



CANDIDATE REFERENCING MADE SIMPLE



## **KING SOLOMON MINES LIMITED**

**ARBN 122 404 666**

**To be renamed Xref Limited subject to Shareholder approval**

### **PROSPECTUS**

For the offer of 15,000,000 ordinary Shares at an offer price of 20 cents each to raise \$3,000,000

Oversubscriptions of up to a further 5,000,000 ordinary Shares at an offer price of 20 cents each to raise up to a further \$1,000,000 may be accepted

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

#### **Important Information**

This document provides important information to assist prospective investors in deciding whether or not to invest in the Company. It should be read in its entirety. If you do not understand it, you should consult your professional advisers.

**THE SHARES OFFERED UNDER THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.**

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## IMPORTANT NOTICES

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### Change In Nature and Scale - Re-Compliance with Chapters 1 and 2 of the ASX Listing Rules

The Company has historically operated as a minerals exploration company with tenement interests in Inner Mongolia, China. As announced to ASX on 3 August 2015 and on 28 October 2015 the Company has entered into a Share Purchase Agreement to acquire all of the issued shares in Xref Pty Ltd ACN 147 613 938 (**Xref**).

Xref is a Sydney-based company that allows prospective employers to seamlessly and professionally conduct pre-employment reference checks on suitable candidates via an online candidate-referencing system.

Xref's focus is on continuing to develop the business of providing an easy-to-use, mobile-ready, fully-reportable, cloud-based platform that recruitment teams use to conduct pre-employment reference checks.

Xref will continue in the first half of the 2015-16 financial year to have a single focus, and be primarily involved in Human Resource Technology in Australia and in key international target markets, such as the UK, Asia and the US.

The acquisition of Xref will result in a significant change to the nature and scale of the Company's activities which requires approval of its Shareholders under Chapter 11 of the ASX Listing Rules.

The Company has convened a general meeting of its

Shareholders to be held on or about 26 November 2015 to seek Shareholder approval for, amongst other approvals, the issue of shares to effect the acquisition of Xref, the change in nature and scale of the Company's activities, the Consolidation of the Company's Shares, and the change of Company name to Xref Limited. A copy of the notice of meeting is available on ASX's website.

The Offer made under this Prospectus and the issue of Shares pursuant to this Prospectus are subject to and conditional upon Shareholders passing Resolutions 2 to 18 (inclusive) at the meeting to be held on or about 26 November 2015, the satisfaction of the conditions referred to in those resolutions and the satisfaction or waiver of the conditions precedent in the Share Purchase Agreement. If Resolutions 2 to 18 are not passed, the conditions referred to in those resolutions are not satisfied or the conditions precedent in the Share Purchase Agreement are not satisfied or waived, this Offer will not proceed, no Shares will be allotted pursuant to this Prospectus and the Company will repay all money received from Applicants without interest.

The Company must comply with ASX requirements to re-list on ASX, which include re-complying with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

This Prospectus is dated 23 November 2015 and was lodged with the Australian Securities and Investments

Commission (**ASIC**) on that date. Neither ASIC nor ASX Ltd (**ASX**) takes any responsibility for the contents of this Prospectus. No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. The Directors of and advisers to the Company do not guarantee the success of the Company, repayment of capital, payment of dividends or the price at which Shares will trade on ASX.

### Electronic Prospectus

This Prospectus will be issued in paper form and as an electronic Prospectus which may be accessed on the internet at [www.kingsolomonmines.com](http://www.kingsolomonmines.com). The Offer of Shares pursuant to the paper form or electronic Prospectus is only available to persons receiving this Prospectus in Australia, New Zealand or Hong Kong. The Corporations Act prohibits any person passing onto another person the Application Form unless it is attached to, or accompanied by, the complete and unaltered version of this Prospectus. During the Offer Period, any person may obtain a hard copy of this Prospectus by contacting the Company by email at [enquiries@kingsolomonmines.com](mailto:enquiries@kingsolomonmines.com)

### Financial Forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and

possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

### **Consolidation of Capital**

Unless otherwise stated, all references to securities of the Company as set out in this Prospectus are on the basis that the proposed Consolidation (on a 50 to one basis) of the Company's capital (proposed for Shareholder approval at the general meeting of Shareholders to be held on or about 26 November 2015) has been implemented.

### **Risk Factors**

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in the Investment Overview and Section 3 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future.

Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

### **Forward Looking Statements**

This Prospectus may contain forward looking statements or information. Forward-looking statements can be identified by the use of words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believe', 'estimate', 'intend', 'scheduled' or 'continue' or similar expressions. Such statements and information are

subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in such forward looking statements or information. Whilst the Company considers the expectations reflected in any perceived forward looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined in Section 3 of this Prospectus, as well as other matters as not yet known to the Company or not currently considered material by the Company, may cause actual events to be materially different from those expressed, implied or projected in any perceived forward looking statements or information. Any forward looking statements or information contained in this Prospectus is qualified by this cautionary statement.

### **New Zealand**

1. This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*.
2. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the

Corporations Regulations set out how the offer must be made.

3. There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.
4. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.
5. Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.
6. The taxation treatment of Australian financial products is not the same as for New Zealand financial products.
7. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.
8. The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the

financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

9. If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.
10. If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

#### **Hong Kong Special Administrative Region securities law requirements**

The Shares issued under the Offer (**New Shares**) may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong) (**CWUMPO**), or (ii) to 'professional investors' as defined in the Securities and

Futures Ordinance (Cap.571, Laws of Hong Kong) (**SFO**) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a 'prospectus' as defined in CWUMPO, and no advertisement, invitation or document relating to the New Shares may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the New Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to 'professional investors' as defined in the SFO and any rules made thereunder.

The New Shares are being marketed by KSO without a licence under the SFO as KSO is marketing these New Shares as principal to the limited category of investors known as 'professional investors' only as defined in Part 1 Schedule 1 of the SFO and any rules made thereunder.

The New Shares are being offered solely to 'professional investors' as defined in Part 1 Schedule 1 of the SFO and any rules made thereunder, namely:-

1. banks, financial institutions and insurance companies, etc.;
2. trust corporations with total assets of not less than HK\$40 million;
3. individuals either alone or jointly with spouse/children with a portfolio of not less than HK\$8 million;

4. a corporation or partnership with a like portfolio or total assets of not less than HK\$40 million; or

5. a pure investment holding company wholly owned by individuals who are themselves Professional Investors.

This document has not been, and will not be, registered as a prospectus under the Companies Ordinance, nor has it been authorized by the Securities and Futures Commission in Hong Kong pursuant to the SFO. No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it.

#### **WARNING**

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

#### **Other Foreign Jurisdictions**

This Prospectus does not constitute an offer or invitation in any place in which, or to persons to whom, it would not be lawful to make an offer. Distribution of this Prospectus in jurisdictions outside Australia, New Zealand and Hong Kong may be restricted by law, and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Failure to comply with such restrictions may constitute a violation of applicable securities laws.

**Website Address**

The Prospectus can be downloaded from [www.kingsolomonmines.com](http://www.kingsolomonmines.com).

**Photographs and Diagrams**

Items and undertakings depicted in photographs and diagrams in this Prospectus are not assets of the Company, unless otherwise stated. Diagrams appearing in this Prospectus are illustrative only and may not be drawn to scale.

**Definitions**

Throughout this Prospectus abbreviations and defined terms are used. Abbreviations and legal and technical terms are contained in the Definitions in Section 9 of this Prospectus. Defined terms are generally identified by the uppercase first letter.

**Conditions Precedent**

The Offer made under this Prospectus and the issue of Shares pursuant to this Prospectus are subject to and conditional upon Shareholders passing Resolutions 2 to 18 (inclusive) at the meeting to be held on or about 26 November 2015, the satisfaction of the conditions referred to in those resolutions and the satisfaction or waiver of the conditions precedent in the Share Purchase Agreement. If Resolutions 2 to 18 are not passed, the conditions referred to in those resolutions are not satisfied or the conditions precedent in the Share Purchase Agreement are not satisfied or waived, this Offer will not proceed, no Shares will be allotted pursuant to this

Prospectus and the Company will repay all money received from Applicants without interest.

**Disclaimer**

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus that is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

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# Corporate Directory

## **Current Directors**

Simon O'Loughlin - Non-Executive Chairman  
(Non-Executive Chairman post Acquisition)  
Simon Taylor - Non-Executive Director  
(To resign post Acquisition)  
Stephen McPhail – Managing Director  
(To resign post Acquisition)

## **Incoming Directors** (to be appointed post Acquisition)

Lee-Martin Seymour  
(Executive Director (Chief Executive Officer) post Acquisition)  
Timothy Griffiths  
(Executive Director (Chief Technology Officer) post Acquisition)  
Timothy Mahony  
(Non-Executive Director post Acquisition)

## **Company Secretary**

Robert Waring

## **Registered Office**

242 Marine Parade  
Otaki NZ 5512  
Email: [enquiries@kingsolomonmines.com](mailto:enquiries@kingsolomonmines.com)  
Website: [www.kingsolomonmines.com](http://www.kingsolomonmines.com)

## **Share Registrar**

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street  
Abbotsford VIC 3067  
Telephone: 1300 850 505 (from Australia)  
+61 3 9415 4000  
(from elsewhere)  
Website: [www.computershare.com](http://www.computershare.com)

## **Solicitors to the Company**

O'Loughlins Lawyers  
Level 2, 99 Frome Street  
Adelaide SA 5000

## **Investigating Accountant**

Hall Chadwick Corporate (NSW) Limited  
Level 40, 2 Park Street  
Sydney NSW 2000

## **Lead Manager**

Taylor Collison Limited  
Level 16, 211 Victoria Square  
Adelaide SA 5000



# Letter from Chairman

23 November 2015

Dear Investor,

On behalf of the Directors of King Solomon Mines Limited (**KSO** or **the Company**), it is my pleasure to introduce this Prospectus to you. This Prospectus has been issued by KSO to enable the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and for the offer of 15,000,000 new Shares at \$0.20 per Share to raise \$3,000,000 (up to a further 5,000,000 Shares at \$0.20 per Share may be accepted as oversubscriptions to raise up to a further \$1,000,000) (**Offer**).

KSO was incorporated on 28 January 2003 in New Zealand and has historically operated as a minerals exploration company with tenement interests in Inner Mongolia, China. However, as announced to ASX on 3 August 2015, the Company has now moved into an exciting new phase of its development by entering into a Share Purchase Agreement (**Share Purchase Agreement**) to acquire all of the issued shares in Xref Pty Ltd ACN 147 613 938 incorporated in New South Wales in 2010 (**Xref**).

Xref operates an easy-to-use, mobile-ready, fully-reportable, cloud-based platform that recruitment teams use to conduct pre-employment reference checks. Upon completion of the Acquisition, the Company's initial focus will be the further development of the Company's profile within the US\$15 billion Human Resource Technology Market.

The Xref business will be well capitalised following the minimum \$3,000,000 equity raising comprising this Offer. Existing and new funds will be directed to accelerate growth by funding development of the Xref business in Australia and in key international target markets, such as the UK, Asia and the USA.

The acquisition of Xref will result in a significant change to the nature and scale of the Company's activities and as such requires approval of its Shareholders under Chapter 11 of the ASX Listing Rules. The Company has convened a general meeting of its Shareholders to be held on or about 26 November 2015 to seek Shareholder approval for, amongst other approvals, the issue of shares to effect the acquisition of Xref, the change in nature and scale of the Company's activities, the Consolidation of the Company's Shares and the change of Company name to Xref Limited.

Subject to the satisfaction or waiver of the conditions precedent in the Share Purchase Agreement (and completion of the Acquisition), shareholder approval and re-compliance with the ASX Listing Rules, the Company will own 100% of the shares in Xref. Further details of the Share Purchase Agreement are contained in Section 6.1 of this Prospectus.

The restructured KSO Board that will be in place post Acquisition has the necessary background to ensure there is focus on sound development of the Company's business targets whilst building shareholder wealth in the process. Further details on each of the Company's current and proposed directors are contained in the Investment Overview of this Prospectus.

The Directors believe that the decision to acquire Xref will deliver a significant opportunity to create increased value for current and future shareholders. The Board believes the main drivers of value from the Acquisition and capital raising are:

- The Xref acquisition provides current and future shareholders of the Company with exposure to an existing, high growth, well managed business involved in the human resource technology industry.
- Exposure to the growing global human resource technology industry and the market of providing



cloud-based pre-employment reference checks.

- More certain return to shareholder value creation, given the current state of the Australian share market with regard to junior exploration companies and continued low investor sentiment. In the current share market environment there is greater likelihood of restoring shareholder value by progressing the proposed acquisition of Xref than if the Company was simply to remain a junior mineral explorer listed on ASX.
- Increased liquidity in the securities of the Company.

The Company, once it has changed its name to Xref, will move out of the mineral exploration business and focus on the human resource technology industry in which Xref has established a position as a high-growth provider of easy-to-use, mobile-ready, fully-reportable, cloud-based pre-employment reference checks, attracting direct clients such as Qantas Airways Ltd, Westpac Banking Group, Mission Australia, APG & Co, AMP Limited, IAG, Bupa, Orotongroup (Australia) Pty Ltd and Tatts Group Limited together with many indirect clients via recruitment process outsourcing companies such as Hudson. The Company's exploration interests in Inner Mongolia, China, will be divested by the Company. The Company is currently finalising negotiations for the outright sale of the above project. This Prospectus, having been prepared on the basis that the Company will divest these interests, does not therefore contain detailed reporting of those assets.

It is envisaged that following completion of the Acquisition, the Company will be focused on developing its profile and business in Human Resource Technology in Australia and in key international target markets, such as the UK, Asia and the US.

The KSO Board believes the proposed acquisition and change of business post Acquisition are both very positive and in the best interests of current and future shareholders.

This Prospectus contains detailed information about KSO and its business, subject to the Acquisition succeeding. Please read this Prospectus carefully before you make a decision to invest and, where necessary, consult with your professional advisers.

Yours sincerely



SIMON O'LOUGHLIN

Non-Executive Chairman

# Investment overview

## IMPORTANT

The Shares offered by this Prospectus are of a speculative nature. Prospective investors should carefully consider the risk factors outlined in Section 3 of this Prospectus.

The information in this Section is a key points summary only and is not intended to provide comprehensive details of the Offer. Prospective investors should read the full text of this Prospectus and, if in any doubt, consult with their professional advisers before deciding whether to apply for Shares. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

## THE COMPANY

KSO was incorporated on 28 January 2003 in New Zealand, was registered as a foreign company under the Corporations Act on 20 December 2006 and has been listed on the Australian Securities Exchange (ASX Code: KSO) since 18 April 2007.

## THE ACQUISITION

The Company has entered into a Share Purchase Agreement (**Share Purchase Agreement**) with the registered holders of the Xref shares (**Xref Vendors**) in order to acquire 100% of the shares in Xref. Details of the Share Purchase Agreement are contained in Section 6.1 of this Prospectus.

Xref was incorporated in New South Wales on 29 November 2010 and operates an online platform enabling clients to conduct pre-employment reference checks via a cloud-based candidate referencing system. Details of the Xref business are contained in Section 2 of this Prospectus.

Subject to the satisfaction or waiver of the conditions precedent in the Share Purchase Agreement and the passing of Resolutions 2 to 18 (inclusive) at the general meeting of KSO's Shareholders on or about 26 November 2015, the Company will acquire all of the Xref Shares.

KSO is in the process of divesting its exploration tenement interests, details of which are contained in Section 2.2(b) of this Prospectus. This Prospectus has been prepared on the basis that the Company will divest its exploration interests, and does not therefore contain a detailed discussion of those assets.

If the Acquisition proceeds:

- (a) KSO will acquire all of the Xref Shares and Xref will become a wholly owned subsidiary of KSO;
- (b) the Consideration Securities will be issued in consideration of the acquisition of the Xref Shares;
- (c) existing board members of KSO (Messrs Stephen McPhail and Simon Taylor) will be replaced with representatives of Xref (Messrs Lee-Martin Seymour, Timothy Griffiths and Timothy Mahony) whilst Mr Simon O'Loughlin will remain as non-executive Chairman at Completion of the Acquisition; and
- (d) KSO will maintain its listing on ASX and change its name to Xref Limited.

## THE COMPANY'S OBJECTIVES

The Company's main objective, post Acquisition of Xref, is to develop its profile and business in Human Resource Technology in Australia and in key international target markets, such as the UK, Asia and the US, in order to seek to create value for the Company's current and future shareholders. The business of Xref and its target market are further discussed in Section 2 of this Prospectus.

## INVESTMENT HIGHLIGHTS

Xref is a Sydney-based human resource technology company, with a focus on candidate reference checking solutions that allow prospective employers to seamlessly and professionally conduct pre-employment reference checks via an online platform.

The key strengths of the Xref business are as follows:

### **Product that addresses key business need**

Xref automates the candidate referencing process via an easy to use, mobile-ready, fully reportable, cloud-based platform. Xref helps limit reference fraud, frees up recruiter's time, adds governance and reduces delays in the recruitment process.

### **Top tier client base with high retention rates**

Xref enjoys a top tier client base comprising direct clients Qantas Airways Ltd, Westpac Banking Group, Mission Australia, APG & Co, AMP Limited, IAG, Bupa, OrotonGroup (Australia) Pty Ltd and Tatts Group Limited together with many indirect clients via recruitment process outsourcing companies such as Hudson.

### **Strong brand established**

Xref has from its inception focused on building a strong brand presence, governed by strict brand guidelines that extend through design, culture and values. In many cases the word 'Xref' has been adopted by clients as a replacement for the traditional term 'a candidate reference'.

### **Strong Industry and Operational experience**

Over the last five years Xref has built strong growth and has tested pricing in various markets over time, allowing Xref to develop a strong understanding of the requirements of its customers and market.

### **Global Expansion Strategy**

By leveraging five years of experience in Australia and New Zealand, Xref can replicate its sales team structure and sales lifecycle to build out regionalised teams quickly and effectively. Many Australian and New Zealand Xref clients also have offices situated overseas. These include the UK, US, Europe and Asia.

### **Xref integrating with major Global software companies**

Many Xref clients use Applicant Tracking Systems (**ATS**) to manage their recruitment process. Examples of these ATS systems include Oracle Taleo, PageUp, Cornerstone, SAP Success Factors and Workday.

By seamlessly integrating to a client's ATS, Xref will provide the ability for an employer to request and receive an Xref check from their core system.

### **Xref leveraging valuable data collected**

The collection, analysis and visualisation of reference data provides recruiters with valuable insights and analytical data not available via traditional phone-based methods. Xref has five years' experience leveraging its data for the benefit of its clients.

### **Strong sales team and culture**

Over time Xref has built a focused, unified and productive team that boasts an enviable culture. Xref's sales teams are all highly experienced, successful past recruiters that leverage their understanding of the market and the intricacies of the recruitment process to effectively sell Xref. This solid understanding of customers' requirements reflects in Xref's success to date.

## Significant growth potential

Based on the above factors Xref has the potential to grow customer numbers both in Australia and the global market.

### KEY RISKS

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which they can be effectively managed is limited.

Set out below are the key risks which the Directors consider are associated with an investment in the Company. Further risks associated with an investment in the Company are outlined in Section 3 of this Prospectus:

- **Operating Experience and Reliance on Key Personnel Risk**

KSO's incoming Directors and management team have significant experience in the human resource, recruitment, and technology industries. If growth objectives are to be met, this will depend on the ability of the incoming Directors and management to implement the current development strategies and to adapt, where necessary, to accommodate and manage any unforeseen difficulties. Initially, Xref will rely heavily on the experience of its existing management team and Directors.

Xref depends on a number of key technical and management personnel, and the business could be severely disrupted if Xref lost the benefit of their services.

- **Technology Risk**

Xref's business is based around its cloud-based software platform. Accordingly, as with all other technology products, there is a risk that the technology may be superseded by a new technology which has advantages over Xref's offerings, however given Xref's first mover advantage in Australia this risk is somewhat mitigated.

- **Loss of Customers Risk**

Whilst Xref enjoys a high customer retention rate Xref must maintain and support its existing customer relationships to ensure they continue using the platform into the future and are receptive to the uptake of additional product offerings. The loss of these customers would have an adverse impact on the financial position of Xref.

- **Sales and Marketing Success Risk**

Xref has been able to consistently grow its business with limited marketing, however following the Acquisition, Xref intends to invest capital into greater domestic and international sales capacity. Selling and marketing of the software and the 'Xref' brand will be vital to its sustained presence and success both domestically and globally. By its nature, there is no guarantee that Xref's sales and marketing campaign will be successful. In the event that it is not this would have an impact on Xref's future sales and profitability.

- **Brand and Reputation Risk**

Xref's brand and reputation are key assets of the business. The reputation and value associated with these brands and related intellectual property could be adversely affected by a number of factors, including failing to provide customers with the quality of product they expect, disputes or litigation with third parties, employees, suppliers or customers, or adverse media coverage (including social media), or other circumstances including those beyond the direct control of Xref. Significant erosion in the reputation of, or value associated with, Xref's brands could have an adverse effect on customer loyalty, relationships with key suppliers, employee retention rates, and overall demand for Xref's products.

- **Increase in Competition Risk**

The HR Technology market is highly competitive. The actions of an existing competitor or the introduction of a new competitor in the HR Technology market may make it difficult for Xref to attract new users, expand its user base and subscribe for each of its product offerings. Competitor action may cause Xref's existing customers to no longer renew. This will materially affect Xref's ability to grow its revenue which, in turn, may have an adverse effect on its profitability.

#### THE OFFER

The Company is offering 15,000,000 Shares for subscription at an Offer Price of 20 cents per Share to raise \$3,000,000. Oversubscriptions of up to a further 5,000,000 Shares may be accepted to raise up to a further \$1,000,000. The Minimum Subscription is 15,000,000 Shares. The key information relating to the Offer and references to further details are set out below.

