



King Solomon Mines Limited

1268538 / ARBN 122 404 666

Registered Prospectus (Short Form) and Investment Statement for a pro-rata, renounceable Rights Issue

(As Amended by a Memorandum of Amendments dated 17 October 2014)

**of three new Shares (New Shares) in the capital of
King Solomon Mines Limited
(King Solomon Mines or the Company)
for every two existing Shares held by existing New Zealand and
Australian resident shareholders at 7:00pm (Sydney time)
on 24 October 2014 (the Record Date)
at an issue price of A\$0.002 (NZ\$0.0022) per New Share
to raise A\$919,188 before costs.**

IMPORTANT NOTICE

This Offer Document is important and requires your immediate attention. It should be read in its entirety. If after reading this Offer Document you do not understand its contents, you have any questions about the New Shares being offered under it, or any other matter, or are in doubt as to the course you should follow you should consult your stockbroker, accountant or professional adviser without delay.

Shareholders who are not resident in New Zealand or Australia are not eligible to accept the Offer.

This Offer opens on 29 October 2014 and closes at 5:00pm (Sydney time) on 12 November 2014. Valid Applications must be received before that time.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

Taylor Collison Limited is the Underwriter to the issue.



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The references below to clauses are to clauses in the Seventh Schedule of the Securities Regulations 2009 (New Zealand)

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IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978.)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an investment

When deciding to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

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In addition to the information in this Investment Statement that forms part of this Offer Document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request. (This is the wording required by Schedule 13 to the Securities Regulations 2009 which contemplates a separate Investment Statement and Prospectus. For this offer the two documents have been combined and, accordingly, the Prospectus that is available on request is identical to this Offer Document.)

The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to <http://www.fma.govt.nz>

Financial advisers can help you make investment decisions

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.



Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice, you should check—

- the type of adviser you are dealing with:
- the services the adviser can provide you with:
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters. You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at <http://www.fspr.govt.nz>

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.

Combined Document

This offer document is a combined short form prospectus and investment statement (“Offer Document”) prepared for the purposes of the Securities Act 1978 and Securities Regulations 2009 and is dated 10 October 2014. The purpose of this Offer Document is to provide certain key information that is likely to assist a prudent but non-expert person to decide whether to subscribe for ordinary shares in King Solomon Mines Limited.

Registration

A copy of this Offer Document signed by or on behalf of the Directors of the Company (as issuer) for the purposes of the Securities Act 1978, and having endorsed thereon or attached thereto the documents required to be so endorsed or attached by section 41 of the Securities Act 1978 (being the Underwriting Agreement, the relevant authorities where an agent has signed this Offer Document on behalf of a Director, and the Annual Report containing the audited financial statements of the Company for the year ended 31 March 2014 (together with a copy of the Auditor’s Report on those statements)) has been delivered to the Registrar of Financial Service Providers at Auckland for registration under section 42 of the Securities Act.

Financial Statements

A Shareholder, and any investor, has the right to receive from the Company, free of charge, a copy of the annual report of the Company for the year ended 31 March 2014 if the Shareholder or investor makes a request to the Company to receive a copy during the period of the Rights Issue (expiring on the Closing Date, being 12 November 2014 (unless extended)). That Annual Report includes financial statements for the Company and its



subsidiaries, as a consolidated group, for the year ended 31 March 2014 that are required to be, and have been registered under the Financial Reporting Act 1993.

Any such request should be made to:

Managing director
King Solomon Mines Limited
242 Marine Parade
P.O. Box 15 005
Otaki 5542, New Zealand

A shareholder, and any investors, may also obtain a copy of the Annual Report electronically, by accessing the King Solomon Mines Limited website www.kingsolomonmines.com.

Eligibility

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form, being the one accompanying this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

Offering Restrictions and Overseas Shareholders

The distribution of this Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and, therefore, persons who come into possession of this Offer Document should seek advice on and observe such restrictions. Failure to comply with these restrictions may violate applicable securities laws. Further information regarding the distribution of this Offer Document is contained in Sections 1.1, 1.6 and 1.7 of this Offer Document. The Offer is made to any persons who are Eligible Shareholders at the Record Date. This Offer Document does not constitute an offer or invitation in any place outside Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this Offer Document. Any information or representation not contained in this Offer Document may not be relied upon as having been authorised by the Company, the Directors or any other person in connection with the Offer.

Definitions and Abbreviations

Capitalised words or terms used in this Offer Document have defined meanings, which are explained in the Glossary of Terms in Section 9 of this Offer Document.

A reference to time in this Offer Document is to Sydney time, unless otherwise stated. All financial amounts contained in this Offer Document are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals, sums and components in tables contained in this Offer Document are due to rounding.

**Risk Factors**

This Offer Document does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Offer Document in its entirety before deciding whether to invest in the Company. In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these factors in the light of your personal circumstances (including financial and taxation issues) and seek professional guidance before deciding whether to invest. A number of key risk factors that you should consider are outlined on pages 28 - 35 of this Offer Document.

Enquiries

If you have any questions in relation to the Rights Issue, please contact your stockbroker, solicitor, accountant or financial adviser. If you have questions in relation to how to complete the Entitlement and Acceptance Form, please call the Company on +64 6 364 8462.



MANAGING DIRECTOR'S LETTER

10 October 2014

Dear Shareholder

The King Solomon Mines Limited Board of Directors is pleased to offer all its eligible Shareholders the opportunity to participate in a three-for-two renounceable Rights Issue of 459,594,209 New Shares at an issue price of A\$0.002 (NZ\$0.0022) per Share.

The issue is fully underwritten by Taylor Collison Limited. Two of the Company's Directors, Simon O'Loughlin and Simon Taylor, will act as a sub-underwriter for up to 15 million New Shares each. They will not receive a sub-underwriting fee. Details of underwriting fees are set out in Section 1.3 and 8 of this Offer Document.

The issue price per Share in New Zealand dollars has been set at NZ\$0.0022 per Share based on an exchange rate fixed by King Solomon Mines of NZ\$1.00 equals \$0.896 Australian dollars. New Zealand resident Shareholders may alternatively pay A\$0.002 per New Share by subscribing in Australian dollars.

All Eligible Shareholders registered at 7:00pm (Sydney time) on 24 October 2014 will be entitled to participate in the Rights Issue.

The Closing Date for acceptance of the Rights Issue is 5:00pm (Sydney time) on 12 November 2014.

Approximately 232,778,844 of the New Shares are being offered to New Zealand resident Shareholders, and this Investment Statement and Prospectus is required under New Zealand securities laws in order to make the Offer to New Zealand resident Shareholders. The exact number of New Shares being offered to New Zealand resident Shareholders will be determined on the Record Date. King Solomon Mines is taking advantage of exemptions under Australian securities laws, which means that a prospectus or disclosure document is not required in Australia for the purpose of making the Offer to Australian resident Shareholders. However the terms of the Offer are the same for all Shareholders in Australia and New Zealand.

Your Entitlement to New Shares is set out in the enclosed Entitlement and Acceptance Form, and instructions on how to apply for your Entitlement are set out in Section 3 and in the Investment Statement on pages 23 to 27.

Background

Over the past year the Company has sought buyers for its principal project Sonid North in Inner Mongolia, China. A sale has yet to be concluded.

The Company has also reviewed a number of potential new projects for acquisition. The Company is continuing with this approach.

Funding

The three-for-two renounceable fully underwritten Rights Issue at A\$0.002 per share will raise A\$919,188 before costs. The funds will be used to provide capital for the Company to undertake exploration work on its projects in Inner Mongolia, China and on other projects it may acquire, and to search for new business opportunities in the resource project area.



The Board has decided that the best way to fund the working capital needs of the Company is via a combination of a private placement and a Rights Issue. The private placement was announced on 25 September 2014 at a price of A\$0.003 per Share with a total raised of A\$68,335. This Rights Issue is the next funding step.

The Board thanks all Shareholders for their continuing interest and ongoing support.

Yours sincerely

A handwritten signature in black ink, appearing to read 'sgmcpmail', written in a cursive, flowing style.

Stephen McPhail
Managing Director



1. MAIN TERMS OF THE OFFER

1.1 The Offer

Under this Offer Document, the Company is offering, by way of a pro-rata, renounceable Rights Issue, 459,594,209 New Shares (subject to the rounding up of Entitlements) in the Company to Eligible Shareholders on the basis of three New Shares for every two existing Shares held on the Record Date at an issue price of A\$0.002 per New Share, to raise A\$919,188 before costs. New Zealand resident Shareholders may alternatively pay in New Zealand dollars at a price of NZ\$0.0022 per New Share (based on an exchange rate fixed by King Solomon Mines of NZ\$1.00 equals \$0.896 Australian dollars).

The Company currently has 1,600,000 Options on issue each with an exercise price of A\$0.12. Each Option entitles the holder, upon payment of the applicable exercise price, to subscribe for one Share. Only if the Options have been exercised and the Shares have been issued before the Record Date will these Shares participate in the Rights Issue. The number of New Shares issued may, therefore, increase if some or all of these Options are exercised prior to the Record Date. If all of the Options that can be exercised are exercised, the number of Shares on issue prior to the New Shares being issued will increase by 1,600,000.

The Offer is made on a renounceable basis. This means that your Entitlement under this Offer Document is transferable and you may renounce (sell) any Entitlement that you do not wish to accept. Any portion of your Entitlement that you decide not to accept by the Closing Date will lapse and the New Shares the subject of that Entitlement will form part of the Shortfall and will be available to the Underwriter, as detailed in Section 1.3.

No Overseas Offers

This Investment Statement and Prospectus has been prepared in compliance with New Zealand securities laws for the purpose of making the Offer to New Zealand resident Shareholders only, and does not constitute an offer in any jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer. Where this Investment Statement and Prospectus has been despatched to investors domiciled outside New Zealand and where that country's securities code and legislation requires registration, this Investment Statement and Prospectus is provided for information purposes only. Non-resident investors should consult their professional advisers as to whether any governmental or other consents are required or whether formalities need to be observed to enable them to participate in the Shortfall.

