



## **King Solomon Mines Limited**

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# **NOTICE OF 2015 ANNUAL GENERAL MEETING**

**Notice is given that the Annual General Meeting (AGM) of King Solomon Mines Limited (the Company) will be held on Friday, 28 August 2015 at the offices of Taylor Collison Limited, Level 10, 167 Macquarie Street, Sydney, NSW Australia commencing at 2.00pm (Sydney time)**

### **Business**

#### **Resolution 1 To Elect a Director – Mr Simon James Robson Taylor**

To consider and, if thought fit, to pass the following Resolution as an **ordinary** resolution:

“That, for the purpose of Article 20.4 of the Company’s Constitution and for all other purposes, Mr Simon J R Taylor retires by rotation as a Director and, being eligible, offers himself for re-election.”

#### **Resolution 2 Appointment and Remuneration of Auditor**

To consider and, if thought fit, to pass the following Resolution as an **ordinary** resolution:

“That PricewaterhouseCoopers be re-appointed as Auditor of the Company to:

- (a) hold office from the conclusion of this Meeting to the conclusion of the next AGM; and
- (b) audit the financial statements of the Company for the year ending 31 March 2016, and that the Board of Directors of the Company be authorised to fix the Auditor's remuneration.”

#### **Resolution 3 Approval of 10% Placement Facility**

To consider and, if thought fit, to pass the following Resolution as **special** resolution:

“That, pursuant to, and in accordance with, ASX Listing Rule 7.1A and for all other purposes, shareholders approve the issue of Equity Securities of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, and on the terms and conditions in the Explanatory Memorandum.”



## **Voting Exclusion Statements**

The Company will disregard any votes cast on Resolution 3 by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person (and any associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if Resolution 3 is passed.

However, in respect of Resolution 3, the Company need not disregard any vote by any such persons if:

- it is cast by any of them as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or
- it is cast by the person who is chairing the Meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Each of these Resolutions is described in the attached Explanatory Memorandum, which forms part of this Notice of AGM.

For and on behalf of the Board of Directors of King Solomon Mines Limited:

**Robert J Waring**  
Company Secretary

Dated: 16 July 2015



## Explanatory Memorandum

The purpose of this Explanatory Memorandum (which forms part of the Notice of Annual General Meeting (AGM) dated 16 July 2015) is to provide shareholders with an explanation of the Resolutions to be proposed and considered at the AGM of the Company to be held on 28 August 2015.

### Business

#### **Resolution 1 To Elect a Director – Mr Simon James Robson Taylor**

Article 20.3 of the Company's Constitution allows the Directors to appoint, at any time, a person to be a Director as an addition to the existing Directors, but only where the total number of Directors does not, at any time, exceed the maximum number specified by its Constitution and by the corporations legislation. Article 20.4 of the Company's Constitution provides that any Director appointed in accordance with Article 20.3 may retire at an AGM by rotation and may seek re-election. Accordingly, Mr Taylor resigns as a Director at this AGM by rotation and, being eligible, seeks approval to be re-elected as a Director.

Mr Taylor was appointed as a Non-Executive Director of the Company on 1 October 2014 and the Board considers him to be an independent Director. He is a Geologist with over 25 years' experience in exploration, project assessment and development in the resources sector. Mr Taylor is a member of the Australian Institute of Geoscientists and a graduate of Sydney University. He has had a diversified career as a resources professional, providing services to resource companies and financial corporations at both a technical and corporate level. Mr Taylor's geological experience spans a range of commodities, including gold, fertilisers (phosphate and potash), base metals, nickel, uranium, coal and coal seam methane. His experience has been gained in Australia, as well as in overseas countries such as Brazil, Turkey, Uganda, Tanzania, Mali, China, the United Kingdom and North America.

Mr Taylor has provided consulting services to resource companies and financial corporations as a resource analyst. His analytical and technical expertise, combined with his corporate experience, have given him the ability to advise companies at an executive and Board level, including fundraising, acquisitions, promotion and recognising value opportunities to add shareholder value. Mr Taylor is currently a non-executive director with Chesser Resources Limited (March 2007 – present) and Oklo Resources Limited (August 2014 – present), and has held former directorships with Aguia Resources Limited (Managing Director, November 2007 – December 2013), Bondi Mining Limited (July 2006 – March 2010) and Probiomics Limited (July 2008 – April 2012).

**Directors' Recommendation:** The Directors (except Mr Taylor) support the re-election of Mr Taylor and recommend that Shareholders vote in favour of Resolution 1.

#### **Resolution 2 Appointment and Remuneration of Auditor**

The New Zealand Companies Act 1993 (the Companies Act) provides that at each AGM a Company must appoint an Auditor and fix the Auditor's remuneration. PricewaterhouseCoopers has consented to continue as Auditor of the Company. In order to make sure that the Company is able to obtain competitive rates, the Board seeks shareholder authorisation to set the Auditor's remuneration.

