



2 October 2012

Company Announcements Office
Australian Securities Exchange Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Notice of Meeting

Please be advised that the Notice of Meeting & Explanatory Memorandum for the Annual General Meeting of Shareholders to be held on 1 November 2012 was despatched today.

Additionally, the documents can be accessed on the Company's website www.kingsrosemining.com.au

Yours Faithfully

CHRIS START
MANAGING DIRECTOR
KINGSROSE MINING LIMITED

For more information please contact:

Investors:

Chris Start
Managing Director
+61 8 9486 1149

Media:

Paul Armstrong
Read Corporate
+61 8 9388 1474

www.kingsrosemining.com.au
info@kingsrosemining.com.au

About Kingsrose Mining Limited:

Kingsrose Mining Limited is a gold producer that has an 85% interest in the Way Linggo mine in South Sumatra, Indonesia. The project has emerged as a small but highly profitable miner from its high grade gold and silver mine, largely due to its low operating costs. The Way Linggo project hosts a JORC compliant resource of 2,188,500 tonnes with a grade of 6.91/t gold containing 485,900 ounces and 135.6g/t silver containing 3,183,200 ounces. The Way Linggo Project produced 37,650 ounces of gold and 432,754 ounces of silver at a cash cost of US\$254 (after silver credits) for the year end 30 June 2012.

Kingsrose owns a highly prized 4th Generation contract of work (mining title of 10,000 hectares) in Indonesia which regionally sits on the pacific rim of fire and in close proximity to the prolifically mineralised Trans-Sumatra Fault. The area is considered highly prospective for low-sulphidation epithermal gold-silver deposits. Kingsrose has recently made a second high grade epithermal gold discovery at its Talang Santo Prospect, 7km NNE of the Way Linggo mine and has already commenced trial mining of that ore system to supplement and sustain its gold production.

At the end of the June 2012 quarter, Kingsrose had \$34 million in cash and bullion. The Company's operations generate strong free cash flow and importantly, the Company has just paid a maiden interim dividend.



Kingsrose Mining Limited

**NOTICE OF MEETING
and
EXPLANATORY MEMORANDUM**

for the Annual General Meeting of Shareholders
to be held at
The Celtic Club, 48 Ord St, West Perth, 6005
Western Australia
on
Thursday, 1 November 2012
at
10.30am (WST)

*This is an important document. Please read it carefully.
If Shareholders are in doubt as to how they should vote,
they should seek advice from their accountant, solicitor
or other professional adviser prior to voting.*

*If you are unable to attend the Annual General Meeting,
please complete the enclosed Proxy Form and return it in
accordance with the instructions set out on that form.*



NOTICE OF ANNUAL GENERAL MEETING

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of Kingsrose Mining Limited will be held at:

**The Celtic Club, 48 Ord Street
West Perth, 6005
Western Australia
on
Thursday, 1 November 2012
commencing at 10.30am (WST)**

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above.

The meeting will commence at 10.30am (WST).

Voting by Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.



NOTICE OF ANNUAL GENERAL MEETING

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

Your proxy form is enclosed.



NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders ("Meeting") of Kingsrose Mining Limited ("Kingsrose or Company") will be held on Thursday, 1 November 2012 at 10.30am (WST), at The Celtic Club, 48 Ord Street, West Perth, 6005, Western Australia, and at any adjournment of that meeting, for the purpose of dealing with the business set out below including considering and, if thought fit, passing the following proposed resolutions set out below.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form forms part of this Notice.

The Company's 2012 Annual Report can be accessed on the Company's website www.kingsrosemining.com.au.

BUSINESS OF THE MEETING

- **Financial Statements and Reports**

To receive the financial statements and reports of the Directors and the Auditors for Kingsrose Mining Limited and its controlled entities for the year ended 30 June 2012.

- **Ordinary Resolution 1 – Adoption of Remuneration Report**

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2012 as disclosed in the 2012 Annual Report be adopted."

Note:

The Corporations Act provides that a resolution to approve the adoption of the remuneration report must be put to the vote at a listed company's annual general meeting. The vote on Resolution 1 is advisory only and does not bind the directors of the Company.

However, pursuant to recent amendments to the Corporations Act, if 25% or more of votes cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings, shareholders will be required to vote at the second annual general meeting on a resolution (a "spill resolution") for another meeting to be held within 90 days of the second annual general meeting at which all of the Company's Directors, other than the Managing Director, must stand for re-election. Votes cast against the Remuneration Report for the year ended 30 June 2011 did not total 25%.

In accordance with the Corporations Act the Board is submitting this Remuneration Report to shareholders for consideration and adoption by way of a non-binding resolution. The Remuneration Report is set out within the Directors' Report.

Please see Explanatory Memorandum for more information.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) *a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or*
- (b) *a Closely Related Party of such a member.*

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (c) *the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or*
- (d) *the voter is the Chair and the appointment of the Chair as proxy:*



NOTICE OF ANNUAL GENERAL MEETING

- (i) *does not specify the way the proxy is to vote on this Resolution; and*
- (ii) *expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity*

- **Ordinary Resolution 2 – Re-election of Director – Mr. James (Bill) W. Phillips**

“That J. William Phillips, a director, retires by rotation in accordance with the clause 12.11 of the Company’s Constitution, and being eligible, is re-elected as a director of the Company.”

- **Ordinary Resolution 3 – Re-election of Director – Mr. Timothy G. Spencer**

“That Timothy G. Spencer, a director, retires by rotation in accordance with the clause 12.11 of the Company’s Constitution, and being eligible, is re-elected as a director of the Company.”

- **Ordinary Resolution 4 – Increase in non-executive Directors’ fee pool**

“That pursuant to and in accordance with Listing Rule 10.17 and for the purposes of clause 14 of the Company’s Constitution and for all other purposes, the maximum aggregate amount payable to non-executive Directors by way of Directors’ fees be increased by \$190,000, from \$110,000 per annum to \$300,000 per annum.”

Voting Exclusion: *The Company will disregard any votes cast on this Resolution by a Director and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

Voting Prohibition Statement

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) *the proxy is either:*
 - (i) *a member of the Key Management Personnel; or*
 - (ii) *a Closely Related Party of such a member; and*
- (b) *the appointment does not specify the way the proxy is to vote on this Resolution.*

However, the above prohibition does not apply if:

- (c) *the proxy is the Chair of the Meeting; and*
- (d) *the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.*

- **Ordinary Resolution 5 – Adoption and approval of issues under the Kingsrose Limited Employee Options and Share Rights Plan**

“That shareholders approve, pursuant to ASX Listing Rules 7.1 and 7.2 (Exception 9) and for all other purposes, the adoption and issue of securities under the Company’s employee share plan called the Kingsrose Limited Employee Options and Share Rights Plan (‘the Plan’), upon and subject to the rules of the Plan, as explained in the accompanying Explanatory Memorandum.”

Short Explanation: the Plan is a means of rewarding employees for their ongoing service and commitment to the Company. Please refer to the Explanatory Memorandum for details.



NOTICE OF ANNUAL GENERAL MEETING

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in the Plan, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

- **Ordinary Resolution 6 – Approval of proposed issue of Share Rights to the Managing Director – Mr. Christopher N. Start – 2012-2013 long term incentive**

“Subject to the passing of Resolution 5, that approval is given for the purposes of section 208 of the Corporations Act and Listing Rule 10.14, and for all other purposes, for the issue of 172,972 Share Rights to Mr. Chris Start as the long-term incentive component of his remuneration package for the 2012/2013 financial year, in accordance with the terms detailed in the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in the Plan, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

- **Ordinary Resolution 7 – Approval of proposed issue of Share Rights to the Finance Director – Mr. Timothy G. Spencer – 2012-2013 long term incentive**

“Subject to the passing of Resolution 5, that approval is given for the purposes of section 208 of the Corporations Act and Listing Rule 10.14, for the issue of 97,297 Share Rights to Mr. Tim Spencer as the long-term incentive component of his remuneration package for the 2012/2013 financial year, in accordance with the terms detailed in the Explanatory Memorandum accompanying and forming part of this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in the Plan, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

- **Ordinary Resolution 8 – Approval for Unlisted Options issue to Mr. Andrew P Spinks– Non-Executive Director**

“Subject to the passing of Resolution 5, and that for the purposes of ASX Listing Rules 10.12 (Exception 4) and 10.14, section 208 of the Corporations Act and for all other purposes, the shareholders of the Company approve the issue under the Kingsrose Mining Limited Employee Option and Share Rights Plan 2012 of 1,000,000 Options to subscribe for fully paid ordinary shares in the capital of the Company on the terms and conditions described in the accompanying Explanatory Memorandum to Mr. Andrew Spinks, being a related party of the Company.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in the Plan, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.



NOTICE OF ANNUAL GENERAL MEETING

- **Ordinary Resolution 9 - Ratification of Issue of Options under ASX 15% rule to Commissioner of subsidiary company**

“That for the purposes of ASX Listing Rules 7.1 and 7.4, and for all other purposes, the issue on 22 February 2012 of 500,000 options over ordinary shares to a Commissioner of the Company’s subsidiary at an exercise price of \$1.53 each on or before 22 February 2014 if ratified and approved.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

- **Special Resolution 10 – Amendments to Company’s Constitution**

(Resolution 10A)

“That, for the purpose of Section 136(2) of the Corporations Act and for all other purposes, the existing Article 20.1 be deleted and replaced with a new Article 20.1 on the following terms:

20.1 (1) Subject to Article 20.1 (2) below, a dividend may only be paid upon each of the following three tests being satisfied:

1. *Balance Sheet Test:*
The Company’s assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.
2. *Fair to Shareholders Test:*
The payment of the dividend is fair and reasonable to the Company’s shareholders as a whole.
3. *No Material Prejudice to Creditors Test:*
The payment of the dividend does not materially prejudice the Company’s ability to pay its creditors.

(2) A dividend may also be paid in such other circumstances as the Corporations Act 2001 (as amended from time to time) may from time to time permit.”

(Resolution 10B)

“That, for the purpose of Section 136(2) of the Corporations Act and for all other purposes, the existing Article 13.20 be amended by inserting a new Article 13.20A in the Constitution of the Company on the following terms:

That a resolution in writing signed only by directors eligible to vote on the resolution be treated as a determination of the Board passed at a meeting of the Board duly convened and held”.