Stock Exchange Listing

Application will be made to ASX for permission to list the Rights and the New Shares. However, ASX accepts no responsibility for any statement in this Investment Statement and Prospectus. If the ASX does not grant permission for quotation of the Rights or the New Shares offered pursuant to this Investment Statement and Prospectus within three months after the date of this Investment Statement and Prospectus, or such longer period as is permitted, none of the New Shares offered by this Investment Statement and Prospectus will be allotted or issued. In these circumstances, the Company will repay all Application Monies, without interest.

ASX is not defined as a "registered exchange" under New Zealand securities laws, and accordingly, for the purposes of New Zealand securities laws, the Rights and the New Shares have not been approved for trading on a "registered exchange". The Company will not seek listing of the Rights or the New Shares on the New Zealand Stock Exchange.



1.2 Closing Date

The Closing Date for the Rights Issue is 5:00pm (Sydney time) on 12 November 2014. No Applications for New Shares pursuant to the Rights Issue received after this time will be accepted. The Directors reserve the right to extend the Closing Date where permitted by the ASX Listing Rules.

1.3 Underwriting and Shortfall

The Offer is underwritten by Taylor Collison Limited. Details of the Underwriting Agreement are set out in Section 8. The price of shares issued to the Underwriter will not be less than A\$0.002.

Pursuant to ASX Listing Rule 7.2 (exception 2), any allocation of the Shortfall to the Underwriter or any sub-underwriter (if appointed) in accordance with the Underwriting Agreement, will not count towards the Company's 15% threshold under ASX Listing Rule 7.1, provided the Underwriter receives the New Shares within 15 business days after the close of the Offer.

Pursuant to ASX Listing Rule 7.2 (exception 3), any allocation of the Shortfall to persons other than the Underwriter or any sub-underwriter (if appointed) in accordance with the Underwriting Agreement, will not count towards the Company's 15% threshold under ASX Listing Rule 7.1, provided that the Company makes the issue within three months after the close of the Offer and the issue price is not less than the price at which the Shares were offered under the Offer. The Directors in conjunction with the Underwriter reserve the right to issue the Shortfall at their discretion.

Underwriting of Shortfall, Sub-underwriting by Messrs O'Loughlin and Taylor

Messrs O'Loughlin and Taylor, Directors of King Solomon Mines, have agreed to act as sub-underwriters to the issue. They have advised the Company that they have agreed to act as a sub-underwriter for any Shortfall to the issue up to a maximum of 15,000,000 shares each (A\$30,000 each). Neither are current shareholders. If they receive no shares as sub-underwriter their holding will remain at 0% and if they receive the maximum 15,000,000 of the Shortfall shares as sub-underwriter their holding will increase to 1.96% each. They will not receive a sub-underwriting fee.

1.4 Indicative Timetable and Important Dates*

Event	Date
Registration of short form prospectus with Registrar of Financial Service Providers	10 October 2014
Initial announcement of Rights Issue, lodgement of Appendix 3B with ASX	10 October 2014
Despatch of Rights Issue Offer Letter to shareholders	21 October 2014
Existing Shares are quoted on an 'ex' entitlement basis and Rights trading commences	22 October 2014
Record Date for determining entitlements to participate in the Offer	24 October 2014
Despatch of Rights Issue Offer Document, and Entitlement and Acceptance Form	29 October 2014
Rights trading ends	5 November 2014
Offer Closing Date (5:00 pm Sydney time)	12 November 2014
Company notifies ASX of under subscriptions / Shortfall	17 November 2014



Allotment of New Shares, despatch of holding statements (i.e. the Issue Date)	19 November 2014
Trading on ASX of New Shares on a normal settlement basis	20 November 2014

* The above dates (other than the date of the announcement of the Offer and the date of lodgement of the Offer Document with ASX) are indicative only and may change without notice. Subject to the Securities Act 1978 and the ASX Listing Rules, the Company reserves the right to extend the Closing Date or close the Offer without further notice. A change to the Closing Date may cause other dates to change. Any changes will be announced through ASX.

The Directors reserve the right not to proceed with whole or part of the Offer at any time prior to the allotment of the New Shares, in which case, the relevant Application Monies will be returned without interest.

1.5 Price

The New Shares offered pursuant to the Rights Issue will be issued at a price of A\$0.002 per New Share.

1.6 Eligibility and Entitlement

All registered King Solomon Mines Shareholders as at the Record Date whose registered addresses are within Australia or New Zealand will be eligible to participate in the Rights Issue (**Eligible Shareholders**).

The Company has decided that the Rights Issue will not be extended to shareholders with registered addresses outside Australia or New Zealand as the Company has formed the view that it would be unreasonable to extend the Offer in such a way having regard to:

- (a) the number of shareholders in each place outside Australia and New Zealand, both specifically and as a proportion of the total issued Shares of the Company;
- (b) the number and value of New Shares to be offered to shareholders outside Australia and New Zealand; and
- (c) the costs of complying with the laws and legal requirements, and requirements of regulatory authorities, in overseas jurisdictions.

The number of New Shares to which an Eligible Shareholder is entitled under the Offer is shown on the personalised Entitlement and Acceptance Form accompanying each hard copy of this Offer Document sent to Eligible Shareholders.

A summary of the actions required by Eligible Shareholders under the Rights Issue is set out in Section 3 of this Offer Document and a detailed explanation is set out at pages 23 - 27.

1.7 Ineligible Shareholders

No Offer will be made to Shareholders with a registered address outside Australia or New Zealand (**Ineligible Shareholders**).

Pursuant to ASX Listing Rule 7.7, the Company has appointed Taylor Collison Limited (AFSL 247083) (Nominee) to arrange for the sale of the Entitlements that would have been given to Ineligible Shareholders and to account to them for the net proceeds of the sale (if any)..

The Nominee will direct the proceeds of sale (if any) to the Company or other party upon its instruction to facilitate pro-rata payments to Ineligible Shareholders. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold, and the manner in which any sale is made.



Any interest earned on the proceeds of the sale of these Entitlements, will firstly be applied against the expenses of such sale, including brokerage, and any balance will accrue to the relevant Ineligible Shareholder as described below.

The net proceeds of the sale of these Entitlements (if any) will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, the proceeds may be retained by the Company.

Notwithstanding that the Nominee must sell the Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

1.8 Record Date

The Record Date to participate in the Rights Issue is 7:00pm (Sydney time) on 24 October 2014.

1.9 Ranking

New Shares issued pursuant to the Rights Issue will rank equally with existing fully paid ordinary Shares on issue.

1.10 Minimum Subscription

There is no minimum subscription under the Offer.

1.11 Allotment of New Shares

New Shares issued pursuant to duly completed Entitlement and Acceptance Forms will be allotted no later than five Business Days after the Closing Date. However, no New Shares will be issued until the proceeds of the Rights Issue have been received and permission has been granted by ASX for quotation of the New Shares on ASX.

Application Monies will be held in trust for the Applicants until allotment of the New Shares. Any interest earned on the Application Monies will be for the benefit of King Solomon Mines and will be retained by King Solomon Mines whether or not allotment takes place.

A completed and lodged Entitlement and Acceptance Form (together with a cheque or evidence of payment for the Application Monies by electronic means to King Solomon Mines' satisfaction) constitutes a binding and irrevocable Application for the number of New Shares specified in the Entitlement and Acceptance Form. The Entitlement and Acceptance Form does not need to be signed to be a binding Application.

1.12 Rounding

In determining Entitlements to New Shares pursuant to the Rights Issue, fractional Entitlements will be rounded up.

1.13 Taxation Implications

Shareholders should be aware that there may be taxation implications in relation to Entitlements under the Rights Issue. These taxation implications will vary between different Shareholders. Shareholders should seek, and rely on, their own taxation advice regarding an investment in the Company. Neither the Company, nor any of its officers, employees,



agents or advisers, accept any liability or responsibility with respect to the taxation consequences connected with the Rights Issue.

1.14 CHESS

The Company participates in the security transfer system known as CHESS. CHESS is operated by ASTC, a wholly-owned subsidiary of ASX, in accordance with the ASX Listing Rules and the ASTC Settlement Rules.

Under CHESS, Eligible Shareholders will not receive a share certificate but will receive a statement of holding of New Shares. If you are broker-sponsored, and you take up all or part of your Entitlement, ASTC will send you a CHESS statement. The CHESS statement will set out the number of New Shares issued to you under this Offer Document, and provide details of your holder identification number and the participant identification number of the sponsor. If you are registered on the issuer-sponsored sub-register, and you take up all or part of your Entitlement, your statement will be despatched by the Share Registry, and will contain the number of New Shares issued to you under this Offer Document and a security holder reference number. A CHESS statement or issuer-sponsored statement will routinely be sent to holders of Shares at the end of any calendar month during which the balance of their holding of Shares changes. Holders of Shares may request a statement at any other time. However, a charge may be made for additional statements.

1.15 Privacy Act

As a Shareholder, the Company and the Share Registry have already collected certain personal information from you. If you apply for New Shares, the Company and the Share Registry may update that personal information or collect additional personal information. The Company and the Share Registry will collect, hold and use such information to assess your Application, service your needs as an investor, provide facilities and services that you request, and carry out appropriate administration. Tax and company law requires some of the information to be collected in connection with your Application. If you do not provide the information requested, your Application may not be able to be processed efficiently or at all. The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers.

Under the Privacy Act, you may request access to your personal information held by (or on behalf of) the Company or the Share Registry. You can request access to your personal information by telephoning the Share Registry as follows:

Computershare Investor Services Pty Limited
Telephone: 1300 850 505 (within Australia) or +61 3 9415 4000 (for overseas callers).

1.16 Enquiries

Any questions concerning your shareholding should be directed to Computershare Investor Services Pty Limited by telephoning 1300 850 505 (within Australia) or +61 3 9415 4000 (for overseas callers).

Any questions relating to Entitlement and Acceptance Form or this Offer Document should be directed to Mr Stephen McPhail, Managing Director, at 1800 061 569 (within Australia) or +64 6 364 8462 (for overseas callers).



