

Kairos Secures \$7.1m Option Underwriting Agreement

Additional funding will underpin the next phase of exploration across highly prospective gold and lithium projects within Kairos' Pilbara Project

Highlights

- Kairos enters into an agreement with CPS Capital to underwrite the exercise of 285,233,610 options (ASX: KAI) at a price of \$0.025 to raise \$7.1 million.
- Additional funds will allow Kairos to maintain its current exploration momentum across a range of exciting gold and lithium projects in the Pilbara region of WA, including:
 - Ongoing RC and air-core drilling at the 873,500oz Mt York Project, which earlier this year delivered exceptional results including 32m at 3.79g/t Au (ASX announcement 15 September 2021)
 - Multiple strategic exploration campaigns targeting intrusion-hosted gold mineralisation at prospects including Kangan, Croydon and Skywell; and
 - Major lithium-caesium-tantalum (LCT) targets identified recently at the Wodgina Lithium Project, near the world-class Wodgina Lithium Mine.
- Together with existing cash reserves of \$5.1M (at 30 September), the Company will be in a strong position to maintain an aggressive approach to exploration through the rest of 2021 and into 2022.

Kairos Minerals Ltd (ASX: KAI; "Kairos" or "the Company") is pleased to advise that it has entered into an Option Underwriting Agreement ("the Agreement") with CPS Capital Group Pty Ltd (CPS or Underwriter) to fully underwrite the exercise of listed options (ASX: KAI) (Options) which are exercisable at \$0.025 on or before 5.00pm (WST) on 31 December 2021 (Expiry Date). As at the date of the Underwriting Agreement, there are 285,233,610 Options on issue which remain unexercised, representing an amount of \$7,130,840 (Underwritten Amount).

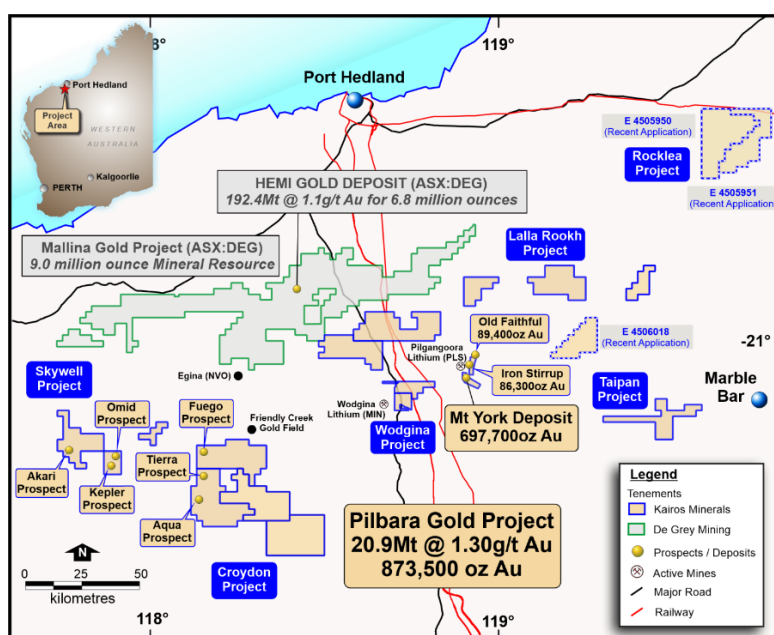


Figure 1: Location of Kairos' Pilbara Tenements

In accordance with ASX Listing Rule 3.11.3, the Company advises that CPS is not a related party of the Company. CPS will receive the following fees in consideration for its services under the Agreement:

- (a) 5% of the Underwritten Amount, being a total fee of \$356,542;
- (b) 75,000,000 unquoted options to acquire Shares, with an exercise price of \$0.05 per option and an expiry of 30/01/2023, will be issued to the Underwriter (or its nominee) and any sub underwriters engaged by the Underwriter (pro rata to their commitments of the Underwritten Amount) in consideration for underwriting the Options (Underwriting Options); and
- (c) 20,000,000 unquoted options to acquire Shares, with an exercise price of \$0.05 per option and an expiry of 30/01/2023, will be issued to the Underwriter (or its nominee) in consideration for the Underwriter managing the Option underwriting pursuant to the Agreement.