* * * * *

By order of the Board


Jeannette P. Smith
Company Secretary
2 October 2012



EXPLANATORY MEMORANDUM

PROXY AND VOTING INSTRUCTIONS

1. A Shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.
2. In accordance with Regulation 7.11.37 of the Corporations Act, the Directors have set a date to determine the identity of those entitled to attend and vote at the Meeting. The date is Tuesday, 30 October 2012 at 10.30am (WST).
3. A proxy form is attached. This is to be used by shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All shareholders are invited and encouraged to attend the Meeting, or if they are unable to attend in person, the Proxy Form should be completed, signed and returned to the Company's registered office in accordance with the instructions on that form.
4. Shareholder questions - At the Meeting, the Chairman will allow a reasonable opportunity for shareholders to ask questions or make comments on the management of the Company or the Remuneration Report. Mr. Greg Meyerowitz of Ernst & Young, as the auditor responsible for preparing the auditor's report for the year ended 30 June 2012 (or his representative) will attend the Meeting. The Chairman will also allow a reasonable opportunity for shareholders to ask the auditor questions about:
 - (a) the conduct of the audit;
 - (b) the preparation and content of the auditor's report;
 - (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
 - (d) the independence of the auditor in relations to the conduct of the audit.

To assist the management of the Company and the auditor of the Company in responding to questions please submit any questions you may have in writing to the Company Secretary no later than 5pm (WST) on 30 October 2012.

In person or by post: Kingsrose Mining Limited
Suite 9, Level 2
12-14 Thelma Street
West Perth WA 6005

By facsimile: 08 9486 1151 (within Australia)
+61 8 9486 1151 (outside Australia)

This Explanatory Memorandum has been prepared for the information of Shareholders of Kingsrose Mining Limited Annual General Meeting of Shareholders to be held at The Celtic Club, 48 Ord Street, West Perth 6005, Western Australia on Thursday, 1 November 2012 at 10.30am (WST) ("the Meeting") and at any adjournment of that meeting.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of Annual General Meeting ("the Notice").



EXPLANATORY MEMORANDUM

The following matters should be noted in respect of the resolutions in the Notice:

- **Financial Statements and Reports**

Appropriate time will be devoted to the consideration of the Financial Report of the Company for the year ended 30 June 2012 and the Directors' and Auditor's reports thereon.

A copy of the Financial Report for the Company and the Directors' and Auditor's reports thereon are contained within the Company's 2012 Annual Report. For those shareholders who have made an election to receive a hard copy of the Company's Annual Report, a copy is included with this Notice of Meeting. For those shareholders who have not made an election to receive a hard copy of the Annual Report, please note that it is available on the Company's web site via the following link www.kingsrosemining.com.au

- **Resolution 1 – Adoption of Remuneration Report**

In accordance with section 250R(2) of the Corporations Act, the Company presents to shareholders for their consideration and adoption by way of non-binding resolution the Company's Remuneration Report as disclosed in the Directors' Report in the Company's 2012 Annual Report.

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for the financial year ending 30 June 2012.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

NB: Voting Consequences

Under changes to the Corporations Act that came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company (Spill Resolution) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the general meeting (Spill Meeting) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the Managing Director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.



EXPLANATORY MEMORANDUM

At the Company's previous annual general meeting, the votes cast against the remuneration report at that general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

NB: Proxy Restrictions

Shareholders appointing a proxy for Resolution 1 should note the following:

If you appoint a member of the Key Management Personnel as your proxy

If you elect to appoint a member of Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of that member, you must direct the proxy how they are to vote. Undirected proxies granted to these persons will not be included in any vote on Resolution 1.

If you appoint the Chair as your proxy

If you elect to appoint the Chair as your proxy, you do not need to direct the Chair how you wish to your vote to be exercised on Resolution 1; however if you do not direct the Chair how to vote, you must tick the acknowledgement on the Proxy Form to acknowledge that the Chair may exercise its discretion in exercising your proxy even though Resolution 1 is connected directly or indirectly with the remuneration of Key Management Personnel.

If you appoint any other person as your proxy

You do not need to direct your proxy how to vote and you do not need to tick any further acknowledgement on the Proxy Form.

- **Resolution 2 – Re-election of Directors – Mr. J. William Phillips**

Clause 12.11 of the Constitution requires that if the Company has three or more Directors, one third (or the number nearest one-third rounded upwards in case of doubt) of those Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

Mr. Phillips retires by rotation and under the Company's Constitution is required to submit himself for re-election at the next Annual General Meeting. Mr. Phillips offers himself for re-election.

Mr. Phillips has over 32 years experience in mining contracting and mine management, much of which has been gained in Western Australia. He is highly regarded as a leading specialist in underground narrow vein mining.

He has managed or been instrumental in the successful development of 16 mines either in the role of contractor or as owner/shareholder. Until May 2010 Mr. Phillips oversaw mining and production at Medusa Mining Limited's Co-O gold mine and processing plant in the southern Philippines. Mr. Phillips also serves on the Remuneration Committee.

Mr. Phillips does not hold any other directorships of public companies.

- **Resolution 3 – Re-election of Director – Mr. Timothy G. Spencer**

Clause 12.11 of the Constitution requires that if the Company has three or more Directors, one third (or the number nearest one-third rounded upwards in case of doubt) of those Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall



EXPLANATORY MEMORANDUM

hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

Mr. Spencer retires by rotation and under the Company's Constitution is required to submit himself for re-election at the next Annual General Meeting. Mr. Spencer offers himself for re-election.

Mr. Spencer has over 18 years experience in the precious metals markets, from mining to refining and bullion distribution to in-depth precious metals market analysis, gained from working in various accounting, treasury and finance roles including two gold mining companies and a large gold refining and trading enterprise. Mr. Spencer holds an Economics degree (accounting major) from Monash University, Victoria and is a qualified CPA accountant.

Mr. Spencer does not hold any other directorships of public companies; however he is a director of the Company's Indonesian subsidiary, PT Natarang Mining, having being appointed to that Board on 1 July 2011.

- **Resolution 4 – Increase in Non-executive directors' fee pool**

Under clause 14 of the Company's Constitution non-executive Directors are entitled to be remunerated for their services as Directors and the total amount of fees for all non-executive Directors must not exceed the amount determined by the Company in general meeting. The remuneration is to be divided among the non-executive Directors in the proportion and manner agreed by the Directors or, in default of agreement, equally. The remuneration is taken to accrue from day to day. Additional remuneration may be paid to Directors for performing additional or special duties for the Company.

The current fee pool of \$110,000 has remained unchanged since the Company's listing on the ASX in December 2007. Pursuant to Resolution 4, the Company seeks Shareholder approval to increase non-executive Director remuneration by \$190,000, from \$110,000 per annum to \$300,000 per annum.

The Directors' remuneration for the year ended 30 June 2012 is disclosed in the Remuneration Report set out on pages 10 to 17 inclusive of the 2012 Annual Report. The aggregate fees paid to the non-executive Directors for that year amounted to \$379,132, which includes superannuation of \$15,300 and consulting fees of \$168,832 for additional services provided to the Company.

Based upon an external review of non-executive Director compensation which was commissioned by the Remuneration Committee, the fees for the new financial year will total \$210,000, comprising \$150,000 for the Chairman and \$30,000 to each of the other two non-executive Directors. The balance will remain in the fee pool. This does not include superannuation or any consulting fees for additional services which may be provided to the Company.

The increase is proposed:

- (a) to provide sufficient flexibility to accommodate unexpected increases in non-executive Directors' fees during 2012-13 financial year for example should the need arise to appoint a new or replacement Director;
- (b) to allow the Company to continue to be able to attract and retain Directors with appropriate experience, calibre and integrity, especially in recognition of the significantly increased responsibilities under the Corporations Act 2001, the Listing Rules, other regulatory requirements and community expectations;
- (c) to respond to market rate annual increases for Directors over the next three years based upon advice received;



EXPLANATORY MEMORANDUM

- (d) to continue the development and growth of the Company and shareholder value which have been experienced since the Company listed in 2007.

ASX Listing Rule 10.17 and Article 14 of the Company's Constitution require shareholder approval be obtained for any proposed increase in total non-executive directors' fees.

• **Resolution 5 – Adoption and approval of issue under the Kingsrose Mining Limited Employee Options and Share Rights Plan 2012 (the “Plan”)**

ASX Listing Rule 7.1 allows the Company to issue a maximum of 15% of its capital in any 12-month period without requiring shareholder approval. Listing Rule 7.1 does not apply in certain cases set out in Listing Rule 7.2 which allows certain issues of securities to be excluded from the calculation of the number of securities issued in a 12 month period. This includes Exception 9, where an issue under an employee incentive plan is made if within three years before the date of issue the terms of the plan are approved by shareholders. This resolution proposes that Shareholders consider and approve adoption of the Plan in accordance with ASX Listing Rule 7.2, Exception 9, which would enable securities issued under the Plan over the next three years to be excluded from any such calculations.

At the 2010 Annual General Meeting, shareholders approved the issuing of Options under an earlier version of the Plan. The Plan has not changed in relation to the issuing of Options, but has now been amended to also make provision for the granting of Share Rights.

The following is a summary of the main terms of the Plan, as amended. The full terms of the Plan are set out in Schedule One.

- The Plan provides for the issue of Options and/or the grant of Share Rights to Eligible Persons or their permitted nominees subject to the rules of the Plan, where an offer from the Board is accepted.
- By accepting an offer, an Eligible Person or their permitted nominee will be taken to have agreed to be bound by the Plan rules. Upon the issue of Options and/or Share Rights, the Eligible Person or permitted nominee becomes a Participant.
- The purpose of the Plan is to recognise the efforts of and provide incentives for Employees and Directors.
- There is a limit on the number of Options and/or Share Rights that may be issued or granted such that at any time the number of Options and/or Share Rights issued or granted under the Plan or a previous plan when aggregated with shares issued in the previous five (5) years under the Plan or a previous plan will not exceed 5% of the issued shares in the Company (assuming all Options were exercised and Share Rights vest). The 5% limit does not apply to offers of Options and/or Share Rights made outside Australia or made under section 708 of the Corporations Act or made under a disclosure document.
- Eligible Persons include Directors and employees, whether full or part time.
- The Board will determine which Eligible Persons are to be offered Options and/or Share Rights under the Plan, having regard to a number of criteria, including seniority, length of service, potential contribution and other matters. The Board will determine how many Options and/or Share Rights are to be offered in each instance and the terms.



EXPLANATORY MEMORANDUM

- The Board has discretionary powers in relation to the administration of the Plan. The Board has the power to partly or fully waive any Forfeiture or Performance Conditions applicable to Share Rights, and may vary such conditions provided the variation is not adverse to the Participant and is permitted under the Listing Rules.
- If there is a reorganisation of the issued capital of the Company before Options expire or Share Rights vest, the rights of a Participant (including the number of Share Rights to which the Participant is entitled) may be changed by the Board to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- The Board may amend the Plan rules at any time, subject to obtaining the consent of Participants holding not less than 75% of the Options and Share Rights held by all Participants if the amendments would adversely affect the rights of Participants.
- Participation in the Plan does not affect the terms of a Participant's employment with the Company. The Plan rules do not form part of any contract of employment between a Participant and the Company. Participation in the Plan does not confer any rights to compensation or damages as a result of termination of employment with the Company.