2. USE OF PROCEEDS AND EFFECT OF THE RIGHTS ISSUE ON THE COMPANY'S CAPITAL

2.1 Use of Proceeds of the Rights Issue

ACTIVITY	BUDGETED AMOUNT
Exploration on the Company's current projects and on any new projects acquired	\$419,000
New project investigation activities	\$60,000
Issue costs including underwriting fees	\$86,000
Corporate costs	\$149,000
Working capital	\$205,188
Total	\$919,188

2.2 Effect of Rights Issue on the Company

The principal effect of the Rights Issue will be to:

- (a) increase the Company's cash reserves, initially by A\$919,188 (before deducting the costs of the Rights Issue) immediately after completion of the Rights Issue;
- (b) provide the Company with additional capital for the purposes referred to in Section 2.1 of this Offer Document; and
- (c) increase the number of Shares on issue from 306,396,139 Shares as at the date of this Offer Document to 765,990,348 Shares (see Section 2.3 of this Offer Document), assuming none of the Options currently on issue are exercised prior to the Record Date.

Eligible Shareholders who take up their Entitlement will not have their holdings diluted by the Rights Issue.

Any New Shares that are not taken up as part of the Offer will be available to be part of a placement of the Shortfall. The holding of any Shareholder who does not exercise all of their rights under the Entitlement will be diluted.

2.3 Capital Structure

As the Rights Issue will be fully subscribed, the effect of the Rights Issue on the capital structure of the Company will be as follows:

Shares currently on issue	306,396,139
Number of Shares to be issued under this Offer Document (subject to rounding)	459,594,209
Total Shares on issue after the completion of the Rights Issue	765,990,348

The above assumes no Options are exercised prior to the Record Date.

Eligible Shareholders who take up their full Entitlements will not have their shareholdings diluted as a result of the Rights Issue. Eligible Shareholders who do not participate in full or at all will have their holdings diluted and the holdings of Excluded Shareholders will be diluted.



Any New Shares that are not taken up by an Eligible Shareholder will be available to be part of a placement of the Shortfall by the Underwriter.

2.4 Options on Issue

There are currently 1,600,000 Options on issue. Each Option entitles the holder, upon payment of the applicable exercise price, to subscribe for one Share. Details of these Options are:

Exercise Price	Expiry Date of Options	Number of Options as at 10 October 2014
A\$0.12	29 July 2016	1,600,000

Only if the Options have been exercised and the Shares issued before the Record Date will these Shares participate in the Rights Issue. The number of New Shares issued may, therefore, increase if some or all of these Options are exercised prior to the Record Date. If all of the Options that can be exercised are exercised, the number of Shares on issue prior to the New Shares being issued will increase by 1,600,000.

3. ACTION REQUIRED BY SHAREHOLDERS

3.1 What Eligible Shareholders may do

The number of New Shares to which Eligible Shareholders are entitled to is shown on the accompanying personalised Entitlement and Acceptance Form. Eligible Shareholders may:

- accept all of their Entitlement;
- sell all of their Entitlement on ASX;
- accept a proportion of their Entitlement and sell the balance on ASX;
- accept a proportion of their Entitlement and allow a balance to lapse;
- sell all or a proportion of their Entitlement other than on ASX ; or
- not take up their Entitlement.

Please see the instructions and payment information under “How Much Do I Pay ?” on pages 23 to 27 of this Offer Document and follow the steps set out there for the action you wish to take.

3.2 Entitlement not taken up

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enables Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX. If you do not wish to accept any of your Entitlement under the Offer, you are not obliged to do anything. You will receive no benefit or New Shares and your Entitlement under the Offer will become Shortfall Shares.

The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.



If you do nothing, you will not get any New Shares. The Directors recommend that you accept all or part of your Entitlement. However, if you wish to sell any of your Rights, you must do so before Rights trading ceases on 5 November 2014.

Please note that if you do not accept all or part of your Entitlement in accordance with the instructions set out above, any Entitlement not accepted will form part of the Shortfall. Please also note that post-dated cheques will not be accepted. If the full amount of the Application Monies is not paid upon application or a cheque does not clear, your application may be rejected or any allocation of New Shares made to you may be cancelled. An application will constitute an irrevocable offer by you to acquire the number of New Shares specified, on the terms and conditions set out in this Investment Statement and Prospectus and the Entitlement and Acceptance Form. By submitting an application you agree to be bound by these terms and conditions and the Constitution. Applications cannot be revoked or withdrawn and Application Monies will not, therefore, be refunded. You should note that the Board reserves the right to extend the Offer and that such extension may result in the dates referred to in the table on page 10 of this Offer Document being altered. Any such changes will be advised through the ASX companies' announcements platform.

3.3 Enquiries concerning your Entitlement

If you have any questions relating to your Entitlement under the Offer, please contact the Company, at 1800 061 569 (within Australia) or +64 6 364 8462 (for overseas callers).

3.4 Declarations and certifications

You must make your application for New Shares in accordance with this Offer Document and the personalised Entitlement and Acceptance Form. King Solomon Mines reserves the right to reject applications not made in this way.

King Solomon Mines also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or if they or their nominees fail to provide information to substantiate their claims.

Submitting an Application constitutes a binding offer to acquire New Shares on the terms and subject to the conditions set out in this Offer Document and Entitlement and Acceptance Form and, once lodged, cannot be withdrawn.

You do not need to sign the personalised Entitlement and Acceptance Form for it to be considered binding.

An Application may still be treated as a valid Application for New Shares even if it is not completed or submitted correctly. The Company's decision whether to treat an Application as valid and how to construe, amend, complete or submit the Application is final.

By completing and returning your Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY®, you will be deemed to have acknowledged, represented and warranted:

- (a) that you are an Eligible Shareholder and have read and understood this Offer Document and the personalised Entitlement and Acceptance Form and that you acknowledge the matters, and make the warranties and representations and agreements, contained in this Offer Document and the personalised Entitlement and Acceptance Form;



- (b) that on behalf of yourself or each person on whose account you are acting that the law in your place of residence or where you have been given the Offer Document and Entitlement and Acceptance Form does not prohibit you from being given the Offer Document and Entitlement and Acceptance Form; and
- (c) that you:
 - (i) declare that you are eligible to participate in the Entitlement Offer;
 - (ii) offer to acquire the New Shares on the terms and subject to the conditions set out in this Offer Document;
 - (iii) agree to be bound by the terms of this Offer Document and the provisions of the Company's constitution;
 - (iv) authorise the Company to register you as the holder of the New Shares allotted to you;
 - (v) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
 - (vi) declare that you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the Entitlement and Acceptance Form;
 - (vii) acknowledge that once the Company receives the completed Entitlement and Acceptance Form, you may not withdraw it;
 - (viii) agree to apply for, and be issued with up to, the number of New Shares that you apply for at the offer price of A\$0.002 (NZ\$0.0022) per New Share;
 - (ix) agree to be issued the number of New Shares that you apply for;
 - (x) authorise the Company and its respective officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Share Registry, upon using the contact details set out in the Entitlement and Acceptance Form;
 - (xi) agree that the allotment of New Shares to you constitutes acceptance of your Application;
 - (xii) acknowledge that the information contained in, or accompanying, the Offer Document is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
 - (xiii) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any jurisdiction and, accordingly, the New Shares may not be offered, sold or otherwise transferred in a jurisdiction outside Australia or New Zealand except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws;



- (xiv) agree to provide (and direct your nominee or custodian to provide) substantiation of your eligibility or of your holding of Shares upon request;
- (xv) declare that you are the current registered holder of Shares and are a resident of Australia or New Zealand and are not in the United States or a U.S. Person, or acting for the account or benefit of a U.S. Person;
- (xvi) agree that if in the future you decide to sell or otherwise transfer the New Shares, you will only do so outside the United States in a standard (regular way) brokered transaction on the ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or person that is a U.S. Person or that is acting for the account or benefit of a U.S. Person, in accordance with Regulation S under the U.S. Securities Act; and
- (xvii) have not, and will not, send any materials relating to the Offer to any person in the United States or that is, or is acting for the account or benefit of, a U.S. Person.

4. PROSPECTS, INCLUDING RISKS

King Solomon Mines is engaged in exploring for gold and copper in Inner Mongolia, China.

King Solomon Mines owns a 100% interest in two exploration licences, which contain its two exploration projects in Inner Mongolia, China. The Company has explored these projects over the past few years and concluded that they do not have the potential for discovery of a minerals resource of sufficient size to justify further work by King Solomon Mines. The Company has sought buyers for its principal project Sonid North in Inner Mongolia, China over the past year. A sale has yet to be concluded.

During the year, the Company sold two of its projects. The Company has also reviewed a number of potential new projects for acquisition and has concluded that having a reasonable level of cash would assist this process. The funds raised through this Rights Issue should place the Company in a strong position in its negotiations to acquire a new project(s).

There are certain special trade factors and risks that could materially affect the prospects of the Company. These risks are set out under the heading "What are my risks?" on pages 28 to 35.



5. ISSUE EXPENSES

The Company estimates that its costs in respect of the Offer will be A\$86,000 (plus GST):

Legal costs	\$14,000
Printage / Postage	\$6,000
Registry	\$5,000
Listing fees	\$6,000
Underwriting fee	<u>\$55,000</u>
	\$86,000

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter:

- (a) an underwriting fee of 5% of A\$919,188 (the amount underwritten pursuant to the Underwriting Agreement);
- (b) a management fee of 1% of A\$919,188 (GST exclusive); and

The Underwriter may, within 45 days of close of the Offer, elect to place up to 68,900,000 new shares at A\$0.002 per share to its clients. The Company has agreed to pay a placement fee of 6% (GST exclusive) of the gross amount raised by the placement of these shares to the Underwriter.

The Underwriter may elect to take its fees as Shares in the Company at A\$0.002 per Share.

6. FINANCIAL STATEMENTS

The date of the statement of financial position included in the most recent audited financial statements of the Company is 31 March 2014. A copy of the Company's 2014 Annual Report can be obtained free of charge on request to the Company at 242 Marine Parade, P.O. Box 15 005, Otaki 5542, New Zealand. It may also be obtained free of charge from the Company's website www.kingsolomonmines.com or the ASX website www.asx.com.au under the security code "KSO".