The Underwriter is responsible for all sub-underwriting fees in relation to the underwriting of the Options. The Company will utilise its capacity under ASX Listing Rule 7.1 to issue the Underwriting Options referred to in (b) and (c) above.

Any shortfall shares to be issued on exercise of outstanding Options by the Underwriter pursuant to the Underwriting Agreement are expected to be issued in accordance with ASX Listing Rule 7.2 (Exception 10). As such, the issue will not require shareholder approval and will not form part of the Company's ASX Listing Rule 7.1 placement capacity.

The obligation of the Underwriter to the Company to subscribe for shares (Shortfall Shares) on exercise of Options which remain unexercised as at 31 December 2021 is subject to a number of conditions including (but not limited to) the Company providing the Underwriter a shortfall notice specifying the number of outstanding Options as at the Expiry Date and a Certificate confirming (among other things) that no termination event (refer Annexure A) has occurred and the representations and warranties given by the Company are true and correct (Certificate) as at the date of the Certificate.

The Underwriting Agreement contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

A summary of the significant events (Termination Events) are included in Annexure A at the end of this announcement.

About Kairos Minerals

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

The Company's 100%-owned Pilbara Gold-Project has its central "hub" located ~100km south of Port Hedland in the world-class Pilgangoora district immediately adjacent to the major lithium-tantalum projects owned by Pilbara Minerals, which is currently in production.

Since acquiring the Project in early 2016, Kairos has established a JORC Indicated 8.56Mt at 1.3 g/t for 366,000oz and Inferred 12.36Mt at 1.28 g/t for 507,000oz for a Total Mineral Resource of 20.93Mt @ 1.3g/t Au for 873,500oz (ASX announcement, 4 March 2020). The Project encompasses the historical Lynas Find gold project, which produced over 125,000oz of gold between 1994 and 1998.

Kairos's 100%-owned Roe Hills Project, located 120km east of Kalgoorlie in WA's Eastern Goldfields, comprises an extensive tenement portfolio where the Company's recent exploration work has confirmed the potential for significant discoveries of high-grade gold, nickel and cobalt mineralisation. Kairos' tenure adjoins the emerging Lake Roe gold discovery, owned by Breaker Resources (ASX: BRB).

In the Pilbara, Kairos also holds 2,026 square kilometres of tenure (granted and applications) which is highly prospective for gold and lithium-caesium-tantalum pegmatite discoveries.

Kairos has been well recognised for its industry leading technical team that includes its Chairman Terry Topping (Taipan Resources NL, Cauldron Energy Ltd), Technical Director Neil Hutchison (Poseidon Nickel, Jubilee Mines) and consulting specialists.

With the authority of the Board.

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

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Executive Chairman
Kairos Minerals Limited

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Annexure A

Termination Events

If of any one or more of the following events occurs after the Execution Date and prior to the date of issue of the Shortfall Shares, the Underwriter may terminate its obligations under the Underwriting Agreement:

- (a) ASX listing: ASX does not give approval for the Shortfall Shares to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
- (b) Delisting: ASX announces that the Company will be removed from the official list or that its Shares will be delisted or suspended from quotation by ASX for any reason (excluding for the avoidance of doubt the Trading Halt);
- (c) Market fall: the S&P/ASX 300 Index falls by 10% or the S&P/ASX Small Ordinaries Resources Index falls by 15% or more below its level as at the close of business on the Trading Day prior to the date of this Agreement and is at or below that level at the close of trading:
 - (i) for 2 consecutive Trading Days during any time after the date of this Agreement; or
 - (ii) on the Expiry Date;
- (d) Commodity price fall: the gold price falls by 10% or more below its level as at the close of business on the Business Day prior to the date of this agreement and is at or below that level at the close of trading:
 - (i) for 4 consecutive Business Days during any time after the date of this Agreement; or
 - (ii) on the Expiry Date;
- (e) Indictable offence: a director of the Company or any Related Corporation is charged with an indictable offence;
- (f) Return of capital or financial assistance: the Company or a Related Corporation takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
- (g) Banking facilities: the Company's bankers terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility;
- (h) Change in laws: any of the following occurs:
 - (i) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia;
 - (ii) the public announcement of prospective legislation or policy by the Federal Government, or the Government of any State or Territory; or
 - (iii) the adoption by the ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy,

which does or is likely to prohibit, restrict or regulate the principal business of the Company or the operation of stock markets generally;