In relation to options –

- The Board will take into account the market price of the Company's shares in determining the exercise price for the Options but the exercise price may be higher than the market price.
- The Board will determine the Expiry Date of Options, which must not exceed seven (7) years from the date of issue.
- The Board may impose forfeiture conditions which if not satisfied will cause the Options to be cancelled.
- No consideration will be payable for the grant of an Option unless the Board determines otherwise.
- The Options will not be listed for quotation on the ASX and will not be transferable except with the consent of the Company.
- Upon exercise of Options, the Company will make application for quotation on ASX of shares issued pursuant to exercise of the Options.
- Options not exercised by the Expiry Date will lapse.
- If the Eligible Person ceases to be an Eligible Person, then generally the Options will lapse if not exercised within one (1) month or within such longer period as the Board determines.

In relation to Share Rights –

- Each Share Right is a right to acquire a Share in the Company, subject to satisfaction of the specified Forfeiture and Performance Conditions. Share Rights for which the relevant Forfeiture and Performance Conditions are met (i.e. that 'vest') will be automatically exercised to provide Shares to the Participant.



EXPLANATORY MEMORANDUM

- In accordance with the clause 13.2 of the Plan, at the discretion of the Board, Share Rights may alternatively be settled by payment of a cash amount of equivalent value to the value of the Share Rights. This discretion will be applied when Share Rights will vest after the Participant has ceased employment with the Company. The cash amount will be calculated with reference to the number of Shares that would have otherwise vested from the exercise of the Share Rights and the closing Share price on the date of cessation of the Participants employment.
- No consideration will be payable by executives for the grant of Share Rights or the provision of Shares or the payment of a cash amount consequent upon the vesting of Share Rights (unless the Board determines otherwise).
- If Share Rights are settled in cash, the amount paid to the Participant will be reduced by any required withholdings in relation to tax, superannuation etc.
- The Board will determine which executives are to be offered Share Rights under the Plan, having regard to relevant factors, including the role being performed and the importance of the executive's contribution to the Company. Share Rights will provide the performance-based equity remuneration element for selected Company executives.
- The Board will determine how many Share Rights are to be offered in each instance and the terms upon which those Share Rights are offered. The Board may impose Forfeiture and Performance Conditions which if not satisfied will cause the Share Rights to be forfeited and cancelled.
- Participants will be provided with a certificate confirming the number of Share Rights issued to them.
- Share Rights will only vest if the Forfeiture and Performance Conditions in respect of those Share Rights are met by the end of the Performance Period, or otherwise in accordance with the Plan Rules.
- Share Rights in respect of which the Performance Condition is not met over the Performance Period will automatically lapse.
- Share Rights will not be listed for quotation on the ASX and will not be transferable except in accordance with the terms of the Plan Rules and with the consent of the Company. Upon the vesting of Share Rights and the issue of Shares, the Company will make application for quotation on ASX of those Shares.
- Share Rights do not carry the rights or entitlements of Shares. Like other shareholders, Plan participants will only be entitled to dividends, to vote at a general meeting of the Company (subject to restrictions on key management personnel voting on remuneration resolutions) and to participate in bonus and rights issues in relation to Shares that they hold, including Shares acquired after Share Rights vest.
- Unvested Share Rights will generally lapse on cessation of employment unless the cessation is the result of a Specified Reason (i.e. death, total and permanent disablement, bona fide redundancy or such other reason as the Board determines).



EXPLANATORY MEMORANDUM

- **Resolutions 6 and 7 – Grant of Share Rights to the Managing Director, Mr. Chris Start and Finance Director, Mr. Tim Spencer.**

Background

Under ASX Listing Rule 10.14, the acquisition of securities by a Director under an employee incentive scheme requires shareholder approval unless the shares required for the scheme are purchased on market.

It is proposed that the Managing Director, Mr Chris Start, and the Finance Director, Mr Tim Spencer, each be granted rights to be provided with Shares in the Company or, alternatively, at the discretion of the Company, the equivalent cash value (“Share Rights”) in accordance with their participation in the Plan.

The Plan is intended to support the achievement of the Company’s business strategy by linking executive rewards to improvements in the financial performance of the Company and aligning the interests of executives with shareholders.

The Share Rights granted to Messrs Start and Spencer will vest subject to satisfaction of the performance condition and, subject to the exceptions noted below, to the continued employment of Messrs Start and Spencer with the Company. Share Rights that do not vest will automatically lapse. No amount is payable by Mr Start or Mr Spencer in respect of the grant or vesting of Share Rights.

Share Rights to be granted to Mr Start and Mr Spencer are conditional and non-transferable; they cannot be hedged, sold, transferred, mortgaged, charged or otherwise disposed of or dealt with.

Shareholder Approval (Section 208 of the Corporations Act)

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act provides that, for a public company to give a financial benefit to a related party of the company, the company must:

- (a) obtain the approval of the company’s members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The provision the issue of Share Rights by the Company constitute the giving of a financial benefit, and as Directors, each of Messrs Start and Spencer (“Participating Directors”) is considered to be related parties of the Company.

In accordance with the requirements of Sections 217 to 227 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of Share Rights:

- (a) as Directors, the Participating Directors are each related parties of the Company to whom proposed Resolutions 6 and 7 would permit the financial benefit to be given;
- (b) the nature of the financial benefit to be given to Mr Start is the issue of 172,972 Share Rights;
- (c) the nature of the financial benefit to be given to Mr Spencer is the issue of 97,297 Share Rights;
- (d) the Share Rights will be issued under the terms and conditions of the Plan, a summary of which is set out on page 29 of this Explanatory Memorandum;



EXPLANATORY MEMORANDUM

- (e) as at the date of this Notice of Meeting, the Participating Directors hold the following securities in the Company:

Director	Listed Shares	Options
Chris Start	Nil	3,000,000 ¹
Tim Spencer	1,050,000	-

Note:

¹ 1,000,000 unlisted Options which vested on 17 September 2011 are exercisable at \$1.54 on or before 17 September 2013; 1,000,000 unlisted Options which will vest on 1 October 2012 are exercisable at \$1.54 on or before 1 October 2014; 1,000,000 unlisted Options which will vest on 1 October 2013 are exercisable at \$1.54 on or before 1 October 2015.

- (f) the remuneration and emoluments payable by the Company to the Participating Directors for both the current financial year and previous financial year are set out below:

Director	Current Financial Year 2012	Previous Financial Year 2011
Chris Start	\$1,143,364*	\$449,372*
Tim Spencer	\$290,562	\$220,491

*These amounts include \$793,593 (2012) and \$357,439 (2011) relating to options and are not related to or indicative of the benefit (if any) that Mr. Start may ultimately realise. The fair value of these options as at their date of grant was determined in accordance with AASB2 "Share Based Payments" applying valuation models.

- (g) in the event Resolutions 6 and 7 are approved, a total of 270,269 Share Rights will be allotted and issued. If the Share Rights are exercised this will increase the number of Shares on issue from 289,243,617 to 289,513,886 (assuming that no Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Holder	Share Rights issued to Participating Directors	Dilutionary effect upon exercise of Share Rights
Chris Start	172,972	0.06%
Tim Spencer	97,297	0.03%
TOTAL	270,269	0.09%

- (h) the issue price at which Share Rights will be issued to the Participating Directors will be \$1.11 per Share Right;
- (i) the value of the financial benefit to be provided to the Participating Directors is \$299,998.59;



EXPLANATORY MEMORANDUM

- (j) the trading history of Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	Price	Date
Highest	\$1.635	08/12/2011
Lowest	\$1.00	09/05/2012
Last	\$1.165	04/09/2012

- (k) the primary purpose for the provision of the issue of the Share Rights to Chris Start is to provide a market linked incentive package in his capacity as Managing Director and to assist in the reward, retention and motivation of Chris Start in managing the operations and strategic direction of the Company whilst maintaining the Company's cash reserves. The Board (other than Chris Start) considered the extensive experience and reputation of Chris Start, the current market price of Shares and current market practices when determining the number of Share Rights to be issued to Chris Start. The Board considers the issue of the Share Rights to Chris Start to be reasonable upon the terms proposed;
- (l) the primary purpose for the provision of the issue of the Share Rights to Tim Spencer is to provide a market linked incentive package in his capacity as Finance Director and to assist in the reward, retention and motivation of Tim Spencer in the ongoing operations and strategic direction of the Company whilst maintaining the Company's cash reserves. The Board (other than Tim Spencer) considered the extensive experience and reputation of Tim Spencer, the current market price of Shares and current market practices when determining the number of Share Rights to be issued to Tim Spencer. The Board considers the issue of the Share Rights to Tim Spencer to be reasonable upon the terms proposed;
- (m) the Company will not incur any costs or fees in relation to issuing the Share Rights to the Participating Directors, other than:
- listing fees of the Share Rights convert into Shares will be payable to ASX. These fees are not expected to be any more than \$2,350; and
 - a value equal as determined in accordance with the accounting standards attached to the issue of the Share Rights to each Participating Director will be included as wages for the purpose of pay roll tax. If this value together with other wages paid by the Company during any month exceeds a defined threshold, then pay roll tax may become payable by the Company;
- (n) if the Share Rights are not issued to the Participating Directors, the Company could remunerate the Directors for additional amounts. However, the Board considers it reasonable for the remuneration of the Directors to have a cash component and an equity component to further align the Participating Directors' interests with Shareholders.
- As outlined above, there are alternate options available to issuing Share Rights in respect of remunerating the Directors and accordingly, Shareholders should consider the above matters carefully before deciding how to vote on these Resolutions;
- (o) Messrs Start and Spencer decline to make a recommendation to Shareholders in relation to Resolutions 6 and 7 due to their material personal interests in the outcome of Resolutions 6 and 7;



EXPLANATORY MEMORANDUM

- (p) John Morris who does not have a material personal interest in the outcome of Resolutions 6 and 7 recommends that Shareholders vote in favour of Resolutions 6 and 7 for the reasons set out in sub-paragraphs (k) and (l) above. Mr Morris is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4 and 5;
- (q) J. William Phillips who does not have a material personal interest in the outcome of Resolutions 6 and 7 recommends that Shareholders vote in favour of Resolutions 6 and 7 for the reasons set out in sub-paragraphs (k) and (l) above. Mr Phillips is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 and 7; and
- (r) Andrew Spinks who does not have a material personal interest in the outcome of Resolutions 6 and 7 recommends that Shareholders vote in favour of Resolutions 6 and 7 for the reasons set out in sub-paragraphs (k) and (l) above. Mr Spinks is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 6 and 7.