**Directors' Recommendation:** The Directors support the continuation of PricewaterhouseCoopers as the Company's Auditor and recommend that Shareholders vote in favour of Resolution 2.



## Resolution 3 Approval of 10% Placement Facility

### 3.1 General

ASX Listing Rule 7.1A enables an eligible entity to issue Equity Securities of up to 10% of its issued ordinary share capital through placements over a 12-month period after the AGM (**10% Placement Facility**). The 10% Placement Facility is in addition to the eligible entity's 15% placement capacity under Listing Rule 7.1.

An eligible entity, for the purposes of Listing Rule 7.1A, is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility.

The exact number of Equity Securities that may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 3.2(c) below).

### 3.2 Description of ASX Listing Rule 7.1A

#### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an AGM.

#### (b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of this Notice of AGM, has on issue the following classes of Equity Securities:

- 834,929,348 ordinary shares quoted on ASX; and
- 1,600,000 options not quoted on ASX with an exercise price of \$0.12 and an exercise period expiry date of 29 July 2016.

#### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities that have obtained shareholder approval at an AGM may issue, or agree to issue, during the 10% Placement Period (refer to section 3.2(f) below), a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

Where:

- A** is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:
- plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
  - plus the number of partly paid ordinary shares that became fully paid in the 12 months;
  - plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of ordinary shares under Listing Rules 7.1 and 7.4;
  - less the number of fully paid ordinary shares cancelled in the 12 months.

*(Note that A has the same meaning as in Listing Rule 7.1 when calculating an entity's 15% placement capacity.)*

**D** is 10%

**E** is the number of Equity Securities issued, or agreed to be issued, under Listing Rule 7.1A.2



in the 12 months before the date of the issue, or agreement to issue, that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice of AGM, the Company has on issue 834,929,348 ordinary shares and therefore has a capacity to issue:

- (i) 125,239,402 Equity Securities under Listing Rule 7.1; and
- (ii) subject to shareholder approval being obtained under Resolution 3, 83,492,934 Equity Securities under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 3.2(c) above).

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within five Trading Days of the date referred to in section 3.2(e)(i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

### **3.3 ASX Listing Rule 7.1A**

The effect of Resolution 3 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period in addition to using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 3 is a special resolution and therefore requires approval of at least 75% of the votes cast by shareholders entitled to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative) on the Resolution.



### 3.4 Specific information required by ASX Listing Rule 7.3A

Pursuant to, and in accordance with, Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows to the extent that such information is not disclosed elsewhere in this Explanatory Memorandum:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities in the same class over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within five Trading Days of the date in section 3.4(a)(i), the date on which the Equity Securities are issued.
- (b) There is a risk that:
  - (i) the market price for the Company's Equity Securities in the same class may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities in the same class on the issue date, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the risk of voting dilution of existing shareholders on the basis of the current market price of shares and the current number of ordinary shares for variable 'A' calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of AGM. The table also shows:

- two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of ordinary shares the Company has on issue. The number of ordinary shares on issue may increase as a result of issues of ordinary shares that do not require shareholder approval (for example, a pro rata entitlement issue) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and
- two examples of where the issue price of ordinary shares has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0015 50% decrease in Issue Price	\$0.003 Issue Price	\$0.006 100% in Issue Price
Current Variable A 834,929,348 Shares	10% Voting Dilution	83,492,934	83,492,934	83,492,934
	Funds Raised	\$125,239	\$250,479	\$500,958
50% increase in current Variable A 1,252,394,022 Shares	10% Voting Dilution	125,239,402	125,239,402	125,239,402
	Funds Raised	\$187,859	\$375,718	\$751,436
100% increase in current Variable A 1,669,858,696 Shares	10% Voting Dilution	166,985,869	166,985,869	166,985,869
	Funds Raised	\$250,479	\$500,958	\$1,001,916



The table has been prepared on the following assumptions:

- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility;
  - No current Options are exercised into Shares before the date of the issue of the Equity Securities;
  - The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
  - The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placement under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting;
  - The table shows only the effect of the issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1 and no other issues of Equity Securities;
  - The issue of Equity Securities under the 10% Placement Facility consists only of Shares; and
  - The issue price is \$0.003, being the closing price of the Shares on ASX on 16 July 2015.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 3 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as referred to in the Note to Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such an acquisition), continued exploration and feasibility study expenditure on the Company's current assets, and / or general working capital.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.
- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities and the number of Equity Securities allotted to each will be determined on a case-by-case basis having regard to factors including, but not limited to, the following:
- (i) the methods of raising funds that are available to the Company, including, but not limited to, a rights issue or other issue in which the existing security holders can participate;
  - (ii) the effect of the issue of the Equity Securities on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of AGM, but may include existing substantial shareholders and / or new shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments or the nominee of such vendors.





