KAIROS METALS CORP.

MANAGEMENT DISCUSSION AND ANALYSIS

This Management Discussion and Analysis ("**MD&A**") for Kairos Metals Corp. ("**Kairos**' or the "**Corporation**") is a review of how the Corporation performed during the period covered by the condensed interim consolidated financial statements (the "**Interim Statements**") of the Corporation and of the Corporation's financial condition and future prospects. This MD&A complements and supplements the Interim Statements of the Corporation and should be read in conjunction with the Corporation's Interim Statements and the related notes thereto for the three months ended March 31, 2020 as well as the audited financial statements and the related notes thereto for the year ended December 31, 2019 and for the period from incorporation on January 15, 2018 to December 31, 2018. The Interim Statements have been prepared in Canadian dollars in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada.

The Corporation's Board of Directors has reviewed and approved the Interim Statements and MD&A, both of which are effective July 14, 2020.

Certain information presented in this MD&A constitutes forward looking information that is subject to substantial risks and uncertainties. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue" and similar expressions have been used to describe these forward-looking statements. By their nature, forward-looking statements necessarily involve risks such as loss of market, lack of qualified personnel, impact of the regulatory environment, and competition from other companies providing similar services. Readers are cautioned that the assumptions used in the preparation of forward-looking information and statements, although considered reasonable at the time may prove to be imprecise. As such, undue reliance should not be placed on forward-looking statements. A number of factors, many of which are beyond the control of Kairos, may affect the actual performance of Kairos and actual results may differ from those expressed or implied by such forward looking information. Accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will occur, or if they do occur, what benefit Kairos will derive from them. Readers are cautioned not to place undue reliance on these forward-looking statements.

DESCRIPTION OF BUSINESS

Kairos Metals Corp. was incorporated by a Certificate of Incorporation pursuant to the provisions of the Business Corporations Act *(Alberta)* on January 15, 2018. Kairos is a reporting issuer whose principal business is the acquisition and development of mineral properties in Chile.

OUTLOOK

The Corporation has entered into a letter of intent to complete a business combination with Tailwind Capitail Corporation ("**Tailwind**") that will allow the resulting company to continue its exploration and surveying programs in its gold-silver-copper properties in Chile. Pursuant to this business combination, the Corporation intends to complete a private placement for gross proceeds of up to $1,000,000 which will fund the advancement of the Chilean properties. For further details see Subsequent Events below and the Tailwind press release dated May 15, 2020 which may be viewed on Sedar.com.

SELECTED FINANCIAL INFORMATION

The following summarizes information derived from the Corporation's financial statements as at and for the three months ended March 31:

		2020		2019
Net comprehensive income (loss)	**$**	**(707,837)**	$	143,578
Basic and diluted income (loss) per share	**$**	**(0.03)**	$	0.01
Total assets	**$**	**3,198,974**	$	3,671,410
Share capital	**$**	**1,045**	$	1,045
Number of common shares outstanding		**25,266,704**		25,266,704

CORPORATE REORGANIZATION

Kairos was incorporated as a wholly-owned subsidiary of Lithium Chile Inc. ("**LITH**").

At a meeting of the shareholders of LITH held on April 27, 2018, the LITH shareholders approved a plan of arrangement (the "**Arrangement**") under Section 193 of the *Business Corporations Act* (Alberta) involving, among other things, the distribution of common shares of Kairos (the "**Kairos Shares**"), to the LITH shareholders on the basis of one (1) Kairos Share for every (4) LITH shares then held by a LITH shareholder.

On May 8, 2018, the Arrangement was approved by the Court of Queen's Bench and on May 15, 2018 the Arrangement was accepted by the TSX Venture Exchange and the Arrangement was closed on that date.