#### INDICATIVE TIMETABLE FOR THE OFFER

<b>Event</b>	<b>Date</b>
Lodgement of this Prospectus with ASIC and ASX	23 November 2015
General Meeting of KSO Shareholders	26 November 2015
Suspension of trading in the Company's securities	26 November 2015
Opening Date of the Offer	1 December 2015
Expected Closing Date of the Offer	15 December 2015
Completion of Acquisition and issue of Shares under this Prospectus	22 December 2015
Expected Date for re-quotation of Shares on ASX	4 January 2016

The above dates are indicative only and may vary, subject to the requirements of the ASX Listing Rules and the Corporations Act.

#### **KEY INFORMATION**

##### **Type of security being offered and its rights and liabilities**

Fully paid ordinary shares in the capital of the Company ranking equally with existing Shares on issue.

##### **Subscription of the Offer**

\$3,000,000 (Minimum Subscription) with oversubscriptions up to a further \$1,000,000.

##### **How to apply for Shares**

Complete and return the Application Form together with payment in full for the quantity of Shares being applied for. Applications must also be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.

##### **Will the securities be listed?**

Application for Official Quotation by ASX of the Shares issued pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

##### **How will Shares be allocated?**

The Directors will determine the allottees in their sole discretion.

#### **FURTHER DETAILS**

Section 7.4

Section 1.2

Section 1 and  
Application Form

Section 1.9

Section 1.7

**Where will the Offer be made?**

Section 1.11

No action has been taken to register or qualify the Shares, or, otherwise permit a public offering of the Shares the subject of this Prospectus, in any jurisdiction outside Australia, New Zealand, and Hong Kong. Applicants who are resident in countries other than Australia, New Zealand or Hong Kong should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

**Broker commissions**

Section 1.8

The Company reserves the right to pay a commission on amounts subscribed through any licensed securities dealer or Australian financial services licensee and accepted by the Company.

**CHESS and Issuer Sponsorship**

Section 1.10

The Company participates in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

**Who should I contact with queries?**

Any questions concerning the Offer should be directed to the Company by telephone on 1800 061 569 (from Australia) or 0800 546 476 (from New Zealand) or +64 6 364 8462 (from elsewhere).

## PURPOSE OF THE OFFER

The purpose of the Offer is to facilitate an application by the Company for re-admission of the Company to the official list of the ASX and to raise at least \$3,000,000.

The Company is seeking to satisfy Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-listing following a change to the nature and scale of the Company's activities.

The Company aims to achieve the objectives set out above, the completion of the Acquisition of Xref and the development of the employment and recruitment technology business as described in this Prospectus.

## CAPITAL STRUCTURE

Following completion of the Issue, the proposed issued capital structure of the Company on a post-Consolidation basis will be as set out in the table below (assuming that Resolutions 2 to 18 (inclusive) are passed at the general meeting of Shareholders to be held on or about 26 November 2015 and the Acquisition is completed). References to 'Resolutions' in the table below are to the resolutions contained in the notice convening the above meeting, a copy of which notice is available on the Company's website.

	Shares	Options	Performance Rights
<b>Current issued capital (pre-Consolidation)</b>	834,929,348	1,600,000	Nil
<b>Current issued capital (post Consolidation) assuming none of the current issued Options are exercised before the Consolidation (Resolution 1)</b>	16,698,587	32,000	Nil

	Shares	Options	Performance Rights
Issued capital on conversion of Xref Convertible Notes <b>(post Consolidation) (Resolutions 16, 17)</b> <sup>1</sup>	3,746,875 <sup>1</sup>	Nil	Nil
Issued to Xref Vendors <b>(post-Consolidation) (Resolutions 4, 5, 6)</b>	50,000,000	Nil	50,000,000 <sup>4</sup>
Issued pursuant to Capital Raising <b>(Resolutions 7 – 10 (inclusive))</b> <sup>3</sup>	20,000,000	Nil	Nil
Issued to Directors and a proposed Director <b>(Resolutions 12 – 15 (inclusive))</b>	Nil	1,700,000	Nil
Issued to Taylor Collison Limited <b>(Resolution 11)</b> <sup>3</sup>	Nil	2,808,909 <sup>1</sup>	Nil
<b>Total issued capital on reinstatement<sup>2</sup> assuming none of the current issued Options are exercised before reinstatement<sup>3</sup></b>	90,445,462 <sup>1</sup>	4,540,909 <sup>1</sup>	50,000,000

<sup>1</sup> Assumes that the Xref Convertible Notes are converted on 6 May 2016, being nine months after their issue date. On 6 May 2016, the total amount outstanding on the Xref Convertible Notes will be \$599,500, comprising the \$550,000 raised and \$49,500 in interest, which equates to 3,746,875 shares (post-consolidation). As noted in the above timetable, conversion (upon completion of the Acquisition) is scheduled to occur some months prior to that date, in which event the number of shares issued on conversion will be reduced accordingly.

<sup>2</sup> Assumes that no Dissenting Shareholder requires the Company to purchase its shares.

<sup>3</sup> Assumes that pursuant to Resolution 7, the maximum number of 20,000,000 Shares are issued. If the minimum number of 15,000,000 Shares are issued, the total issued capital on reinstatement will be up to 85,445,462 Shares (instead of up to 90,445,462 Shares) and up to 2,708,909 Options issued to Taylor Collison Limited (instead of up to 2,808,909 Options).

<sup>4</sup> Of these, 16,666,667 will be A Class Performance Rights (post Consolidation), 16,666,667 will be B Class Performance Rights (post Consolidation) and 16,666,666 will be C Class Performance Rights (post Consolidation).

Rights attaching to the Shares are summarised in Section 7.4 of this Prospectus. Terms and conditions of the Options and Performance Rights are summarised in Section 7.5 of this Prospectus.

#### SUBSTANTIAL SHAREHOLDERS

Those Shareholders holding 5% or more of the Shares on issue at the date of this Prospectus on a pre-Consolidation basis are:

Shareholder	Shares	%
Calama Holdings Pty Ltd <Mambat Super Fund A/C>	42,168,470	5.05

The Company will announce to the ASX details of its top-20 Shareholders (following completion of the Offer) prior to the Shares commencing trading on ASX.

#### USE OF FUNDS

The proposed application of funds over two calendar years from the date on which the Shares allotted under this Prospectus are quoted on the ASX is as follows:



## 1. MINIMUM SUBSCRIPTION

Use of Funds (A\$)	Notes	Funds Available Post Acquisition	Year 1 Spend	Year 2 Spend	Total Spend
Pre-offer Cash	1	1,553,737	-	-	-
Total Funds Raised Under The Offer		3,000,000	-	-	-
<b>Total Funds Available</b>		4,553,737	-	-	-
Expenses of the Offer	2	592,505	-	-	592,505
Global Expansion		-	375,000	375,000	750,000
Sales and Marketing		-	375,000	375,000	750,000
Software and Data Integration		-	375,000	375,000	750,000
Working Capital		-	78,747	78,747	157,495
<b>Total Funds Applied</b>		592,505	1,203,747	1,203,747	3,000,000

### Notes:

1. Represents cash on hand as reported by KSO at the end of its previous financial year as at 31 March 2015, Xref's cash on hand at the end of its previous financial year as at 30 June 2015, adjusted for the receipt of the convertible notes issued by Xref Pty Ltd as announced to the ASX on 19 August 2015 (actual cash levels at the date of the Completion of the Acquisition will likely differ from the above).
2. Refer to section below which details the expenses of the Offer

## 2. MAXIMUM SUBSCRIPTION

Use of Funds (A\$)	Notes	Funds Available Post Acquisition	Year 1 Spend	Year 2 Spend	Total Spend
Pre-offer Cash	1	1,553,737	-	-	-
Total Funds Raised Under The Offer		4,000,000	-	-	--
<b>Total Funds Available</b>		5,553,737	-	-	-
Expenses of the Offer	2	657,505	-	-	657,505
Global Expansion			500,000	500,000	1,000,000
Sales and Marketing			500,000	500,000	1,000,000
Software and Data Integration			500,000	500,000	1,000,000
Working Capital			171,247	171,247	342,495
<b>Total Funds Applied</b>		657,505	1,671,247	1,671,247	4,000,000

### Notes:

1. Represents cash on hand as reported by KSO at the end of its previous financial year as at 31 March 2015, Xref's cash on hand at the end of its previous financial year as at 30 June 2015, adjusted for the receipt of the convertible notes issued by Xref Pty Ltd as announced to the ASX on 19 August 2015 (actual cash levels at the date of the Completion of the Acquisition will likely differ from the above).
2. Refer to section below which details the expenses of the Offer

## EXPENSES OF THE OFFER

The estimated expenses (exclusive of GST) connected with the Offer and the Acquisition which are payable by the Company, based on the Minimum Subscription and Maximum Subscription amounts of \$3,000,000 and \$4,000,000 respectively, are as follows:

<b>Expense Item</b>	<b>Minimum Subscription (A\$)</b>	<b>Maximum Subscription (A\$)</b>
Investigating Accountant's Report	25,000	25,000
Independent Expert's Report	40,000	40,000
Legal Expenses	150,000	150,000
ASX and ASIC fees	30,000	35,000
Lead Manager Fees	280,000	340,000
Other including accounting, printing, marketing and distribution	67,505	67,505
<b>Total</b>	<b>592,505</b>	<b>657,505</b>

The above tables together with the business development program outlined in Section 2 of this Prospectus are statements of current intentions at the date of the lodgement of this Prospectus with ASIC. As with any budget, intervening events (including market success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied in these circumstances.

**The Directors are satisfied that, upon completion of the Issue, the Company will have sufficient funds to meet its stated objectives for a period of at least two years.**

### DIRECTORS AND KEY PERSONNEL

The Company is currently managed by an energetic Board and management team possessing a broad range of technical, commercial and financial skills with significant experience in the mineral exploration industry. Profiles of the current directors are as follows:

#### CURRENT DIRECTORS

**Simon O'Loughlin B.A. (Acc)**

**Non-Executive Chairman**

***(Non-Executive Chairman post Acquisition)***

Simon O'Loughlin is the founding member of O'Loughlins Lawyers, an Adelaide-based, medium-sized specialist commercial law firm. He also holds accounting qualifications. Mr O'Loughlin has extensive experience and involvement with companies in the resources and other sectors. He has also been involved in the listing and back-door listing of numerous companies on ASX.

Mr O'Loughlin is a non-executive director of Lawson Gold Ltd, WCP Resources Limited, Crest Minerals Limited, Chesser Resources Limited, Petrathern Limited and Oklo Resources Limited.

**Stephen McPhail M.Sc, M.B.A.**  
**Managing Director**  
*(Will resign post Acquisition)*

Stephen McPhail has been a director since he co-founded King Solomon Mines in January 2003. He has over 20 years' experience in the mining industry. From 1999-2002, Mr McPhail was CEO of an investment bank focused on high growth technology companies.

Mr McPhail is currently coordinator of an angel investor network and is involved in assisting the growth of early stage technology companies.

**Simon Taylor B.Sc, M.A.I.G.**  
**Non-Executive Director**  
*(Will resign post Acquisition)*

Simon Taylor is a geologist with over 25 years' experience in exploration, project assessment and development in the resources sector. He has had a diversified career as a resources professional providing services to resource companies and financial corporations. This has been at both a technical and corporate level. Mr Taylor's experience spans a range of commodities, including gold, fertilisers (phosphate and potash), base metals, nickel, uranium, coal and coal seam methane. Whilst having experience in Australia, a majority of his projects have also been in countries such as Brazil, Turkey, Uganda, Tanzania, Mali, China, the United Kingdom and North America.

Mr Taylor is currently an executive director of Oklo Resources Limited and a non-executive director of Chesser Resources Limited and TW Holdings Limited.

#### **PROPOSED DIRECTORS TO BE ELECTED POST ACQUISITION**

Profiles of the proposed new directors to be appointed post Acquisition are as follows:

**Lee-Martin Seymour – Current Executive Director of Xref**  
*(Proposed as Executive Director (Chief Executive Officer) of the Company post Acquisition)*

Lee-Martin Seymour is a co-founder of Xref. He has 17 years recruitment experience across many geographic and market sectors. For 12 years Lee worked for one of the world's largest specialist recruitment companies. As a result he understands the demands of the employment market and is passionate about pioneering positive change for the long term.

In 2012 Lee founded Talentforce Pty Ltd, a recruitment company that addresses Australia's technology skills gap and centres its efforts in cloud technology. In 2014 he founded Talentforce Academy Pty Ltd, a training organisation that trains and certifies skills for the Salesforce.com platform. As a serial entrepreneur Lee has identified and successfully leveraged market opportunities to aid innovation in the employment sector.

Lee leads one of Australia's largest technology user groups and has, in the last four years, delivered over 40 events to educate and nurture Australia's growing technology ecosystem. Lee is a Fellow of the Recruitment and Consulting Services Association (RCSA)

**Timothy Griffiths MBA – Current Executive Director of Xref**  
*(Proposed as Executive Director (Chief Technology Officer) of the Company post Acquisition)*

Timothy Griffiths is a co-founder of Xref. Mr Griffiths, an MBA-qualified technologist, has 20 years' experience advising companies, including Virgin and SkyTV. He worked for Benchmark Capital providing technical diligence for high tech start-up investment and was co-founder of media company a2a plc, which floated on the UK stock market. More recently Mr Griffiths was CIO for Jcurve Solutions, an Australian cloud NetSuite ERP provider, and is the founder of Answer42, a Sydney and London-based cloud consultancy.

**Timothy Mahony, Bachelor of Financial Administration**  
**(Proposed as Non-Executive Director of the Company post Acquisition)**

Timothy Mahony has a Bachelor of Financial Administration. He spent 16 years in investment banking, specialising in capital markets and debt trading, and the last seven of those years as a director of Fay Richwhite Australia. Mr Mahony has been involved, as investor or founder, in a number of technology start ups, either successfully exiting the business or growing the business to a mature growth phase. He was executive director of Perpetua, a business continuity and data storage business, which was acquired by an ASX listed company. He is a founder and director of Globalx Information, a digital information company providing information, software and services to the legal, corporate and spatial markets throughout Australia and the UK.

**DISCLOSURE OF INTERESTS**

Each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount provided to all non-executive directors must not exceed in aggregate the amount fixed by the Company in a general meeting. The aggregate remuneration for all non-executive Directors is currently \$200,000 per annum.

For the financial year ending 31 March 2016, and assuming that completion of the Acquisition occurs on 22 December 2015, it is expected that KSO Directors' remuneration (including superannuation) will be as follows:

<u>Director</u>	<u>Remuneration</u>
Simon O'Loughlin	\$30,000
Stephen McPhail*	\$53,000***
Simon Taylor*	\$25,000
Lee-Martin Seymour**	\$67,000***
Timothy Griffiths**	\$67,000***
Timothy Mahony**	\$14,600

\*Messrs Stephen McPhail and Simon Taylor intend to resign as Directors of the Company post Acquisition.

\*\* Proposed Directors to be appointed post Acquisition.

\*\*\*Refer summaries of Executive Services Agreements in this Investment Overview Section of this Prospectus.

Xref has agreed to pay the proposed Director, Lee-Martin Seymour \$230,000 per annum, which arrangement will continue when he commences in the position as Chief Executive Officer of the Company upon completion of the Acquisition. The key terms of Mr Seymour's employment agreement are summarised below in this Investment Overview.

Xref has agreed to pay the proposed Director, Timothy Griffiths \$230,000 per annum, which arrangement will continue when he commences in the position as Chief Technology Officer of the Company upon completion of the Acquisition. The key terms of Mr Griffiths' employment agreement are summarised below in this Investment Overview.

The remuneration of the directors of KSO as outlined above is current as at the date of this Prospectus, but is subject to adjustment in the ordinary course of business. All Directors are entitled to be paid all travelling and other expenses properly incurred by them in attending, participating in and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the Company's business.

Mr Simon O'Loughlin is a Partner of O'Loughlins Lawyers which has acted as the solicitors to the Company in relation to the Offer. Details of the amounts paid to O'Loughlins Lawyers are set out in Section 7.8 of this Prospectus.

The Company maintains Directors' and Officers' Liability Insurance on behalf of the Directors and officers of the Company.

The direct and indirect interests of the current KSO Directors in the securities of the Company as at the date of this Prospectus (expressed in post-Consolidation terms) are as follows:

Current KSO Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
Simon O'Loughlin	300,000	-	-	-
Stephen McPhail	-	533,000	16,000*	-
Simon Taylor	-	300,000	-	-
<b>Total</b>	<b>300,000</b>	<b>833,000</b>	<b>16,000</b>	<b>-</b>

\*Options were issued under the Employee Share Option Plan with an exercise price of \$0.12 (\$6.00 post-Consolidation) and an expiry date of 29 July 2016. These options have vested.

The Proposed Directors of the Company do not hold any direct or indirect interests in the securities of the Company as at the date of this Prospectus.

Assuming all resolutions are passed at the general meeting of Shareholders to be held on or about 26 November 2015 and that the Acquisition is completed:

(a) The direct and indirect interests (post-Consolidation) of the current KSO Directors in the securities of the Company will be as follows:

Current KSO Director	Shares		Options	
	Direct	Indirect	Direct	Indirect
Simon O'Loughlin*	300,000	250,000	-	300,000
Stephen McPhail	-	533,000	16,000	250,000
Simon Taylor*	-	450,000	-	250,000
<b>Total</b>	<b>300,000</b>	<b>1,233,000</b>	<b>16,000</b>	<b>800,000</b>

\*Messrs O'Loughlin and Taylor intend to apply for 250,000 Shares and 150,000 Shares respectively under the Capital Raising, subject to approval of Shareholders at the Meeting to be held on or about 26 November 2015.

(b) The direct and indirect interests (post-Consolidation) of the Proposed Directors in the securities of the Company will be as follows:

Proposed KSO Director	Shares		Options		Performance Rights	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Lee-Martin Seymour*	-	24,038,462	-	-	-	25,000,000
Timothy Griffiths*	-	24,038,462	-	-	-	25,000,000
Timothy Mahony**	-	1,681,250**	-	900,000	-	-
<b>Total</b>	<b>-</b>	<b>49,758,174</b>	<b>-</b>	<b>900,000</b>	<b>-</b>	<b>50,000,000</b>

\*These are Consideration Shares, together with 16,666,667 A Class Performance Rights, 16,666,667 B Class Performance Rights and 16,666,666 C Class Performance Rights to be divided equally between the associated companies of Messrs Seymour and Griffiths respectively (West Riding Investments Pty Ltd as trustee of the Seymour Family Trust and Squirrel Holdings Australia Pty Ltd as trustee of the Griffiths Family Trust) pursuant to the Share Purchase Agreement.

\*\*Upon conversion of Xref Convertible Notes held by Mr Mahony's associate Biatan Pty Ltd (as trustee of the Mahony Family Trust) as described below in this Investment Overview Section, and assuming the same conversion date as set out in the above Capital Structure in this Investment Overview Section.

\*\*\*Subject to obtaining Shareholder approval at the Meeting to be held on or about 26 November 2015 Mr Mahony intends to apply for 1,000,000 Shares as part of the Capital Raising.

## AGREEMENTS WITH DIRECTORS OR RELATED PARTIES

The Company's policy in respect of related party arrangements is:

- (a) a Director with a material personal interest in a matter is required to give notice to the other Directors before such a matter is considered by the Board; and
- (b) for the Board to consider such a matter, the Director who has a material personal interest is not present while the matter is being considered at the meeting and does not vote on the matter.

### **Agreement between the Company and Bodhi Svaha Holdings Limited (BSHL)**

Stephen McPhail is currently engaged as managing director of the Company via an agreement between the Company and BSHL, a company controlled by him.

The fee to BSHL for services is \$5,000 per month. There is a requirement for BSHL to procure that Mr McPhail works as managing director for the Company. The agreement began on 1 January 2013. The Company has the right to terminate the agreement at any time by written notice. No termination payment is required other than fees earned to that time. This agreement will be terminated by mutual agreement of the parties upon completion of the Acquisition.

### **Executive Service Agreement – Lee-Martin Seymour**

Xref and Lee-Martin Seymour entered into a Full Time Employment Contract (**Agreement**) on 1 July 2015.

By the Agreement, Xref agrees to employ Mr Seymour as Founder/Director of Xref on a full time basis.

The Company will pay Mr Seymour an annual salary of \$230,000.

Xref may from time to time elect to pay a discretionary bonus (at its sole discretion) to Mr Seymour and Mr Seymour may be entitled to commission in accordance with Xref's commission scheme (if any).

Xref may terminate Mr Seymour's employment summarily because of, among other things, serious or persistent breach of the Agreement or failure to perform to the standard reasonably expected by Xref, including persistent failure to achieve targets in Mr Seymour's personal performance plan. In addition, subject to the *Fair Work Act 2009* (Cth), Xref can terminate Mr Seymour's employment by giving the amount of notice specified in the Agreement.

Mr Seymour can terminate his employment by providing Xref four weeks' written notice.

Mr Seymour is subject to a restraint following the end of his employment with Xref, which prohibits him from (amongst other things) soliciting clients of Xref and engaging in a business that competes with Xref.

### **Executive Service Agreement – Timothy Griffiths**

Xref and Timothy Griffiths entered into a Full Time Employment Contract (**Agreement**) on 1 July 2015.

By the Agreement, Xref agrees to employ Mr Griffiths as Founder/Director of Xref on a full time basis.

The Company will pay Mr Griffiths an annual salary of \$230,000.

Xref may from time to time elect to pay a discretionary bonus (at its sole discretion) to Mr Griffiths and Mr Griffiths may be entitled to commission in accordance with Xref's commission scheme (if any).

Xref may terminate Mr Griffiths' employment summarily because of, among other things, serious or persistent breach of the Agreement or failure to perform to the standard reasonably expected by Xref, including persistent failure to achieve targets in Mr Griffiths' personal performance plan. In addition, subject to the *Fair Work Act 2009* (Cth), Xref can terminate Mr Griffiths' employment by giving the amount of notice specified in the Agreement.