Shareholder approval (ASX Listing Rule 10.14)

ASX Listing Rule 10.14 provides that a company must not permit a director of the company to acquire securities under an employee incentive scheme without the approval of shareholders for the acquisition. The Plan is considered to be an employee incentive scheme for the purposes of the ASX Listing Rules.

In accordance with ASX Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolutions 6 and 7:

- (a) the maximum number of securities that may be issued to the Participating Directors under Resolutions 6 and 7 is 270,269 Share Rights;
- (b) the issue price of the Share Rights will be as \$1.11 per Share Right;
- (c) no Share Rights have yet been issued under the Plan;
- (d) Directors may participate in the Plan;
- (e) the Company will not provide a loan to each of the Participating Directors to fund the payment for the subscription price for the Share Rights;
- (f) it is proposed that the Share Rights will be issued on one date within 12 months from the date of the Meeting, however, the Company reserves the right to issue the Share Rights progressively; and
- (g) the Shares issued upon conversion of the Share Rights issued pursuant to Resolutions 6 and 7 will rank equally with all other Shares on issue.

Performance Conditions/Vesting of Performance Rights

Subject to the Plan Rules, the number of Share Rights that vest under the 2012 Share Rights Offers will be determined according to the Company's total shareholder return ("TSR") performance compared with the TSR performance of a group of comparable ASX-listed gold mining companies over the period from 1 July 2012 to 30 June 2015 (the 'Performance Period').

TSR is the change in a company's total shareholder return (basically share price growth plus dividends and distributions, on the assumption that all dividends and distributions are re-invested, together with any other shareholder returns) over the Performance Period. TSR therefore reflects the change in shareholder value of KRM and the comparator companies over the Performance Period.



EXPLANATORY MEMORANDUM

The Company's relative TSR ranking will be assessed as at 30 June 2015 (using the average closing price of shares over the 3 months up to and including that date) by comparing the Company's TSR performance with the TSR performance of the entities in the comparator group over the same period.

For the 2012 Share Rights Offer, the comparator group will consist of 20 selected ASX-listed gold mining companies. All of the comparator group companies that continue to be listed on the ASX will remain in the comparator group, but companies that cease to be listed because of mergers, de-listings etc. will drop out of the comparator group and will not be replaced.

KRM Relative TSR LTI Comparator Group Companies

The peer group is comprised of companies that focus on gold exploration and/or production that have a market capitalization that is around one third to 3 times that of Kingsrose's market capitalization. The peer group was selected with the assistance of analyses by the Board's independent adviser, Guerdon Associates.

The list below shows the 19 comparator on these selection criteria, as well as Kingsrose Mining Limited and its relative positioning as at 4 September 2012.

ASX Ticker	Name	Revenues	Market Capitalisation	Sector
EVN	Evolution Mining Ltd	\$122m	\$1,164m	Gold
MML	Medusa Mining Ltd	\$79m	\$992m	Gold
RSG	Resolute Mining Ltd	\$577m	\$974m	Gold
SLR	Silver Lake Resources Ltd	\$135m	\$731m	Gold
KCN	Kingsgate Consolidated Ltd	\$357m	\$670m	Gold
BDR	Beadell Resources Ltd	\$0m	\$580m	Gold
GDO	Gold One International Ltd	\$188m	\$538m	Gold
SBM	St Barbara Ltd	\$541m	\$492m	Gold
NST	Northern Star Resources Ltd	\$100m	\$480m	Gold
IGR	Integra Mining Ltd	\$40m	\$467m	Gold
TRY	Troy Resources Ltd	\$209m	\$387m	Gold
PIR	Papillon Resources Ltd	\$0m	\$295m	Gold
TAM	Tanami Gold NL	\$58m	\$227m	Gold
SAR	Saracen Mineral Holdings Ltd	\$184m	\$208m	Gold
RED	Red 5 Ltd	\$0m	\$188m	Gold
FML	Focus Minerals	\$99m	\$177m	Gold
RMS	Ramelius Resources Ltd	\$84m	\$143m	Gold
SIH	Sihayo Gold Ltd	\$0m	\$104m	Gold
CDG	Cleveland Mining Co Ltd	\$0m	\$91m	Diversified Metals & Mining
KRM	Kingsrose Mining Ltd	\$45m	\$338m	Gold
	Krm Percentile Ranking	29	42	

- None of the Share Rights in the 2012 Plan offer will vest unless the Company's TSR over the Performance Period is at least equal to the TSR of the company that is at the 50th percentile (median) of the companies in the comparator group, ranked by their TSR performance, at which point 50% of the Share Rights in the 2012 Share Rights Offer will vest.



EXPLANATORY MEMORANDUM

- All of the Share Rights in the 2012 Share Rights Offer will vest if the Company's TSR over the Performance Period is equal to or greater than the TSR of the company that is at the 75th percentile of the companies in the comparator group, ranked by their TSR performance.
- The proportion of the Share Rights in the 2012 Share Rights Offer that vests increases progressively on a linear basis for the Company's relative TSR performance between that of the companies at the 50th percentile and the 75th percentile of the companies in the comparator group, ranked by their TSR performance.

- **Resolution 8 – Issue of Options to Mr. Andrew Spinks – Non-Executive Director**

For the purposes of Rule 10.14 of the Official Listing Rules of the Australian Securities Exchange, section 208 of the Corporations Act and for all other purposes, Resolution 8 seeks Shareholder approval for the issue of one million Options in two tranches to Mr. Andrew Spinks under the Plan. The Options will be exercisable on the terms and conditions set out below and will otherwise be subject to the terms and conditions of the Plan.

Shareholder approval for the issue of Options to the named Director is required by ASX Listing Rule 10.14 which requires the approval of Shareholders before any securities are issued to a Director or any associate of a Director under an employee incentive scheme. Shareholder approval is also sought under Section 208 of the Corporations Act because the Mr. Spinks is a "related party" of the Company as defined in the Corporations Act by virtue of being a Director.

ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires the Company to obtain Shareholder approval by ordinary resolution prior to the issue of Options to a Director of the Company (or an associate of a Director) under an employee incentive scheme.

Approval pursuant to ASX Listing Rule 7.1 or 10.11 is not required to issue the Options to Mr. Spinks as approval is being obtained under ASX Listing Rule 10.14. Shareholders should note that the issue of Options to Mr. Spinks will not therefore be included in the 15% calculation for the purposes of ASX Listing Rule 7.1 to determine the number of securities which the Company may issue in the future without shareholder approval.

For the purposes of ASX Listing Rule 10.14 and Rule 10.15, the following information is provided in relation to the issue of Options pursuant to Resolution 6:

- (a) Mr. Spinks is a director of the Company;
- (b) The maximum number of Options to be issued by the Company to Mr. Spinks is one million Options in two tranches as follows:
- (c) 500,000 Options with an expiry date two (2) years after being granted
- (d) 500,000 Options with an expiry date two (3) years after being granted
- (e) The Options will vest at the time of granting, subject to Mr Spinks serving a minimum of five months as a non-executive Director of the Company from the date of his appointment.
- (f) The Options will be issued for nil cash consideration.



EXPLANATORY MEMORANDUM

- (g) The exercise price for each Option will be the Market Value as defined in the Plan at the time the Board resolves to issue the Options plus a premium (as detailed in the 'Valuation of Options' section below). Market Value as defined in the Plan means the weighted average closing sales of the Company's ordinary shares over the 5 trading days on which sales of such shares are recorded on the ASX prior to the day on which the Board resolves to offer the Options. It is proposed that the Board will offer the Options and issue the Options as soon as practicable after the Meeting.
- (h) No directors or their associates received securities under the Plan since that plan was last approved on 10 November 2010 except that Mr. Chris Start, Managing Director of the Company who was issued three million Options under the Plan. Mr. Start was issued these Options prior to him being appointed a Director. The exercise price of Mr. Start's options is \$1.54 each. Of the three million Options issued, one million have vested, one million are due to vest on 1 October 2012 and the remaining one million Options are due to vest on 1 October 2013. The Options will expire two years after each vesting period.
- (i) All Directors of the Company are entitled to participate in the Plan (subject to Board and Shareholder approval in each instance). The names of the Directors are Messrs Christopher Start, John Morris, Tim Spencer, J. William Phillips and Andrew Spinks.
- (j) No loan is being made by the Company in relation to the acquisition of the Options by Mr. Spinks.
- (k) The Options will be issued as soon as is practicable after Resolution 8 is passed but in any event, having regard to listing rule 10.15.7 not later than 12 months after the date of the Meeting.
- (l) No funds will be raised by the issue of the Options (although funds will be raised to the extent that the Options are eventually exercised).
- (m) The terms and conditions of the Options to be issued to Mr. Spinks are set out in Schedule One.

Section 208 of the Corporations Act

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to that section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

Mr. Spinks is a "related party" of the Company as defined under the Corporations Act because he is a Director of the Company. Accordingly, the proposed issue of Options to Mr. Spinks will constitute the provision of a financial benefit to a related party of the Company.

It is the view of the Directors that the exceptions under the Corporations Act to the provision of financial benefits to related parties may not apply in the current circumstances and so the Directors have determined to seek Shareholder approval under section 208 of the Corporations Act to permit the issue of the Options to Mr. Spinks.

The following information is provided pursuant to sections 217 to 227 of the Corporations Act in relation to Resolution 8 by way of supplementation of the information set out above:

- (a) The related party to whom the Options will be issued is Mr. Spinks.



EXPLANATORY MEMORANDUM

- (b) The nature of the financial benefit to be provided to Mr Spinks is the issue of one million Options to Mr. Spinks.
- (c) Mr. Spinks has a material personal interest in the outcome of Resolution 8 and accordingly does not wish to provide a recommendation in respect of the Resolution. The other Directors, who do not have a material personal interest in the outcome of Resolution 8, recommend that Shareholders approve Resolution 8 as they are of the view that the issue of Options to Mr. Spinks is appropriate and assists the Company in retaining Mr. Spinks' services and dedication as a non executive Director whilst maintaining the Company's cash reserves (notwithstanding the fact that the issue of Options to a non executive Director is not in accordance with the ASX Corporate Governance Council's guidelines for non executive director remuneration).
- (d) The Directors (other than Mr. Spinks who makes no comment) considered Mr. Spinks' experience, the current market price of the Shares and current market practice when determining the terms of the Options and the number of Options to be issued to Mr Spinks. In addition to the Options, Mr. Spinks will receive A\$30,000 per annum plus 9% superannuation by way of director's fees for acting as a non-executive director of the Company.
- (e) If Shareholders approve the issue of Options to Mr Spinks and all Options are ultimately exercised the effect will be to dilute the shareholding of existing Shareholders by approximately 0.34% on an undiluted basis and based on the number of Shares on issue (as at the date of this Notice) assuming that no other Options are exercised.
- (f) The Directors (other than Mr. Spinks who makes no comment) do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Options to Mr. Spinks upon the terms proposed.
- (g) The current holdings (direct and indirect) of Mr. Spinks in the Company is Nil.
- (h) It is anticipated that Mr. Spinks will provide geological and corporate services to the Company as and when required and agreed and will receive consultancy fees at arm's-length market rates for these services provided.
- (i) In the 12 months before the date of this Notice, the highest, lowest and last trading price of Shares in the Company on ASX are as set out below:

	Date	Price
Highest	\$1.635	08/12/2011
Lowest	\$1.00	09/05/2012
Last Trading Price	\$1.165	04/09/2012

- (j) ASIC policy in relation to documents lodged under Section 218 relating to the giving of financial benefits to related parties of public companies requires explanatory information regarding the value of the Options proposed to be issued. The value of the Options has been calculated by the Company on the basis of the market value of the Company's shares during the period prior to the issue of the Notice and is set out below in this Explanatory Memorandum.
- (k) Other than the information specified in this Explanatory Memorandum, the Directors are not aware of any other information that would be reasonably required by Shareholders to allow



EXPLANATORY MEMORANDUM

them to make a decision whether it is in the best interests of the Company to pass Resolution 8.