In addition, the following transactions occurred that were part of a series of transactions related to the Arrangement:

- Kairos acquired 100% of the outstanding interest in Compañía Minera San Lorenzo Limitada ("**San Lorenzo**") from Compañía Minera Kairos Chile Limitada ("**Minera Kairos**"), a wholly-owned subsidiary of the LITH for the sum of $1.00. San Lorenzo owned no assets, including no mineral claims, on the date of ownership transfer nor had San Lorenzo carried on any business activities prior to the date of the ownership transfer.
- Minera Kairos transferred the interests it held in its copper, gold and silver properties ("**CGS claims**") in Chile to San Lorenzo at their carrying cost of US$1.6 million in exchange for a promissory note as described below. The transfer of the CGS claims was considered a common control transaction for accounting purposes. As such, $214,682, being the excess of the carrying value of the CGS claims of C$2,278,682 over the purchase price of C$2,064,000 (US$1,600,000), was charged to contributed surplus.
- LITH loaned Kairos US$1.1 million in cash. In exchange, Kairos issued a promissory note to LITH in the amount of US $1,150,000 to reflect the US$1.1 million loan proceeds and a contribution to the costs of the Arrangement in the agreed amount of US$50,000 as provided for in the Arrangement agreement. The fair value adjustment and initial related accretion of the LITH note payable was charged to operations in the Consolidated Statements of Loss and Comprehensive Loss in 2018 and subsequent accretion charged to operations in the Condensed Interim Consolidated Statements of Loss and Comprehensive Loss.
- The promissory notes issued to Minera Kairos for the transfer of the CGS claims and to LITH for the loan proceeds bear interest at 2.0% per annum and were scheduled to mature two years from the date of issuance.
- Pursuant to the terms of the Arrangement, immediately prior to the effective time of the Arrangement, Kairos Shares were issued from treasury such that the number issued and outstanding Kairos Shares at the effective time was equal to one-quarter (¼) of the number of the then issued and outstanding LITH Shares such that LITH shareholders received exactly one (1) Kairos Share for every four (4) LITH Shares held by such LITH shareholder at the effective time.
- Subject to a Mineral Property Re-Transfer Agreement which closed subsequent to the period, certain mineral properties were retransferred to LITH and the promissory notes previously granted were restated in one case and cancelled in the other case (see "Subsequent Events").

OPERATIONAL REVIEW

Net Income and Cash Flow from Operations

A comprehensive loss of $707,837 ($0.03 loss per share) resulted for the three months ended March 31, 2020. The unrealized loss on foreign exchange of $428,978 (2019 – gain $62,520) resulted from the conversion of the US Dollar denominated debt and the interest expense of $29,383 (2019 - $16,372) is the interest recorded on the notes payable converted into US Dollars.

The fair value adjustment made in 2018 on the notes payable resulted in accretion expense in the first quarter of 2020 of $164,026 (2019 - $130,987).

General and Administrative

General and administrative expense of $10,446 (2019 - $58,739) is comprised primarily of filing and professional fees of $6,545 in Canada and $3,886 of general office expenses in Chile and Canada.

Financial Resources and Liquidity

The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As described in the Subsequent Events section, the Corporation intends to raise up to $1 million in a private placement which should be sufficient to meet its current operating costs and planned capital expenditures. In due course additional funds will be required to fund exploration efforts .

Cash Flow

For the three months ended March 31, 2020 the Corporation's cash increased by $1,729. The increase in cash results from cash used in operations of $1,217 cash used in investing activities of $10,840 and cash from financing proceeds of $13,786.

The cash used in investing activities relates to the exploration program on its mineral properties ($10,840).

Mineral properties - exploration and evaluation expenditures

The Corporation's exploration and evaluation expenditures relate to mineral properties in Chile and are as follows:

Balance December 31, 2018	$	2,872,134
Additions		767,286
Foreign exchange effect		(320,881)
Balance December 31, 2019	**$**	**3,318,539**
Additions		9,013
Foreign exchange effect		(265,511)
Balance, March 31, 2020	**$**	**3,062,041**

Mineral Property Description

At March 31, 2020, the Corporation held a 100% interest in 30,925 hectares of mineral claims through its Chilean subsidiary, San Lorenzo, comprised of seven discrete property packages with exploration potential to discover commercial deposits of gold and/or copper and/or silver.