Mr Griffiths can terminate his employment by providing Xref four weeks' written notice.

Mr Griffiths is subject to a restraint following the end of his employment with Xref, which prohibits him from (amongst other things) soliciting clients of Xref and engaging in a business that competes with Xref.

## Share Purchase Agreement

The Company has entered into a Share Purchase Agreement dated 28 October 2015 with (among others) West Riding Investments Pty Ltd in its capacity as trustee of the Seymour Family Trust (**West Riding**) (an entity associated with Proposed Director Lee-Martin Seymour) and Squirrel Holdings Australia Pty Ltd in its capacity as trustee of the Griffiths Family Trust (**Squirrel**) (an entity associated with Proposed Director Timothy Griffiths). Subject to the satisfaction of the conditions precedent referred to in the Agreement, the Company will issue at Completion:

- (a) 24,038,462 shares, 8,333,333 A Class Performance Rights, 8,333,334 B Class Performance Rights and 8,333,333 C Class Performance Rights to Squirrel; and
- (b) 24,038,462 shares, 8,333,334 A Class Performance Rights, 8,333,333 B Class Performance Rights and 8,333,333 C Class Performance Rights to West Riding.

A summary of the Share Purchase Agreement is contained in Section 6.1 of this Prospectus.

## Convertible Note Deed – Biatan Pty Ltd

Xref and Biatan Pty Ltd as trustee for the Mahony Family Trust (**Biatan**) (a company associated with Proposed Director Timothy Mahony) entered into a Convertible Note Deed dated on or about 7 August 2015. Subject to approval of Shareholders at the Meeting to be held on or about 26 November 2015, Biatan will be issued up to 681,250 Shares (post-Consolidation) upon conversion of the Xref Convertible Notes held by it. Further terms and conditions of the Xref Convertible Notes and the Convertible Note Deed are outlined in Section 6.2 of this Prospectus.

## Indemnity, Insurance and Access Deeds

The Company has entered into an Indemnity, Insurance and Access Deed (**Indemnity Deed**) with each current Director and each Proposed Director, on the same terms. Pursuant to the Indemnity Deed the Director is indemnified by the Company against any liability incurred in their capacity as an officer of the Company to the maximum extent permitted by law, subject to certain exclusions.

The Company must keep a complete set of company documents until the later of the date which is seven years after the Director ceases to be an officer of the Company and the date after a final judgment or order has been made in relation to any hearing, conference, dispute, enquiry or investigation in which the Director is involved as a party, witness or otherwise because the Director is or was an officer of the Company (**Relevant Proceedings**).

The Director has the right to inspect and/or copy a company document in connection with Relevant Proceedings during the period referred to above.

The Company must maintain an insurance policy insuring the Director against liability as a director and officer of the Company while the Director is an officer of the Company and until the later of the date which is seven years after the Director ceases to be an officer of the Company and the date any Relevant Proceedings commenced before the date referred to above have been finally resolved.

The Company may cease to maintain the insurance policy if the Company reasonably determines that the type of coverage is no longer available or cost effective.

## CORPORATE GOVERNANCE

The Company has followed the recommendations established in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Principles and Recommendations), 2nd Edition. The 3rd Edition of the Principles and Recommendations was released in March 2014 and takes effect for a listed entity's first full financial year commencing on or after 1 July 2014 (being for the Company, the financial year ending 31 March 2016). The Company has commenced a review of its corporate governance documentation and practices against the 3rd Edition of the ASX Principles and Recommendations, and has started adopting these recommendations, but will report against these fully in its 2016 Annual Report.



To the extent applicable, in light of the Company's size and nature, the Company has therefore, subject to the above, adopted The Corporate Governance Principles and Recommendations (2<sup>nd</sup> Edition) as published by ASX Corporate Governance Council (**Recommendations**).

The Company's main corporate governance policies and practices as at the date of this Prospectus and the Company's compliance and departures from the Recommendations are set out in Section 7.2 of this Prospectus.

In addition, the Company's full Corporate Governance Plan is available from the Company's website [www.kingsolomonmines.com](http://www.kingsolomonmines.com).

#### TAXATION

The Australian, New Zealand or Hong Kong taxation consequences of any investment in Shares will depend upon an investor's particular circumstances. It is an obligation of investors to make their own enquiries concerning the taxation consequences of an investment in the Company. If you are in doubt as to the course of action you should take, you should consult your professional advisers.

#### DIVIDEND POLICY

The Company does not yet have a dividend policy. The Company has no immediate intention to declare or distribute dividends. Payment of future dividends will depend upon the future profitability and financial position of the Company.

#### RESTRICTED SECURITIES

Under the Share Purchase Agreement, the Xref Vendors agreed to execute an escrow deed for the Consideration Securities to be issued to them for:

- a period of 12 calendar months after the completion date under the Share Purchase Agreement; or
- such longer period imposed by ASX under the ASX Listing Rules.

The Company will announce to the ASX full details (quantity and duration) for the Consideration Securities required to be held in escrow prior to the Shares commencing trading on ASX.

# Section 1: Details of the Offer

## 1.1 Introduction

The information set out in this Section is not comprehensive and should be read together with the other information in this Prospectus.

## 1.2 The Offer and Subscription

The Company is offering 15,000,000 Shares for subscription at an Offer Price of 20 cents per Share to raise \$3,000,000. Oversubscriptions of up to a further 5,000,000 Shares may be accepted to raise up to a further \$1,000,000. The Minimum Subscription is 15,000,000 Shares.

All Shares issued pursuant to this Prospectus will be issued as fully paid ordinary shares and will rank equally in all respects with the Shares already on issue. The rights attaching to the Shares are summarised in Section 7.4 of this Prospectus.

If the Minimum Subscription for the Offer is not achieved within four months after the date of this Prospectus, the Company will repay all money received from Applicants, without interest.

## 1.3 Offer Period

The Offer will open on the Opening Date and will remain open until 5.00 pm (EDST) on the Closing Date. The Company reserves the right to either open or close the Offer at an earlier time or date or to extend the time or date without prior notice. Applicants are encouraged to submit their Applications as early as possible.

## 1.4 Conditions Precedent

The Company has convened a general meeting of its Shareholders to be held on or about 26 November 2015 to seek Shareholder approval for, amongst other approvals, the issue of shares to effect the acquisition of Xref, the change in nature and scale of the Company's activities, the Consolidation of the Company's Shares, and the change of Company name to Xref Limited. A copy of the notice of meeting is available on the Company's website.

The Offer made under this Prospectus and the issue of Shares pursuant to this Prospectus are subject to and conditional upon Shareholders passing Resolutions 2 to 18 (inclusive) at the meeting to be held on or about 26 November 2015, the satisfaction of the conditions referred to in those resolutions and the satisfaction or waiver of the conditions precedent in the Share Purchase Agreement. If Resolutions 2 to 18 (inclusive) are not passed, the conditions referred to in those resolutions are not satisfied or the conditions precedent in the Share Purchase Agreement are not satisfied or waived, this Offer will not proceed, no Shares will be allotted pursuant to this Prospectus and the Company will repay all money received from Applicants without interest.

## 1.5 Exposure Period

In accordance with Chapter 6D of the Corporations Act this Prospectus is subject to an Exposure Period of seven days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period.

## 1.6 How to Apply

Applications must be for a minimum of 10,000 Shares (\$2,000) and thereafter in multiples of 1,000 Shares (\$200) and can only be made by completing the Application Form attached to this Prospectus. The Company reserves the right to reject any Application or to allocate any investor fewer Shares than the number for which the Applicant has applied.

Applications under the Offer may be made, and will only be accepted, in one of the following forms:

- on the relevant Application Form accompanying this Prospectus; or
- on a paper copy of the relevant electronic Application Form which accompanies the electronic version of this Prospectus, both of which can be found at and can be downloaded from [www.kingsolomonmines.com](http://www.kingsolomonmines.com).

Application Forms must be accompanied by a personal cheque or a bank draft, payable in Australian dollars, for an amount equal to the number of Shares for which you wish to apply multiplied by the Application Price of 20 cents per Share. Cheques or bank drafts should be made payable to 'King Solomon Mines Limited Application Account' and crossed 'Not Negotiable'. No brokerage or stamp duty is payable by Applicants. The amount payable on Application will not vary during the period of the Offer.

Applicants should ensure that cleared funds are available at the time the Application is lodged, as dishonoured cheques will result in the Application being rejected. Application monies will be held in trust in a subscription account established and controlled by the Company until allotment has taken place.

Completed Application Forms should be mailed to:

#### **Mailing Address**

King Solomon Mines Limited Share Issue  
C/- Computershare Investor Services Pty Ltd  
GPO Box 52  
Melbourne VIC 3001

Application Forms must be received by the Share Registrar no later than 5.00 pm (EDST) on the Closing Date.

Detailed instructions on how to complete paper Application Forms are set out on the reverse of those forms. You are not required to sign the Application Form. The Company reserves the right to reject any Application (including where an Application Form has not been correctly completed) or allocate any person fewer Shares than that person applied for, or vary the dates and times of the Offer without prior notice and independently of other parts of the Offer. Where Applications are rejected or fewer Shares are allotted than applied for, surplus Application Money will be refunded. No interest will be paid on any Application Money refunded.

An Application may not be withdrawn after lodgement unless the Applicant is permitted to withdraw the Application in accordance with the Corporations Act.

#### **1.7 Allocation and Allotment of Shares**

Subject to ASX granting approval for quotation of the Shares, the allotment of Shares will occur as soon as practicable after the Offer closes. All Shares issued pursuant to the Offer will rank *pari passu* in all respects with the existing Shares of the Company. Holding statements will be dispatched as required by ASX. It is the responsibility of Applicants to determine their allocation prior to trading in Shares.

The Directors reserve the right to reject any Application or to allot a lesser number of Shares than subscribed for in an Application Form. If the number of Shares allocated is less than that applied for, or no allotment is made, the surplus Application Monies will be promptly refunded without interest.

#### **1.8 Brokerage and Handling Fees**

Brokerage and/or handling fees on Applications may be payable by the Company to member firms of ASX or licensed investment advisers on such Application Forms bearing their stamp and accepted by the Company.

#### **1.9 Stock Exchange Listing**

Application will be made to ASX within seven days after the date of this Prospectus for Quotation of the Shares issued pursuant to this Prospectus. If approval for Quotation of the Shares is not granted within three months after the date of this Prospectus, the Company will not allot or issue any Shares pursuant to the Offer and will repay all Application Money without interest as soon as practicable.

### 1.10 Clearing House Sub-Register Systems CHESS and Issuer Sponsorship

The Company participates in the Clearing House Electronic Subregister System (**CHESS**), operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX, in accordance with the Listing Rules and ASX Settlement Operating Rules.

Under this system, the Company will not issue certificates to investors in relation to their Shares. Instead, Shareholders will receive a statement of their shareholdings in the Company.

If an investor is broker sponsored, ASX Settlement Pty Limited will send them CHESS statements. The CHESS statements will set out the number of Shares allotted to each investor under this Prospectus, give details of the Shareholder's holder identification number (**HIN**) and give the participant identification number of the sponsor.

Alternatively, if an investor is registered on the issuer sponsored sub register, the statements will be dispatched by the Share Registrar and will contain the number of Shares allotted under this Prospectus and the Shareholder's security holder reference number (**SRN**).

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their holding changes. A Shareholder may request a statement at any other time, however a charge may be made for additional statements.

### 1.11 Overseas Investors

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia, New Zealand and Hong Kong may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Lodgement of a duly completed Application Form will be taken by the Company as to constitute a representation that there has been no breach of such laws.

No action has been taken to register or qualify the Shares, or the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia or New Zealand.

The Offer pursuant to the paper form or electronic Prospectus is only available to persons receiving this Prospectus within Australia, New Zealand or Hong Kong.

### 1.12 Privacy Act

The Company collects information about each Applicant from the Application Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in the Company.

By submitting an Application Form, each Applicant agrees that the Company may use the information in the Application Form for the purposes set out in this Prospectus and may disclose it for those purposes to the Share Registrar, the Company's related bodies corporate, agents, contractors and third party service providers (including mailing houses), ASX, ASIC and other regulatory authorities.

If an Applicant becomes a Shareholder of the Company, the Corporations Act requires the Company to include information about the Shareholder (name, address and details of the Shares held) in its public registers. This information must remain in the registers even if that person ceases to be a Shareholder of the Company. Information contained in the Company's registers is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements. Successful Applicants may request access to their personal information held by (or on behalf of) the Company by telephoning or writing to the Company Secretary.

If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

### **1.13 No Underwriting**

The Offer is not underwritten.

### **1.14 Investor Enquiries**

This document is important and should be read in its entirety. Persons in doubt as to the course of action to be followed should consult their stockbroker, solicitor, accountant or other professional adviser without delay.

Additional copies of this Prospectus can be obtained from the Share Registrar by telephone on 1300 850 505 (from Australia) or +61 3 9415 4000 (from elsewhere).

Questions relating to the Offer or further advice on how to complete the Application Form can be directed to the Company by telephone on +64 6 364 8462.

# Section 2: Overview of the Company, the Acquisition and the Xref Business

## Introduction

KSO was incorporated in New Zealand on 28 January 2003 and has been listed on the ASX since 18 April 2007.

The Company has historically operated as a minerals exploration company with mineral exploration tenement interests in Inner Mongolia, China. As announced to ASX on 3 August 2015, the Company has entered into a binding agreement to acquire all of the shares in Xref, subject to waiver or satisfaction of certain conditions precedent, details of which are set out in Section 6.1 of this Prospectus.

*Refer to the Investment Overview and Section 6.1 of this Prospectus for details of the Acquisition.*

## 2.2 Company Overview

### (a) Xref Business

#### (i) Background



candidate referencing made simple

Xref was incorporated in New South Wales on 29 November 2010.

Xref is a Sydney-based human resource technology company, with a focus on candidate reference checking solutions that allow prospective employers to seamlessly and professionally conduct pre-employment reference checks via an online platform.

Xref was founded in 2010 by executive directors Lee-Martin Seymour and Tim Griffiths to solve a dated, costly and inefficient process of conducting reference checks on candidates. Xref is a faster, more reliable and cost-effective alternative, which helps companies improve their recruitment processes.

Xref sets out to bring candidate referencing into the 21<sup>st</sup> century. Prior to Xref's innovative solution, industry best practices were cumbersome and expensive. Human resource (HR) managers spent on average two hours to source and analyse a single reference check. Not only was this process inefficient but it also exposed the company to security breaches, discrimination and potentially fraud. As a result, recruiters and HR managers frequently outsourced this manual function to a third party, at an additional cost. Xref's fully-automated cloud-based platform allows recruiters and HR managers to safely and securely complete this function in a fraction of the time it traditionally took. It takes approximately 20 seconds for the employer to make a reference request and on average a reference is completed and returned within 24 hours. In addition, Xref's reports are highly analytical and provide insightful, comparable data. On average, users of Xref's technology successfully receive 98% of references requested with 60% more data collected than traditional phone-based references.

Traditional Referencing Methods	Xref Referencing Solution
A time consuming exercise	An Xref request takes approximately 20 seconds
A traditional reference takes 2-3 days to collect, script and store.	Xref successfully returns 98% of requested references and in an average of under 24 hours
Manual	Automated and cloud based
Subject to breaches in privacy	Xref protects all parties from breaches in privacy
Exposes the employer to risk of fraud	Xref tackles fraud and exposes possible threats
Verbal referencing can open up areas of discrimination.	Xref allows employers to build a level of governance and consistency over the questions used in reference reports therefore safeguarding the business from possible direct and indirect discrimination.
Manually written reports with minimal formal archiving	Xref reference reports are stored within the platform with all actions performed on them logged.
No supporting and comparative data	Xref compares results with local and global statistics to allow employers to make insightful hiring decisions.
Employers typically collect feedback within core business hours only.	45% of referees complete feedback out of core business hours and many on a mobile device.
Employers often outsource to external reference services. These tend to be call centres that suffer the same problems as listed above.	By way of intricate sharing rules Xref make the candidate accountable for the collection of references. This provides a cost and time saving to the employer at the same time as improving the candidate experience.

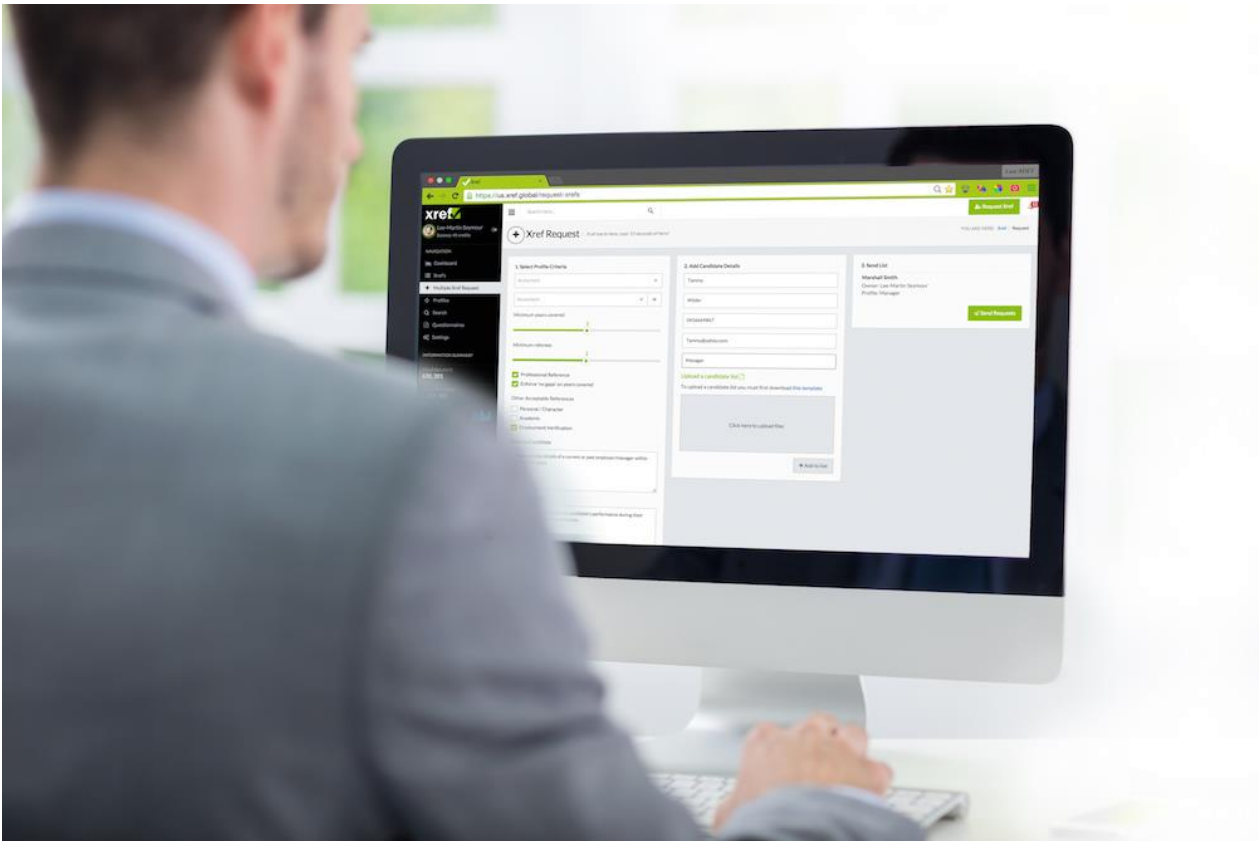
Xref's easy-to-use platform and simple business model allows users to purchase Xref credits to use at their discretion based on the individual hiring needs of each organisation. To date Xref has retained 98% of its customer base.

Xref has attracted both direct clients such as Qantas Airways Ltd, Westpac Banking Group, Mission Australia, APG & Co, AMP Limited, IAG, Bupa, OrotonGroup (Australia) Pty Ltd and Tatts Group Limited together with many indirect clients via recruitment process outsourcing companies such as Hudson.

Xref is an easy-to-use, mobile-ready, fully-reportable, cloud-based platform that recruitment teams use to conduct pre-employment reference checks.

Xref automates what has traditionally been a time-consuming, phone-based exercise. Xref saves recruiters time, improves the quality of reference checks and reduces reference fraud. Xref is a profitable, high-growth business leveraged to the US\$15 billion human resource technology market. It is envisaged that in the first half of the 2015-16 financial year Xref will have a single focus, and be primarily involved in human resource technology in Australia and in key international target markets, such as the UK, Asia and the US.





The advantages of the Xref system include:

**Increased quality and quantity of feedback**

On average, Xref delivers 60% more content per reference report compared to references collected over the phone.

**Decreased reference turnaround times**

It takes approximately 20 seconds to request a reference and on average a report is complete with 24 hours from the time the candidate submits their reference details.

**Privacy protection**

Xref collects and records the candidate and referee's consent to the collection of their data. This protects the employer from potential privacy breaches.

**Discrimination protection**

Xref reference questionnaires are designed to protect the employer from possible claims relating to discrimination.

**Fraud prevention**

Xref uses email to communicate rather than the phone. As a result Xref monitors network activity and IP location to determine the risk of fraud associated with the request.

**Encourage unbiased feedback**

Xref provides the employer full anonymity via a third party platform therefore encouraging unbiased referee feedback.