- (I) Full details of the terms and conditions of the options to be issued to Mr. Spinks are contained in Schedule One, which forms part of the Notice.

Valuation of Options

The intended Grant Date is a future date yet to be decided though expected to be on 2 November 2012 or thereafter. However, since the actual "Market Price" is not known, for the purposes of the valuation, the Options have been valued as though granted 24 August 2012 ("**Notional Grant Date**"). The Options have been valued using market data current at that time. Accordingly the actual exercise price (and also the value of the Options as at the date of issue) could vary having regard to the fluctuations in the market price in the Company's shares between the date of this Notice and the date upon which the options are offered to Mr. Spinks following the Meeting in which the case the valuation of the Options may vary.

In determining the value of options the Company has made the following assumptions. Market conditions on or around 2 November 2012 may differ from these assumptions.

	Tranche A	Tranche B
Notional grant date	24 August 2012	24 August 2012
Number of options	500,000	500,000
Underlying share price (a)	1.19	1.19
Exercise price premium	15%	20%
Exercise price	1.37	1.43
Price volatility (b)	49.50%	51.86%
Average risk free rate (d)	3.33%	3.07%
Expiry date	24 August 2014 (2 years)	24 August 2015 (3 years)
Option valuation	29 cents per option	38 cents per option

- (a) The underlying share price is based on the weighted average closing sale price of the Shares recorded on the ASX over the last five days trading up to and including the Notional Grant Date.
- (b) Price volatility of the Company's Shares is based on the historical volatility of Company's underlying shares trading on the ASX over a period equal to the expected life of the Options ending on the grant date of the option.
- (c) The average current risk free rate is based on the 1 year trend between the 180 day and 2 year RBA bond rates for Tranche A and on the 1.5 year trend between the 2 and 3 year RBA bond rates.
- (d) It has been assumed that the Options will be exercised mid-way between the Notional Grant Date and the expiry date. This is because it has been assumed that options issued to consultants and employees are generally poorly diversified and the Options are unlisted. As



EXPLANATORY MEMORANDUM

such, the only way the Options can be converted to cash is by exercising the Options and selling the underlying shares in the market.

- (e) All Options would expire if unexercised by the option expiry date.

Based on these assumptions and using the Black and Scholes option valuation model, the Company estimates that the Options to be issued to Mr. Spinks are valued at approximately: Tranche A - \$0.29 per option; Tranche B - \$0.38 per option. It is noted that the market value of the Shares may vary prior to the offer of the Options to Mr. Spinks in which case the valuation of the Options may vary accordingly.

- **Resolution 9 - Ratification of Securities Issue to a Commissioner of Indonesian subsidiary**

On 22 February 2012 the Company issued to Mr. Simon Sembiring, an independent Commissioner of the Company's Indonesian subsidiary PT Natarang Mining, 500,000 free Options ("the Non-ESOP Options"), each of which entitles the holder on exercise to acquire one ordinary Share at an exercise price of \$1.53 each on or before 22 February 2014.

This issue was made by the Company in accordance with Listing Rule 7.1 of the ASX Listing Rules, which permits a Company to issue up to 15% of its issued capital without shareholder approval.

The Commissioner is not a related party of the Company.

Resolution 9 seeks Shareholder approval under Listing Rule 7.4, which provides that an issue of securities that is made without Shareholder approval under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1 if each of the following applies:

- the issue did not breach Listing Rule 7.1; and
- the holders of ordinary securities subsequently approve it.

The Directors confirm that the issue of the Non-ESOP Options to the Commissioner did not breach Listing Rule 7.1. The effect of Shareholders passing Resolution 9 will be to restore the Company's ability to issue, without Shareholder approval, further securities up to the full 15% limit currently imposed by Listing Rule 7.1 without obtaining shareholder approval.

As required by Listing Rule 7.5, the following information is provided in relation to the issue of the Non-ESOP Options to Mr. Sembiring:

- (a) a total of 500,000 Non-ESOP Options were issued.
- (b) the Non-ESOP Options were issued for no consideration but with an exercise price of \$1.53 each upon exercise of a Non-ESOP Option.
- (c) The Non-ESOP Options are unlisted and are subject to the terms and conditions set out below.
- (d) The name of the Commissioner to which the Non-ESOP Options were allotted is Mr. Simon Sembiring.
- (e) No funds were raised by the issue of the Non-ESOP Options. In the event the Non-ESOP Options are exercised in due course the funds raised will be applied for general working capital.



EXPLANATORY MEMORANDUM

Terms and Conditions of the Non-ESOP Options Issued to the Mr Sembiring

- (a) Each Non-ESOP Option entitles the holder to one (1) Share;
- (b) The Non-ESOP Options are exercisable at any time prior to 5.00pm WST on 22 February 2014 (the Expiry Date);
- (c) The exercise price of the Non-ESOP Options is \$1.53 cents per option;
- (d) The Non-ESOP Options are freely transferable;
- (e) In the event of any reconstruction (including consolidations, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an option holder are to be changed in a manner consistent with Listing Rule 6.16;
- (f) The Company will provide to each Option holder a notice that is to be completed when exercising the Non-ESOP Options (Notice of Exercise). The Non-ESOP Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the Secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month;
- (g) Upon the exercise of an option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares; and
- (h) There will be no participating rights or entitlements inherent in the Non-ESOP Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Non-ESOP Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least seven (7) business days after the issue is announced. This will give option holders the opportunity (where available) to exercise their Non-ESOP Options prior to the date for determining entitlements to participate in any such issue.

- **Resolution 10 – Amendment to Constitution**

(10A) Recent changes dealing with certain criteria which must be met before a dividend may be declared came into effect in 2011. Article 20.1 of the Company's Constitution currently provides that a dividend may only be paid out of profits, whereas the new rules state that each of the following three tests must be satisfied before a dividend may be declared, i.e:

1. *Balance Sheet Test:*

The Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.

2. *Fair to Shareholders Test:*

The payment of the dividend is fair and reasonable to the Company's shareholders as a whole.

3. *No Material Prejudice to Creditors Test:*

The payment of the dividend does not materially prejudice the Company's ability to pay its creditors.

The Company is seeking to amend Article 20.1 to provide for the new dividend rules.



EXPLANATORY MEMORANDUM

- (10B) Article 13.20 of the Company's Constitution currently states that in order for a circular resolution to be treated as if it were passed at a meeting of the Board duly convened and held, all directors are required to pass that resolution for it to become effective; however, from time to time, where a director has an interest in the outcome of the resolution he is not permitted to vote on the resolution, thereby making it necessary to convene a full meeting of the Board of Directors to pass that resolution.

The Company is seeking to amend Article 13.20 to provide that a resolution in writing signed only by directors eligible to vote on the resolution be treated as a determination of the Board passed at a meeting of the Board duly convened and held.



EXPLANATORY MEMORANDUM

Glossary

In the Explanatory Memorandum the following terms bear the following meanings unless the context otherwise requires.

A\$ means the lawful currency of Australia.

Annual General Meeting or **Meeting** means the meeting convened by the Notice.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the Board of Directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that the ASX declares is not a business day.

Company means Kingsrose Mining Limited.

Constitution means the constitution of the Company.

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

Directors means the directors of the Company.

Explanatory Memorandum means the explanatory memorandum to this Notice of General Meeting.

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

Notice means this Notice of Annual General Meeting and includes the Explanatory Memorandum and Proxy Form.

Option means an option to acquire a Share.

Plan means Kingsrose Mining Limited Employee Option and Share Rights Plan 2012.

Resolution means a resolution contained in this Notice of General Meeting.

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

Share Rights means rights to acquire Shares issued pursuant to the Plan.

Shareholder means a shareholder of the Company.

WST means Australian Western Standard Time.



EXPLANATORY MEMORANDUM

SCHEDULE ONE

RULES OF THE KINGSROSE MINING LIMITED EMPLOYEE OPTIONS AND SHARE RIGHTS PLAN 2012

1. NAME OF PLAN
2. ESTABLISHMENT AND TERMINATION OF THE PLAN
3. PURPOSE OF THE PLAN
4. OPERATION OF THE PLAN
5. ELIGIBILITY
6. OFFERS OF OPTIONS AND SHARE RIGHTS
7. ACCEPTING OFFERS
8. NO CONSIDERATION
9. CERTIFICATES
10. QUOTATION AND TRANSFERS
11. FORFEITURE AND PERFORMANCE CONDITIONS
12. EXERCISE OF OPTIONS
13. VESTING AND EXERCISE OF SHARE RIGHTS
14. SHARES ALLOTTED ON EXECISE OF OPTIONS AND SHARE RIGHTS
15. LAPSE OF OPTIONS AND SHARE RIGHTS
16. PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUE, REORGANISATIONS OF CAPITAL AND WINDING UP
17. TAKEOVERS
18. AMENDMENTS TO THE RULES
19. POWERS OF THE BOARD
20. NOTICES
21. NO COMPENSATION OR DAMAGES
22. GOVERNING LAW
23. ADVICE
24. DEFNITIONS AND INTERPRETATION



EXPLANATORY MEMORANDUM

1. NAME OF PLAN

- 1.1 This Plan shall be called the Kingsrose Mining Limited Employee Options and Share Rights Plan.

2. ESTABLISHMENT AND TERMINATION OF THE PLAN

- 2.1 The Board may establish and administer the Plan in accordance with the terms and conditions set out in these Rules and otherwise as it determines from time to time in its absolute discretion.
- 2.2 The Board may terminate the Plan, or suspend its operation for any period it considers desirable, at any time that it considers appropriate.
- 2.3 The Board may not issue any further Options or Share Rights after the Plan has been terminated. However, these Rules will continue to apply to Options and Share Rights on issue at the date of such termination until the last of those Options and Share Rights lapses or is exercised.