Mineral Property Expenditure Commitments

The mineral properties do not require any minimum work or expenditure commitments. Depending on the nature of the claims, the Corporation is obligated to make annual tax payments of US$1.50/hectare or US$7.50/hectare to the Chilean government in relation to the mineral properties. These tax payments are payable in the second quarter of the year and have been made during the current and prior years.

Notes Payable

		Mineras Kairos		Lithium Chile
Balance, December 31, 2018	$	1,778,024	$	1,270,406
Foreign exchange adjustment		(91,082)		(73,600)
Accretion		325,178		233,000
Interest		44,337		29,808
Balance, December 31, 2019	**$**	**2,056,457**	**$**	**1,459,614**
Foreign exchange adjustment		110,707		127,765
Accretion		95,557		68,469
Interest		21,314		8,069
Balance, March 31, 2020		**2,284,035**		**1,663,917**

The face value of the original notes payable to LITH of $1,490,400 (US$1,150,000) and Minera Kairos $2,073,600 (US$1,600,000) were due two years from the date of issuance, May 16 and May 8, 2018 respectively.

Subsequent to the three months ended March 31, 2020, an agreement was entered into that resulted in certain properties being transferred from the Corporation's Chilean subsidiary to LITH's Chilean subsidiary (the "**Retransfer Agreement**"). As a result of the Retransfer Agreement, the values and terms of the notes receivable were adjusted as follows (see also Subsequent Events):

a) The LITH note payable was written down to CAD$1,000,000; and

b) The Minera Kairos note payable was adjusted to the net estimated recoverable amount of CAD$1,057,638, being the carrying value of the properties to be re-transferred.

The Retransfer Agreement was approved by the TSX Venture Exchange and was closed subsequent to the period.

SHARE CAPITAL

Issued

On May 8, 2018 the Corporation issued common shares in connection with the Arrangement and all shares were distributed to the shareholders of LITH on the basis of one (1) Kairos Share for every (4) LITH Shares held by a LITH shareholder on that date.

	#	$
Shares issued for cash upon incorporation	25,266,704	1,045
Balance December 31, 2019 and March 31, 2020	**25,266,704**	**1,045**

SELECTED QUARTERLY INFORMATION

Fiscal Quarter Ended		March 31, 2020		December 31, 2019		September 30, 2019		June 30, 2019
Revenue	$	-	$	-	$	-	$	-
Comprehensive loss	$	(707,837)	$	(227,348)	$	(362,944)	$	(173,299)
Net loss per share	$	(0.03)	$	(0.01)	$	(0.015)	$	(0.01)

Fiscal Quarter Ended		March 31, 2019		December 31, 2018		September 30, 2018		June 30, 2018
Revenue	$	-	$	-	$	-	$	-
Comprehensive income (loss)	$	(143,578)	$	(138,250)	$	30,289	$	(135,885)
Net income (loss) per share	$	(0.005)	$	(0.005)	$	0.00	$	(0.005)

RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2020 and 2019, the Corporation incurred expenses included in the Consolidated Statements of Loss and Comprehensive Loss, as follows:

Three Months Ended March 31,		2020		2019
Administrative consulting services provided by an officer	**$**	**-**	$	5,250

The related party amounts included in the Consolidated Statement of Financial Position, are as follows:

As at March 31,		2020		2019
Due from a company related by a common director *(see subsequent event (iii))*	**$**	**114,304**	$	-
Due to a director *(see subsequent event (iii))*		**129,692**		-
Consulting services provided by an officer (included in Mineral Properties on the consolidated statements of financial position)		**4,500**		32,160
Due to an officer for consulting services		**26,644**		-
Due to an officer for administrative consulting services (included in trade and other payables)	**$**	**525**	$	1,680

Amounts due to a director include the amounts advanced to a company related by a common director and are unsecured, bear no interest and are repayable on demand.