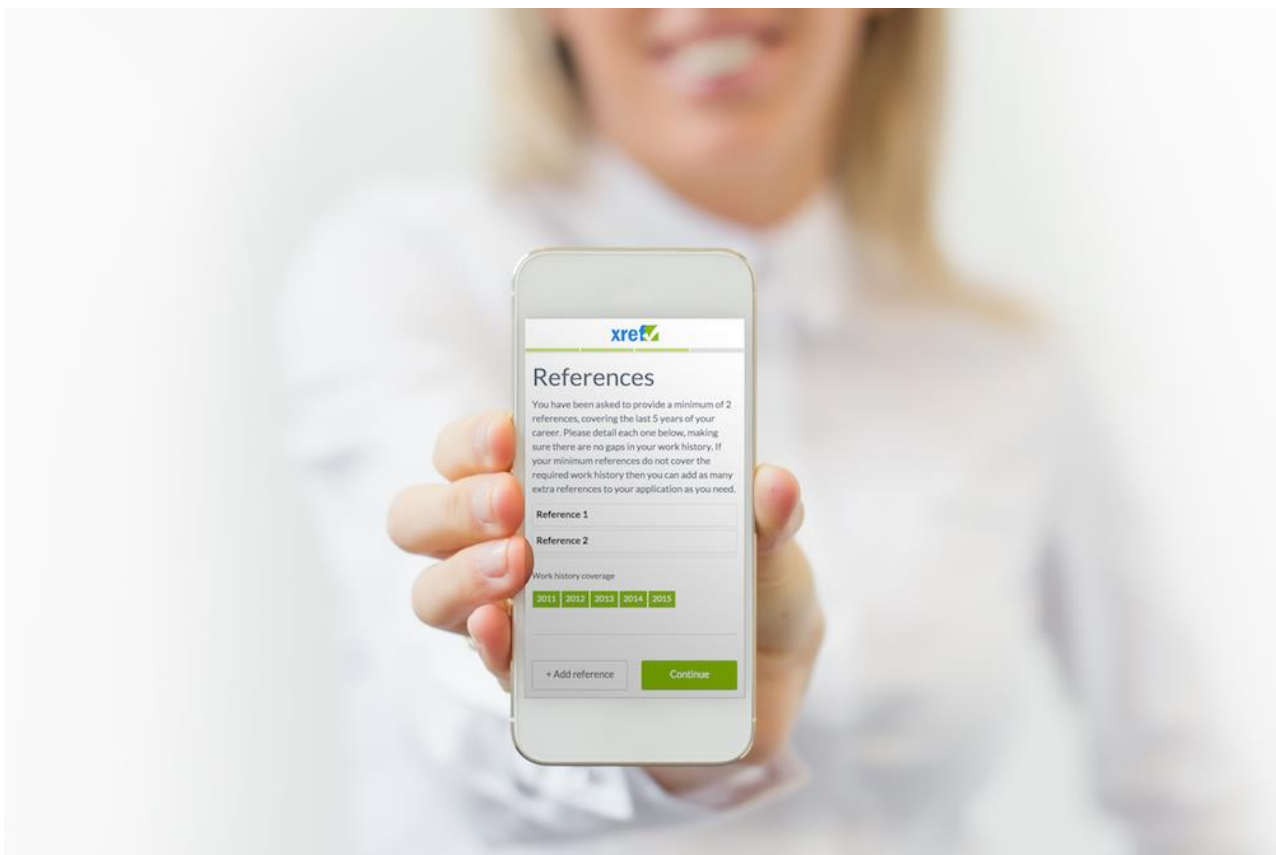
**Handle overseas references**

Xref is available 24/7. International references can be completed overnight, reducing turnaround times and out-of-hours calls.

**Real-time reference lifecycle**

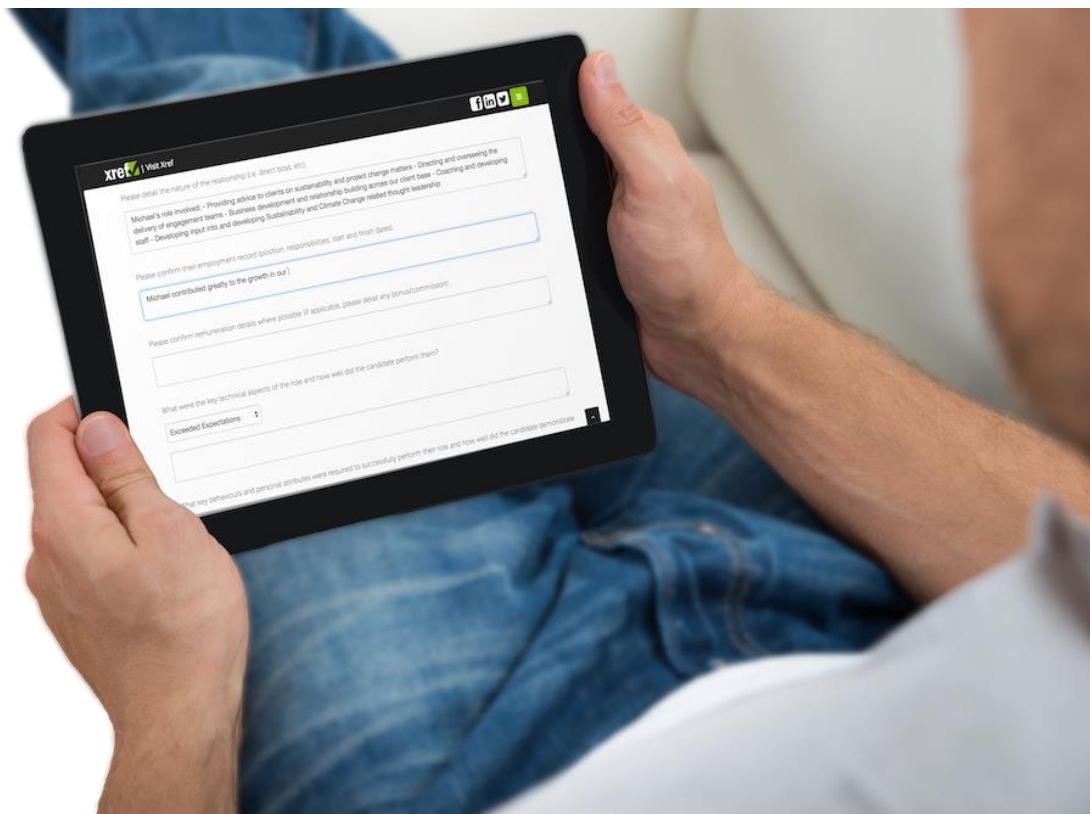
Xref provide real time updates via a lifecycle dashboard so that the employer can view all candidate and referee actions during the process.

<b>Candidate-driven process</b>	Unlike traditional phone methods, the Xref process is driven by the candidate, saving the employer valuable time and allowing the candidate to be in control of their application.
<b>Full-featured reporting tool</b>	Full status details and vital statistics can be exported from an Xref account at any time.
<b>Tailored questionnaires</b>	Xref is able to use an employer's current reference template to create an online questionnaire.
<b>Document storage</b>	Xref store all completed reference reports within a secure account, ensuring no loss or mishandling of sensitive data.
<b>Cost effective</b>	The amount currently paid to fully reference a candidate is \$34.99



**KEY REASONS CANDIDATES LIKE USING XREF**

- Full control of personal data.
- 24/7 access to mobile-friendly, browser-based, secure platform.
- The ability to replace an unanswered or declined reference.
- Real-time reference detail validation such as email and phone number check.
- Reminders and alerts including reference completion confirmation.



### **KEY REASONS REFEREES LIKE USING XREF**

- Full control over the way the feedback is communicated to the employer.
- 24/7 access to mobile-friendly, browser-based, secure platform.
- The ability to decline to provide feedback without having to give a reason.
- A simple guide to providing a reference is provided.
- The ability to save and revisit feedback at a later time.
- Using Xref, 45% of referees provide their feedback outside of traditional work hours (Monday-Friday, 9.00 am - 5.00 pm) and typically feedback is provided on a mobile device. With traditional phone-based references, most calls are taken during business hours at times less convenient for the referee.

### **(ii) The Xref story and immediate future**

**2010**

- Xref founded.
- xref.com.au a single hosted open source beta released.

**2011**

- Version 1.0 features released.
- First paid client Fuji Xerox.
- Second paid client Westpac Banking Group.
- Reporting engine developed.
- Version 2.0 released.

**2012**

- New Xref website released.
- Version 3.0 released.
- New internal administration system developed.
- Continuous growth across various industry verticals and horizontals.

	<ul style="list-style-type: none"> <li>• Candidates referenced increased to 2,284 (57 in FY11).</li> <li>• Increased clients 500% from 4 to 20.</li> </ul>
<b>2013</b>	<ul style="list-style-type: none"> <li>• David Haines joins as General Manager.</li> <li>• Hired both development and support teams.</li> <li>• Version 3.5 extended features released.</li> <li>• Xref migrates to Amazon Cloud Infrastructure.</li> <li>• United Kingdom and New Zealand websites launched.</li> <li>• Xref starts to provide its services to major RPO Hudson (Recruitment Process Outsourcing) providers.</li> <li>• Candidates referenced increased to 7,469.</li> <li>• Example clients joined: IAG and AMP Limited.</li> </ul>
<b>2014/15</b>	<ul style="list-style-type: none"> <li>• Sales team expansion.</li> <li>• Xref.com.sg launched in Singapore.</li> <li>• Version 3.6 features released.</li> <li>• Moved Customer Relationship Management System (<b>CRM</b>) to Salesforce.com to further streamline Sales and Marketing processes.</li> <li>• Became a preferred supplier to the NSW Government for cloud based referencing.</li> <li>• Candidates referenced increased to 20,869.</li> <li>• Example clients joined: Qantas Airways Ltd, Bupa, Tatts Group Limited and Mission Australia.</li> </ul>
<b>2015/16 QTR 1</b>	<ul style="list-style-type: none"> <li>• Successfully raise \$550,000 capital pre-IPO investment.</li> <li>• Xref begins a project to integrate to the Oracle Taleo HR platform.</li> <li>• Development, support and sales teams expanded with the addition of a data scientist and internal compliance officer.</li> <li>• Tim Griffiths and Lee-Martin Seymour join the company's payroll as full time directors.</li> <li>• Development of the client self serve portal, search feature and analytics dashboard begin.</li> <li>• Example clients joined: APG &amp; Co and OrotonGroup (Australia) Pty Ltd.</li> </ul>

(iii) **XREF Within the HR Technology Market**

	<b>HR Technology Applications</b>	<b>Xref Touchpoints</b>
Candidate Search	Job Vacancy Boards CV Marketplaces Resume Builders Social Referrals	Via Xref Search employers can source passive and related candidates without the use of job boards and the reliance on referrals. <i>*Currently in Development</i>
Pre-Screening	Cultural Surveys Video Interviews Application Surveys	Identification of unsuitable candidates using Xref prior to the interview limits time spent by the recruiter during the selection process.
Recruitment	ATS (Applicant Tracking Systems) Checks Tests Contractor Management	Fully automated and comparable Professional, Academic, Character and Simple Employment Verification references allows the recruiter to make insightful hiring

		decisions.
Onboard & Review	HRIS (Human Resource Information Systems) Onboarding Payroll Training Engagement Rewards & Benefits	Internal referencing used for 360 degree reviews (being employee reviews including managers, peers and subordinates) probationary review or internal resource reallocation screening.
Off-boarding	HRIS (Human Resource Information Systems) Payroll Exit Surveys	The management of off hire referencing allows employers to satisfy future reference requests by providing feedback, dates and role confirmation on exit.

(iv) **Revenue and Pricing**

Xref sells credits. Clients use credits to take pre-employment references on candidates they wish to shortlist. Xref standard pricing is \$34.99, which is per candidate and covers up to 3 reference requests.

The average cost of customer acquisition is approximately \$36, and the average sales overhead associated with one client is \$740. Xref operates with a 97% margin, breaking even on a client when it purchases 1,000 credits and uses 21 (covers the associated overhead costs).

(v) **Client Feedback**

“Xref immediately understood our need to drive efficiency across recruitment. They delivered on-site training to our recruiters, set up a full production trial of the system and then provided us with a review that included detailed ROI analysis. The business case was simple, Xref saves time, saves money and helps protect our business. Our recruitment team love it – it’s easy to use, they receive more detailed references and Xref gives them back their time to focus on finding great talent. Xref delivers long-overdue innovation to HR and recruitment.”

**Adam Buxton – Ex Head of Recruitment, AMP**

“Adding Xref to our business has dramatically reduced hours spent chasing referee feedback. We have improved the turnaround times and the quality of feedback we are able to collect. The Xref team understood our requirements and partnered with us to support a cohesive on boarding of the application. Xref is a great solution for the challenges facing today’s demanding recruitment landscape and enables easy process simplification.”

**Charlie Milne - Ex Head of HR Strategy, Westpac Group**

“We are now using Xref with a number of RPO clients across the region and we are very happy with the results to date. We have found our turnaround times are consistently under 36 hours and the depth of feedback on candidates from referees is excellent. Also, because the reference request is sent to the referee from the candidate, the response rates are very high at over 95%. Our recruiters love the tool because of the ease, efficiency and thoroughness with which it allows them to do this very critical task.”

**Kimberley Hubble - Global Head of RPO, Hudson**

(vi) **Case Studies**

- **Westpac**

The Westpac recruitment team took phone-based references and saved typed reports into their candidate management system. Westpac had a 48-hour Service Level Agreement (SLA) in place to deliver references

back to the business. The candidate would provide their referee details over email and then the recruiter would call the referee directly. A process that cost the business 1,000s of hours per year. Due to the onboarding of Xref, Westpac were able to simply input the candidate's details into Xref and request a reference. To date, Westpac have referenced over 9,600 candidates via Xref. Xref estimates that it has saved Westpac over 15,000 hours whilst improving process, governance and limiting bad hires by combatting reference fraud.

- **AMP**

AMP were reviewing how they conduct references and how valuable the traditional phone-based check was to the business. One option was to remove reference checks altogether but this exposed AMP to the increased risk of a bad hire and reduced levels of due diligence. Xref offered a cost-effective, time-saving and innovative alternative that added a level of governance and reduced the risk of fraudulent references. After partnering with Xref referees are taking on average only 20 hours to return a completed report, without the recruiter having to contact them and over 95% of references requested are returned completed. Xref has freed up thousands of hours per year so AMP's recruitment team can focus on finding the industry's best talent.

(vii) **Key Strengths**

<b>PRODUCT</b>	Xref automates the candidate referencing process via an easy to use, mobile-ready, fully reportable, cloud-based platform. Xref helps limit reference fraud, frees up recruiter's time, adds governance and reduces delays in the recruitment process.
<b>BRAND</b>	Xref has from its inception focused on building a strong brand presence governed by strict brand guidelines that extend through design, culture and values. In many cases the word 'Xref' has been adopted by clients as a replacement for the traditional term 'a candidate reference'.
<b>TEAM</b>	Over time Xref has built a focused, unified and productive team that boast an enviable culture. Our sales teams are all highly experienced, successful past recruiters that leverage their understanding of the market and the intricacies of the recruitment process to effectively sell Xref. This solid understanding of customers' requirements reflects in Xref's success to date.
<b>EXPERIENCE</b>	Over time Xref has been used for referencing candidates across a wide spectrum of professional levels and industries - from blue-collar employees in the logistics industry to senior executives within banking, finance and professional services. Five years of stress testing within many unique environments gives Xref the confidence to conquer any challenge.
<b>DATA</b>	The collection, analysis and visualisation of reference data provides recruiters insights never before seen within the

	employment industry. Xref has 5 years' experience leveraging its data for the benefit of its clients.
<b>REVENUE</b>	Over the last 5 years Xref has built strong revenue growth and has tested pricing in various markets.
<b>BOARD EXPERIENCE</b>	Xref has formed a board that boasts equal amounts of technical, industry and commercial expertise. Collectively, the board are experienced in successfully delivering strategies that would complement Xref's growth.
<b>TECHNOLOGY STACK</b>	Hosted on the Amazon Web Services infrastructure Xref has the ability to respond immediately to demand and scale technical architecture to deliver a quality service to its users. The Xref sales and service cycle is supported by Salesforce.com and gives Xref the ability to generate leads, nurture and convert opportunities, provision accounts and support ongoing relationships.
<b>CLIENTS</b>	A collaborative ecosystem of HR and recruitment professionals exists within the Asia-Pacific region. Xref has formed strong relationships across this network and holds significant credibility in the market.

(viii) **Corporate Structure**

Post-Acquisition, Xref will be owned by the Company, which is listed on the ASX. However, the Company may incorporate subsidiaries in the future (which may include foreign subsidiaries) as necessary to achieve its growth strategy. It is anticipated that a United Kingdom subsidiary will be established by the end of the second quarter of the 2016 financial year.

(b) **KSO Current Operations**

KSO currently holds interests in the following key projects:

\* Sonid North and Bu Dun Hua Projects – Inner Mongolia, China (100% KSO)

The Sonid North tenement is located in the Sonid Zouqi Banner (County) of Inner Mongolia, China. Bu Dun Hua is located in the Wengniute Banner (County) of Inner Mongolia, China.

Project	Exploration Licence	Area (km <sup>2</sup> )	Interest
Sonid North	T15120091102036733	18.61	100%*
Bu Dun Hua	T15120090420028565	18.78	100%*

\*The Company holds the rights to its exploration projects through a 90% equity interest in Inner Mongolia Plate Mining Limited (**Plate**), a Sino-foreign incorporated joint venture which holds the exploration licences referred to above. The remaining 10% interest in Plate is held by Inner Mongolia Ao Meng Xin Economic and Trade Co., Ltd (**AMX**). The rights of the Company and AMX as shareholders of Plate are governed by an equity joint venture contract, entered into by the Company and AMX on 8 March 2006. Pursuant to that contract, the Company owns a 90% interest in Plate, and AMX holds 10% in trust for the Company due to Chinese regulatory requirements.



The Company ceased exploration activities in March 2013. Since that time, the Company has sought to rationalise core assets.

The Company is in the process of divesting its exploration interests as noted above, with the intent of maximising benefits to current and future shareholders and enabling the Company to focus on the acquisition of Xref and the development of its employment referencing business.

These tenements will expire on 30 November 2015 and applications for renewal have been filed.

The Company is currently examining the potential for the outright sale of the above project to take place after completion of the Acquisition. If sale negotiations are unsuccessful, the Company will seek other opportunities to divest the subject exploration interests whether by farm-out arrangement or outright sale of those interests at a later stage.

## GROWTH STRATEGY

The main initial focus for the Company post Acquisition is outlined below, with funds (net of costs) raised from this Offer to be used to achieve the following key objectives (globalisation, integration and data analytics):

### Globalisation

- The Xref platform is live and currently being used in:
  - Australia – xref.com.au
  - New Zealand – xref.co.nz
  - Singapore – xref.com.sg
  - United Kingdom – xref.co.uk
- Most Australian and New Zealand Xref clients also have offices situated overseas. These include the UK, US, Europe and Asia.
- Xref has already undergone significant development to account for nuances within each country. These include both workflow and privacy law changes.
- By leveraging five years of experience in Australia and New Zealand Xref can replicate its sales team structure and sales lifecycle to build out regionalised teams quickly and effectively.

### Integration

- Many Xref clients use Applicant Tracking Systems (ATS) to manage their recruitment process. Examples of these include: Oracle Taleo, PageUp, Cornerstone, SAP Success Factors and Workday.
- By seamlessly integrating to a client's ATS, Xref will provide the ability for an employer to request and receive an Xref check from their core system.
- Xref is currently rolling out the first such integration with Oracle Taleo. Taleo provides its platform to 6,000 of the world's largest companies and has a sales team of more than 4,000. This provides Xref an excellent channel to market through which it can add value to its customers.

### Data Analytics

- Each day Xref collects, analyses and visualises data that provides insight to its clients. As Xref expands its ability to harvest structured data, that presents unique opportunities for the employment sector.

Future enhancements to the Xref platform include:

- **Candidate Search:** The ability to source passive and related candidates within the Xref platform.
- **Comparative Metrics:** Analysing feedback provided by referees and comparing this to shortlisted candidates, previous candidates or the global Xref platform statistics.
- **Actionable Insights:** Automatically providing insight back to the employer drawn from data collected within their account.

## 2.3 Industry Overview

### (a) Introduction

Xref is an enterprise software company with a specific focus on Human Resources (“HR”) and recruitment. HR Technology is software that companies use to recruit, manage and develop the HR within their organisations. It is a broad technology category that encompasses a number of key product offerings. The HR and recruitment process can be broken down into five key categories as follows.

	Candidate Search	Pre- Screening	Recruitment	Onboard & Review	Off Boarding
HR Tech Applications	Job Vacancy Boards CV Marketplaces Resume Builders Social Referrals	Cultural Surveys Video Interviews Application Surveys	ATS (Applicant Tracking Systems) Checks Tests Contractor Management	HRIS Systems Onboarding Payroll Training Engagement Rewards & Benefits	HRIS (Human Resource Information Systems) Payroll Exit Surveys
Xref Touch points	Xref Candidate Search  Via Xref Search employers can source passive and related candidates without the use of job boards and the reliance on referrals.  <i>* currently in development</i>	Xref Pre-screen Referencing  Identification of unsuitable candidates using Xref prior to the interview limits time spent by the recruiter during the selection process.	Xref Pre-employment Referencing  Fully automated and comparable Professional, Academic, Character and Simple Employment Verification references allows the recruiter to make insightful hiring decisions.	Xref Internal Referencing  Internal referencing used for 360 engagement, probationary review or internal resource reallocation screening.	Xref Employment Verification  The management of off hire referencing allows employers to satisfy future reference requests by providing feedback, dates and role confirmation on exit.

### (b) Human Resource Technology Landscape

The HR Technology market is worth US\$15 billion and is a hot bed of innovation with over 100 new startups being tracked in 2014 alone. A 2014 global survey found that HR technology is an “urgent or important” factor in companies. 57% of companies are planning to make a new HR software purchase in the next 18 months and 23% intended to increase spending by up to 20% from previous years.

Research shows that only 13% of organisations have a single HR system and on average companies have 3-4 different HR applications. This is leading to consolidation or deep integration to create complete HR platforms.

“Big Data” is driving specific analytics directed to the HR department, enabling them to make data-driven decisions.

Widespread adoption of cloud based talent systems is driving advantages in engagement, capability development and performance

**(c) HR Technology mergers and acquisitions**

The HR Tech industry has seen a significant amount of activity recently. The number of startups in the HR tech area is providing existing major players with a steady stream of “acqui-hires ” With companies such as Workday gaining their team from an “acqui-hire” of Identified.com.