3. PURPOSE OF THE PLAN

- 3.1 The purpose of this Plan is to:
- a) recognise the ongoing ability of the Employees and Directors of the Company and their expected efforts and contribution in the long term to the performance and success of the Company.
 - b) provide an incentive to the Employees and Directors of the Company to remain in their employment or other arrangement with the Company in the long term.
 - c) attract persons of experience and ability to contract with the Company and foster and promote loyalty between the Company and its Employees and Directors: and
 - d) provide Employees and Directors of the Company with the opportunity to acquire Options, and ultimately Shares, in the Company, in accordance with these Rules.

4. OPERATION OF THE PLAN

- 4.1 The Plan operates according to these Rules which bind the Company and each Participant.
- 4.2 The number of Shares to be received on exercise of the Options or Share Rights the subject of an Offer when aggregated with:
- a) The number of Shares which would be issued were each outstanding offer or Option or Share Right, being an offer made or Option or Share Right acquired pursuant to the Plan or any other employee share scheme extended only to Employees or Directors of the Company, to be exercised: and
 - b) The number of Shares issued during the previous 5 years pursuant to the Plan or any other employee share scheme extended only to Employees or Directors of the Company:
- but disregarding any offer made, or Option or Share Right acquired or Share issued by way of or as a result of:
- a) An offer to a person situated at the time of receipt of the Offer outside Australia: or
 - b) An offer that did not need disclosure to investors because of section 708 of the Corporations Act: or
 - c) An offer made under a disclosure document.

must not exceed 5% of the total number of issued Shares as at the time of the Offer.



EXPLANATORY MEMORANDUM

5. ELIGIBILITY

- 5.1** Subject to these Rules, the Board may from time to time determine that any Eligible Person is entitled to participate in the Plan and the extent of that participation. Prior to making that determination, the Board must consider:
- a) the seniority of the relevant Eligible Person and the position the Eligible Person occupies within the Company;
 - b) the length of service of the Eligible Person with the Company;
 - c) the record of employment of the Eligible Person with the Company;
 - d) the potential contribution of the Eligible Person to the growth of the Company;
 - e) the extent (if any) of the existing participation of the Eligible Person (or any Permitted Nominee in relation to that Eligible Person) in the Plan or any predecessor Plan; and
 - f) any other matters which the Board considers relevant.
- 5.2** Any Eligible Person who is an Australian resident employee of the Company or a subsidiary with at least three years service will be entitled to be offered Options under this Plan.
- 5.3** The Board may exercise its powers in relation to the participation of any Eligible Person on any number of occasions.

6. OFFERS OF OPTIONS AND SHARE RIGHTS

- 6.1** Subject to these Rules and to the Listing Rules, the Company (acting through the Board) may offer Options or Share Rights to any Eligible Person at such times and on such terms as the Board considers appropriate. Each Offer must state:
- a) the name and address of the Eligible Person to whom the Offer is made;
 - b) that the Eligible Person to whom the Offer is addressed may accept the whole or any lesser number of Options or Share Rights offered;
 - c) if there is a minimum number of Options or Share Rights or a multiple of such minimum or any other number which may be accepted, that minimum or multiple;
 - d) the period within which the Offer may be accepted and, for Options, the period or periods during which the Options or any of them may be exercised and the Expiry Date;
 - e) any Forfeiture Conditions;
 - f) for Options, the method of calculation of the Exercise Price; and
 - g) any other matters which the Board may determine, including any additional terms and conditions which the Board may see fit to impose in relation to the Options or Share Rights including any terms required to comply with the ASX Listing Rules and the imposition of Forfeiture Conditions.
- 6.2** The method of calculation of the Exercise Price of each Option will be determined by the Board having regard to such factors as the Board considers appropriate, including the Market Value of the Shares when it resolves to offer the Option (but the Exercise Price may be higher than the Market Value where the Board considers this appropriate.)

7. ACCEPTING OFFERS

- 7.1** Upon receipt of an Offer, an Eligible Person may, within the period specified in the Offer:
- a) accept the whole or any lesser number of Options or Share Rights offered by giving to the Company an Application Form; or



EXPLANATORY MEMORANDUM

- b) nominate a nominee in whose favour the Eligible Person wishes to renounce the Offer by notice in writing to the Board. Such nominee must be either a close relative of the Eligible Person, or a company or trust controlled by the Eligible Person. The Board may, in its absolute discretion, resolve not to allow such renunciation of an Offer in favour of a nominee without giving any reason for such decision.
- 7.2** Upon:
- a) receipt of the Application Form referred to in paragraph 7.1 (a); or
- b) the Board resolving to allow a renunciation of an Offer in favour of a nominee designated by the Eligible Person and acceptable to the Company (“Permitted Nominee”) and the Permitted Nominee accepting the whole or any lesser number of Options or Share Rights offered by giving the Company an Application Form,
- then the Eligible Person or the Permitted Nominee, as the case may be, will be taken to have agreed to be bound by these Rules and will be granted the offered Options or Share Rights, subject to these Rules.
- 7.3** If Options or Share Rights are issued to a Permitted Nominee or an Eligible Person, the Eligible Person must, without limiting any provision to these Rules, ensure that the Permitted Nominee complies with these Rules.
- 7.4** On the issue of Options or Share Rights following receipt by the Company of an Application Form, an Eligible Person or the Permitted Nominee, as the case may be, becomes a Participant.
- 8. NO CONSIDERATION**
- 8.1** No consideration is payable by an Eligible Person or Permitted Nominee as the case may be for a grant of an Option or a Share Right, unless the Board decides otherwise.
- 9. CERTIFICATES**
- 9.1** The Company must give a Participant one or more Certificates stating the number of Options or Share Rights issued to the Participant and specifying, in the case of Options –
- a) the Issue Date, Exercise Price and Expiry Date of those Options; and
- b) that the Options are subject to these Rules and the Forfeiture and Performance Conditions specified in the Offer pursuant to which the Options were issued;
- and, in the case of Share Rights –
- c) the Issue Date of those Share Rights; and
- d) that the Share Rights are subject to these Rules and the Forfeiture and Performance Conditions specified in the Offer pursuant to which the Share Rights were issued.
- 9.2** The Certificates for the Options or Share Rights will be dispatched within 10 Business Days after the Issue Date.
- 10. QUOTATION AND TRANSFERS**
- 10.1** The Company will not apply for Official Quotation of any Options or Share Rights.
- 10.2** If Shares of the same class as those allotted pursuant to the exercise of Options granted under the Plan are listed on the ASX, the Company must apply for Official Quotation of those Shares allotted pursuant to the exercise of Options within the time required by the Listing Rules after the date of allotment.
- 10.3** Options and Share Rights are not transferrable except with the prior written consent of the Company.



EXPLANATORY MEMORANDUM

- 10.4** A Participant is not entitled to vote or receive dividends or participate in issues of securities made or offered pro rata to holders of Shares in respect of any Options or Share Rights they hold.

11. FORFEITURE AND PERFORMANCE CONDITIONS

- 11.1** The Board may when Options or Share Rights are offered determine that the Options or Share Rights issued will be subject to Forfeiture Conditions or Performance Conditions.
- 11.2** Subject to the Board's discretion to determine otherwise, Options or Share Rights held by a Participant subject to Forfeiture or Performance Conditions will be forfeited if any of the Forfeiture or Performance Conditions are not satisfied. An Option or Share Right that is forfeited will be cancelled and will not thereafter be capable of being exercised.
- 11.3** No Option or Share Right that is subject to Forfeiture or Performance Conditions can be exercised until such time as the Forfeiture or Performance Conditions have been satisfied.
- 11.4** Forfeiture and Performance Conditions will comprise those conditions described as such by the Board and set out in an Offer (or in a document accompanying an Offer).
- 11.5** Without limiting the Board's power to impose Forfeiture and Performance Conditions, such conditions may include:
- (a) A condition that the Eligible Person must remain as an employee or director (as the case may be) of the Company or its subsidiary for a minimum period;
 - (b) A condition that any stipulated performance criteria be satisfied;
 - (c) A condition that certain specified milestones in connection with the development or operation of any mineral or other project of the Company or a subsidiary are completed within a specified time or in a specified manner; or
 - (d) A condition that the Market Price of the Company's ordinary shares attain a specified price (or remain at a specified price for a specified number of days) within a specified period.
- 11.6** The Board may by notice in writing to a Participant partly or fully waive any Forfeiture or Performance Conditions applicable to Options or Share Rights held by that Participant. Any Forfeiture or Performance Conditions so waived will be deemed to be satisfied.
- 11.7** Subject to the Listing Rules, the Board may by notice in writing to a Participant vary any Forfeiture or Performance Conditions applicable to Options or Share Rights held by that Participant, provided such variation is not adverse to the Participant.

12. EXERCISE OF OPTIONS

- 12.1** Subject to any Forfeiture or Performance Conditions, Options may be exercised at any time during the period commencing on the Issue Date and ending on the Expiry Date.
- 12.2** Options may only be exercised by the Participant giving notice in writing to the Board delivered to the principal office of the Company. The notice must specify the number of Options being exercised and the Exercise Price for the Options specified in the notice and must be accompanied by:
- a) the Certificate for those Options, for cancellation by the Company; and
 - b) a cheque payable to the Company (or another form of payment acceptable to the Board) in the amount of the product of the number of Options then being exercised by the Participant and the Exercise Price.
- 12.3** Subject to paragraph 15.1, within 10 Business Days after the notice referred to in clause 12.2 becoming effective, the Board must:



EXPLANATORY MEMORANDUM

- a) allot and issue the number of Shares to be issued in respect of the Options being exercised:
- b) Cancel the Certificate for the Options being exercised: and
- c) If applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

13. VESTING AND EXERCISE OF SHARE RIGHTS

- 13.1** Subject to clauses 11 and 15, a Share Right will vest and be automatically exercised to provide a reward (either in equity or in cash, at the election of the Company) to a Participant when each Forfeiture and Performance Condition applicable to that Share Right has been satisfied.
- 13.2** Where a Participant ceases to be an Employee or Director of, or to render services to, a member of the Group, due to a Specified Reason prior to the date on which a Share Right may otherwise vest ('Ceasing Date') the Board may resolve that the Participant's right to have a Share allocated or a cash amount paid to that Participant in relation to that Share Right (subject to satisfaction of each relevant Forfeiture and Performance Condition) will not lapse on the Ceasing Date. The Board may further resolve that if each relevant Forfeiture and Performance Condition is satisfied (except continuation of employment) the Company will allocate the Share or pay the cash amount to which the Participant is thereby entitled in relation to Share Rights held by the Participant.
- 13.3** Where the Board resolves to allocate Shares or a cash equivalent in accordance with clause 13.2, the value of the Shares will be determined in reference to the closing price of the Shares on the date of cessation of employment of the Participant, and a cash equivalent will be determined by multiplying the number of Share Rights held by the Participant by the closing price of the Shares on the date of cessation of employment of the Participant.
- 13.4** Upon the vesting of Share Rights for which a Share is to be provided pursuant to clause 13.1, the Company must allocate to the Participant the number of Shares to which the Participant is entitled.
- 13.5** A Participant is not liable to make any payment for the allocation of Shares consequent upon the vesting of Share Rights.
- 13.6** Upon the vesting of a Share Right for which a cash amount is to be paid pursuant to clause 13.1, the Company must pay the appropriate amount to the Participant after taking into account any superannuation guarantee contributions that may be payable by the Company, less any withholdings required by law in relation to Tax or other liabilities of the Company or the Participant in relation to the payment.
- 13.7** Where Shares are allocated and a Participant or the Company is liable to Tax, superannuation, duties or other amounts on the vesting of a Share Right and the Company is liable to make a payment to the appropriate authorities on account of that liability –
- (a) the Board must issue and sell sufficient number of the Shares that would otherwise be issued to or on behalf of the Participant so that the net proceeds of sale equal the payment the Company is required to make to the appropriate authorities. The Board must account to the Company for the net proceeds of the sale;
 - (b) provided that this clause 13.7 shall not apply if the Participant makes alternative arrangements to the satisfaction of the Company.