CONTRACTUAL OBLIGATIONS AND OFF-BALANCE SHEET ARRANGEMENTS

Kairos is not a party to any industry contracts or obligations and there are no off-balance sheet arrangements.

CRITICAL ACCOUNTING ESTIMATES

There are no critical or material accounting estimates.

SUBSEQUENT EVENTS

i) An agreement was entered into between the Corporation, LITH, Minera Kairos (LITH's Chilean subsidiary) and San Lorenzo (the Corporation's Chilean subsidiary) to transfer certain gold/silver/copper properties (the "**Retransferred Mineral Claims**") from San Lorenzo back to Minera Kairos (the "Retransfer Agreement") such that the values and terms of the notes payable were adjusted as follows:

- The Minera Kairos note payable was adjusted from the original face value of US$1,600,000 down to the estimated recoverable amount of CAD$1,175,153 at year end, being the carrying value of the properties to be re-transferred. At closing of the Retransfer Agreement, the adjusted note payable in the amount of CAD$1,175,153 was satisfied in exchange for the Retransferred Mineral Claims.
- The LITH note payable was written down from US$1,115,000, plus interest, to CAD$1,000,000. At closing of the Retransfer Agreement, a replacement, unsecured promissory note was issued by the Corporation to LITH in the amount of CAD$1,000,000 which is repayable prior to November 30, 2021.

Closing of the Retransfer Agreement occurred on April 17, 2020 after regulatory approval was received.

ii) On May 15, 2020, the Corporation announced that it had entered into a non-binding letter of intent with Tailwind Capital Corporation ("**Tailwind**") dated May 14, 2020 (the "**LOI"**) pursuant to which Tailwind and Kairos intend to complete a business combination (the "**Transaction**") to form a new company (**"Newco"**).The proposed Transaction contemplates that: (i) each one (1) issued and outstanding common shares of Kairos (the "**Kairos Common Shares**") will be exchanged for one (1) common shares of Newco (the **"Newco Common Shares**") at a deemed price of $0.10 per Newco Common Share; (ii) each one and five-tenths (1.5) issued and outstanding common shares of Tailwind (the "**Tailwind Common Shares**"), of which 8,000,000 are currently issued and outstanding, will be exchanged for one (1) Newco Common Share; and (iii) each outstanding stock option and agents' option of Tailwind will be exchanged for one stock option or agents' option of Newco on an equivalent economic basis.

Pursuant to the LOI, the parties have agreed to use their commercially reasonable efforts to cause Kairos to complete a private placement of common shares at a price of $0.10 per common share for gross proceeds of up to $1,000,000.

iii) Subsequent to the period ended March 31, 2020, further cash advances were made by a shareholder to a company related by a common director. These advances are to be used to acquire mineral properties or claims on behalf of the Corporation. Until such time that the properties are acquired and transferred to the Corporation, the advances shall constitute a credit facility in the maximum amount of US$300,000.

iv) The COVID-19 outbreak was declared a pandemic by the World Health Organization on March 11, 2020. This has resulted in significant economic uncertainty and governments worldwide are enacting emergency measures to contain the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global financial markets have experienced significant volatility as a consequence of this economic uncertainty. The duration and impact of the COVID-19 outbreak is unknown as this time, as is the effectiveness of interventions by governments and central banks as well as the impact on the Corporation.

BUSINESS RISKS

Mining Industry Risks

The exploration for and development of mineral deposits involves a high degree of risk that even a combination of careful evaluation, experience, knowledge and sufficient financial resources may not eliminate. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit such as size, grade and proximity to infrastructure; commodity prices which are inherently cyclical and cannot be predicted with certainty; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors cannot be accurately predicted and the combination of these factors may result in not receiving an adequate return on invested capital.