Some of the recent major mergers and acquisitions transactions can be summarised below.

- Ariba: Acquired by SAP for US\$4.3b;
- Taleo Corp: Acquired by Oracle for US\$1.9b; and
- Kenexa: Acquired by IBM for US\$1.3b.

**(d) Competitive Landscape**

The traditional process of undertaking pre-employment reference checking over the phone has been inefficient, unreliable and a time consuming process. It makes enterprises susceptible to security breaches, fraud and discrimination. The dominant industry response to this problem has been outsourcing this function to aggregators (i.e. call centres) which proves costly.

Xref believes there will be continued industry movement to a cloud based and streamlined process for pre-employment reference checking. Xref has positioned itself to benefit from this movement.

# Section 3: Risks

## 3.1 Introduction

**The risks contained both in the Investment Overview and this Section 3 should be considered carefully by potential investors**

The Shares offered under this Prospectus should be considered speculative because of the nature of the commercial activities of the Company. Whilst the Directors commend the Offer, potential investors should be aware that an investment in the Company involves risks, which may be higher than the risks associated with an investment in other companies.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There is also a range of specific risks associated with the Company's activities and its proposed involvement in the Human Resource Technology industry. These risk factors are largely beyond the control of the Company and its Directors because of the nature of the proposed activities of the Company.

Persons considering whether or not to invest in the Company should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate, before any decision is made to apply for Shares. Prospective investors should consider whether the Shares offered are a suitable investment for them having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. If in any doubt, they should consult with their professional advisers before deciding whether to apply for Shares.

The following, which is not exhaustive, identifies some of the major risks associated with an investment in the Company, of which potential investors need to be aware before making a decision on whether or not to invest in the Company's Shares.

## 3.2 Key Risks

**The Key Risks identified in the Investment Overview Section of the Prospectus are as follows:**

- Operating Experience and Reliance on Key Personnel Risk;
- Technology Risk;
- Loss of Customers Risk;
- Sales and Marketing Success Risk;
- Brand and Reputation Risk; and
- Increase in Competition Risk

***INVESTORS SHOULD NOTE THAT DETAILS RELATING TO THESE RISK FACTORS APPEAR IN THE INVESTMENT OVERVIEW AND HAVE NOT BEEN REPEATED IN THIS SECTION***

## 3.3 Risks

The future performance of the Company and the future investment performance of the Shares may be influenced by a range of factors. Some of these factors can be mitigated. However, many are outside the control of the Board and the Company. Prior to making any decision to accept the Offer, investors should carefully consider the following general and specific risk factors applicable to the Company:

### (a) Specific Risk Factors

There are a range of specific risks associated with the Company's business and its proposed involvement in the human resources technology industry. The following list of specific risk factors ought not to be taken as exhaustive. The risk factors referred to in this Section 3, and others not specifically referred to, may in the future materially affect the financial performance of the Company and the value of the Shares to be offered under this Prospectus.

- *Funding Risk*

While Xref believes it will have sufficient funds following the Proposed Transaction to meet all of its growth and capital requirements for the near term, Xref may seek to exploit opportunities of a kind that will require it to raise additional capital from equity or debt sources. There can be no assurance that Xref will be able to raise such capital on favourable terms or at all. If Xref is unable to obtain such additional capital, it may be required to reduce the scope of its anticipated activities, which could adversely affect its business, financial condition and operating results.

- *Changes to Privacy Legislation Risk*

Xref currently complies with Australian, New Zealand and United Kingdom privacy laws in respect of the collection, use, storage and disclosure of personal and sensitive information (which is done so through the platform). As Xref scales globally it will add the required controls and systems to be compliant in the relevant jurisdictions in which it will operate.

Any future adverse changes in privacy legislation (including changes to the *Privacy Act 1988* (Cth) and the Australian Privacy Principles), or changes in the way privacy laws are interpreted in the future could render the platform less attractive or contrary to law, which could have a material adverse effect on its business, operations and financial performance, and the price of its shares.

The global regulatory changes and risk profile could potentially affect its business, financial condition and operating results.

- *Reliance on Third Party Providers Risk*

Xref relies on certain external third parties for the provision of services. Xref's web and systems infrastructure is located within a large global cloud provider, and although the systems are designed for redundancy, an issue with their service could potentially affect the service.

Xref integrates with external third party providers that provide either extended checking and/or services. Xref has no control over the reliability and availability of these external providers.

Xref integrates with clients' systems either directly or through external provider systems (ATS systems). Xref has no control over the reliability and availability of these external connections.

- *Regulatory Risk*

Presently, Xref's operations are based in the Australia and are subject to Australian laws and regulations. However, Xref intends to expand Xref's operations into other markets such as the UK, the US and Asia. Users, competitors, members of the general public or regulators could allege breaches of legislation in the relevant jurisdictions. This could result in remedial action or litigation, which could potentially lead to Xref being required to pay compensation or a fine.

Xref's operations may become subject to regulatory requirements, such as licensing and reporting obligations, which would increase the costs and resources associated with regulatory compliance. Any such increase in the costs and resources associated with regulatory compliance could impact upon Xref's profitability. In addition, if regulators took the view that Xref had failed to comply with regulatory requirements, this could lead to enforcement action resulting in public warnings, infringement notices or the imposition of a pecuniary penalty. This could lead to significant damage to Xref's reputation and consequently impact on its revenue.

Xref intends to offer the Xref platform, and any future developed products, throughout the world. Regulatory changes could see Xref being required to hold a licence in some of these jurisdictions or otherwise comply with local regulations. This could preclude Xref from offering certain services in these jurisdictions until such a licence has been obtained, or may require Xref to comply with a range of regulatory requirements. Any such increase in the costs and resources associated with the regulatory compliance in these jurisdictions could impact upon Xref's profitability. As Xref scales globally there could potentially be additional regulatory requirements imposed in relevant jurisdictions.

- *Dependence on the Internet Risk*

Expanding sales of the Xref Platform and other future developed products depends on the continued acceptance of the internet as a communications and commerce platform for individuals and enterprises. The internet could become less viable as a business tool due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease-of-use, accessibility and quality-of-service.

If for any reason the internet does not remain a widespread communications medium and reliable commercial platform, the demand for Xref's products would be significantly reduced, which would harm its business.

- *Release of Escrow*

A significant sale of Consideration Shares or of any shares issued pursuant to the Performance Rights, by the Xref Vendors (or any of them) after the end of the escrow period referred to in the Investment Overview Section of this Prospectus, or the perception that such a sale has occurred or might occur, could adversely affect the price of the Shares.

(b) **General Risk Factors**

- *Share Market Conditions*

Share market conditions may affect listed securities regardless of operating performance. Share market conditions are affected by many factors such as general economic outlook, movements in, or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors, press newspaper and other media reports and the demand for, and supply of, capital. Investors should recognise that once the Shares are listed on ASX, the price of the Shares may fall as well as rise. Many factors will affect the price of the Shares including those listed above.

- *Foreign Exchange Risk*

Xref operates globally, and its products are denominated in a variety of currencies depending upon the country in which they are available for sale. The risk exists that fluctuations in the exchange rate to the US dollar may adversely affect Xref's financial position.

Doing business internationally creates operational and financial risks for the Company and exposes it to risks related to taxation in multiple jurisdictions.

- *Accounting Standards*

Changes in accounting standards and subjective assumptions, estimates, and judgements by management related to complex accounting matters could significantly affect the Company's financial results or financial conditions.

- *Taxation Risks*

Xref operates globally, and the risk exists that tax policies in the countries where Xref operates may change so as to adversely affect the profitability of Xref's operations.

- *Operational Risks*

The Company is exposed to a number of risks beyond its control, such as industrial actions and disputes or unusual or unexpected events such as fires or other accidents.

There may be difficulties with obtaining government and/or third party approvals, unexpected shortages or increase in the price of consumables, plant and equipment.

The Company's operations may be adversely affected by higher than anticipated costs or worse than anticipated fluctuations in prices and currencies.

No assurance can be given that the Company will achieve commercial viability through development of any of its intellectual property.

- *Government Policy*

The Company may be affected by changes to government policies and legislation, and taxation. Changes in Government policies, taxation and other laws can have a significant influence on the outlook for companies and the return to investors. The Company's products could be subject to government regulation, and the regulatory approval and maintenance process for such products may be expensive, time-consuming, and uncertain both in timing and in outcome.

- *Insurance Risks*

The Company does, wherever practicable and economically advisable, utilise insurance to mitigate business risks. Such insurance may not always be available or may fall outside the scope of insurances cover. In addition, there remains the risk that an insurer defaults in the payment of a legitimate claim by the Company.

- *Litigation*

Litigation brought by third parties including but not limited to customers, partners, suppliers, business partners or employees could negatively impact the business in the case where the impact of such litigation is greater than or outside the scope of the Company's insurance.

- *Economic Risks*

The performance of Xref is likely to be affected by changes in economic conditions. Profitability of the business may be affected by some of the matters listed below:

1. future demand for cloud-based recruitment reference checking services;
2. general financial issues which may affect policies, exchange rates, inflation and interest rates;
3. deterioration in economic conditions, possibly leading to reductions in spending and other potential revenues which could be expected to have a corresponding adverse impact on Xref's operating and financial performance;
4. the strength of the equity and share markets in Australia and throughout the world;
5. financial failure or default by any entity with which Xref may become involved in a contractual relationship;
6. industrial disputes in Australia and overseas;
7. changes in investor sentiment towards particular market sectors;
8. the demand for, and supply of, capital; and
9. terrorism or other hostilities.

- *Other General Risks*

Other general risks associated with investment in the Company may include:

- fluctuation of the price at which the Company's shares trade due to market factors; and
- price volatility of the Company's shares in response to factors such as:
  - additions or departures of key personnel;
  - litigation and legislative change;
  - press newspaper or other media reports; and
  - actual or anticipated variations in the Company's operating results.

## Summary

This investment is regarded as highly speculative. Neither the Company nor its Directors nor any other party to be associated with the preparation of the Prospectus warrants that any specific objective of the Company will be achieved or that any particular targets of the Company will be achieved.



# Section 4: Investigating Accountant's Report

19 November 2015

The Directors  
King Solomon Mines Limited  
242 Marine Parade  
OTAKI NEW ZEALAND 5512

Dear Sirs,

**Re: Investigating Accountant's Report on Historical and Pro forma Consolidated Historical Financial Information**

We have been engaged by King Solomon Mines Limited ("KSO" or "the Company") to report on the historical financial information and pro forma consolidated historical financial information for inclusion in the Prospectus relating to an offer of 15,000,000 ordinary Shares at an offer price of \$0.20 each to raise \$3,000,000 ("Offer"). Oversubscriptions of up to a further 5,000,000 ordinary Shares at an offer price of \$0.20 each to raise up to a further \$1,000,000 may be accepted.

Expressions and capitalised terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License (No. 227902) under the *Corporations Act 2001*. Hall Chadwick Corporate (NSW) Limited holds the appropriate Australian Financial Services License under the *Corporations Act 2001*.

**Background**

The Company is listed on the Australian Securities Exchange ("ASX") and is actively seeking new investment opportunities capable of bringing value to shareholders which will require it to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

The Company has entered into a Share Purchase Agreement to acquire Xref Pty Ltd ("Xref"), subject to shareholder and regulatory approvals.

Xref is a Sydney based company with a business that allows prospective employers to conduct pre-employment reference checks on suitable candidates via an online candidate-referencing system. Xref is an easy-to-use, mobile ready, fully reportable, cloud-based platform. It is a faster, more reliable and less expensive alternative to traditional approaches which helps companies improve their recruitment processes.

KSO proposes to change its name to Xref Limited and divest its exploration interests. The Company will then have a single focus of being involved in Human Resource Technology in Australia and international markets.

HALL CHADWICK CORPORATE  
(NSW) LIMITED

ACN 080 462 488

SYDNEY

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NSW 2000 Australia

GPO Box 3555 Sydney NSW  
2001

Ph: (612) 9263 2600

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E:

[hcsyinfo@hallchadwick.](mailto:hcsyinfo@hallchadwick.com.au)

com.au

[www.hallchadwick.com.au](http://www.hallchadwick.com.au)

A member of AGN  
International Ltd, a worldwide  
association of separate and  
independent accounting and  
consulting firms

## Scope

### *Historical Financial Information*

You have requested Hall Chadwick Corporate (NSW) Limited to review the following historical financial information included in the Prospectus:

- a) the historical consolidated statements of financial performance for Xref for the financial years ended 30 June 2014 ("FY2014") and 30 June 2015 ("FY2015");
- b) the historical consolidated statement of financial position of KSO as at 31 March 2015; and
- c) the historical consolidated statement of financial position of Xref as at 30 June 2015.

Historical consolidated statements of financial performance for KSO, which have previously been made publicly available, have not been disclosed in the Prospectus as the historical results of KSO are not relevant to its future operations, being those of Xref.

The historical financial information for KSO has been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. The consolidated financial statements of KSO comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), interpretations and other applicable Financial Reporting Standards. The financial statements of KSO have also been prepared in compliance with International Financial Reporting Standards. The financial statements of KSO are presented in Australian Dollars to reflect the Company listing on the ASX, the influence of the Australian regulatory environment on the raising of any further capital and that this is the functional currency of the Company.

The historical financial information for Xref has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards and the adopted accounting policies of Xref.

KSO's historical financial information has been audited by PricewaterhouseCoopers with a 31 March year end. PricewaterhouseCoopers issued the following modified opinion on the 31 March 2015 financial report

"The financial statements of the Group for the year ended 31 March 2015 include exploration and evaluation assets (tenements) of \$446,173. The value of the tenements is based on the Directors' estimates of the possible recoverable amount of the tenements currently held. There is no observable market in Inner Mongolia against which the auditor can assess the Directors' valuation of the tenements. We were unable to determine whether any adjustments were necessary in respect of the Directors' valuation of the tenements."

An adjustment has been made to the pro forma consolidated statement of financial position of KSO to write down the value of exploration and evaluation assets to their recoverable amounts based on current information available on the recoverable value of these assets.

The auditor's opinion also included an emphasis of matter regarding a material uncertainty as to the going concern of the Company.

The historical financial information of Xref has been extracted from historical financial statements which have been subject to an audit by Hall Chadwick for the year ended 30 June 2015. The audit report included a qualification regarding the comparatives for FY2014 not being subject to audit.

The historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

#### *Pro forma consolidated historical financial information*

You have requested Hall Chadwick Corporate (NSW) Limited to review the pro forma consolidated statement of financial position of KSO included in the Prospectus, which is based on the following:

- (a) the Company's audited statement of financial position as at 31 March 2015;
- (b) Xref's audited statement of financial position as at 30 June 2015; and
- (c) relevant pro-forma adjustments required to reflect the acquisition of Xref and completion of the Offer.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards, NZ IFRS and applicable International Financial Reporting Standards, and applied to the historical financial information and the transactions to which the pro forma adjustments relate, as described in section 5 of the Prospectus, as if those transactions had occurred as at the date, or prior to the date, of the historical financial information. Due to its nature, the pro forma consolidated historical financial information does not represent the company's actual or prospective financial position.

#### **Directors' responsibility**

The directors of KSO and Xref are responsible for the preparation of the historical financial information and pro forma consolidated historical financial information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the pro forma consolidated historical financial information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of historical financial information and pro forma consolidated historical financial information that is free from material misstatement, whether due to fraud or error.

#### **Our responsibility**

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements Involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review

procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we have become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

## **Conclusions**

### *Historical financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information, comprising:

- a) the historical consolidated statements of financial performance for Xref for FY2014 and FY2015;
- b) the historical consolidated statement of financial position of KSO as at 31 March 2015; and
- c) the historical consolidated statement of financial position of Xref as at 30 June 2015;

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in the Prospectus.

### *Pro forma consolidated historical financial information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro forma consolidated statement of financial position of KSO is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in the Prospectus.

## **Restriction on Use**

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial information to which it relates, for any purpose other than that for which it was prepared.

## **Consent**

Hall Chadwick Corporate (NSW) Limited has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

**Disclosure of Interest**

Hall Chadwick Corporate (NSW) Limited does not have any interest in the outcome of the Prospectus other than the issue of this report for which normal professional fees will be received. Hall Chadwick Corporate (NSW) Limited does not hold nor have any interest in the ordinary shares of the Company.

Hall Chadwick Corporate (NSW) Limited was not involved in the preparation of any part of the Prospectus and accordingly, makes no representations or warranties as to the completeness and accuracy of any information contained in the Prospectus.

Yours faithfully



**Drew Townsend**  
HALL CHADWICK CORPORATE (NSW) LIMITED

## **FINANCIAL SERVICES GUIDE**

Dated 19 November 2015

### **What is a Financial Services Guide (FSG)?**

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 ("HCC").

This FSG includes information about:

- HCC and how they can be contacted;
- the services HCC is authorised to provide;
- how HCC are paid;
- any relevant associations or relationships of HCC;
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Investigating Accountant's Report ("Report") which has been prepared for inclusion in a disclosure document. The purpose of the disclosure document is to help you make an informed decision in relation to a financial product. The contents of the disclosure document, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

### **Financial services that HCC is authorised to provide**

HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

### **HCC's responsibility to you**

HCC has been engaged by the Directors of King Solomon Mines Limited to prepare this Report for inclusion in a Prospectus in relation to the public offering of shares in King Solomon Mines Limited on the ASX ("Offer").

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. HCC nor the employees of HCC are acting for any person other than King Solomon Mines Limited. HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

### **General advice**

As HCC has been engaged by King Solomon Mines Limited, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

### **Fees HCC may receive**

HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, the King Solomon Mines Limited. Fees are agreed on either a fixed fee or a time cost basis. In this instance, King Solomon Mines Limited has agreed to pay HCC \$25,000 (excluding GST and out of pocket expenses) for preparing the Report. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.



HCC officers and representatives receive a salary or a partnership distribution or dividends from Hall Chadwick Sydney professional advisory and accounting practice (the Hall Chadwick Sydney Partnership). Remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report. Further details may be provided on request.

**Referrals**

HCC does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

**Associations and relationships**

Through a variety of corporate and trust structures HCC is controlled by and operates as part of the Hall Chadwick Sydney Partnership. HCC's directors may be partners in the Hall Chadwick Sydney Partnership. Mr Drew Townsend, a director of HCC and partner in the Hall Chadwick Sydney Partnership, has prepared this Report. The financial product advice in the Report is provided by HCC and not by the Hall Chadwick Sydney Partnership.

From time to time HCC, the Hall Chadwick Sydney Partnership and related entities ("HC Entities") may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses. Hall Chadwick is the auditor of Xref. HC Entities have not previously provided any advisory services to KSO.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, King Solomon Mines Limited or has other material financial interests in the Offer.

**Complaints resolution**

If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:

The Complaints Officer  
Hall Chadwick Corporate (NSW) Limited  
GPO Box 3555  
Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Drew Townsend, on (02) 9263 2600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

**External complaints resolution process**

If HCC cannot resolve the complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly at:

Financial Ombudsman Service Limited  
GPO Box 3, Melbourne Victoria 3001  
Telephone: 1300 78 08 06  
Facsimile (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

## **Compensation arrangements**

HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

## **Contact details**

You may contact HCC at:

Hall Chadwick Corporate (NSW) Limited

GPO Box 3555

Sydney NSW 2001

Telephone: (02) 9263 2600

Facsimile: (02) 9263 2800

# Section 5: Financial Information

## FINANCIAL INFORMATION

### INTRODUCTION

This Section sets out the Historical Financial Information and Pro-forma Financial Information. The basis for preparation and presentation is set out below.

The Directors are responsible for the inclusion of all Financial Information in the Prospectus. Hall Chadwick Corporate (NSW) Limited has prepared an Investigating Accountants Report in respect of the Historical and Pro-forma Financial Information. A copy of this report is set out in Section 4 of the Prospectus.

The Financial Information has been prepared by management and adopted by the Directors of the Company. The Financial Information comprises the merged group of King Solomon Mines Ltd (**'King Solomon'**, the **'Company'**) and Xref Pty Ltd (**'Xref'**) on the basis set out below.

### BASIS OF PREPARATION

The Historical Financial Information and Pro-forma Financial Information has been prepared for illustrative purposes. The historical financial information for KSO has been prepared in accordance with Generally Accepted Accounting Practice in New Zealand. The consolidated financial statements of KSO comply with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS"), interpretations and other applicable Financial Reporting Standards. The financial statements of KSO have also been prepared in compliance with International Financial Reporting Standards. The historical financial information for Xref has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards and the adopted accounting policies of Xref.

The Historical and Pro-forma Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements, comparative information and notes required in an annual financial report prepared in accordance with Australian and New Zealand Accounting Standards and the Corporations Act 2001.

KSO's historical financial information has been audited by PricewaterhouseCoopers with a 31 March year end. PricewaterhouseCoopers issued the following modified opinion on the 31 March 2015 financial report:

"The financial statements of the Group for the year ended 31 March 2015 include exploration and evaluation assets (tenements) of \$446,173. The value of the tenements is based on the Directors' estimates of the possible recoverable amount of the tenements currently held. There is no observable market in Inner Mongolia against which the auditor can assess the Directors' valuation of the tenements. We were unable to determine whether any adjustments were necessary in respect of the Directors' valuation of the tenements."

The auditor's opinion also included an emphasis of matter regarding a material uncertainty as to the going concern of the Company.

The historical financial information of Xref has been extracted from historical financial statements which have been subject to an audit for the year ended 30 June 2015 by Hall Chadwick. The audit report included a qualification regarding the comparatives for the year ended 30 June 2014 not being subject to audit.

The Historical Financial Information provided in this Prospectus comprises a historical income statement for Xref for the years ended 30 June 2014 and 30 June 2015 and a Pro-forma consolidated statement of financial position, which is based upon:

- (a) the Company's audited statement of financial position as at 31 March 2015;
- (b) Xref's audited statement of financial position as at 30 June 2015,  
(together, the Historical Financial Information); and
- (c) relevant Pro-forma adjustments required to present the merged group, (together with the Historical Financial Information, the Pro-forma Financial Information).