EXPLANATORY MEMORANDUM

14. SHARES ALLOTTED ON EXERCISE OF OPTIONS AND SHARE RIGHTS

14.1 All Shares allotted upon exercise of the Options and Share Rights rank *pari passu* in all respects with Shares previously issued and, in particular, entitle the holders of Shares to participate fully in:

- a) dividends declared by the Company after the date of allotment; and
- b) all issues of securities made or offered *pro rata* to holders of Shares.

15. LAPSE OF OPTIONS AND SHARE RIGHTS

15.1 Options not validly exercised on or before the Expiry Date and Share Rights that do not vest will automatically lapse.

15.2 Unless otherwise determined by the Board, if any Options or Share Rights are granted subject to Forfeiture Conditions and, prior to satisfactions of the Forfeiture Conditions (such that the Options are not exercisable and the Share Rights have not vested), the Eligible Person to whom those Options or Share Rights were granted ceases to be an Eligible Person then:

a) If the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, any such Options or Share Rights held by such Eligible Person, or if appropriate, his or her Permitted Nominee, will automatically lapse; and

b) If the Eligible Person ceases to be an Eligible Person for a Specified Reason,

I. such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her (or the Permitted Nominee) subject to the Board, in its absolute discretion, reducing, waiving or varying the Forfeiture and Performance Conditions applying to those Options in accordance with clause 11.6 or 11.7 so that those Options may be exercised. Options the subject of this clause 15.2 b) not exercised within the 3 months or the longer period determined by the Board, will automatically lapse;

II. any such Share Rights held by the Eligible Person, or if appropriate, his or her Permitted Nominee, will vest and be automatically exercised subject to the Board, in its absolute discretion, reducing, waiving or varying the Forfeiture Conditions applying to those Share Rights in accordance with clause 11.6 or 11.7

15.3 Unless otherwise determined by the Board, if an Eligible Person ceases to be an Eligible Person at any time after an Option has become exercisable but prior to the relevant Expiry Date, then:

a) if the Eligible Person ceases to be an Eligible Person for any reason other than a Specified Reason, such Eligible Person, or if appropriate, his or her Permitted Nominee, may exercise any such Option held by him or her (or the Permitted Nominee) within:

- I. 1 month of ceasing to be an Eligible Person; or
- II. such longer period as the Board determines,

and any Options the subject of this clause not exercised within the 1 month or the longer period determined by the Board, will automatically lapse; and

b) if an Eligible Person ceases to be an Eligible Person for a Specified Reason, such Eligible Person, or if appropriate his or her Permitted Nominee is entitled to exercise any such Options at any time prior to their Expiry Date.

15.4 A Certificate signed by the Company Secretary of the Company stating that a person ceased for any reason to be an Eligible Person shall (in the absence of manifest error) be conclusive for the purposes of the Plan, both as to such occurrence and the reason for such occurrence and the date of such occurrence.



EXPLANATORY MEMORANDUM

16. PARTICIPATION RIGHTS, BONUS ISSUES, RIGHTS ISSUE, REORGANISATIONS OF CAPITAL AND WINDING UP

16.1 New Issues

- a) Participants are not entitled to participate in any new issue of securities to existing holders of Shares in the Company unless:
- I. Shares have been allocated to them upon the exercise of Share Rights; or
 - II. The Participants have become entitled to exercise Options under the Plan and they exercise those Options before the record date for the determination of entitlements to the new issue of securities as a result of being holders of Shares.
- b) The Company must give Participants, in accordance with the Listing Rules, notice of any new issue of securities before the record date for determining entitlements to the new issue.

16.2 Bonus Issues

There is no right to change the exercise price of an Option or the number of underlying Shares over which an Option or a Share Right can be exercised, if the Company completes a bonus issue.

16.3 Pro Rata Issues

There is no right to change the exercise price of an Option nor the number of underlying Shares over which an Option or Share Right can be exercised, if the Company completes a pro rata issue.

16.4 Reorganisation of Capital

If, prior to the expiry of any Options or the vesting of any Share Rights, there is a reorganisation of the issued capital of the Company, then the rights of a Participant (including the number of Options or Share Rights to which each Participant is entitled and the Option Exercise Price and Expiry Date) may be changed by the Board to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

16.5 Winding Up

If, prior to the expiry of any Options or the vesting of any Share Rights, a resolution for a members voluntary winding up of the Company is proposed (other than for the purpose of a reconstruction or amalgamation) the Board may, in its absolute discretion, give written notice to Participants of the proposed resolution. Subject to the Forfeiture Conditions, during the period referred to in the notice the Participants may exercise their Options and the Company may exercise Share Rights held by Participants.

16.6 Fractions of Shares

For the purpose of this clause 16, if Options or Share Rights are exercised simultaneously the number of Shares or fractions of Shares to which the Participant is entitled may be aggregated. Fractions in the aggregate number only will be disregarded in determining the total entitlement of a Participant.

16.7 Calculations and Adjustments

Any calculations or adjustments which are required to be made under this clause 16 will be made by the Board and, in the absence of manifest error, are final and conclusive and binding on the Company and the Participant.



EXPLANATORY MEMORANDUM

16.8 Notice of Change

The Company must within a reasonable period give to each Participant notice of any change under this clause 16 to the Exercise Price of any Options held by the Participant or to the number of Shares to which the Participant is entitled on exercise of an Option or Share Right.

17. TAKEOVERS

- 17.1** If during the life of an Option or Share Right a Takeover Bid is made to the Company's shareholders to acquire their Shares and the Board becomes aware that a bidder who did not have a Relevant Interest in more than 50% of the Company's issued Shares has acquired (or become entitled to acquire) a Relevant Interest in more than 50% of the Company's issued Shares, or that there has been a change of Control of the Company, then the Board may resolve that the Company notify each Participant in writing that some or all of the Forfeiture and Performance Conditions applying to Options and Share Rights will be waived and that Options and Share Rights may vest accordingly.

18. AMENDMENTS TO THE RULES

18.1 Board May Alter Rules

The Board may, subject to clause 18.3 and the Listing Rules, alter, delete or add to these Rules at any time (save for the provisions of clause 4.2).

18.2 Alteration of clause 4.2

The Board may alter clause 4.2 with the prior approval by ordinary resolution of the shareholders of the Company in a general meeting.

18.3 Consent of Participants

If any amendments to be made under clause 18.1 would adversely affect the rights of Participants in respect of any Options or Share Rights then held by them, the Board must obtain the consent of Participants who between them hold not less than 75% of the total number of those Options and Share Rights held by all those Participants before making the amendment.

18.4 Eligible Persons Outside Australia

The Board may, subject to the Listing Rules, make any additions, variations or modifications to the Rules in relation to the implementation of the Plan, and the specific application of the Rules, to Eligible Persons residing outside Australia.

19. POWERS OF THE BOARD

- 19.1** The Plan shall be administered by the Board who shall have the power to:

- a) Determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
- b) Resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
- c) Terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Options or Share Rights at that time;
- d) Delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any one or more persons whom the Board reasonably believes to be capable of performing those functions and exercising those powers, for such period and on such conditions as the Board may determine;



EXPLANATORY MEMORANDUM

- e) Take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
- f) Determine terms and conditions applicable to Options and Share Rights;
- g) Administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
- h) Made regulations for the operation of the Plan consistent with these Rules.

20. NOTICES

20.1 Notices may be given by the Company to any Holder either personally or by post to his or her address as noted in the Company's records or to the address (if any) within the Commonwealth of Australia supplied by him to the Company for the giving of notices. Notices for any overseas Holders shall be forwarded and posted by air. Where a notice is sent by post the notice shall be deemed to be served on the day after posting. The signature of any notice may be given by any Director or secretary of the Company. A notice of exercise given under clause 12.2 shall not be deemed to be served on the Company until actually received.

21. NO COMPENSATION OR DAMAGES

- 21.1** The rights and obligations of any Holder under the terms of his or her employment or consultancy with the Company are not affected by his or her participation in the Plan.
- 21.2** These Rules do not form part of, and will not be incorporated into, any contract of engagement or employment between a Holder and the Company.
- 21.3** No Holder has any rights to compensation or damages as a result of the termination of his or her employment, consultancy or directorship so far as those rights arise or may arise from the Holder ceasing to have rights under the Plan as a result of the termination.
- 21.4** Participants do not, as Participants, have any right to attend or vote at general meetings of holders of Shares.

22. GOVERNING LAW

- 22.1** The Plan and any Options or Share Rights issued under it are governed by the laws of Western Australia and the Commonwealth of Australia.
- 22.2** Each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia, the Commonwealth of Australia and courts entitled to hear appeals from those courts.

23. ADVICE

- 23.1** Eligible Persons and Permitted Nominees should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

24. DEFINITIONS AND INTERPRETATION

24.1 In these Rules, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"Application Form" means a duly completed and executed application for the issue of Options or Share Rights made by an Eligible Person or Permitted Nominee in respect of an Offer, in the form approved by the Board from time to time;

"ASX" means ASX Limited as operator of the Australian Securities Exchange;

"Board" means the Directors acting as the board of directors of the Company or a committee appointed by such board of directors;



EXPLANATORY MEMORANDUM

“Business Day” means a day on which banks are open for business in Perth, Western Australia excluding a Saturday, Sunday or public holiday;

“Certificate” means the certificate issued in accordance with clause 9 by the Company to a Holder in respect of an Option or a Share Right;

“Company” means Kingsrose Mining Ltd (ACN 112 389 910).