Properties without Known Mineable Reserves

The Corporation's activities will continue to be directed towards the search for, evaluation of, and development of mineral deposits. There is no assurance that expenditures associated with those activities will result in securing commercial mineral deposits and actual expenditures may be higher than currently anticipated.

Uncertainty as to Calculations of Mineral Deposit Estimates

There is a significant degree of uncertainty attributable to the calculation of mineral deposit estimates. Until the mineral is actually mined and processed, mineral deposit estimates, grades and recovery rates must be considered as estimates only. Consequently, there can be no assurance that any mineral deposit estimates or grade information will prove accurate. In addition, the value of mineral deposits may vary depending on mineral prices and other factors. Any material change in grades, stripping ratios or other mining and processing factors may affect the economic viability of projects. Furthermore, mineral deposit estimate information should not be interpreted as any assurance of mine life or of the potential profitability of existing or future projects.

Uninsurable Risks

The Corporation may become subject to liability for cave-ins, pollution or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or for other reasons. The payment of any such liabilities would reduce the funds available for development and mining activities. Payment of liabilities for which the Corporation does not carry insurance may have a material adverse effect on the Corporation's financial position.

Currency

Currency fluctuations may materially affect the financial position and results of Kairos. Kairos does not intend to engage in currency hedging to offset currency fluctuations risks.

Governmental Regulation of the Mining Industry

The mineral development or exploration activities of Kairos are subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Mining and exploration activities are also subject to various laws and regulations relating to protection of the environment. Although the Corporation believes that its activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development. Amendments to current laws and regulations governing the operations and activities of Kairos or more stringent implementation thereof could have a material adverse effect on the business, financial condition and results of operations of the Corporation.

Exploration and Development Risks

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover deposits but also from finding deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of resources or reserves acquired or discovered by the Corporation may be affected by numerous factors which are beyond the control of Kairos and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of facilities, commodity markets, processing equipment availability and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection, the combination of which factors may result in Kairos not receiving an adequate return of investment capital.

There is no assurance that Kairos' mineral exploration and development activities will result in any discoveries or acquisitions of commercial bodies of minerals. The long-term profitability of Kairos operations will in part be directly related to the costs and success of its development efforts which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery or acquisition of a deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

If Kairos loses or abandons its interest in its properties, there is no assurance that it will be able to acquire another mineral property of merit or that such an acquisition would be approved by the TSX Venture Exchange (the "**Exchange**"). There is also no guarantee that the Exchange will approve the acquisition of any additional properties by Kairos, whether by way of option or otherwise, should Kairos wish to acquire any additional properties.

The business of exploration and development of minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines and there is no guarantee Kairos' new projects will become producing mines.

Insurance

In the course of exploration, development and production of mineral properties, certain risks, and in particular, unexpected or unusual geological operating conditions including rock bursts, cave-ins, fires, flooding and earthquakes may occur. It is not always possible to fully insure against such risks and Kairos may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of Kairos.

Permits and Licenses

The future operations of Kairos may require permits from various governmental authorities and will be governed by laws and regulations governing prospecting, development, mining, production, export, taxes, labour standards, occupational health, waste disposal, land use, environmental protections, mine safety and other matters. There can be no guarantee that Kairos will be able to obtain all necessary permits and approvals that may be required to undertake development activity or commence construction or operation of mine facilities on Kairos' properties.

Environmental Legislation

Environmental laws and regulations may affect the operations of Kairos. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. The permission to operate can be withdrawn temporarily where there is evidence of serious breaches of health and safety standards, or even permanently in the case of extreme breaches. Significant liabilities could be imposed for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of acquired properties or non-compliance with environmental laws or regulations. In all major developments, Kairos generally relies on recognized designers and development contractors. Kairos intends to minimize risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to applicable environmental standards

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions hereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations, including Kairos may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Kairos and cause increases in exploration expenses, capital expenditures or production costs, reduction in levels of production at producing properties, or abandonment or delays in development of new mining properties.