The information in this Section is presented on a Pro-forma basis only, and as a result it is likely that this information will differ from the actual financial information for the merged group as at completion of the proposed acquisition.

#### **ACCOUNTING UNDER AASB 3 'BUSINESS COMBINATIONS' TO DETERMINE THE ACQUIRER**

Australian Accounting Standards require that where two or more entities combine through an exchange of equity for the purposes of a combination, one of the entities must be deemed to be the accounting acquirer (accounting parent).

The Company is the legal acquirer (legal parent) in respect of the proposed acquisition (Xref is the legal subsidiary) and it will issue Shares in the Company to effect the business combination. However, in accordance with Australian Accounting Standards, all relevant facts and circumstances must be considered to determine which entity has obtained control in the transaction and is therefore deemed to be the accounting acquirer (accounting parent).

The proposed acquisition is a merger of a listed and non-listed entity. The Directors have considered the guidance set out in Australian Accounting Standard AASB 3 'Business Combinations' and consequently, Xref was deemed to be the accounting acquirer (accounting parent). This accounting method is referred to as a 'reverse acquisition'. The factors considered by the Directors in identifying the accounting acquirer included the relative voting rights after the business combination and the Board and management composition of the consolidated group.

The net assets of the Company reflect the assets and liabilities deemed to be acquired by Xref and are stated at their acquisition date fair values. The assets and liabilities of Xref as the accounting acquirer are maintained at their historical book values.

Any difference between the fair value of the consideration paid, and the fair value of the net assets of the Company acquired, is recognised as a transaction cost and expensed through the profit and loss in the absence of any goodwill existing.

The Company is the legal acquirer and will be the reporting entity of the merged group. The accounting policies of the merged group used in the compilation of the Pro-forma Financial Information are based on those of the Company. A summary of the significant accounting policies of the Company is disclosed in the audited financial statements of the Company for the year ended 31 March 2015, available on ASX's website at [www.asx.com.au](http://www.asx.com.au). Upon completion of the proposed acquisition, the business of the Company will have changed to that of the merged group resulting in the need to consider and/or adopt new accounting policies. Significant new accounting policies to be adopted by the merged group are outlined below.

No adjustments have been made in the Pro-forma financial information for any expected synergies or integration costs following the completion of the proposed acquisition. Nor have any adjustments been made in the Pro-forma financial information for any one-off or non-recurring costs, other than those set out in the Pro-forma adjustments.

## **New accounting policies of the merged group**

### **1. Revenue recognition**

#### *Sale of goods and disposal of assets*

Revenue from the sale of goods and disposal of assets is recognised when the consolidated entity has passed control of the goods or assets to the buyer, the fee is fixed or determinable and collectability is probable.

Software licence fee revenue is recognised at the point of “go live” (i.e. when users can use the system on a fully functional basis).

#### *Rendering of services*

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract or on a time and materials basis depending upon the nature of the contract.

In multiple element arrangements where goods and services are sold as a bundled product, the fair value of the services component is recognised as revenue over the period during which the service is performed.

### **2. Deferred revenue**

Revenue earned from services provided on sales of certain products by the consolidated entity are deferred and then recognised in profit or loss over the contract period as the services are performed, normally 12 months.

### **3. Intangible assets**

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised. Finite life intangible assets are subsequently measured at cost less amortization and any impairment. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortization method or period.

#### *Goodwill*

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses recognised on goodwill are not subsequently reversed.

#### *Research phase*

No intangible asset arising from research (or from the research phase of an internal project) is recognised. Expenditure on research (or on the research phase of an internal project) is recognised as an expense when incurred.

#### *Development phase*

An intangible asset arising from development (or from the development of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;

- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

#### HISTORICAL INCOME STATEMENTS

The below sets out the summary historical income statements for the year ended 30 June 2014 and 30 June 2015 for Xref.

	Audited	Unaudited
	Year ended 30 June 2015	Year ended 30 June 2014
Sales revenue	673,202	251,594
Unearned income	(304,574)	(177,742)
	368,628	73,852
Other income	2,444	349
Employee benefits expense	(452,972)	(148,639)
Rent expense	(28,369)	(15,477)
Travel expenses	(25,792)	(5,248)
Subscription expenses	(19,457)	(4,702)
Advertising and promotion expenses	(19,355)	(8,496)
Software development expenses	(16,822)	(17,756)
Other expenses	(60,615)	(22,047)
Profit before income tax	(252,310)	(148,164)
Income tax expense	-	-
<b>Net profit for the year</b>	<b>(252,310)</b>	<b>(148,164)</b>

#### Historical and Pro- Forma Statements of financial position

Set out in the table below are summarised historical consolidated statements of financial position for King Solomon as at 31 March 2015 and Xref as at 30 June 2015, and a summarised pro forma consolidated statement of financial position assuming the acquisition of Xref, completion of the Offer and other material events that have occurred after the respective balance dates as detailed in the notes below. As the financial year ends differ for the entities, the accounting records utilised for the purposes of the pro forma consolidated statement of financial position is the most recently audited financial statements for the entities (which, in the case of Xref is 30 June 2015 and King Solomon is 31 March 2015). The Directors of the Company believe this provides the most meaningful financial information for investors to assess the impact of the transactions proposed under the Prospectus.

	Audited Consolidated	Audited	Pro-Forma Consolidated	Pro-Forma Consolidated
	Statement of financial position 31 Mar 2015 <sup>(1)</sup>	Statement of financial position 30 Jun 2015 <sup>(2)</sup>	Statement of financial position Minimum	Statement of financial position Maximum
	King Solomon Mines Ltd	Xref Pty Ltd	Subscription <sup>(3)</sup>	Subscription <sup>(3)</sup>
<b>Current Assets</b>				
Cash assets <sup>(4)</sup>	922,661	81,076	3,961,232	4,896,232
Trade and other receivables	214,691	84,880	299,571	299,571
Other current assets	1,746	7,088	8,834	8,834
	<b>1,139,098</b>	<b>173,044</b>	<b>4,269,637</b>	<b>5,204,637</b>
<b>Non-Current Assets</b>				
Plant and equipment	82,050	10,257	92,307	92,307
Exploration and evaluation assets	446,173	-	240,000	240,000
	<b>528,223</b>	<b>10,257</b>	<b>332,307</b>	<b>332,307</b>
<b>Total Assets</b>	<b>1,667,321</b>	<b>183,301</b>	<b>4,601,944</b>	<b>5,536,944</b>
<b>Current Liabilities</b>				
Trade and other payables	338,314	128,774	467,088	467,088
Deferred income	-	482,316	482,316	482,316
	<b>338,314</b>	<b>611,090</b>	<b>949,404</b>	<b>949,404</b>
<b>Total Liabilities</b>	<b>338,314</b>	<b>611,090</b>	<b>949,404</b>	<b>949,404</b>
<b>Net Assets</b>	<b>1,329,007</b>	<b>(427,789)</b>	<b>3,652,540</b>	<b>4,587,540</b>
<b>Equity</b>				
Issued capital <sup>(5)</sup>	18,733,002	100	8,281,671	9,216,671
Reserves	845,986	-	692,855	709,415
Accumulated losses	(18,249,981)	(427,889)	(5,321,986)	(5,338,546)
<b>Total Equity</b>	<b>1,329,007</b>	<b>(427,789)</b>	<b>3,652,540</b>	<b>4,587,540</b>

**Notes:**

1. Column 1 represents the audited historical consolidated statement of financial position of King Solomon as at 31 March 2015.
2. Column 2 represents the audited historical consolidated statement of financial position of Xref as at 30 June 2015.



3. Column 3 and 4 represent the pro forma consolidated statement of financial position of King Solomon following completion of the minimum offer (column 3) and maximum offer (column 4) under this Prospectus and has been adjusted for the following events:

- a) *The acquisition of Xref Pty Ltd*– As detailed in the Prospectus, the consideration paid by King Solomon for the acquisition of Xref is 50,000,000 fully paid ordinary shares (having a notional value of AU\$0.20 per share post consolidation), 16,666,667 Class A Performance Rights, 16,666,667 Class B Performance Rights and 16,666,666 Class C Performance Rights. All shares to be issued are quoted post consolidation, following the anticipated consolidation of the Company’s capital on a 1 for 50 basis. The terms and conditions of the Performance Rights are summarised in Section 7.5 of this Prospectus.
- b) *Impairment of exploration and evaluation assets* – As detailed in Section 2 of the Prospectus, King Solomon is in the process of divesting its exploration interests and is in negotiations for the sale of its exploration tenements. Accordingly, the exploration and valuation assets capitalised by the Company at 31 March 2015 have been written down to \$240,000, which reflects the valuation by RSM Financial Services Australia Pty Ltd in their Independent Adviser Report dated 29 October 2015.
- c) *Convertible note issue*– On 19 August 2015, Xref issued a total of AU\$550,000 unsecured convertible notes. The instrument carries a 1% per month coupon payment and is convertible into ordinary shares in King Solomon at a 20% discount to the issue price under the Company’s prospectus. It has been assumed for the purposes of the pro forma that a total of 9 months’ interest will be incurred prior to completion.
- d) *Reverse acquisition of King Solomon* - In accordance with Australian Accounting standards, the business combination contemplated in the pro forma financial statements is referred to as a reverse acquisition. Under these rules, for accounting purposes Xref is deemed to have acquired King Solomon and at the date of acquisition the assets and liabilities of Xref are recorded at book value and the assets and liabilities of King Solomon (excluding the investment in Xref) are recorded at fair value. The excess of the consideration deemed to have been paid by Xref to acquire King Solomon (\$3,886,742) over the fair value of the assets of King Solomon has been treated as a transaction cost and is expensed in the pro-forma financial statements. The deemed consideration for Xref to acquire the Company as at the acquisition date has been estimated using the current market capitalisation of the Company of \$5,009,576 on 16 November 2015. Any changes in the market capitalisation of the Company between 16 November 2015 and the market capitalisation at the acquisition date will impact the actual listing expense recorded in profit and loss.
- e) *Shares issued under the Prospectus* – A capital raising by offering under this Prospectus a minimum of 15,000,000 Shares at a price of AU\$0.20 per share to raise \$3,000,000 and a maximum of 20,000,000 Shares at a price of AU\$0.20 per share to raise \$4,000,000 .
- f) *Issue of options to Directors and the Company’s broker Taylor Collison Ltd* – Based on the maximum subscription contemplated, a total of 2,808,909 unlisted options are to be issued to the Company’s brokers, Taylor Collison Ltd, in relation to the provision of corporate services (2,708,909 are to be issued if the minimum subsection is achieved). In addition, a total of 800,000 options are to be issued to the existing Non-Executive Directors of the Company (Messrs Simon O’Loughlin, Stephen McPhail and Simon Taylor) as an incentive. Finally, a total of 900,000 options are to be issued to the Company’s incoming Non-Executive Director Tim Mahony. The total value of these options for accounting purposes is \$709,415 (\$692,855 if the minimum subsection is achieved) and this amount has been expensed and taken to accumulated losses for the purposes of the pro-forma financial statements. The options have been valued using a binomial options valuation method, using the following assumptions:

Fair value of shares at grant date:           \$0.30

Strike price:	\$0.23
Expiry date:	3 years from the date of issue
Volatility rate:	71.90%

The above options have been estimated using the current market price of the Company's shares on 16 November 2015. Any changes in the market value of the Company's shares between 16 November 2015 and the acquisition date will impact the valuation of the above listed options.

- g) *Transaction costs* – In relation to the raising of the maximum subscription of \$4,000,000, it has been assumed that the cost involved in the preparation and implementation of the Prospectus and the placement fee payable will be \$392,505 (at the minimum subscription of \$3,000,000, these costs total \$327,505). This amount has been offset against the share capital figure. All remaining costs in relation to the acquisition of Xref have been included as an expense and have been recorded in the pro-forma group balance sheet in accumulated losses. The total of these combined capital raising costs amounts to \$ 1,122,660 (\$1,041,100 if the minimum subsection is achieved). \$657,505 of these combined costs are to be settled in cash in the pro-forma financial statements (\$592,505 at the minimum subscription). The remaining costs (\$465,155 at maximum subscription, \$448,595 at minimum subscription) are to be settled by the issue of options (refer note 3. f.).

4. Cash assets comprise the following:

	Minimum Subscription	Maximum Subscription
Cash balance from King Solomon as at 31 March 2015	922,661	922,661
Cash balance from Xref as at 30 June 2015	81,076	81,076
<b>Pro forma cash assets prior to offer and issue of convertible notes</b>	<b>1,003,737</b>	<b>1,003,737</b>
Proceeds from convertible notes issued	550,000	550,000
Offer proceeds	3,000,000	4,000,000
Cash costs of the Offer	(592,505)	(657,505)
<b>Cash as per pro forma statements of financial position</b>	<b>3,961,232</b>	<b>4,896,232</b>

5. Issued capital is calculated as follows:

	Minimum Subscription		Maximum Subscription	
	No. of Shares	\$	No. of Shares	\$
Number of shares on issue pre consolidation	834,929,348	100	834,929,348	100
Consolidation of shares on a 1 is for 50 basis	(818,230,761)	-	(818,230,761)	-
Conversion of Convertible Notes and accrued interest	3,746,875	599,500	3,746,875	599,500
Issue of shares to Xref vendors (refer note 3 (a) and (c))	50,000,000	5,009,576	50,000,000	5,009,576

	Minimum Subscription		Maximum Subscription	
	No. of Shares	\$	No. of Shares	\$
<i>Fundraising:</i>				
Capital Raising	15,000,000	3,000,000	20,000,000	4,000,000
Offer costs to equity	-	(327,505)		(392,505)
<b>Total Shares issued post transaction and Offer</b>	<b>85,445,462</b>	<b>8,281,671</b>	<b>90,445,462</b>	<b>9,216,671</b>

## Section 6: Material Contracts

Set out below are summaries of the more important provisions of contracts to which the Company or Xref is a party and which are or may be material in terms of the Offer or the operations of the Company or Xref or otherwise are or may be relevant to an investor who is contemplating the Offer.

### 6.1 Share Purchase Agreement

On 28 October 2015 the Company entered into a Share Purchase Agreement with the Xref Vendors to acquire all the issued share capital of Xref in consideration for the issue of 50,000,000 fully paid ordinary shares (post-Consolidation), 16,666,667 A Class Performance Rights (post-Consolidation), 16,666,667 B Class Performance Rights (post-Consolidation) and 16,666,666 C Class Performance Rights (post-Consolidation).

The material terms of the Share Purchase Agreement include the following:

**(Conditions)** The conditions precedent to completion of the Acquisition are:

- (a) the Company obtaining all shareholder approvals required under the Companies Act and the ASX Listing Rules for the transaction contemplated by the Share Purchase Agreement;
- (b) the Company obtaining shareholder approval to consolidate its shares on a 50:1 basis;
- (c) the Company obtaining shareholder approval to change its name to 'Xref Limited';
- (d) the Company raising at least \$3 million via a prospectus for the offer of 15 million ordinary shares (post-Consolidation) at an offer price of at least \$0.20 each;
- (e) the Company obtaining conditional approval (subject only to the imposition of conditions usual to such approvals) from ASX for its ordinary shares to be reinstated to quotation on ASX;
- (f) there being no material adverse change in the business, financial or trading position, or assets, liabilities or profitability or prospects of Xref and the business it operates;
- (g) there being no material adverse change in the business, financial or trading position, or assets, liabilities or profitability or prospects of the Company ; and
- (h) the transfer of trademarks 1709398 and 1709400 (being the 'Xref' name and logo) from Lee-Martin Seymour to Xref.

As at the date of this Prospectus, the condition precedent referred to in paragraph (h) above has been satisfied.

**(Completion)** Completion of the Acquisition will occur on the day that is five business days (as defined in the Share Purchase Agreement) after the last of the conditions precedent is satisfied or waived (or such other day agreed by the parties) **(Completion Date)**.

**(Changes to the Board)** On the Completion Date, the following changes to the Board will be effected:

- (a) Stephen McPhail and Simon Taylor will resign as directors of the Company, and will disclaim any right they had to compensation, damages or otherwise from the Company; and
- (b) Lee-Martin Seymour, Timothy Griffiths and Timothy Mahony will be appointed as directors of the Company.

**(Termination)** The Share Purchase Agreement can be terminated by the Company or the Xref Vendors (provided that party is not in default under the Share Purchase Agreement) in the event that any of the conditions precedent referred to above is not satisfied by the relevant party within the timeframes as specified.

## 6.2 Convertible Note Deeds

As part of the Acquisition, Xref agreed to complete an interim funding to raise gross proceeds of up to \$550,000 from existing and new investors (**Interim Raising**) (as referred to in Section 6.1 of this Prospectus).

On 19 August 2015 the Company announced that Xref had advised the Company that it had completed the Interim Raising (over subscribed).

The material terms of the Convertible Note Deeds, by which Xref has agreed to issue Xref Convertible Notes to each Convertible Noteholder, include the following:

- (a) the notes will accrue interest at 1% per calendar month during the period of the note;
- (b) if the Minimum Subscription under this Prospectus is achieved, and the other conditions precedent for the Acquisition (except for the Company obtaining conditional approval from ASX for reinstatement of the Company's shares to quotation on ASX) are satisfied or waived on or before the date on which such Minimum Subscription is achieved, then on the date following the date on which the Minimum Subscription under this Prospectus is achieved, the principal amount of each loan, together with accrued interest, will automatically convert into the number of shares in the Company (or as rounded up to the nearest whole share in the event of a fractional entitlement) that results from dividing the total amount due in respect of all of the Xref Convertible Notes by the price being equal to 80% of the issue price of shares under this Prospectus; and
- (c) if the conversion does not take place as outlined above, then the notes will mature and (at the election of the Convertible Noteholders) all outstanding amounts will be repaid or will convert to ordinary shares in the capital of Xref in accordance with the terms of the Convertible Note Deed.

## 6.3 Oracle Agreement

Xref has by Agreement dated 7 July 2015 engaged Oracle Corporation Australia Pty Ltd ABN 80 003 074 468 (**Oracle**) to assist Xref in integrating its service with Oracle's services and to provide additional configuration assistance. Xref's agreement with Oracle incorporates the terms of Oracle's Cloud Services Agreement, which is available on its website.

The material terms of the agreement between Xref and Oracle include as follows:

- (a) Xref will be charged by Oracle at its hourly rates, with fees payable monthly during the development phase; and
- (b) the services being provided by Oracle include:
  - (1) providing guidance and training on the features and services of 'Oracle Passport' tools;
  - (2) configuring 'Oracle Passport Service' to provide basic features and services; and
  - (3) configuring 'Oracle Passport Service' in a standard manner to provide repeatable deployment to Xref customers without a requirement for additional script creation or re-validation.

The service being provided by Oracle will permit Xref to seamlessly provide access to the Xref platform directly from the Oracle Taleo application. This will allow all Oracle integrated clients access to Xref automated referencing from within their existing Taleo systems.

## 6.4 Taylor Collison Mandate Letters

### (a) KSO

By Letter Agreement dated 17 March 2015, Taylor Collison Limited (**Taylor Collison**) agreed to provide the Company with certain corporate and financial services (**KSO Services**) concerning the future opportunities of the Company (**KSO Mandate**). The KSO Services include the utilisation of Taylor Collison's network to source deal flow for the Company, meeting with brokers and private business owners, reviewing and analysing opportunities and negotiating deal structures.

The initial period of the KSO Mandate was three months, commencing on 1 March 2015.

The Company agreed to pay Taylor Collison the following fees in respect of the KSO Services provided:

- an hourly rate of \$200 (plus GST), with timesheets and summaries to be submitted on a weekly basis; and
- if the Services result in the Company acquiring a business (**Transaction**), a Corporate Completion Fee comprising:
  - o a \$100,000 corporate advisory fee;
  - o a Capital Raising Fee of 6% on all proceeds raised to complete the Transaction; and
  - o the issue of broker options to Taylor Collison (or its nominee) equal to 2% of the issued capital of the Company post-completion of the Transaction, on the terms set out in Section 7.5(b) of this Prospectus.

In addition, the Company agreed to reimburse Taylor Collison for all disbursements and out of pocket expenses incurred in providing the KSO Services, provided that it will not incur expenses that exceed \$1,000 without the Company's prior consent.

The Company agreed to indemnify Taylor Collison and its related bodies corporate and respective directors, officers, employees, affiliates, consultants and agents against any claim, loss or expense incurred in respect or any transaction or proposal contemplated by the KSO Mandate.

**(b) Xref**

By Letter Agreement dated 16 June 2015, Taylor Collison agreed to act as the lead manager for the Initial Public Offering of Xref through a reverse takeover (RTO) (**Xref Mandate**). Taylor Collison agreed to assist in progressing the proposal by providing suitably qualified corporate and financial services to Xref (**Xref Services**), which included transaction negotiations, assistance with documentation and deal structuring and financing.

The initial period of the Xref Mandate was 12 months.

Xref appointed Taylor Collison as its lead manager for a pre-RTO capital raising, as well as the RTO.

Xref agreed to pay Taylor Collison the following fees if a successful transaction occurred (defined as (in relation to pre-IPO) Taylor Collison raising money for Xref and (in relation to the RTO) Taylor Collison introducing the parties to the RTO and the RTO transaction completing and the listed vehicle re-listing) (**Successful Transaction**):

- In the event that a Successful Transaction is completed:
  - o a placement fee of 5% of equity capital raised and a management fee of 1% of equity raised;
  - o options in the final listed vehicle (the Company) as noted in paragraph (a) above.
- A commission of 5% and a management fee of 1% of all funds raised by the listed vehicle (the Company) under any capital raising undertaken within 12 months of the date of the Xref Mandate (and Xref agreed to appoint Taylor Collison as the sole lead manager for all such capital raisings).

In addition, Xref agreed to reimburse Taylor Collison for all disbursements and out of pocket expenses incurred in providing the Xref Services, provided that it will not incur expenses that exceed \$2,000 without Xref's prior consent.