7. INVESTMENT STATEMENT INFORMATION – ANSWERS TO IMPORTANT QUESTIONS

This Investment Statement set out on page 3, and 20 to 37 of this Offer Document is dated 10 October 2014 and is an Investment Statement for the purposes of the Securities Act 1978 and the Securities Regulations 2009. The Prospectus to which this Investment Statement relates forms part of this Offer Document.

What sort of investment is this?

Offer

This is pro-rata, renounceable Rights Issue by King Solomon Mines Limited of 459,594,209 New Shares (subject to the rounding up of Entitlements) in the Company to Eligible Shareholders on the basis of three New Shares for every two existing Shares held on the Record Date, at a price of NZ\$0.0022 per New Share to New Zealand resident Shareholders (based on an exchange rate fixed by King Solomon Mines of NZ\$1.00 equals \$0.896 Australian dollars) and A\$0.002 per New Share to Australian resident Shareholders, payable on application. New Zealand resident Shareholders may alternatively pay A\$0.002 per New Share by subscribing in Australian dollars. Assuming this Offer is fully subscribed, the New Shares will represent 60.0% of King Solomon Mines' issued ordinary shares after allotment of the New Shares.

Your Entitlement to be issued New Shares under this Offer (the Right) is Renounceable, meaning that you may accept your Rights either in full or in part but that any Rights you choose not to accept may be sold and some benefit may be received in respect of those Rights. However, the ability to trade Rights will be dependent on there being a demand from prospective purchasers of the Rights. Eligible Shareholders may not apply for New Shares in excess of the Entitlement. Application Monies for New Shares in excess of Entitlements by \$1 or more will be refunded without interest. Refunds will be posted within seven calendar days of allotment of the New Shares following the close of the Offer. Due to the administrative cost of making refunds, Application Monies in excess of Entitlements by less than \$1 will not be refunded.

New Shares

Each New Share issued will be a fully paid ordinary share and shall rank equally in all respects with the Existing Shares in the Company at the time of issue and will provide you with the right to:

- an equal share with other ordinary shares in the Company in dividends, if any, authorised by the Board;
- attend and vote at meetings of the Company, including the right to cast one vote on a poll held at such meetings;
- receive certain Company information;
- an equal share with other ordinary shares in the Company in the distribution of any surplus assets on liquidation of the Company; and
- other rights conferred on shareholders by the Constitution and the Companies Act.

The above is a summary of some of the principal rights of Shareholders pursuant to the Constitution. It does not purport to constitute an exhaustive or definitive statement of the



rights and liabilities of the Shareholders. Investors are accordingly encouraged to inspect the Constitution. The Constitution may be viewed during normal business hours at the Registered Office of the Company (the address of which is set out on page 5 of this Offer Document) or online at the website of the Company (www.kingsolomonmines.com), the Registrar of Financial Service Providers (www.business.govt.nz/fsp), or the ASX (www.asx.com.au).

The rights and liabilities attaching to the Shares are also regulated by the New Zealand Companies Act, the general law and the Listing Rules of the ASX.

Application will be made to ASX for permission to list the Rights and the New Shares. However, ASX accepts no responsibility for any statement in this Investment Statement and Prospectus. If the ASX does not grant permission for quotation of the Rights or the New Shares offered pursuant to this Investment Statement and Prospectus within three months after the date of this Investment Statement and Prospectus, or such longer period as is permitted, none of the New Shares offered by this Investment Statement and Prospectus will be allotted or issued. In these circumstances, the Company will repay all Application Monies, without interest.

ASX is not defined as a “registered exchange” under New Zealand securities laws, and accordingly, for the purposes of New Zealand securities laws, the Rights and the New Shares have not been approved for trading on a “registered exchange”. The Company will not seek listing of the Rights or the New Shares on the New Zealand Stock Exchange.

Underwriting

The Offer is underwritten by Taylor Collison Limited and there is no minimum subscription. The Underwriter will receive a management fee of 1% of all monies raised and an underwriting fee of 5% of the amount raised by the issue. Details of the underwriting agreement are set out in Section 8. The price of shares issued through the Underwriter will not be less than A\$0.002.

Other terms

All other terms of this Offer and the New Shares are contained in this Investment Statement and Prospectus, with the exception of those rights and obligations implied by law or set out in the Company’s Constitution.

Who is involved in providing it for me?
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Names and addresses - Issuer

The issuer of the New Shares that are subject to this Investment Statement and Prospectus is King Solomon Mines Limited (NZ registered company number 1268538; ARBN 122 404 666).

New Zealand Registered Office:

King Solomon Mines Limited,
242 Marine Parade,
Otaki 5542, New Zealand



Our registered office address may change from time to time, and details of our current registered office can be obtained from the Companies Office website at www.companies.govt.nz by searching for “King Solomon Mines”.

At the date of the Investment Statement and Prospectus, our Directors are:

Mr Christopher D Castle
Mr Stephen J McPhail
Mr Simon T O’Loughlin
Mr Simon J R Taylor

Our Directors may change from time to time, and a list of our current Directors can be obtained from the Companies Office website at www.companies.govt.nz by searching for “King Solomon Mines”.

Experienced Board

The Company has a strong Board. The experience of long-serving Directors Christopher Castle and Stephen McPhail was presented in the Annual Report released to ASX on 30 June 2014. Backgrounds for these two new Directors are set out below.

Mr Simon Taylor BSc, M A I G

Non-Executive Director

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

Simon is currently a non-executive director of Chesser Resources Limited and Oklo Resources Limited.

Mr Simon O’Loughlin BA (Acc)

Non-Executive Director

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

Simon is a non-executive director of Lawson Gold Ltd, Goldminex Resources Limited, WCP Resources Limited, Crest Minerals Limited, Chesser Resources Limited and Petrathern Limited.

Activities

King Solomon Mines, which was incorporated on 28 January 2003, is a mining company which is exploring for gold and copper in Inner Mongolia, China.

King Solomon Mines owns a 100% interest in two exploration licences, which contain its two exploration projects in Inner Mongolia, China. The Company has explored these projects



over the past few years and concluded that they do not have the potential for discovery of a minerals resource of sufficient size to justify further work by King Solomon Mines. The Company holds the rights to these exploration projects through a 90% equity interest in Inner Mongolia Plate Mining Limited (Plate), a Sino-foreign incorporated joint venture, which holds the two exploration licences referred to above. The remaining 10% interest in Plate is held by Inner Mongolia Ao Meng Xin Economic and Trade Co., Ltd (AMX), which is jointly owned by Fu La, who is a past Director of the Company, and his wife Na Dong. The rights of the Company and AMX, as shareholders of Plate, are governed by an equity joint venture contract. AMX holds its 10% interest in Plate on trust for the Company.

The Company has sought buyers for its principal project Sonid North in Inner Mongolia, China over the past year. A sale has yet to be concluded. The Company has reviewed a number of potential new projects for acquisition and has concluded that having a reasonable level of cash would assist this process. The funds raised through this Rights Issue should place the Company in a strong position in its negotiations to acquire a new project(s). The Company is continuing with this approach. The additions of Simon O'Loughlin and Simon Taylor to the Board will also assist this process through the skills and experience they bring to the Company.

King Solomon Mines has operations in New Zealand (Otaki based head office) and is listed on the Australian Securities Exchange (ASX: KSO).

How much do I pay?

Share Price

You must apply for a specific number of New Shares and you must pay the full subscription price on application. The New Zealand dollar subscription price is NZ\$0.0022 per Share for New Zealand resident investors (based on an exchange rate fixed by King Solomon Mines of NZ\$1.00 equals \$0.896 Australian dollars). New Zealand resident Shareholders may alternatively pay A\$0.002 per New Share and subscribe in Australian dollars.

Acceptance of the Offer

The number of New Shares to which you are entitled is set out in the Entitlement and Acceptance Form accompanying this Investment Statement and Prospectus. Applications for New Shares must be made so as to be received no later than 5 p.m. (AEST time) on 12 November 2014 (Closing Date). The Directors reserve the right to extend the Closing Date. To subscribe for a certain number of New Shares, you must send the total subscription payable for those New Shares (the Application Monies), together with a completed Entitlement and Acceptance Form (accompanying this Investment Statement and Prospectus), to King Solomon Mines. Any Application Monies paid by you for New Shares will be held on trust for you until the Company effects the issue to you of the relevant number of New Shares, at which time the relevant funds will be released beneficially to the Company. Listed below are the steps to be taken if you wish to:

- accept all of your Entitlement ;
- sell all of your Entitlement on ASX ;
- accept a proportion of your Entitlement and sell the balance on ASX ;
- accept a proportion of your Entitlement and allow a balance to lapse ;
- sell all or a proportion of your Entitlement other than on ASX or



not take up their Entitlement .

Acceptance of ALL of your Entitlement under the Offer

If you wish to accept your Entitlement to New Shares in full, you should complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on the form and submit your acceptance either electronically by BPAY® or together with a cheque by mail to reach the Share Registry prior to the Closing Date. Please read the instructions carefully.

Payment by cheque

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian or New Zealand currency, crossed "Not Negotiable" and made payable to "King Solomon Mines Limited" and be lodged at any time after the Opening Date, and on or before the Closing Date, with the Company (by post) at:

King Solomon Mines Limited
P.O. Box 15 005
Otaki 5542
New Zealand

Payment by BPAY®

Alternatively, Entitlements may be accepted electronically using BPAY®, in which case you are not required to return the Entitlement and Acceptance Form. You can simply make your payment for the total number of New Shares accepted by using the Biller Code and the personalised Reference Number set out in your Entitlement and Acceptance Form. You must ensure that acceptance and payment by BPAY® is received no later than 5:00pm (Sydney Time) on 12 November 2014.

Instructions for making payment by BPAY® are set out in your Entitlement and Acceptance Form. You should be aware that your own financial institution may impose earlier cut-off times with regards to electronic payments and you should therefore take this into consideration when making payment.