“Control” has the meaning given to that term in section 50AA of the Corporations Act;

“Corporations Act” means *Corporations Act 2001 (Cth)*;

“Director” means a director of the Company from time to time but does not include a person who is only a director by virtue of being alternate director;

“Eligible Person” means at any time a person who then is a Director or is an Employee (whether full-time or part-time) of the Company or of a subsidiary of the Company;

“Employee” means an employee of the Company from time to time;

“Exercise Price” means, in respect of an Option, the subscription price per Share, determined in accordance with clause 6.2, payable by a Holder on exercise of the Option;

“Expiry Date” means, in relation to an Option, the date determined by the Board prior to the offer of the relevant Options, subject to any restriction in the Corporations Act from time to time but in any event no longer than 7 years from the Issue Date;

“Forfeiture Conditions” and/or **“Performance Conditions”** mean any conditions imposed under clause 11 of this Plan which if not satisfied will result in Options or Share Rights being forfeited and cancelled such that the Options will never be exercisable and the Share Rights will not be exercised;

“Holder” means, in relation to an Option or a Share Right, the Person (whether an Eligible Person or a Permitted Nominee) entered in the Company’s register of options as the holder of that Option or Share Right;

“Issue Date” means, in relation to an Option or a Share Right, the date on which the Company grants that Option or Share Right;

“Legal Personal Representative” means the executor of the will or an administrator of the estate of a deceased person, the trustee of the estate of a person under a legal disability or a person who holds an enduring power of attorney granted by another person;

“Listing Rules” means the Official Listing Rules of ASX as they apply to the Company from time to time;

“Market Value” means, if the Company is admitted to the official list of ASX;

a) The weighted average closing sale price of the Shares recorded on the stock market of ASX over the five trading days immediately preceding the day on which the Board resolves to offer an Option; or

b) In circumstances where there has been no trading in the Shares during the five trading days immediately preceding the day on which the Board resolves to offer an Option, the last sale price recorded on the stock market of ASX;

“Offer” means an invitation to an Eligible Person made by the Company under clause 6.1 to apply for an issue of Options or Share Rights;

“Official Quotation” has the meaning ascribed to it in the Listing Rules;

“Option” means an option issued under the Plan to subscribe for a Share;



EXPLANATORY MEMORANDUM

“Participant” means a person who holds Options or Share Rights issued under the Plan and includes, if a Participant dies or becomes subject to a legal disability, the Legal Personal Representative of the Participant;

“Permitted Nominee” has the meaning given to it by clause 7.2;

“Plan” means the Kingsrose Mining Limited Employee Options and Share Rights Plan established in accordance with these Rules;

“Relevant Interest” has the meaning given to that term in sections 608 and 609 of the Corporations Act;

“Retirement” means, in relation to an Eligible Person, retirement by that Eligible Person from the Company at age 65 or over or such earlier age as considered appropriate by the Board;

“Rules” means these rules, as amended from time to time;

“Shares” means fully paid ordinary shares in the capital of the Company;

“Share Right” means a right to be allocated a Share or to receive a cash amount of equivalent value to a Share under the Plan, as determined by the Company, subject to vesting and satisfaction of the Forfeiture Conditions;

“Specified Reason” means Retirement, Total and Permanent Disablement, death or such other reason as may be determined by the Board in its absolute discretion;

“Tax” means any tax, levy, impost, GST, deduction, charge, rate, contribution, duty or withholding which is assessed (or deemed to be assessed), levied, imposed or made by any government or any governmental, semi-governmental or judicial entity or authority together with any interest, penalty, fine, charge, fee or other amount assessed (or deemed to be assessed), levied, imposed or made on or in respect of any or all of the foregoing; and

“Total and Permanent Disablement” means, in relation to an Eligible Person, that the Eligible Person has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Eligible Person unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

24.2 In these Rules, unless a contrary intention appears:

- a) Where an expression is defined, another part of speech or grammatical form of that expression has a corresponding meaning;
- b) The singular includes the plural and vice versa;
- c) A reference to a gender includes all genders; and
- d) An expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these Rules.
- e) For the avoidance of doubt, PT Natarang Mining is a subsidiary of the Company for the purposes of these Rules.

APPOINTMENT OF CORPORATE REPRESENTATIVE
Under section 250D of the Corporations Act

This is to certify that by a resolution of the Directors of:

..... (Company)

The Company has appointed:

..... (Insert name of Representative)

in accordance with the provision of section 250D of the Corporations Act, to act as the body corporate representative of that company at the Annual General Meeting of Kingsrose Mining Limited to be held on Friday, 2 November, 2012 at 10.30am (WST) and at any adjournment of that meeting.

Dated:

Executed by the Company)
in accordance with its Constitution)

.....
Signed by authorized representative

.....
Signed by authorized representative

.....
Name of authorized representative (PRINT)

.....
Name of authorized representative (PRINT)

.....
Position of authorized representative (PRINT)

.....
Position of authorized representative (PRINT)

Instructions for Completing Appointment of Corporate Representative

Under Australian law, an appointment of a body corporate representative will only be valid if the Certificate of Appointment is completed correctly.

Please follow the instructions below to complete this Certificate:

1. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
2. Print the name and position (e.g. director) of each company officer who signs this Certificate on behalf of the Company.
3. Insert the date of execution where indicated.
4. Send or deliver the Certificate to KINGSROSE MINING LIMITED at Level 2, Suite 9, 12-14 Thelma Street, West Perth, WA 6005 or by fax to the registered office on 08 9486 1151 by 10.30am, Wednesday, 31 October 2012. Alternatively the Certificate of Appointment may be presented upon attendance at the Annual General Meeting of the Company.



PROXY FORM

I/We

being a Member of Kingsrose Mining Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of Proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in favour of Resolution 1 (unless otherwise indicated below by ticking one of the boxes next to Resolution 1) and to vote in relation to each of Resolutions 4,5,6,7,8, and 9 in accordance with the following directions or, if no directions have been given in relation to any of Resolutions 4,5,6,7,8, and 9, as the proxy sees fit at the Annual General Meeting to be held at The Celtic Club, 48 Ord Street, West Perth, 6005, Western Australia on Thursday, 1 November 2012 at 10.30 am (WST) and at any adjournment thereof.

Voting Directions on Business of the Annual General Meeting

		FOR	AGAINST	ABSTAIN*
Resolution 1	Adoption of Remuneration Report (i)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mr. J. William Phillips	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director – Mr. Timothy G. Spencer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Increase non-executive directors' fee pool (ii)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of KRM Employee & Share Rights Plan (iii)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Long-term incentive – Mr. Christopher N. Start (iv)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Long-term incentive – Mr. Timothy G. Spencer (v)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of unlisted options – Mr. Andrew P. Spinks (vi)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Ratification of past issue of shares (vii)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Amendment to Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the Abstain box for a particular item, you are directing your proxy **not** to vote on your behalf on a show of hands or on a poll and you votes will not be counted in computing the required majority on a poll.

(i) Resolution 1

IF THE CHAIRMAN IS APPOINTED AS YOUR PROXY, THE CHAIRMAN WILL VOTE IN FAVOUR OF RESOLUTION 1 UNLESS YOU DIRECT OTHERWISE BY TICKING ONE OF THE BOXES ABOVE NEXT TO RESOLUTION 1.

(ii) Resolution 4

IF YOU DO NOT WISH TO DIRECT THE CHAIRMAN AS YOUR PROXY TO VOTE ON RESOLUTION 4, PLEASE PLACE A MARK IN THIS BOX.

(iii) Resolution 5

IF YOU DO NOT WISH TO DIRECT THE CHAIRMAN AS YOUR PROXY TO VOTE ON RESOLUTION 5, PLEASE PLACE A MARK IN THIS BOX.

(iv) Resolution 6

IF YOU DO NOT WISH TO DIRECT THE CHAIRMAN AS YOUR PROXY TO VOTE ON RESOLUTION 6, PLEASE PLACE A MARK IN THIS BOX.

(v) Resolution 7

IF YOU DO NOT WISH TO DIRECT THE CHAIRMAN AS YOUR PROXY TO VOTE ON RESOLUTION 7, PLEASE PLACE A MARK IN THIS BOX.

(vi) Resolution 8

IF YOU DO NOT WISH TO DIRECT THE CHAIRMAN AS YOUR PROXY TO VOTE ON RESOLUTION 8, PLEASE PLACE A MARK IN THIS BOX.



PROXY FORM

(vii) Resolution 9

IF YOU DO NOT WISH TO DIRECT THE CHAIRMAN AS YOUR PROXY TO VOTE ON RESOLUTION 9,
PLEASE PLACE A MARK IN THIS BOX.

By marking any of these boxes you acknowledge that the Chairman may exercise your proxy even if he or she has an interest in the outcome of the respective resolution, and that votes cast by him or her, other than as proxy holder, would be disregarded because of that interest. If you do not mark this box and you have not directed your proxy how to vote, the Chairman will not cast your votes on the respective resolutions and your votes will not be counted in calculating the required majority if a poll is called on a resolution

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Please return this Proxy Form to the Company Secretary, Kingsrose Mining Limited, Suite 9, Level 2, 12-14 Thelma Street, West Perth 6005, Western Australia, or by fax to 08 9486 1151 by 10.30 am (WST) on Wednesday, 31 October 2012.

Signed this _____ day of _____ 2012. (Signature boxes: see over)

By: Individuals and joint holders

By: Companies (affix common seal if appropriate)

Signature

Director

Signature

Director/Secretary

Signature

Sole Director and Sole Secretary

Please provide the following information should we need to contact you	
Name:	Day time contact number:

Instructions for Completing Appointment of Proxy Form

- In accordance with Section 249L of the Corporations Act, a shareholder of the Company who is entitled to attend cast two or more votes at a general meeting of shareholders is entitled to appoint two proxies. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
- A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
- Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - two directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with sections 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.
- Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.



PROXY FORM

5. Where a Proxy Form or form of Appointment of Corporate Representative is lodged and is executed under power of attorney, the Proxy Form and the original or certified copy of any power of attorney under which it is signed must be lodged in like manner as this proxy and received no later than 48 prior to the time of commencement of the Meeting.

In accordance with section 250BA of the Corporations Act the Company specifies the following for the purposes of receipt of proxy appointments -

Registered Office: Suite 9, Level 2, 12-14 Thelma Street, West Perth, WA 6005.

Fax Number: +618 9486 1151.

Proxy appointments are to be received no later than 48 hours prior to the time of commencement of the Meeting. Any proxy received after that time will not be valid.

If you need any further information about this form or attendance at the Company's Annual General Meeting, please contact Jeannette Smith, Company Secretary, on 08 9486 1149.