- (g) The Company has not previously obtained shareholder approval under Listing Rule 7.1A.
- (h) A voting exclusion statement is included in this Notice of AGM. At the date of this Notice of AGM, the Company has not approached any particular existing shareholder or security holder, or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing shareholders' votes will therefore be excluded under the voting exclusion statement in this Notice of AGM.

**Directors' Recommendation:** Resolution 3 is a **special resolution**. The Directors recommend that shareholders vote in favour of Resolution 3. The Chairman intends to vote undirected proxies in favour of Resolution 3.

## GLOSSARY

In this Explanatory Memorandum and Notice of AGM the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

**10% Placement Facility** has the meaning given in section 3.1;

**10% Placement Period** has the meaning given in section 3.2(f);

**ASX** means ASX Limited ACN 008 624 691;

**Board** means the board of directors of the Company;

**Companies Act** means New Zealand Companies Act 1993;

**Company** means King Solomon Mines Limited ARBN 122 404 666;

**Constitution** means the existing constitution of the Company;

**Director** means a director of the Company;

**Equity Securities** has the same meaning as in the ASX Listing Rules;

**Listing Rules** means the listing rules of ASX;

**Meeting** means the meeting of shareholders convened by this Notice of Annual General Meeting; and

**Notice** means the notice of meeting to which this Explanatory Memorandum is attached.





## **General**

The shares mentioned in Resolution 3 all rank equally in all respects with the existing fully paid ordinary shares in the Company.

## **Voting**

Resolutions 1 and 2 are ordinary resolutions. An ordinary resolution is a resolution passed by a simple majority of votes of shareholders who are entitled to vote on the resolution and who exercise their right to vote. Resolution 3 is a special resolution requiring 75% of the votes cast to be in favour of Resolution 3.

All shareholders are entitled to attend and vote at the AGM, or to appoint a proxy or representative (in the case of a corporate shareholder) to attend and vote on their behalf. A proxy need not be a shareholder of the Company. A Proxy Form is enclosed and completed Forms (or, if a corporate shareholder prefers, a completed appointment of representative) must be received at the offices of the Company no later than 48 hours before the time of holding the AGM i.e. Wednesday, 26 August 2015 at 2.00pm (Sydney time). Proxies may be delivered to the offices of the Company (242 Marine Parade, Otaki 5512, New Zealand), sent by mail (PO Box 15-005, Otaki 5542, New Zealand) or by facsimile (+646 364 8497). If the Proxy Form is completed under a power of attorney, a copy of the power, together with a certificate of non-revocation, must accompany the completed Form.

The Chairman of the Company has advised that he is prepared to act as proxy for any shareholder who wishes him to do so. If that is what you require, please circle the words appointing the “Chairman of the Meeting” on the Proxy Form. The Chairman has indicated that he will vote all undirected proxies in favour of all Resolutions.



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# PROXY FORM

### Return Proxy Form:

- by hand delivery to: 242 Marine Parade, Otaki 5512, New Zealand;
- by mail to: PO Box 15-005, Otaki 5542, New Zealand; or
- by facsimile to: +64 6 364 8497.

I / We \_\_\_\_\_

of \_\_\_\_\_

being a Shareholder / Shareholders of King Solomon Mines Limited (the Company) hereby appoint

\_\_\_\_\_ of \_\_\_\_\_

or failing him / her

\_\_\_\_\_ of \_\_\_\_\_

or, failing that person, the Chairman of the Meeting, as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting of Shareholders of the Company to be held at the offices of Taylor Collison Limited, Level 10, 167 Macquarie Street, Sydney NSW 2000 Australia, at 2.00pm (Sydney time) on Friday, 28 August 2015 and at any adjournment thereof.

### Proxy Voting Instructions

**If you do not wish to direct your proxy how to vote, please insert an X in this box:**

By marking this box, you acknowledge that, if the Chairman is your proxy, the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolution and votes cast by him, other than as proxy holder, will be disregarded because of that interest.

*If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on the Resolution and your votes will not be counted in calculating the required majority if a poll is called on the Resolutions.*

If the Chairman of the Meeting is voting as your proxy, he intends to vote any undirected proxies held on the item of business in favour of the Resolution on that item of business.

\_\_\_\_\_  
Signature of shareholder (companies to execute under seal if appropriate)

SIGNED this \_\_\_\_\_ day of \_\_\_\_\_ 2015

If you desire to direct your proxy / proxies how to vote, please insert an X in the appropriate boxes below. If you do not direct your proxy / proxies, the proxy holder may vote as they think fit or may abstain from voting.

### Business

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
Resolution 1 – To Elect a Director – Mr Simon James Robson Taylor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Appointment and Remuneration of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>