Subject to certain limitations detailed in the Xref Mandate, Xref agreed to indemnify Taylor Collison and its related bodies corporate and respective directors, officers, employees and consultants in connection with its work under the Xref Mandate.

# Section 7: Additional Information

## 7.1 Tax Status and Financial Year

The Company is currently taxed in New Zealand. Xref is taxed as a company in Australia. The financial year of the Company ends on 31 March annually.

## 7.2 Corporate Governance

The Board of Directors is responsible for the corporate governance of the Company including its strategic development.

The Board of Directors acknowledges the Corporate Governance Principles and Recommendations set by the Australian Securities Exchange (**ASX**) Corporate Governance Council. The Company has followed the recommendations established in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (Principles and Recommendations), 2nd Edition. The 3rd Edition of the Principles and Recommendations was released in March 2014 and takes effect for a listed entity's first full financial year commencing on or after 1 July 2014 (being for the Company, the financial year ending 31 March 2016). The Company has commenced a review of its corporate governance documentation and practices against the 3rd Edition of the ASX Principles and Recommendations, and has started adopting these recommendations, but will report against these fully in its 2016 Annual Report.

However in view of the Company's current size and extent of nature of operations, full adoption of the recommendations is currently not practical. The Board will continue to work towards full adoption of the recommendations in line with growth and development of the Company in the years ahead and particularly upon Completion of the Acquisition. Where the Company's framework is different to the Corporate Governance Principles and Recommendations set by the ASX Corporate Governance Council (**ASX Principles**), it has been noted.

Further, copies of the following corporate governance policies and charters adopted by the Board, are available on the Company's website [www.kingsolomonmines.com](http://www.kingsolomonmines.com):

- Corporate Governance Statement attaching:
  - Audit Committee Charter; and
  - Remuneration Committee Charter
- Code of Conduct for Directors, Senior Executives and Employees
- Continuous Disclosure Policy
- Share Trading Policy
- Diversity Policy
- Skills Matrix

A summary of the corporate governance practices as currently adopted by the Board is as follows:

### **Principle 1: Lay solid foundations for management and oversight**

*Recommendation 1.1 – Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.*

*Recommendation 1.2 – Companies should disclose the process for evaluating the performance of senior executives.*

*Recommendation 1.3 – Companies should provide the information indicated in the Guide to reporting on principle 1.*

- The Company currently has a small Board of three Directors (Non-Executive Chairman Simon O'Loughlin, Managing Director Stephen McPhail and Non-Executive Director Simon Taylor) and a small team of two part-time employees, so roles and functions have to be flexible to meet specific requirements. Following



Completion the Board will comprise two executive Directors (Lee-Martin Seymour as Chief Executive Officer and Tim Griffiths as Chief Technology Officer), non-executive Director Tim Mahony and continuing non-executive chairman, Simon O’Loughlin. The Company discloses the respective roles and responsibilities of its Board and management, and how their performance is monitored and evaluated below.

The primary responsibilities of the Board include:

- the approval of the annual and half year financial reports and quarterly cash-flow statements;
- the establishment of the long term goals of the Company and strategic plans to achieve those goals;
- the review and adoption of annual budgets for the financial performance of the Company and monitoring the results on a quarterly basis;
- ensuring that the Company has implemented adequate internal controls together with appropriate monitoring of compliance activities; and
- ensuring that the Company is able to pay its debts as and when they fall due.

The Company discloses the curriculum vitae of each Director in its Annual Report. These are also detailed in the Investment Overview Section of this Prospectus.

The Company’s executive management currently comprises the Managing Director (and following Completion of the Acquisition, Lee-Martin Seymour and Tim Griffiths as executive directors) to whom the Board delegates (and will delegate) responsibilities as outlined contractually and as expected for these executive positions.

- The performance of the Board and senior executive is reviewed as part of the ordinary course of meetings of the Directors and is considered by Shareholders through the approval of Director appointments at the Annual General Meeting. The Company will report on the matters contemplated by Recommendations 1.2 and 1.3 in future annual reports.

Given the limited number of senior executives, their performance is (and will in the short term continue to be) reviewed annually by the Board as part of the ordinary course of meetings of the Directors.

- As at the date of this Prospectus, there are no departures from Principle 1.

## **Principle 2: Structure the Board to add value**

*Recommendation 2.1 – A majority of the Board should be independent Directors.*

*Recommendation 2.2 – The chair should be an independent Director.*

*Recommendation 2.3 – The roles of chair and chief executive officer should not be exercised by the same individual.*

*Recommendation 2.4 – The Board should establish a nomination committee.*

*Recommendation 2.5 – Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.*

*Recommendation 2.6 – Companies should provide the information indicated in the Guide to reporting on Principle 2.*

- The Company does not have a Nomination Committee because of the small size of its Board; this function is carried out by the full Board of Directors. The processes the Company employs to address Board succession issues, and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively include reviewing Board performance, size and capacity (with appropriately-experienced Directors).

The Board is conscious of the need for independence and ensures that where a conflict of interest may arise, the relevant Director(s) leave the meeting to ensure a full and frank discussion of the matter(s) under consideration by the rest of the Board.

- The names of the Company’s Directors considered by the Board to be independent Directors are Simon



O'Loughlin and Simon Taylor, both of whom were appointed as Directors of the Company on 1 October 2014. Two of the Company's three current Directors are therefore independent Directors and so a majority of the Board of the Company are now independent Directors. The Company's Board is of an appropriate size and composition, with suitable skills and commitment to enable it to discharge its duties effectively. The Chairman of the Board, Simon O'Loughlin, is an independent Director and is separate from the Managing Director, Stephen McPhail.

- As regards the proposed Directors, Lee-Martin Seymour and Tim Griffiths will be executive directors, and therefore not independent. However, Tim Mahony as non-executive director and Simon O'Loughlin as non-executive Chairman will be considered to be independent.
- In the future, the Company intends to provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively. Each Director of the Company has the right to seek independent professional advice at the expense of the Company. Prior approval from the Chairman is required, but this will not be unreasonably withheld.

A Director may be elected for a term of a maximum of three years. To ensure a gradual and controlled movement of Directors, the longest serving one-third of all Directors (rounded down to the nearest whole number) retires at each AGM, but shall be eligible for re-election.

- The skills, experience and expertise relevant to the position of Director and period of office held by each Director is disclosed within the Directors' report of the Company's Annual Report, and in the Investment Overview Section of this Prospectus. The process for evaluating the performance of the Board and directors is outlined above under Principle 1.
- The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.
- As at the date of this Prospectus there are the following departures from Principle 2:

Recommendation 2.4: Due to the size of the Company's operations, nomination of new Directors is considered by the full Board and therefore the Company does not have a separate nomination committee.

### **Principle 3: Promote ethical and responsible decision making**

*Recommendation 3.1 – Companies should establish a code of conduct and disclose that code or a summary of it.*

*Recommendation 3.2 – Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.*

*Recommendation 3.3 – Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.*

*Recommendation 3.4 – Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.*

*Recommendation 3.5 – Companies should provide the information indicated in the Guide to reporting on Principle 3.*

- The Company strives to act ethically and responsibly at all times, and has a formal Code of Conduct for its Directors, senior executives and employees, reflecting the Company's size and the close interaction of individuals throughout the organisation. The Company's Code of Conduct requires that Directors and management conduct themselves with the highest ethical standards. All Directors and employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Code of Conduct, including practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders, and the responsibility and accountability of individuals for reporting and investigating

reports of unethical practices, can be found under the Corporate section of the Company's website at [www.kingsolomonmines.com](http://www.kingsolomonmines.com).

- The Company has a Diversity Policy, which includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the Company's progress in achieving them. Because of the current state of the mineral exploration industry and the difficulty of obtaining finance, the Board has concluded that its staff size and its ability to achieve gender diversity have been very limited and deferred.

Where practicable, the Company will address the guidance provided in the ASX Principles, and will report upon these issues in its annual reports.

As at the date of this Prospectus, there are the following departures from Principle 3:

Recommendations 3.2 and 3.3 – Due to the Company's size and nature of operations, the Company's diversity policy does not include measurable objectives in relation to gender diversity. The Board remains conscious of the requirement to establish reasonable objectives for achieving gender diversity.

#### **Principle 4: Safeguard integrity in corporate reporting**

*Recommendation 4.1 – The Board should establish an audit committee.*

*Recommendation 4.2 – The audit committee should be structured so that it (i) consists only of non-executive Directors; (ii) consists of a majority of independent Directors; (iii) is chaired by an independent chair, who is not the chair of the Board; and (iv) has at least three members.*

*Recommendation 4.3 – The audit committee should have a formal charter.*

*Recommendation 4.4 – Companies should provide the information indicated in the Guide to reporting on Principle 4.*

- The Company has an Audit Committee, which has three members, Simon Taylor (Committee Chairman), Simon O'Loughlin and Stephen McPhail, two of whom are Non-Executive Directors and a majority of whom are independent Directors. The Audit Committee is chaired by an independent Director, who is not the chair of the Board. The charter of the Committee can be found under the Corporate section of the Company's website at [www.kingsolomonmines.com](http://www.kingsolomonmines.com). These Directors have the applicable expertise and skills for the Audit Committee, and the relevant qualifications and experience of the members of the Audit Committee can be found under the Corporate section of the Company's website at [www.kingsolomonmines.com](http://www.kingsolomonmines.com). The Audit Committee reports to the Board after each Committee meeting. In conjunction with the full Board, the Committee reviews the performance of the external auditor (including the scope and quality of the audit).

Upon completion of the Acquisition, it is proposed that the Audit Committee will comprise suitably qualified Directors at that time.

- The Company has formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting. The Company periodically reviews its procedures to ensure compliance with the recommendations set out under this principle.
- The Company's external auditors attend all AGMs as required by the Corporations Act and are available at these meetings to answer any questions on the audit.

As at the date of this Prospectus, there no departures from Principle 4.

#### **Principle 5: Make timely and balanced disclosure**

*Recommendation 5.1 – Companies should establish written policies to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.*

*Recommendation 5.2 – Companies should provide the information indicated in the Guide to reporting on Principle 5.*

- The Company has a written policy for complying with its continuous disclosure obligations under the ASX

Listing Rules, which can be found under the Corporate section of the Company's website at [www.kingsolomonmines.com](http://www.kingsolomonmines.com). The Company complies with the Continuous Disclosure requirements of the ASX Listing Rules, and accordingly the market is kept fully and currently informed about all material matters that might affect trading in the Company's securities. The Company makes timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities. The Company, its Directors and staff are very aware of the ASX's continuous disclosure requirements, and operates in an environment where strong emphasis is placed on full and appropriate disclosure to the market.

- The Company also has a Share Trading Policy concerning trading in its securities by Directors, management, staff and significant consultants, which can be found under the Corporate section of the Company's website. Purchases or sales in the Company's shares by Directors, employees and key consultants are to be carried out in the "window", being the period commencing two days and ending 30 days following the date of announcement of the Company's annual or half-yearly results, its quarterly reports or a major announcement leading, in the opinion of the Board, to an informed market. Trading outside a trading window by Directors, employees and key consultants must only occur after consultation with the Chairman of the Board or the Managing Director. Directors, employees and key consultants are prohibited from buying or selling Company shares at any time if they are aware of any price-sensitive information that has not been made public.

As at the date of this Prospectus, there are no departures from Principle 5.

#### **Principle 6: Respect the rights of shareholders**

*Recommendation 6.1 – Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.*

*Recommendation 6.2 – Companies should provide the information indicated in the Guide to reporting on Principle 6.*

- The Company provides information about itself and its governance to investors via its website at [www.kingsolomonmines.com](http://www.kingsolomonmines.com), including a Corporate landing page where all relevant corporate governance information can be accessed. The Company respects the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively. All significant information that is disclosed to the ASX is then posted on the Company's website and when analysts are briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price-sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.
- Whilst the Company does not have a communications policy to promote effective communication with shareholders, having regard to its size and the nature of its business, the Company does communicate regularly with shareholders and encourages their participation at general meetings.

As at the date of this Prospectus, there are no departures from Principle 6.

#### **Principle 7: Recognise and manage risk**

*Recommendation 7.1 – Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.*

*Recommendation 7.2 – The Board should require management to design and implement a risk management and internal control system to manage the Company's material business risks and report to it on whether these risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.*

*Recommendation 7.3 – The Company should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations*

*Act is founded on a sound system of risk management and that the system is operating effectively in all material respects in relation to financial reporting risks.*

*Recommendation 7.4 – Companies should provide the information indicated in the Guide to reporting on Principle 7.*

- The Company does not have a risk committee, as it is currently only a small exploration company, and does not believe that at this stage there is significant need for formal policies on risk oversight and management of material business risks. Instead, the processes it employs for overseeing the Company's risk management framework are the responsibility of the Board of Directors and senior management collectively, and Risk Factors are a standing agenda item at Board meetings. The Board has established a sound risk management framework and periodically reviews the effectiveness of that framework. The Company receives assurance from the Managing Director and the Chief Accountant that the system of risk management and internal control is sound, and that the system is operating effectively in all material respects in relation to financial reporting risks.
- The Board believes the Company's risk management and internal compliance and control procedures are operating efficiently and effectively in all material aspects appropriate for a company of KSO's size and nature.

As at the date of this Prospectus, there are no departures from Principle 7.

### **Principle 8: Remunerate fairly and responsibly**

*Recommendation 8.1 – The Board should establish a remuneration committee.*

*Recommendation 8.2 – The remuneration committee should be structured so that it: (i) consists of a majority of independent Directors; (ii) is chaired by an independent chair; and (iii) has at least three members.*

*Recommendation 8.3 – Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.*

*Recommendation 8.4 – Companies should provide the information indicated in the Guide to reporting on Principle 8.*

- The Board of the Company has a Remuneration Committee, which has three members, a majority of whom are independent Directors, and is chaired by an independent Director. The charter of the committee can be found under the Corporate section of the Company's website at [www.kingsolomonmines.com](http://www.kingsolomonmines.com). The members of the Remuneration Committee are Simon O'Loughlin (Committee Chairman), Simon Taylor and Stephen McPhail.

Upon Completion of the Acquisition, it is intended that this Committee will comprise suitably qualified Directors at that time.

- The Company separately discloses its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and other senior executives in the Remuneration Report section of the Annual Report. The Company pays Director remuneration that is sufficient to attract and retain high quality Directors, and has designed its executive remuneration to attract, retain and motivate high quality senior executives, and to align their interests with the creation of value for shareholders. The Directors believe that the size of the Company makes individual salary and contractor negotiation more appropriate than formal remuneration policies. The Directors work closely with management, and have full access to all the Company's files and records. The Remuneration Committee seeks independent external advice and market comparisons as necessary. In accordance with reporting requirements, the Company discloses the fees and other remuneration paid to all its Directors and senior management, and it clearly distinguishes the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.
- The Company has an equity-based remuneration scheme, being an Employee Share Option Plan. The Company has a policy that participants are not permitted to enter into transactions (whether through the use of derivatives or otherwise) that limit the economic risk of participating in this scheme.

As at the date of this Prospectus, there are no departures from Principle 8.

### **7.3 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors and Proposed Directors are not aware of any legal proceedings pending or threatened against the Company or Xref.

### **7.4 Rights and Liabilities Attaching To Shares**

The Shares issued pursuant to the Offer will rank equally in all respects with existing Shares. The following is a summary of the Company's Constitution in relation to rights attaching to Shares and other provisions that may affect Shareholders. It does not purport to constitute an exhaustive or definitive statement of the rights and liabilities of the Shareholders. Investors are accordingly encouraged to inspect the Constitution.

The rights and liabilities attaching to the Shares are also regulated by the New Zealand *Companies Act 1993* (**Companies Act**), New Zealand common law and the ASX Listing Rules.

#### **(a) Meetings of Shareholders**

Each Shareholder is entitled to receive a written notice of, and attend and vote at, general meetings of the Company and to receive all notices, reports and financial statements required to be sent to Shareholders under the Constitution, the Companies Act and the Listing Rules.

A Shareholder may give written notice to the Board of Directors of a matter which the Shareholder proposes to raise for discussion or resolution.

The minimum number of people for a meeting of Shareholders is five, present in person or by representative (which includes a proxy holder). Minutes must be kept of all meetings of Shareholders.

#### **(b) Voting Rights**

At a general meeting, subject to any special privileges or restrictions as to voting for the time being attached to any special class of Shares, on a show of hands or by voice (as determined by the Chairperson) every member present in person or by representative has one vote.

The Chairperson, five or more Shareholders with voting rights or a Shareholder or Shareholders who represent 10% or more of the total voting rights have the power to demand that a poll be taken.

Shareholders have the right to appoint a representative or proxy to attend the meeting by completing the proxy form accompanying the notice of meeting and returning it to the place specified on the notice not later than 48 hours before the meeting.

On a poll, each member present in person or by representative will have one vote for every fully paid Share which that member holds or represents, and, in respect of a Share which is not fully paid, a fraction of the vote or votes which would be exercisable if a Share was fully paid.

No Shareholder is entitled to vote at any meeting in respect of Shares on which any call or other moneys are due and unpaid.

The Chairperson of the Shareholders' meeting is entitled to a casting vote.

#### **(c) Issue of Further Shares**

Subject to the Companies Act, the Listing Rules and any special rights previously conferred on the holders of any existing Shares or classes of Shares, the Directors may issue Shares at any time without the prior approval of the Company in a general meeting, to any persons on such terms and conditions and at such time as the Directors may think fit.

Any Shares may be issued in such denomination or with such deferred, preferred or special rights or restrictions whether as to voting rights or distributions or otherwise as the Directors may think fit.

(d) **Share Buybacks**

The Company may purchase or acquire Shares in itself from Shareholders, and may redeem any redeemable Shares.

(e) **Dividends**

Dividends and other distributions will be payable to the persons who are the registered holders of those Shares on an entitlement date fixed by the Board.

(f) **Number of Directors**

Subject to the Companies Act, general law and the Listing Rules, the number of Directors shall be not more than seven and not less than three.

(g) **Appointment and Removal of Directors**

The Shareholders may appoint and remove a Director by ordinary resolution. The Board of Directors may appoint additional Directors (up to the maximum number of Directors) and any Director may appoint an alternate director by notice to the Company.

The Listing Rules require that the Company hold an election of Directors by ordinary resolution each year. The Directors, other than a managing director, must not hold office (without re-election) past the third annual general meeting following the Director's appointment or three years, whichever is longer. However, a Director appointed by the Board to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting.

Under the Constitution, a Director ceases to hold office if the Director becomes bankrupt, becomes disqualified from being a Director, resigns, is removed, or has been absent without permission from the Board of Directors for a period longer than six months.

(h) **Interested Directors**

Directors who are interested in a transaction have the same voting rights and general powers and rights of a Director as though they were not interested in the transaction.

(i) **Indemnity for Directors**

Under the Constitution, every Director is indemnified by the Company for any costs in relation to a liability for an act or omission in his or her capacity as a Director provided that judgment is entered in his or her favour, there is an acquittal or the matter is discontinued (section 162(3) of the Companies Act). Under the Constitution, Directors are also indemnified by the Company for any liability to third persons or costs incurred in defending or settling a claim, provided the claim is not related to criminal liability or the breach of the Director's duty to act in good faith and to act in the best interests of the Company (section 162(4) of the Companies Act).

(j) **Winding Up**

Upon liquidation of the Company, the surplus assets of the Company must be distributed among the Shareholders in proportion to their shareholding.

With the approval of the Shareholders of the Company by ordinary resolution, the liquidator of the Company may divide amongst the Shareholders in kind the whole or any part of the surplus assets of the Company.

With the approval of the Shareholders of the Company by ordinary resolution, the liquidator may vest the whole or any part of any surplus assets of the Company in trustees to be held upon trust for the benefit of the Shareholders of the Company.



(k) **Constitution**

The full rights and liabilities attaching to ownership of the Shares are detailed in the Constitution of the Company, which may be inspected during business hours at the registered office of the Company.

(l) **Compliance with ASX Listing Rules**

The Constitution incorporates Appendix 15A of the Listing Rules. Accordingly, the following applies:

- (1) notwithstanding anything contained in the Constitution, if the Listing Rules prohibit an act being done, the act shall not be done;
- (2) nothing contained in the Constitution prevents an act being done that the Listing Rules require to be done;
- (3) if the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- (4) if the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision;
- (5) if the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision; and
- (6) if any provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

## **7.5 Terms and Conditions of Options and Performance Rights**

### **7.5(a) Performance Rights**

If the Acquisition is completed, and as approved by Shareholders at the meeting of Shareholders to be held on or about 26 November 2015, the Company will grant 16,666,667 A Class Performance Rights (post-Consolidation), 16,666,667 B Class Performance Rights (post-Consolidation) and 16,666,666 C Class Performance Rights (post-Consolidation) to the Xref Vendors.

The terms and conditions of the A Class, B Class and C Class Performance Rights are as follows:

Each Performance Right is a contractual right to receive a share in the capital of the Company, subject to the occurrence of a Conversion Event detailed below, which:

- (i) confers on the holder of it (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. The Holder has the right to attend general meetings of shareholders of the Company;
- (ii) does not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company;
- (iii) does not entitle the Holder to any dividends (cumulative, preferential or otherwise);
- (iv) does not confer on the Holder any right to participate in the surplus profits or assets of the Company upon winding up of the Company;
- (v) is not transferable; and
- (vi) does not confer on the Holder any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

If at any time the issued capital of the Company is reconstructed, a Performance Right may be treated in accordance with the ASX Listing Rules at the time of reorganisation.

A Performance Right does not confer on the Holder any right to participate in new offers and issues of securities to holders of ordinary shares in the Company (**Shares**) including bonus issues and entitlement issues unless and until the Performance Right is converted into a Share.

A Performance Right will not be quoted on ASX. However, upon conversion of a Performance Right into a Share, the Company must within seven days after the conversion, apply for the official quotation of the Company shares arising from the conversion on ASX.