- (i) Failure to comply: the Company or any Related Corporation fails to comply with any of the following:
 - (i) a provision of its constitution;
 - (ii) any statute;
 - (iii) a requirement, order or request, made by or on behalf of the ASIC or any Governmental Agency; or
 - (iv) any material agreement entered into by it;
- (j) Alteration of capital structure or constitution: the Company alters its capital structure or its constitution without the prior written consent of the Underwriter (which for the avoidance of doubt, excludes the issue of any Shares upon conversion of convertible securities on issue as at the date of this Agreement);
- (k) Market disruption:
 - (i) trading of all securities quoted on ASX, the Hong Kong Stock Exchange, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect;
 - (ii) a general moratorium on commercial banking activities in Australia, the European Union or any of its member states, Canada, Namibia, the People's Republic of China, the United States or the United Kingdom is declared by the relevant central banking authority in any of those countries or there is a material disruption in commercial banking or securities settlement or clearance services in any of those countries;
 - (iii) any material adverse change or disruption to the existing financial markets, political or economic conditions of Australia, Hong Kong, the European Union or any of its member states, the United States of America, the United Kingdom or the international financial markets or any change in national or international political, financial or economic conditions; or
 - (iv) hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, Canada, Namibia, Iran, the People's Republic of China, Russia, Japan, North Korea, the United Kingdom or any member state of the European Union;
- (l) Extended Force Majeure: a Force Majeure, which prevents or delays an obligation under the Agreement, lasting in excess of 2 weeks occurs;
- (m) Default: the Company is in default of any of the terms and conditions of this Agreement or breaches any warranty or covenant given or made by it under this Agreement (unless such default is caused by or is as a result of an act (or failure to act) of the Underwriter);
- (n) Adverse change: any adverse change occurs (in the reasonable opinion of the Underwriter) which materially impacts or is likely to impact the operational or financial position of the Company or a Related Corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a Related Corporation);

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- (o) Investigation: any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Corporation;
- (p) *Prescribed Occurrence occurs. A Prescribed Occurrence means;*
- (i) a Related Corporation or the Company converting all or any of its shares into a larger or smaller number of shares;
 - (ii) a Related Corporation or the Company resolving to reduce its share capital in any way;
 - (iii) a Related Corporation or the Company:
 - A. entering into a buy back agreement or;
 - B. resolving to approve the terms of a buy back agreement under section 257C or 257D of the Corporations Act;
 - (iv) a Related Corporation or the Company making an issue of, or granting an option to subscribe for, any of its shares, or agreeing to make such an issue or grant such an option;
 - (v) a Related Corporation or the Company issuing, or agreeing to issue, convertible notes;
 - (vi) a Related Corporation or the Company disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
 - (vii) a Related Corporation or the Company charging, agreeing to charge, the whole, or a substantial part, of its business or property;
 - (viii) a Related Corporation or the Company resolving that it be wound up;
 - (ix) the appointment of a liquidator or provisional liquidator to a Related Corporation or the Company;
 - (x) the making of an order by a court for the winding up of a Related Corporation or the Company;
 - (xi) an administrator of a Related Corporation or the Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
 - (xii) a Related Corporation or the Company executing a deed of company arrangement; or
 - (xiii) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of a Related Corporation or the Company.
- (r) Suspension of debt payments: the Company suspends payment of its debts generally;
- (s) Litigation: litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement commenced against the Company or any Related Corporation;
- (t) Board and senior management composition: there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the Shortfall Shares without the prior written consent of the Underwriter;
- (u) Breach of Material Contracts: any material contract to which the Company or a Related Corporation is a party is terminated or substantially modified;

(v) Event of Insolvency: an Event of Insolvency occurs in respect of the Company or a Related Corporation; or

(w) Judgment against a Related Corporation: a judgment in an amount exceeding \$250,000 is obtained against the Company or a Related Corporation and is not set aside or satisfied within 7 days.

The events listed in paragraphs (a) to (w) do not entitle the Underwriter to exercise its rights under the Agreement to terminate its obligations unless, in the reasonable opinion of the Underwriter reached in good faith, it has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect or could give rise to a liability of the Underwriter under the Corporations Act.