Selling ALL of your Entitlement on ASX

The Entitlements under the Offer are renounceable, which means that all or part of an Eligible Shareholder's Entitlement may be traded on ASX. If you wish to sell all of your Entitlement on ASX, provide instructions to your stockbroker regarding the Entitlement which you wish to sell on ASX. Trading of Entitlements will commence on ASX on 22 October 2014 and will cease on 5 November 2014.

There is no guarantee that an Eligible Shareholder will be able to sell all or any part of their Entitlement on ASX or that any particular price will be paid for the Entitlements sold on ASX.

Acceptance of PART of your Entitlement and selling the balance on ASX

Should you wish to only take up part of your Entitlement, then applications for New Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document, in accordance with the instructions referred to in this Offer Document, and on the Entitlement and Acceptance Form. Please read the instructions carefully.

**Payment by cheque**

Complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the Application Monies (calculated at NZ\$0.0022 or A\$0.002 per New Share accepted).

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian or New Zealand dollars, crossed "Not Negotiable" and made payable to "King Solomon Mines Limited" and be lodged at any time after the Opening Date, and on or before the Closing Date with the Company (by post) at the address listed on page 24.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

Payment by BPAY®

If paying via BPAY®, you should be aware that your own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Shareholder to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form, and you will not need to return the Entitlement and Acceptance Form.

Subsequently, provide instructions to your stockbroker regarding the proportion of your Entitlement you wish to sell on ASX.

Acceptance of PART of your Entitlement and allowing the balance to lapse

Should you wish to only take up part of your Entitlement, then applications for New Shares under this Offer Document must be made on the Entitlement and Acceptance Form that accompanies this Offer Document, in accordance with the instructions referred to in this Offer Document, and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of New Shares you wish to accept and the Application Monies (calculated at NZ\$0.0022 or A\$0.002 per New Share accepted).

Payment by cheque

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian or New Zealand currency, crossed "Not Negotiable" and made payable to "King Solomon Mines Limited", and be lodged at any time after the Opening Date, and on or before the Closing Date with the Company (by post) at the address listed on page 24.

Payment by BPAY®

If paying via BPAY®, you should be aware that your own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Shareholder to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form, and you will not need to return the Entitlement and Acceptance Form.

If you take no further action, the balance of your Entitlement will lapse and you will have forfeited any potential benefit to be gained from taking up or selling that part of your Entitlement.



Selling all or a proportion of your Entitlement other than on ASX

You may elect to transfer all or a proportion of your Entitlement to another person other than on ASX. If the purchaser of your Entitlement is an Ineligible Shareholder or a person that would be an Ineligible Shareholder were they a registered holder of Shares, that purchaser will not be able to take up the Entitlement they have purchased.

If you are a Shareholder on the issuer-sponsored sub-register and you wish to transfer all or a proportion of your Entitlement to another person, other than on ASX, forward a completed standard renunciation and transfer form (obtainable from the Share Registry) accompanied by the applicable transferee's cheque for the New Shares they wish to subscribe for in in Australian or New Zealand currency, crossed "Not Negotiable" and made payable to "King Solomon Mines Limited" and lodged at any time after the Opening Date and no later than 5:00pm (Sydney Time) on 12 November 2014 with the Company (by post) at the address listed on page 24.

If you wish to transfer all or a proportion of your Entitlement to or from another person on the CHESS sub-register, you must engage your CHESS controlling participant (usually your stockbroker). If the transferee wants to exercise some or all of the Entitlement, you should follow your stockbroker's instructions as to the most appropriate way to take up the Entitlement on their behalf.

If the Share Registry receives both a completed renunciation form and a completed Entitlement and Acceptance Form in respect of the same Entitlement, the renunciation will be given effect in priority to the acceptance.

Payment by cheque

The Application Monies for New Shares the transferee of the Entitlement wants to acquire must be received by the Share Registry by a cheque in Australian or New Zealand currency, crossed "Not Negotiable" and made payable to "King Solomon Mines Limited" and lodged at any time after the issue of the Opening Date and no later than 5:00pm (Sydney Time) on 12 November 2014 with the Company (by post) at the address listed on page 24.

Payment by BPAY®

If paying via BPAY®, you should be aware that your own financial institution may implement earlier cut off times with regards to electronic payment and it is the responsibility of the Shareholder to ensure that funds are submitted through BPAY® by the date and time mentioned above. If you elect to pay via BPAY®, you must follow the instructions for BPAY® set out in the Entitlement and Acceptance Form, and you will not need to return the Entitlement and Acceptance Form.

Entitlement not taken up

Shareholders should be aware that their Entitlement may have value. Entitlements are renounceable, which enables Eligible Shareholders who do not wish to take up part or all of their Entitlement to seek to sell or trade all or some of their Entitlement on ASX. If you do not wish to accept any of your Entitlement under the Offer, you are not obliged to do anything. You will receive no benefit or New Shares and your Entitlement under the Offer will become Shortfall Shares.

The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your Entitlement.



If you do nothing, you will not get any New Shares. The Directors recommend that you accept all or part of your Entitlement. However, if you wish to sell any of your Rights, you must do so before Rights trading ceases on 5 November 2014.

Please note that if you do not accept all or part of your Entitlement in accordance with the instructions set out above, any Entitlement not accepted will form part of the Shortfall. Please also note that post-dated cheques will not be accepted. If the full amount of the Application Monies is not paid upon application or a cheque does not clear, your application may be rejected or any allocation of New Shares made to you may be cancelled. An application will constitute an irrevocable offer by you to acquire the number of New Shares specified, on the terms and conditions set out in this Investment Statement and Prospectus and the Entitlement and Acceptance Form. By submitting an application you agree to be bound by these terms and conditions and the Constitution. Applications cannot be revoked or withdrawn and Application Monies will not, therefore, be refunded. You should note that the Board reserves the right to extend the Offer and that such extension may result in the dates referred to in the table on page 10 of this Investment Statement and Prospectus being altered. Any such changes will be advised through the ASX companies' announcements platform.

What are the charges?

There are no charges payable to the Company by subscribers for the New Shares other than the subscription price per New Share. The sale or purchase of the Rights and/or Shares on ASX is likely to attract brokerage fees and charges.

All expenses in respect of this Offer are being met by the Company. The Company estimates that its costs (including underwriting) in respect of the Offer will be A\$86,000 plus GST.

What returns will I get?

Sale of Rights

The return (if any) from selling Rights will depend on the price for which they are sold (if they are sold), which will depend on the price of the Rights as quoted on the ASX when they are sold, and there being demand from prospective purchasers of the Rights. There is no guarantee that the Rights will have any value or that they will be able to be sold. The person legally liable to pay the returns (if any) on the sale of Rights will be the person who purchases the Rights.

Dividends

New Shares issued as a result of this Offer will rank equally in all respects, including as to dividends and voting entitlements, with the Existing Shares on issue at the time of allotment. Shareholders will be entitled to receive or benefit from any dividends paid by the Company in respect of New Shares and any other returns attaching to the New Shares. However, the Company is not intending to pay dividends in the foreseeable future, given that it is intended that the Company will use all available funds to increase the Company's cash reserves, initially by A\$919,188 (before deducting the costs of the Rights Issue) immediately after completion of the Rights Issue and to provide the Company with additional capital. Subject to the usual legal relationships as between brokers and clients, the Company is the person legally liable to pay any dividends declared by the Directors.



Sale of New Shares

Shareholders may benefit from any increase in the market price of their New Shares if they sell them. However the market price of the New Shares may also decline. Factors which may have an influence on the share price of King Solomon Mines ordinary shares and, consequently, on returns from the sale of New Shares include:

- prevailing share market conditions;
- general economic conditions;
- interest rate rises or reductions;
- significant changes in the operations or results of King Solomon Mines;
- a sale of a significant parcel of King Solomon Mines ordinary shares;
- a take-over offer by a third party; and
- the risks described in this Investment Statement under the heading “What are my risks?” below.

The person legally liable to pay the returns (if any) on the sale of New Shares will be the person who purchases the New Shares.

Taxation

Your return from the Rights or New Shares may be affected by taxes or changes to taxation laws. In certain circumstances, gains on the sale of Rights or New Shares may be taxable. Generally, where shares are acquired as an investment, New Zealand resident shareholders will not be taxed on gains from a subsequent sale of shares unless the sale is part of a share investment business, the shareholder is in the business of dealing in such investments or acquired the shares with the purpose (or dominant purpose if there is more than one purpose) of sale, or where the sale is part of a profit making undertaking or scheme. These comments, and the descriptions referred to, are of a general nature. They do not constitute legal or financial advice. You should contact your own financial or legal adviser to seek advice concerning the tax consequences of owning or selling Rights or New Shares in view of your own particular circumstances.

No guarantee or promise

Neither King Solomon Mines, its Directors, nor any person associated with this Offer, guarantees the New Shares or that a dividend will be paid on the New Shares or that the issue price of NZ\$0.0022 (or A\$0.002) per New Share will be recouped. No amount of returns on the Rights or on the New Shares (whether by way of dividend or return on sale or otherwise) is promised or guaranteed by any person. Accordingly, the dates on which, or the frequency with which, returns (if any) on the Rights or the New Shares will be due and paid are unknown.

What are my risks?

General risk factors

In accepting their Entitlements under the Rights Issue, Shareholders will be subscribing for New Shares in the Company. There are risks involved in making this investment. Shareholders should refer to announcements made by King Solomon Mines to ASX to ensure they understand the operations of the Company and appreciate the risks involved



with investing in the Company. Investors in the Company will also be subject to normal risks relating to the general levels of economic activity and macro-economic factors beyond the control of the Company, including share market conditions that may affect the share market and share prices generally. General risk factors that may have an influence on the share price are described above under the heading “What returns will I get?” and the occurrence of such events, or the specific risk factors detailed below, could result in investors in the Company being unable to recover, or receive any returns on their investment.

Specific risks

There are a number of specific risks that may affect King Solomon Mines’ operating performance and, consequently, the value of its Shares and returns on the New Shares. Key risks that may affect the value of the New Shares and returns on the New Shares are as follows:

(a) Value of Assets in Inner Mongolia, China

The Directors have reviewed the carrying value of the tenements based on the Directors’ best estimate of the likely sales price of each tenement. There is no active market in China for these tenements. As a result of assessments, the Directors have reduced the carrying amount of the exploration and evaluation assets to A\$391,000.