A Performance Right gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Upon conversion of a Performance Right, the Company will issue each Holder with a new holding statement for the relevant number of Shares.

The Shares into which a Performance Right will convert will rank pari passu in all respects with existing Shares.

Subject to obtaining any shareholder approvals required under the Corporations Act and the ASX Listing Rules, on the first to occur of any of the events listed in the first column of the table below (**Conversion Event**), each Performance Right will automatically convert into the number of Shares set out opposite that Conversion Event in the second column of the table below:

(vii) in respect of A Class Performance Rights:

Conversion Event	Number of Shares
Upon the Group, during any six month reporting period of the Company that ends on or prior to the Expiry Date, achieving Sales Revenue of AU\$2,500,000 or more.	1 Share
The occurrence of a Change of Control Event	1 Share, subject to clause 2 below

(viii) In respect of B Class Performance Rights:

Conversion Event	Number of Shares
Upon the Company achieving a 20-day Volume Weighted Average Market Price of the Shares equal to or greater than 150% above the price at which Shares are issued under this Prospectus.	1 Share
The occurrence of a Change of Control Event	1 Share, subject to clause 2 below



(ix) In respect of C Class Performance Rights:

Conversion Event	Number of Shares
Upon the Group, during any six month reporting period of the Company that ends on or prior to the Expiry Date, achieving EBITDA of AU\$2,500,000 or more.	1 Share
The occurrence of a Change of Control Event	1 Share, subject to clause 2 below

1. For the purposes of this Section 7.5(a) of this Prospectus, the following words have the following meanings:
- (a) **ASX market** means the market for trading in securities operated in Australia by ASX.
  - (b) **Change of Control Event** means either:
    - (i) a change of control of the Company within the meaning of section 50AA of the Corporations Act;
    - (ii) when a Court sanctions a compromise or arrangement for the purposes of or in connection with a scheme for the amalgamation of the Company with any other company or companies under Part 5.1 of the Corporations Act; or
    - (iii) when the Company passes a resolution for voluntary winding up or if an order is made for the compulsory winding up of the Company.
  - (c) **EBITDA** means the Group's consolidated earnings before interest and taxes and before depreciation and amortisation, normalised (by an independent company auditor, acting reasonably) to exclude non-recurring transactions and other related costs, contributions for any business or entity acquired by the Company and the impact of fresh capital (as set out in the Company's audited annual accounts or auditor reviewed half-yearly accounts).
  - (d) **Expiry Date** means:
    - (i) for the A Class Performance Rights, the day that is 30 months after the date of issue of the A Class Performance Rights;
    - (ii) for the B Class Performance Rights, the day that is two years after the date of issue of the B Class Performance Rights; and
    - (iii) for the C Class Performance Rights, the day that is five years after the date of issue of the C Class Performance Rights.
  - (e) **Group** means the Company and its subsidiaries (as that term is defined in the Corporations Act).
  - (f) **Sales Revenue** means the Group's consolidated sales revenue as set out in the Company's audited annual accounts or auditor reviewed half-yearly accounts.
  - (g) **Volume Weighted Average Market Price** means in relation to the Shares for a particular period, the volume weighted average price of trading in the Shares on the ASX market over that period, excluding block trades, large portfolio trades, permitted trades during the pre-trading hours period, permitted trades during the post-trading hours period, out of hours trades and exchange traded option exercises.
2. The maximum aggregate number of A Class Performance Rights, B Class Performance Rights and C Class Performance Rights that convert into Company Shares on the occurrence of a Change of Control Event must

not exceed the number equal to 10% of the Company Shares on issue immediately before the occurrence of the Change of Control Event. Where on the occurrence of a Change of Control Event, the conversion of all A Class Performance Rights, B Class Performance Rights and C Class Performance Rights would contravene this clause 2, the number of A Class Performance Rights, B Class Performance Rights and C Class Performance Rights that convert in aggregate will be the number equal to 10% of the Company Shares on issue immediately before the occurrence of the Change of Control Event, allocated amongst the holders of A Class Performance Rights, B Class Performance Rights and C Class Performance Rights in proportion to the number of A Class Performance Rights, B Class Performance Rights and C Class Performance Rights held. Any A Class Performance Rights, B Class Performance Rights and C Class Performance Rights that are not converted will continue to be held by their holders on the same terms and conditions, but as if the Change of Control Event had not occurred.

3. Where the application of any provision of these terms results in a fraction of a Share being issued for each Performance Right, the number of Shares to be issued to a Holder on conversion of all A Class Performance Rights, all B Class Performance Rights and all C Class Performance Rights held by that Holder will first be aggregated (including all fractions per Share) and the resultant number of Shares be rounded up to the nearest whole number.
4. Where no Conversion Event occurs prior to 5.00 pm (New South Wales time) on the Expiry Date, each Performance Right within the relevant Class will automatically lapse and be forfeited for no consideration.
5. If the Company undertakes a bonus issue, share split, share consolidation, reorganisation or other transaction of a similar nature, the number of Shares to which the Performance Rights convert on a Conversion Event will be adjusted to ensure a fair outcome based on the number of Shares which the Holder would have received if the Performance Rights had been converted to Shares before the record date for the relevant activity.

#### **7.5(b) Options to Taycol Nominees Pty Ltd**

If the Acquisition is completed, and subject to obtaining Shareholder approval at the meeting of KSO Shareholders to be held on or about 26 November 2015, the Company will grant up to 2,808,909 Options (post-Consolidation) to Taycol Nominees Pty Ltd as nominee of Taylor Collison Ltd on the following terms and conditions:

1. Each option entitles the holder to one ordinary share in the Company.
2. Each of the options will be exercisable at \$0.23.
3. Each option is exercisable in whole or in part at any time during the period commencing on the date of issue and expiring on the third anniversary of the date of issue (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the exercise price per option in cleared funds.
5. The Company will not apply to ASX for official quotation of the options.
6. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
7. Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the optionholder dies, the legal personal representative of the deceased optionholder may:
  - (i) elect to be registered as the new holder of the options;
  - (ii) whether or not he becomes so registered, exercise those options in accordance with the terms and conditions on which they were granted; and

- (iii) if the deceased has already exercised options, pay the exercise price in respect of those options.
8. An optionholder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
9. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
10. If the Company makes a rights issue (other than a bonus issue), the exercise price of options on issue will be reduced according to the following formula:

$$A = O - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

- A = the new exercise price of the option;
- O = the old exercise price of the option;
- E = the number of underlying ordinary shares into which one option is exercisable;
- P = the average closing sale price per ordinary share (weighted by reference to volume) recorded on the stock market of ASX during the five trading days immediately preceding the ex rights date or ex entitlements date (excluding special crossings and overnight sales and exchange traded option exercises);
- S = the subscription price for a security under the pro rata issue;
- D = the dividend due but not yet paid on existing underlying securities (except those to be issued under the pro rata issue); and
- N = the number of securities with rights or entitlements that must be held to receive a right to one new security.
11. If, during the currency of the options the issued capital of the Company is reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.
12. The optionholder acknowledges that the options, and any shares issued upon exercise of the options, will be the subject of escrow restrictions in accordance with ASX listing rules which could be for:
- (i) a period of 12 calendar months after the date of issue; or
- (ii) such longer period imposed by ASX under its listing rules.

#### **7.5(c) Options to Existing Directors**

If the Acquisition is completed, and subject to obtaining Shareholder approval at the meeting of KSO Shareholders to be held on or about 26 November 2015, the Company will grant up to 800,000 Options (post-Consolidation) to the existing Directors (or their nominees) on the terms and conditions set out in Section 7.5(b) of this Prospectus.

#### **7.5(d) Options to Timothy Mahony**

If the Acquisition is completed, and subject to obtaining Shareholder approval at the meeting of KSO Shareholders to be held on or about 26 November 2015, the Company will grant up to 900,000 Options (post-Consolidation) to

Timothy Mahony (or his nominee) on the terms and conditions set out in Section 7.5(b) of this Prospectus, except that the Options will vest as follows:

- as to 300,000 options, upon Mr Mahony being appointed to the Board;
- as to 300,000 options, upon the achievement of the Conversion Event under the terms of the A Class Performance Rights; and
- as to 300,000 options, upon the achievement of the Conversion Event under the terms of the B Class Performance Rights.

#### **7.5(e) Existing Options**

The Company on 2 August 2011 issued 1,600,000 Options (pre-Consolidation) under the current Employee Share Option Plan (including 800,000 Options to current Director, Stephen McPhail) with an exercise price of \$0.12 and an expiry date of 29 July 2016, and otherwise on the following terms and conditions (these Options have vested):

The Options entitle the holders to subscribe for fully paid ordinary Shares in the Company on the following terms:

- Each Option entitles the holder to acquire one fully paid ordinary Share in the Company.
- The Options may be exercised at any time. Each Option may be exercised by forwarding the Company, at its principal office, the exercise notice, duly completed, together with payment by way of cheque or bank draft drawn on an Australian bank in Australian dollars for the sum of with an exercise price of 50% above the 5 day volume weighted average price (**VWAP**) of the shares of the Company traded on ASX preceding the date of approval by shareholders at the 2011 Annual General Meeting or 12 cents, whichever is the greater, per Option exercised. The Options will vest 33% on 29 July 2012, 33% on 29 July 2013 and 34% on 29 July 2014 and will all have an expiry date of 29 July 2016 and, under the terms of the Plan.
- The Options are not transferable without the prior written consent of the Board and only then may be transferred after they vest by an instrument in the form commonly used for transfer of Options at any time until 29 July 2016, subject to any restrictions which may be imposed by ASX if the Company is listed upon ASX.
- Option holders shall be permitted to participate in new issues of securities on the prior exercise of Options in which case the Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
- Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application monies. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary Shares of the Company in all respects. Official quotation of the Shares will be sought.
- In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
- If there is a bonus Issue to Shareholders, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus Issue.

#### **7.6 Employee Share Option Plan**

The Company has established an Employee Share Option Plan (**Plan**) as part of its longer term retention and incentive strategy, to retain and reward the contributions of the executive directors and employees of the Company and its subsidiaries from time to time (together, **the Group**).

A summary of the Plan is set out below for the information of potential investors in the Company. The detailed terms and conditions of the Plan may be obtained free of charge by contacting the Company.

Subject to the Listing Rules, the Company may issue such number of Options as the Board determines, to any full or part-time employee or an executive director of the Group or certain contractors that qualify under the rules of the Plan (**Eligible Employees**).

Each Option is to subscribe for one fully paid share in the Company, and cannot be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered without the prior written approval of the Board. The Options will not be listed or quoted on any stock exchange.

Subject to the Listing Rules, any vesting conditions imposed by the Company being met (if any) and the Option not having lapsed, Options are exercisable at any time prior to their lapsing.

The Board will specify the exercise price of each Option at the time of making an offer to an Eligible Employee (**Exercise Price**), and all Options will be issued on the terms of the Plan, the Companies Act and the Listing Rules and such additional terms determined by the Board.

All Options issued to an Eligible Employee that have not been exercised, regardless of whether they have vested, will automatically lapse and be forfeited upon the Eligible Employee's voluntary resignation (or in the case of a contractor, upon the voluntary termination of the contract of service) or dismissal for causes detailed in the Plan including fraud, wilful misconduct and repeated disobedience (or in the case of a contractor, upon the termination of the contract of service for causes detailed in the Plan, including breach, incompetence and fraud).

Unless stated otherwise in the offer of Options, shares issued on the exercise of Options will rank equally in all respects with the Company's previously issued Shares.

Optionholders may only participate in new issues of securities if the Shares in respect of the Options held by the Option Holder have been issued to and registered in the name of the Optionholder before the record date for determining entitlements to the new issue.

If there is a bonus share issue to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the number of Shares over which an Option is exercisable will be increased by the number of Shares that the Optionholder would have received if the Shares which may be issued as a result of the exercise of the Options had been registered in the name of the Optionholder before the record date for the bonus issue, without any increase in the Exercise Price.

If the Company makes a pro-rata issue of securities (other than a bonus issue) to the holders of Shares:

- (a) if no amount is payable on exercise of the Options, the number of Options or other terms and conditions applicable to the Options may be adjusted in such manners as the Board determines (subject to the Listing Rules, Companies Act and any other applicable law); and
- (b) if an amount is payable on the exercise of the Options, the Exercise Price will be changed in accordance with the Listing Rules.

If there is a reconstruction of the share capital of the Company, the number of Options to which each Optionholder is entitled and/or the Exercise Price of those Options will be reconstructed in accordance with the Listing Rules.

Subject to the Listing Rules and certain restrictions detailed in the Plan, the Board may amend all or any provisions of the Plan Rules.

## **7.7 Directors' Interests**

Except as disclosed in this Prospectus, no Director (whether individually or in consequence of a Director's association with any company or firm or in any material contract entered into by the Company) has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the Shares; or

- the Offer of the Shares.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options, Performance Rights or otherwise) have been paid or given or agreed to be paid or given to any Director or to any company or firm with which a Director is associated to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her or any company or firm with which the Director is associated in connection with:

- the formation or promotion of the Company; or
- the Offer of the Shares.

### **7.8 Interests of Named Persons**

Except as disclosed in this Prospectus, no promoter, underwriter, expert or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- the formation or promotion of the Company; or
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of the Shares; or
- the Offer of the Shares.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, Shares, Options, Performance Rights or otherwise) have been paid or given or agreed to be paid or given to any promoter, underwriter, expert or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer under this Prospectus.

Hall Chadwick Corporate (NSW) Ltd has acted as the investigating accountant in relation to the Offer. As investigating accountant, Hall Chadwick Corporate (NSW) Ltd has prepared the Investigating Accountant's Report which has been included in this Prospectus. In respect of this work the Company has agreed to pay Hall Chadwick Corporate (NSW) Ltd a total of \$25,000 (exclusive of GST) for these services.

O'Loughlins Lawyers have acted as the solicitors to the Company in relation to the Offer, and in that capacity and otherwise assisting the Company with the preparation of this Prospectus, O'Loughlins Lawyers have been involved in undertaking certain due diligence enquiries in relation to legal matters and providing legal advice to the Company in relation to the Offer, the Acquisition and related matters. In respect of this work, the Company has agreed to pay O'Loughlins Lawyers \$150,000 (exclusive of GST) for these services. O'Loughlins Lawyers have been paid \$106,140 (exclusive of GST) for professional fees from the Company during the last 24 months.

Computershare Investor Services Pty Limited has agreed to provide share registry services to the Company in accordance with a detailed schedule of fees negotiated from time to time for its provision of share registry services to the Company (including the Consolidation and Offer).

Taylor Collison Limited will receive the remuneration outlined in Section 6.4 of this Prospectus in respect of its services as Lead Manager to the Offer.

### **7.9 Consents**

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based, other than as specified in this Section; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Hall Chadwick Corporate (NSW) Ltd has given its written consent to the inclusion in Section 4 of this Prospectus of their Investigating Accountant's Report and to all statements referring to that report in the form and context in which they appear, and to being named as Investigating Accountant, and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

O'Loughlins Lawyers have given their written consent to being named as Solicitors to the Company and have not withdrawn such consent before lodgement of this Prospectus with ASIC.

Taylor Collison Limited has given its written consent to being named as Lead Manager to the Offer and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Computershare Investor Services Pty Limited has given and, as at the date hereof, has not withdrawn its written consent to be named as Share Registrar in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this Prospectus other than being named as Share Registrar to the Company. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

There are a number of other persons referred to in this Prospectus who are not experts and who have not made statements included in this Prospectus nor are there any statements made in this Prospectus on the basis of any statements made by those persons. These persons did not consent to being named in this Prospectus and did not authorise or cause this issue of the Prospectus.

#### **7.10 Electronic Prospectus**

If you have received this Prospectus as an electronic prospectus or in paper form please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at [enquiries@kingsolomonmines.com](mailto:enquiries@kingsolomonmines.com) and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with this Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

#### **7.11 Documents Available for Inspection**

Copies of the following documents may be inspected free of charge at the registered office of the Company during normal business hours:

- the Constitution of the Company; and
- the consents referred to in Section 7.9 of this Prospectus.



## Section 8: Directors' Consents

Each of the Directors and Proposed Directors has consented in writing to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Dated: 23 November 2015

Signed for and on behalf of the Company



**SIMON O'LOUGHLIN**

Chairman



## Section 9: Definitions

In this Prospectus unless the context otherwise requires:

General Definitions

**\$ or A\$** means the lawful currency of Australia.

**A Class Performance Right** means a Performance Right with the terms and conditions set out in Section 7.5(a) of this Prospectus, and in particular Section 7.5(a)(vii).

**Acquisition** means the acquisition by KSO of all of the issued shares in Xref pursuant to the terms of the Share Purchase Agreement.

**Applicant** means a person who submits an Application Form under this Prospectus.

**Application Form** means the application form contained in this Prospectus or a copy of the application form contained in this Prospectus or a direct derivative of the application form which is contained in this Prospectus.

**Application Money** means 20 cents being the amount payable in respect of each Share under the Offer.

**Application** means a valid application to subscribe for Shares.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market conducted by it.

**ASX Listing Rules** or **Listing Rules** means the official listing rules of ASX.

**ASX Settlement** means ASX Settlement Pty Ltd (ACN 008 504 532).

**ASX Settlement Operating Rules** mean the operating rules of ASX Settlement.

**B Class Performance Right** means a Performance Right with the terms and conditions set out in Section 7.5(a) of this Prospectus, and in particular Section 7.5(a)(viii).

**Board of Directors** and **Board** means the Board of Directors of the Company as constituted from time to time.

**Business Day** means a business day as defined in the ASX Listing Rules.

**C Class Performance Right** means a Performance Right with the terms and conditions set out in Section 7.5(a) of this Prospectus, and in particular Section 7.5(a)(ix).

**Capital Raising** means the capital raising to be completed by KSO of at least A\$3,000,000 (minimum subscription) and up to an additional A\$1,000,000 (maximum subscription) at an issue price of no less than A\$0.20 per KSO Share to no less than that number of new investors in KSO required by ASX.

**CHES** means the Clearing House Electronic Subregister System operated by ASX Settlement.

**Closing Date** means the date on which the Offer closes.

**Companies Act** means the *Companies Act 1993* (NZ).

**Company** means King Solomon Mines Ltd ARBN 122 404 666.

**Completion** means completion of the Acquisition.

**Completion of the Offer** means the allotment of at least 15,000,000 Shares offered under this Prospectus.

**Consideration Securities** means:

- (a) 50,000,000 fully paid ordinary shares (post-Consolidation) in the capital of the Company; and

(b) 16,666,667 A Class Performance Rights (post-Consolidation), 16,666,667 B Class Performance Rights (post-Consolidation) and 16,666,666 C Class Performance Rights (post-Consolidation) (together the **Performance Rights**).

**Consolidation** means the consolidation of the existing securities of the Company on a 50 to one basis (rounded up to the nearest whole number), which consolidation is proposed to become effective prior to completion of the Acquisition.

**Constitution** means the constitution of the Company.

**Convertible Note Deeds** means the deeds entered into between Xref and the Convertible Noteholders in respect of the issue of the Xref Convertible Notes.

**Convertible Noteholders** means the holders of the Xref Convertible Notes.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Regulations** means *Corporations Regulations 2001* (Cth).

**Directors** means the directors of the Company.

**Dissenting Shareholder** means, for the purposes of the Companies Act, where the Shareholders at the meeting of Shareholders to be held on or about 26 November 2015 approve Resolution 3, a Shareholder who votes against that Resolution.

**EDST** means Eastern Daylight Saving Time as observed in Sydney, New South Wales.

**Exploration Licence** means an area granted in respect to mineral exploration.

**Exposure Period** means the period of seven days (or longer as ASIC may direct) from the date of lodgement of this Prospectus with ASIC.

**HIN** means holder identification number.

**Holding Lock** means holding lock as defined in Section 2 of the ASX Settlement Operating Rules.

**Issue** means the issue of Shares pursuant to this Prospectus.

**Issuer Sponsored** means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

**King Solomon Mines Limited, King Solomon Mines or KSO** means King Solomon Mines Limited ARBN 122 404 666.

**KSO Board** means the board of directors of KSO.

**KSO Director** means a director of KSO.

**KSO Share** means a fully paid ordinary share in the capital of KSO.

**KSO Shareholder** means the holder of a KSO Share.

**Maximum Subscription** means \$4,000,000 or 20,000,000 Shares.

**Minimum Subscription** means \$3,000,000 or 15,000,000 Shares.

**Offer** means the invitation to apply for Shares pursuant to this Prospectus.

**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

**Offer Price** means 20 cents being the amount payable in respect of each Share under the Offer.

**Official List** means the Official List of ASX.

**Opening Date** means the date immediately following the expiry of the Exposure Period.

**Option** means a right to subscribe for a Share.

**Optionholder** means a holder of an Option.

**Performance Right** means a right to be issued for no consideration a Share under the terms and conditions described in Section 7.5(a) of this Prospectus, upon the satisfaction of specified performance conditions.

**Plan** means the King Solomon Mines Limited Employee Share Option Plan.

**Proposed Directors** means Messrs Lee-Martin Seymour, Timothy Griffiths and Timothy Mahony.

**Prospectus** means this disclosure document.

**Quotation** means quotation of the Shares on the Official List.

**Share Purchase Agreement** means the Share Purchase Agreement dated 28 October 2015 between the Company and the Xref Vendors relating to the purchase by the Company of all of the issued capital of Xref as novated and amended.

**Share Registrar** means Computershare Investor Services Pty Limited (ACN 078 279 277).

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Xref** means Xref Pty Ltd (ACN 147 613 938).

**Xref Convertible Notes** means the convertible notes having a face value of \$550,000 issued by Xref to the Convertible Noteholders in accordance with and subject to the terms and conditions set out in the Convertible Note Deeds.

**Xref Share** means a fully paid ordinary share in the capital of Xref.

**Xref Vendors** means the registered holders of Xref Shares from time to time and/or their nominees and assignees.