Title to Properties

The acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral concessions may be disputed. Although Kairos believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired. While Kairos does not believe this to be the case presently, third parties may assert interests in claims underlying portions of Kairos' interests in the future.

Market Prices

If Kairos seeks to bring a property to production, the profitability of its operations will be dependent in part upon the market price of the minerals. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of Kairos. The level of interest rates, the rate of inflation, the world supply of and demand for mineral commodities, and exchange rate stability can all cause significant price fluctuations. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of commodities has fluctuated widely in recent years, and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on Kairos' business, financial condition and results of operations.

Competition

The mining industry is intensely competitive in all of its phases and Kairos will compete with many companies possessing greater financial and technical resources than itself. Competition in the mining industry is primarily for: mineral rich properties which can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and, the capital for the purpose of funding such properties. Many competitors not only explore for and mine minerals, but conduct refining and marketing operations on a world-wide basis. Such competition may result in Kairos being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect Kairos' prospects for mineral exploration and success in the future.

Additional Financing

The exploration and development of Kairos' properties, including continuing exploration and development projects, and the construction of mining facilities and the commencement of mining operations, will require substantial additional financing. Failure to obtain sufficient financing will result in a delay or indefinite postponement of exploration development or production on any or all of Kairos' properties or even a loss of a property interest. Sources of funds now available to Kairos are limited and may include the sale of equity capital, properties, royalty interests, the entering into of future joint ventures and the exercise of outstanding options and warrants. Additional financing may not be available when needed or, even, if available, the terms of such financing might not be favourable to Kairos and might involve substantial dilution to existing shareholders. Failure to raise capital when needed would have a material adverse effect on Kairos' business, financial condition and results of operations.

Competition for Key Personnel

Kairos will be dependent upon the support and involvement of a number of key management personnel. The loss of the services of one or more of such personnel could have a material adverse effect on Kairos. Kairos' ability to manage its exploration and development activities and, hence, its success, will depend in large part on the efforts of these individuals. Kairos faces intense competition for qualified personnel and there can be no assurance that Kairos will be able to attract and retain such personnel.

Ability to Manage Growth

The size of Kairos' business and assets is expected to grow in the coming years. In order to effectively deploy its capital and manage its growth, Kairos will need to retain additional personnel and augment, improve or replace existing systems and controls. As a result, there can be no assurances that Kairos will be able to effectively manage its growth and, if it is unable to do so, its business, financial conditions and results could be adversely affected.

Acquisition Risk

As part of Kairos' business strategy, it may seek to grow by acquiring businesses that it believes will complement its current business. Kairos may not effectively select acquisition candidates or negotiate or finance acquisitions or integrate the acquired businesses and their personnel into its business. Kairos cannot guarantee that it can complete any acquisition it pursues on favourable terms, or that any completed acquisitions will ultimately benefit its business and the results of operations of Kairos.

The risks inherit with acquisitions include the risks associated with the integration of acquired operations, diversion of management's attention and potential loss of key employees. Kairos may not be able to successfully integrate products, technologies or personnel of a business acquired in the future. Failure could have a material adverse effect on the business, financial condition and results of operations of Kairos.

Dividends

To date, Kairos has not paid any dividends on their outstanding shares and does not expect to do so in the foreseeable future. Any decision to pay dividends on Kairos' shares will be made by the Board of Directors of Kairos on the basis of Kairos' earnings, financial requirements and other conditions.

Conflicts of Interest

Certain of the directors and officers of Kairos will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies and, as a result of these and other activities, such directors and officers of Kairos may become subject to conflicts of interest. The Business Corporations Act (Alberta) ("ABCA") provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under the ABCA. To the extent that conflicts of interest arise, such conflicts will be resolved in accordance with the provisions of the ABCA.

Other Risks

Kairos also faces a number of risk factors that are outside of its control, generally, including, without limitation, terrorist activities, natural disasters, general economic and other conditions.

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