The Company’s subsidiary, Plate, may not be successful in selling any of the exploration licences or may sell these assets at below the best estimate of likely sales price. Plate sold its office in Hohhot, Inner Mongolia in December 2013. It has received progress payments from the purchaser. These payments have been applied to the satisfaction of outstanding amounts owed to trade creditors. The purchaser of the office building may not make the final payment due under the sale agreement by the due date in June 2015. In this case, Plate would seek to sell the office to another party to recoup what is owed. It may not be successful in doing this as the property market in Hohhot is currently weak and a sale may not be possible.

(b) Ongoing Funding

As a result of the Rights Issue, the Company expects to raise approximately A\$919,188 before costs. As noted, these funds shall be deployed for general working capital purposes, mainly in connection with exploration work on the Company’s Inner Mongolia, China tenements, its new project assessment and initial work on assets acquired, detailed due diligence work on potential project acquisitions and for working capital to fund its corporate costs.

In addition to these funds, the Company may need to raise debt and / or equity from time-to-time in relation to the funding of its business activities. The availability of such capital is influenced by a number of factors including, but not limited to, economic, legal and political conditions, and investors’ and financiers’ investment and credit policies. The inability of the Company to raise capital on favourable terms, or not at all, may have a material adverse effect on the Company’s tenements and business. No assurance can be given that future funding will be made available on acceptable terms (if at all).

There are also a number of other specific risks associated with King Solomon Mines, which may adversely affect the Company’s financial position, prospects and price of its listed securities.



(c) Country Risk

One of the purposes of this issue is to fund exploration in Inner Mongolia, China. Actions by foreign Governments and authorities are outside the control of the Company, and the rights to remedies that may be available in Australia are not necessarily available in China.

The projects in China are subject to a number of risks associated with operating in that country with its different political and legal system.

There is always a risk that the current, or a future, government may adopt substantially different policies or legislation that adversely affect mining and exploration activities. This may impact upon the Company's ability to obtain or maintain the necessary permits, authorisations or agreements to implement the projects under conditions or within time frames that make such plans and operations economic, and as a result, the Company's results of operations and its financial condition may be adversely affected.

The Company's operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and safety issues.

Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company.

(d) Exchange Rate and Metal Price Risks

The value of the Company's projects in Inner Mongolia will be primarily dependent on the price of gold and other metals, which are volatile and may fluctuate as a result of numerous factors that are beyond the control of the Company. Also, because the Company is operating using a range of currencies (A\$, NZ\$, US\$ and Yuan), the variability in these currencies as between themselves and as between other currencies may have an adverse impact on the Company's profitability, and hence the share price.

(e) Environmental Risk

The Company is committed to making as little an impact on the natural environment as possible. However, mining operations have inherent risks and liabilities associated with the pollution of the environment and the disposal of waste products. Laws and regulations relating to the protection and remediation of the environment are generally becoming more restrictive, such that the cost of environmental mitigation may outweigh the benefit of continued activity. Further risk aspects of the Company's projects may include its compliance obligations as a result of changes in laws and regulations, assumptions that the Company makes to estimate liabilities, or if unanticipated conditions arise at its operations. If these occur, expenses and provisions may increase that could adversely affect the Company's results and financial condition.



(f) Potential Acquisitions

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

General Risks

(a) Investment Risk

The New Shares to be issued pursuant to this Rights Issue should be considered speculative. They carry no guarantee as to payment of dividends, return of capital or market value. The prices at which the New Shares trade on ASX may be above or below the issue price paid for the New Shares. While the Directors commend the Rights Issue, Shareholders must make their own assessment of the likely risks and determine whether accepting their Entitlement is appropriate to their own circumstances.

(b) Share Market Risk

The Company has applied to ASX for quotation of the New Shares. Share market conditions may affect the listed securities regardless of the operating performance of the Company. Many factors will affect the market price of the securities including local and international stock markets, movements in interest rates, commodity prices and currency fluctuations, general economic outlook and investor sentimentality generally. The market price of the New Shares may fall as well as rise.

(c) Availability of Capital Risk

The ability of the Company to access debt and/or raise equity as, when and if required will be influenced by many factors and capital may not be available on commercially acceptable terms or may not be available at all.

(d) Economic Factors and Government Risk

The future viability of the Company is also dependent on a number of factors affecting performance of all industries, including, but not limited to, the following:

- general economic conditions in Australia, New Zealand and China, and its major trading partners;
- changes in government policies, taxation and other laws;
- the strength of the equity markets in Australia and New Zealand, and throughout the world, and in particular investor sentiment towards the commodities (resources) sector;
- movement in, or outlook on, interest rates and inflation rates;
- currency exchange rate fluctuations;
- changes in demand for, and sales pricing over, the short, medium and long terms for commodities proposed to be produced and sold by the Company (particularly gold and copper); and
- natural disasters, social upheaval or war in Australia, New Zealand, China or other countries.



(e) Exploration, Evaluation and Development Risks

Exploration, mine project development and mining inherently contain elements of significant risk. The future success of the Company, like all exploration and mining companies, will be heavily dependent upon a number of factors, many of which are beyond the control of the Company. Such risk factors include:

- maintenance of tenure, access to the Company's tenements, and the granting of any mining tenements and approvals required for the conduct of mining activities;
- reliance on key personnel, including the Directors, and ongoing access to competent management and technical personnel;
- the discovery, confirmation and exploitation of economically-recoverable ore reserves on the Company's tenements, or any other tenements that may be acquired in the future, which cannot be assured. Exploration on the Company's existing tenements may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company, and possible relinquishment of the exploration and mining tenements;
- the calculation and interpretation of resource estimates, which are by their nature expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter significantly through additional fieldwork or when new information or techniques become available. This may result in alterations to development and mining plans, which may in turn adversely affect the Company's operations;
- financial failure or default by a participant in any joint venture or other contractual relationship to which the Company is, or may become, a party;
- mechanical failure, or breakdown of mining or drilling plant and equipment or mine structure resulting in significant delays;
- adverse weather conditions, accidents or industrial disputes over a prolonged period adversely affecting mining activities and the earning of revenues;
- industrial disputation in Australia, New Zealand, China and other countries; and
- adverse changes in government policies or legislation affecting mining and exploration activities.

There is no assurance that exploration of the mineral interests currently held by the Company, or in any other exploration interest the Company may subsequently acquire, will result in the discovery of an economically viable resource.

Even if a mineral resource is identified, exploitation of the resource may be hampered by various factors, including the unpredictable nature of mineral deposits, inappropriate drilling techniques, incorrect grade estimates, location and access restrictions, adverse ground conditions or poor equipment availability. Any of these factors may result in the exploration programme being drastically downgraded, preventing the Company from achieving its intended rate of production of metal.

(f) Title Risks, Landowner Title and Sovereignty Risks

Interests in tenements are governed by the respective state and national legislation, and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term, and carries with it annual expenditure and reporting requirements, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interest in, the tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise.



In Inner Mongolia, China, or other locations where the Company may operate, certain rights are vested with the local landowners. There is always risk that the Company and the landowners cannot agree, and progress is hindered or even curtailed as a result. Should this occur, the Company's ability to conduct exploration and/or mining activities may be affected, which may have a material adverse effect on the Company's financial performance.

Further, exploration tenements do not confer authority to develop the project. In order for the Company to undertake development and production, it will need to obtain mining tenements under the relevant mining legislation. There is no guarantee that mining tenements or any approvals required for mining activities will be granted and, even if granted, they may be subject to any terms and conditions that the regulator considers appropriate. There is a further risk that tenements or leases will not be granted in a timely manner or that they will be granted with unexpected adverse conditions that will affect the profitability of the project.

(g) Calculation of Estimates

The calculation and interpretation of resource estimates are by their nature expressions of judgment based on knowledge, experience and industry practice. Estimates of the size and grade of an ore body depend on extrapolating a limited amount of geographical data. Estimates that were valid when originally calculated may alter significantly through additional fieldwork or when new information or techniques become available. This may result in alterations to development and mining plans, which may in turn adversely affect the Company's operations.

(h) Personnel

The Company's success depends on the continued services of its key personnel. Due to the key role they have taken in developing King Solomon Mines' exploration, business and financial plans, the Company could be adversely affected if any of them ceased to actively participate in the management of King Solomon Mines. If existing key personnel leave the Company, there may be a limited number of persons with the requisite skills and experience to serve in King Solomon Mines' senior management positions, which may hinder the Company's ability to successfully manage its growth plans.

(i) Production / Capital Costs

Fluctuations in exploration, production and capital costs may impact upon the Company's business, results of operations and financial condition. These costs may vary as a result of unforeseen events beyond the control of the Company, including international and local economic and political events.

(j) Equipment and Labour

Increases in worldwide and regional mining activities may increase costs or otherwise limit the Company's ability to purchase or hire equipment, supplies and services, and to recruit skilled personnel. There are additional risks of mechanical failure or breakdown of mining or drilling equipment resulting in significant delays. These factors may delay King Solomon Mines' planned exploration, development and production activities, which may adversely affect the Company's business, result of operations and financial condition.



(k) Local Community Relations

The Company's ability to advance its tenements in Inner Mongolia, China or in other jurisdictions will depend in significant part on its ability to maintain good relations with the local communities of these areas. A tenement holder is liable to compensate landowners for its entry onto and occupation of the land, and for loss and damage caused by exploration, mining or related activities. There is always the risk that negotiation with local communities regarding the benefits they will derive from the projects, compensation, royalties, employment and local business may not be successful, which may lead to progress with the projects being disrupted or curtailed as a result. Should this occur, King Solomon Mines' ability to conduct exploration and / or mining activities may be affected, which may have a material adverse effect on the Company's financial performance.

(l) Insurance Risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(m) Competition Risk

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(n) Investments may not be wholly owned

Resource investments (minerals and oil and gas) are often structured through joint ventures. There is a risk that development/production activity could be disrupted in situations where there is a disagreement on development/production programs or other issues between the Company and the other parties in such joint ventures. Should such disagreements occur, this may have a deleterious impact on the Company's operations and performance generally.

