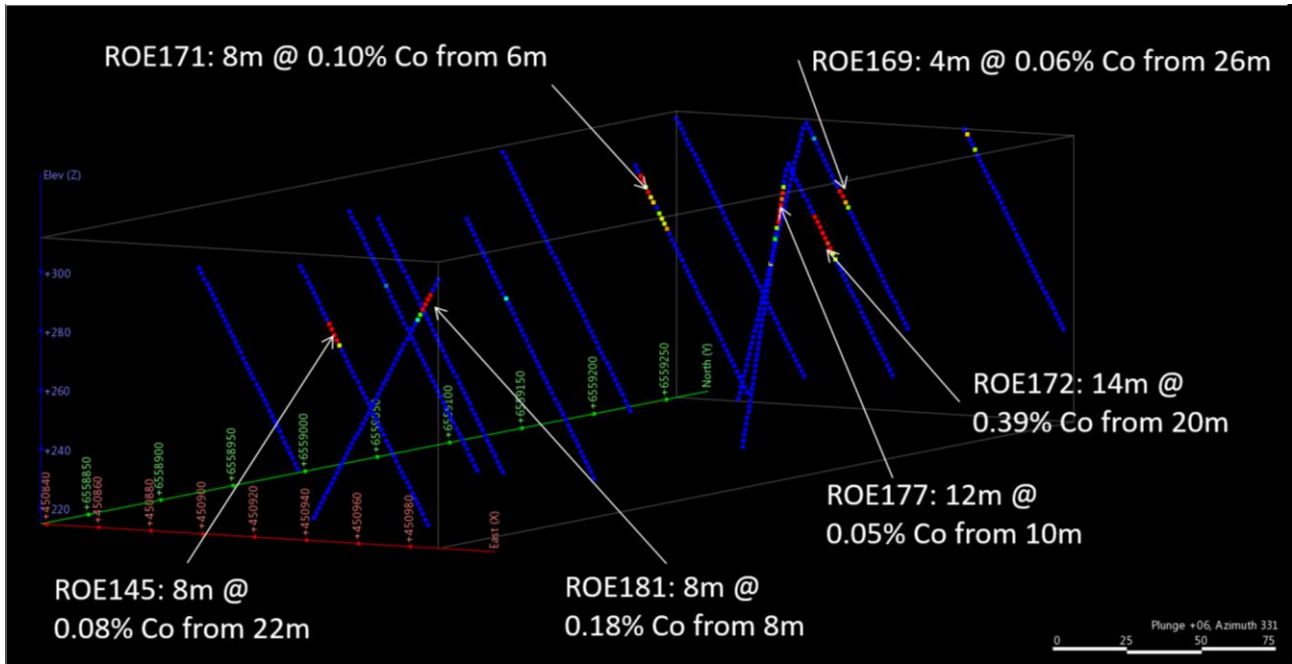


Figure 4. ROE1 historical cobalt intercepts.

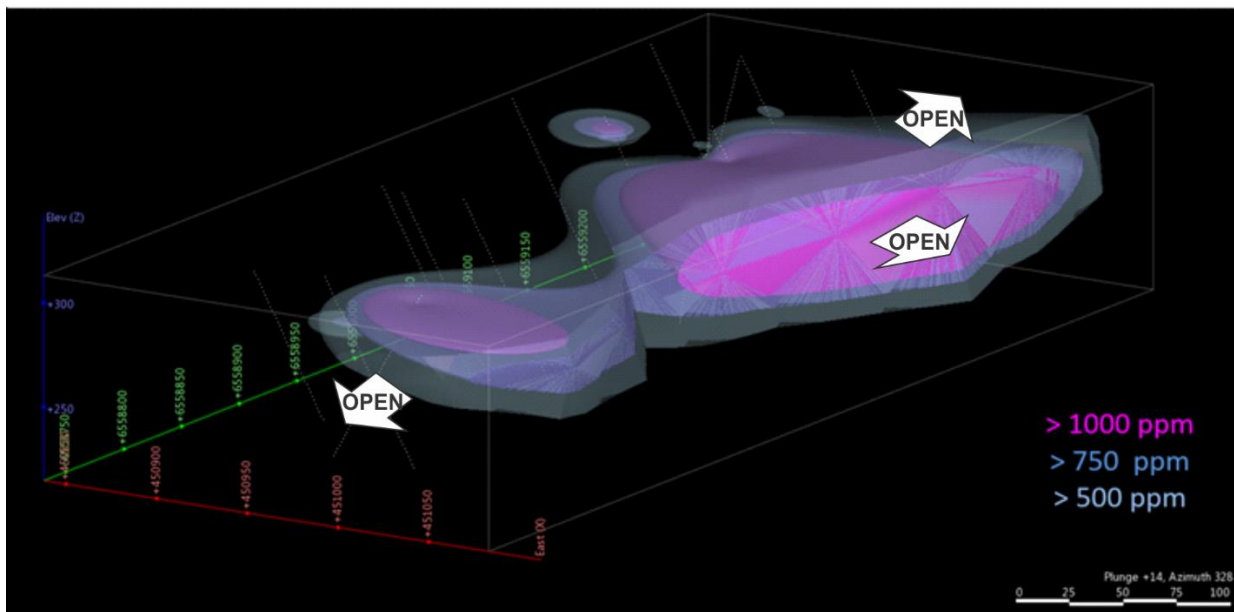


Figure 5. ROE1 cobalt mineralisation (>0.05% Co) interpreted to extend over a 330m strike length, 150m width and >8m thickness (open to the north, south and east).

Management Comment

Kairos' Managing Director, Mr Joshua Wellisch, said that while ongoing exploration to unlock the significant gold potential at Roe Hills remained the Company's primary focus at the project, the identification of high-grade cobalt mineralisation at ROE1 and elsewhere within the Company's tenure at Roe Hills was a compelling additional opportunity which could not be ignored.

"We have recently identified an excellent opportunity to delineate a coherent zone of high-grade cobalt mineralisation at ROE1 which will now be evaluated by this first-pass aircore drilling program," he said.

"Given the exceptional market fundamentals and outlook for cobalt – which has been one of the hottest metals of the past year due to its importance as a vital component in the manufacture of many types of batteries, including lithium-ion batteries, critical to energy storage systems and the global renewable energy agenda – this is an exciting and potentially very valuable opportunity for the Company."

"We are very much looking forward to what this drilling program will reveal and we will report results as soon as they come to hand," Mr Wellisch added. "We will also provide further updates in the near future on our upcoming gold exploration activities at Roe Hills, which will ramp up again towards the end of the month."

ENDS

For further information, please contact:**Investors:**

Mr Joshua Wellisch
Managing Director
Kairos Minerals Limited

Media:

Nicholas Read/Paul Armstrong
Read Corporate
Ph: 08 9388 1474

COMPETENT PERSON STATEMENT:

Competent Person: The information in this report that relates to Exploration Results or Mineral Resources is based on information compiled and reviewed by Mr Steve Vallance, who is the Technical Manager for Kairos Minerals Ltd and who is a Member of The Australian Institute of Geoscientists. The information was also reviewed by Mr Neil Hutchison, who is a Non Exec Director of Kairos Minerals Ltd and who is also a Member of The Australian Institute of Geoscientists. Both Mr Vallance and Mr Hutchison have sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' (the JORC Code 2012). Mr Vallance and Mr Hutchison have consented to the inclusion in the report of the matters based on their information in the form and context in which it appears.

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