Speculative Nature of Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares offered under this Rights Issue. Therefore, the New Shares to be issued pursuant to this Rights Issue carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares. Potential investors should consider that investment in the Company is speculative and should consult their professional advisors before deciding whether to apply for New Shares in the Company. Shareholders should consult their stockbroker, solicitor, accountant or other financial adviser if they are in any doubt as to the value of the Rights Issue and in particular in relation to taxation implications.



Your liability and consequences of insolvency

The New Shares allotted under this Offer will be issued fully paid and you will have no liability to King Solomon Mines for any further payment in respect of the New Shares. If the Company becomes insolvent, you would have no obligation to pay any more money to the Company or any other person. Claims on assets of the Company, in the event of the Company being put into liquidation or wound up, that rank ahead of the claims of shareholders in the Company are:

- all creditors of the Company, both secured and unsecured; and
- those claims given priority by legislation such as claims for liquidation costs, employees' wages and taxes.

After all such claims have been made and paid, any remaining assets will be available for distribution to the Company's Shareholders who will rank equally among themselves. It is reasonably foreseeable that, on termination of your Shares as a consequence of the Company being put into liquidation, you will have received, in total, less than the amount you have paid for the Shares.

Can the investment be altered?

The full terms of this Offer are set out in this Investment Statement and Prospectus. Those terms may be altered by the Company by an amendment to this Investment Statement and Prospectus, details of which must be filed with the Registrar of Financial Service Providers. However, those terms cannot be altered without your consent once your application for New Shares has been accepted. The rights attaching to the New Shares are set out under the heading "What sort of investment is this?" above and in the section headed "Description of Shares" of this Investment Statement and Prospectus. The rights conferred on the Company's Shareholders are set out in the Companies Act and the Constitution, and also the applicable Listing Rules of the ASX. Shareholders' rights may be negated, altered or added to by an amendment of the Constitution, which may be made by a special resolution of Shareholders. A special resolution requires the approval of 75% of the votes cast of shareholders affected by the relevant matter, to be valid. King Solomon Mines may not take any action which would affect the rights of Shareholders without approval by special resolution of those Shareholders whose rights would be affected by the action in question. Certain major transactions and those that would change the nature of the Company's business also require the approval of a special resolution.

How do I cash in my investment?

Except as otherwise prescribed by law, you have no right to receive back from the Company the amount subscribed for the New Shares offered under this Investment Statement and Prospectus, except where the Company seeks to buy back its own Shares or where the Company is being wound up (in which case any assets remaining after satisfaction of creditors' claims will be distributed to shareholders on a pro rata basis, and there is no guarantee that you will recover any or all of the amount subscribed for the New Shares)..

The Rights are Renounceable and it is intended that the Rights will be quoted on the ASX on 22 October 2014. Accordingly, you may seek to sell your Rights through ASX. It is not certain however that you will be able to sell your Rights. This will depend on the volume of Rights offered for sale and purchase and the price at which you are seeking to sell your Rights. If you wish to sell some or all of your Rights, you should contact your broker to sell



the number of Rights you wish to renounce. Sales of Rights through a broker will attract brokerage at the rates charged by that broker. A shareholder of New Shares is entitled to sell or transfer their shares to another person by private agreement or on the ASX, subject to compliance with the Constitution and any applicable laws. In the opinion of the Company there is an established market for King Solomon Mines' ordinary shares on the ASX. Following acceptance for quotation by ASX Limited, the New Shares, like the Existing Shares, may be sold or transferred by the holder at any time on the ASX. Sales of Shares through a broker will attract brokerage at the rates charged by that broker. The Company does not charge fees for registering on-market share transfers.

Who do I contact with enquiries about my investment?

Enquiries about this Offer may be made to:

The Managing Director
King Solomon Mines Limited
242 Marine Parade
P.O. Box 15 005
Otaki 5542, New Zealand

Telephone: (within Australia) : 1 800 061 569
(outside Australia): +64 6 364 8462
Fax: +64 6 364 8497
Email: enquiries@kingsolomonmines.com

Enquiries about your present shareholding can be made to:

King Solomon Mines Limited Share Registrar
Computershare Investor Services Pty Limited
GPO Box 505
MELBOURNE VIC 3001
Telephone: 1300 850 505 (within Australia) or +61 3 9415 4000 (for overseas callers)

Is there anyone to whom I can complain if I have problems with the investment?

Any complaints or problems about this Offer can be made to:

Non-Executive Chairman
Mr Christopher D Castle
King Solomon Mines Limited
242 Marine Parade
P.O. Box 15 005
Otaki 5542, New Zealand

Telephone (within Australia): 1 800 061 569
(outside Australia): +64 6 364 8462
Fax: +64 6 364 8497
Email: enquiries@kingsolomonmines.com

Complaints about the New Shares cannot be made to any Ombudsman in New Zealand.



What other information can I obtain about this investment?

Other information about King Solomon Mines and the New Shares is contained or referred to in the remainder of this Investment Statement and Prospectus, the Constitution, and King Solomon Mines 2014 Annual Report, which contains the most recent audited financial statements of King Solomon Mines for the year ended 31 March 2014. Copies of the Company's most recent Annual Report and financial statements, and this Investment Statement and Prospectus may be obtained, free of charge, from the Company's offices or from the Company's website www.kingsolomonmines.com.

King Solomon Mines' financial reports, corporate presentations and announcements may also be viewed on the ASX website www.asx.com.au under the security code KSO.

This Investment Statement and Prospectus, the annual financial statements and other documents of, or relating to, the Company (including the Constitution) are also filed on a public register maintained by the Companies Office and are available for public inspection, including at www.companies.govt.nz.

All Shareholders on the relevant record dates will be entitled to receive certain information relating to the ongoing performance of the Company in accordance with the Companies Act, the Financial Reporting Act 1993 and the Listing Rules. Shareholders will either receive this information automatically or will receive notification of their right to request this information. The information includes the Annual Report, containing the Company's audited financial statements, and the half yearly Interim Report, containing the unaudited half-year financial statements.

The Company will supply Shareholders or prospective investors with the following documents and information free of charge on request:

- a copy of this Investment Statement and Prospectus; and
- a copy of any financial statements of the Company that have been registered under the Financial Reporting Act 1993 (NZ) and that are referred to in this Investment Statement and Prospectus.

Such requests should be made to the Company in writing at the address specified on page 5 of this Offer Document, or can be obtained from its offices as listed on page 5, or from the Company's website www.kingsolomonmines.com. The Constitution is also available free of charge on request or from the Company's website.

8. OTHER TERMS OF THE OFFER AND NEW SHARES

Underwriting Agreement

By an Underwriting Agreement entered into between the Company and Taylor Collison Limited (**Underwriter**) dated 9 October 2014 (**Underwriting Agreement**), the Underwriter agrees to conditionally underwrite the offer for 459,594,209 Shares (**Underwritten Shares**) pursuant to the Rights Issue.

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter:



- (a) an underwriting fee of 5% of \$919,188 (the amount underwritten pursuant to the Underwriting Agreement);
- (b) a management fee of 1% of \$919,188 (GST exclusive); and

The Underwriter may, within 45 days of close of the Offer, elect to place up to 68,900,000 new shares at A\$0.002 per share to its clients. The Company has agreed to pay a placement fee of 6% (GST exclusive) of the gross amount raised by the placement of these shares to the Underwriter.

The Underwriter may elect to take its fees as Shares in the Company at A\$0.002 per Share.

In addition to the fees payable by the Company to the Underwriter set out above, the Company has agreed to pay and indemnify the Underwriter against and in relation to, all reasonable costs and expenses of and incidental to the offer of Shares under the Rights Issue (**Offer**) and the issue of the Underwritten Shares (**Issue**), provided that the aggregate of all such costs and expenses does not exceed \$5,000 (without the prior written consent of the Company).

In the event that the Issue does not proceed for any reason, including termination of the Underwriting Agreement (excluding failure by the Underwriter to perform its obligations under the Underwriting Agreement), the Company has agreed to reimburse and indemnify the Underwriter in relation to all its reasonable costs and expenses in relation to the Offer, up to the date of termination of the Underwriting Agreement or the date upon which the Issue is otherwise brought to an end (**Termination Date**).

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement in the event of any of the termination events set out below:

- (a) (**Offer Withdrawn**): the Offer is withdrawn by the Company;
- (b) (**Corrective Disclosure**):
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in clause (h)(iv) below, forms the view on reasonable grounds that a corrective document should be lodged with ASX to comply with the Corporations Act and the Company fails to lodge a corrective document in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a corrective document without the prior written agreement (such agreement not to be unreasonably withheld) of the Underwriter;
- (c) (**Misleading Documents**): it transpires that there is a statement in this Offer Document that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from this Offer Document or if any statement in this Offer Document becomes misleading or deceptive or likely to mislead or deceive or if the issue of this Offer Document is or becomes misleading or deceptive or likely to mislead or deceive;



- (d) **(Restriction on allotment):** the Company is prevented from allotting the Underwritten Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- (e) **(ASIC application):** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Offer, the Shortfall Notice Deadline Date (as defined in the Underwriting Agreement) has arrived, and that application has not been dismissed or withdrawn;
- (f) **(Takeovers Panel):** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Part 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel and is not withdrawn or disposed of by the Shortfall Notice Deadline Date (as defined in the Underwriting Agreement), either of which in the Underwriter's reasonable opinion has a Material Adverse Effect (as defined in the Underwriting Agreement); or
- (g) **(Indictable Offence)** a director or senior manager of the Company is charged with an indictable offence; or
- (h) **(Termination Events):** any of the following events occurs:
 - (i) **(Default):** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (ii) **(Incorrect or untrue representation):** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (iii) **(Contravention of constitution or Act):** a contravention by the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (iv) **(Adverse change):** an event occurs (or is reasonably likely to occur) which gives rise to (or is reasonably likely to give rise to) a Material Adverse Effect (as defined in the Underwriting Agreement) or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, losses, prospects, business or operations of the Company;
 - (v) **(Misleading information):** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive;
 - (vi) **(Change in Act or policy):** there is introduced, or there is a public announcement of a new proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or



announces a new proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;

- (vii) **(Prescribed Occurrence):** any of the following occurs:
- (A) the Company converting all or any of its shares into a larger or smaller number of shares;
 - (B) the Company resolving to reduce its share capital in any way;
 - (C) the Company:
 - (i) entering into a buy back agreement; or
 - (ii) resolving to approve the terms of a buy back agreement under section 257D or 257E of the Corporations Act;
 - (D) the Company making an issue of, or granting an option to subscribe for, any of its shares or any other securities, or agreeing to make such an issue or grant such an option, other than the issue of securities in accordance with the Rights Issue, any securities issued or granted pursuant to any incentive plan or scheme for the issue of securities to employees or officers of the Company, any securities issued as a result of a pro rata offering to existing shareholders of the Company, any securities issued on conversion of convertible securities that are on issue at the date of the Underwriting Agreement and any securities issued with the prior written consent of the Underwriter (such consent not to be unreasonably delayed or withheld);
 - (E) the Company issuing, or agreeing to issue, convertible notes;
 - (F) the Company charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
 - (G) the Company resolving that it be wound up;
 - (H) the appointment of a liquidator or provisional liquidator of the Company;
 - (I) the making of an order by a court for the winding up of the Company;
 - (J) an administrator of the Company, being appointed under section 436A, 436B or 436C of the Corporations Act;
 - (K) the Company executing a deed of company arrangement; or
 - (L) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of the Company;
- (viii) **(Suspension of debt payments):** the Company suspends payment of its debts generally;



- (ix) **(Event of Insolvency):** an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company;
- (x) **(Judgment against the Company):** a judgment in an amount exceeding \$100,000 is obtained against the Company and is not set aside or satisfied within seven days;
- (xi) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced against the Company;
- (xii) **(Board and senior management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before the issue of the Underwritten Shares without the prior written consent of the Underwriter, which consent will not be unreasonably withheld or delayed;
- (xiii) **(Change in shareholdings):** a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
- (xiv) **(Timetable):** there is a delay in any specified date in the timetable set out in this Offer Document, which is greater than 3 Business Days (as defined in the Underwriting Agreement), without the prior written consent of the Underwriter, such consent will not to be unreasonably withheld or delayed;
- (xv) **(Force Majeure):** a Force Majeure (as defined in the Underwriting Agreement) affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of seven days occurs;
- (xvi) **(Certain resolutions passed):** the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (xvii) **(Capital Structure):** the Company alters its capital structure in any manner not contemplated by this Offer Document;
- (xviii) **(Market Movement):** the S&P Materials index falls by more than 7.5% after the date of execution of the Underwriting Agreement;
- (xix) **(Investigation):** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
- (xx) **(Hostilities):** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom any member state of the European Union, Indonesia, Japan, Russia or the People's Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries



elsewhere in the world, or a national emergency is declared by any of those countries; or

- (xxi) **(Adverse Change in Financial Markets):** there occurs any material adverse change or material adverse disruption to the political or economic conditions of financial markets in Australia, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions.

The events listed in Sections 5.1(d), (h) and (i) do not entitle the Underwriter to exercise its rights of termination unless, in the reasonable opinion of the Underwriter reached in good faith, the event has or is likely to have, or those events together have, or could reasonably be expected to have, a Material Adverse Effect (as defined in the Underwriting Agreement) or could give rise to a liability of the Underwriter under the Corporations Act.

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

Sub-Underwriting Agreements

The Underwriter has executed sub-underwriting agreements with the Company's Directors Messrs O'Loughlin and Taylor whereby they commit to sub-underwrite an amount of up to A\$30,000 (15,000,000 shares) each. The number of shares allocated to the sub-underwriters will depend on the Shortfall arising, if any, after shareholder entitlement applications are allotted.

Effect of the Offer on control of the Company

The potential effect the Offer will have on the control of the Company is as follows:

- (a) if all Shareholders are Eligible Shareholders and take up their Entitlements under the Offer then the Entitlement Offer will have no effect on the control of the Company;
- (b) if not all Shareholders are Eligible Shareholders or do not take up their full Entitlements, the Shortfall will be allocated by the Underwriter in consultation with the Company, to the Underwriter or any sub-underwriter (if appointed) to the Offer (in accordance with Listing Rule 7.2 (exception 2)) or any other parties selected by them. The effect the placement of the Shortfall may have on control will depend entirely on the allocations made by the Underwriter or any sub-underwriter (if appointed);
- (c) if some Shareholders do not take up their Entitlements (whether because they are Ineligible Shareholders or otherwise), their equity in the Company will be diluted. The equity of Shareholders who only take up part of their Entitlement will also be diluted, but to a lesser extent;
- (d) the Options the Company currently has on issue are not expected to be exercised prior to the Record Date as the exercise price for these Options exceeds the issue price and the share price on 9 October 2014, of A\$0.005 per Share at close of trade, therefore the Options are expected to have no effect on the Offer or the control of the Company;



- (e) given the Offer is fully underwritten and that the Underwriter will enter into sub-underwriting arrangements with various parties, based on the structure of the Offer and the current level of holdings of substantial shareholders, the Offer is not expected to have a material effect or consequence on the control of the Company.

Other terms

All terms of the New Shares being offered are set out in this Investment Statement and Prospectus, except for those implied by law or set out in a document that:

- (a) has been registered with a public official;
- (b) is available for public inspection; and
- (c) is referred to in this Investment Statement and Prospectus.



9. GLOSSARY OF TERMS

These definitions are provided to assist Shareholders in understanding some of the expressions used in this Offer Document.

\$ means Australian Dollars.

Application means an application to subscribe for New Shares pursuant to the Offer.

Application Monies means monies received from the applicants in respect of their Applications.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement Pty Ltd ACN 008 504 532.

ASTC Settlement Rules means the operating rules of ASTC.

ASX means ASX Limited ACN 008 624 691 or, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors as constituted from time-to-time.

Business Days has the meaning given to that term in the Listing Rules.

CHESS means Clearing House Electronic Sub-register Systems.

Cleansing Notice means a notice that complies with section 708AA(7) of the Corporations Act.

Closing Date means 5:00pm (Sydney time) on 12 November 2014, being the latest time and date for which completed Entitlement and Acceptance Forms and Application Monies will be accepted (subject to variation).

Company or **King Solomon Mines** mean King Solomon Mines Limited ARBN 122 404 666 and includes its subsidiary Inner Mongolia Plate Mining Limited.

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

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder with a registered address in Australia or New Zealand as at the Record Date who is not an Excluded Shareholder.

Entitlement means the number of New Shares for which an Eligible Shareholder is entitled to subscribe for under the Offer, being three New Shares for every existing two Shares held on the Record Date.

Entitlement and Acceptance Form means each entitlement and acceptance form attached to or accompanying this Offer Document that sets out the Entitlement of each Eligible Shareholder to subscribe for New Shares pursuant to the Offer.

Ineligible Shareholder means a Shareholder who does not have a registered address in any of Australia or New Zealand at the Record Date.

Listing Rules or **ASX Listing Rules** means the official listing rules of ASX, as applicable to the Company from time-to-time, including by way of written waiver granted by ASX.

New Shares means the Shares offered to Eligible Shareholders under this Offer Document.



Offer or Rights Issue mean the offer of 459,594,209 New Shares to Eligible Shareholders in the proportion of three New Shares for every two existing Shares held on the Record Date under this Offer Document.

Offer Document means this offer document, dated 10 October 2014.

Option means the right of the holder to acquire a King Solomon Mines Limited Share upon payment of the applicable exercise price.

Privacy Act means the Privacy Act 1993.

Record Date means 7:00pm (Sydney time) on 24 October 2014.

Register means the register in respect of the Shares.

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

Shareholders means the registered holders of Shares as at the Record Date.

Share Registry means Computershare Investor Services Pty Limited (ABN 48 078 279 277).

Shortfall means all New Shares in respect of which a valid Application is not received by the Company from Eligible Shareholders.

Underwriter means Taylor Collison Limited ABN 53 008 172 450 and AFSL 247083.

U.S. Person has the meaning given to that term in Regulation S under the US Securities Act.

U.S. Securities Act means the United States Securities Act of 1933, as amended.



10. DIRECTORS' STATEMENT

The Directors of King Solomon Mines, after due enquiry by them, are of the opinion that none of the following has materially and adversely changed during the period between 31 March 2014 (being the date of the statement of financial position included in the most recent audited financial statements of the Company) and the date of registration of this Investment Statement and Prospectus:

- (a) the trading or profitability of King Solomon Mines;
- (b) the value of its assets; or
- (c) its ability to pay its liabilities due within the next twelve months.

This Investment Statement and Prospectus has been signed by each Director of the Company or by their agent authorised in writing.

A handwritten signature in black ink, appearing to read 'sgmcrhaill', written over a light blue horizontal line.

Non-Executive Chairman

Mr Christopher D Castle*

A handwritten signature in black ink, appearing to read 'sgmcrhaill', written over a light blue horizontal line.

Managing Director

Mr Stephen J McPhail

A handwritten signature in black ink, appearing to read 'sgmcrhaill', written over a light blue horizontal line.

Non-Executive Director

Mr Simon T. O'Loughlin*

A handwritten signature in black ink, appearing to read 'sgmcrhaill', written over a light blue horizontal line.

Non-Executive Director

Mr Simon J. R. Taylor*

* Signed by his agent Mr Stephen McPhail



11. DIRECTORY

Directors

Mr Simon O'Loughlin (Non-Executive Chairman)
Mr Stephen McPhail (Managing Director)
Mr Christopher Castle (Non-Executive Director)
Mr Simon Taylor (Non-Executive Director)

Auditors

PricewaterhouseCoopers
113-119 The Terrace
Wellington
New Zealand

Company Secretary

Mr Stephen McPhail

Legal Advisers to the Company

O'Loughlins Lawyers
Level 2
99 Frome Street
ADELAIDE SA 5000

Registered Office

242 Marine Parade
Otaki 5512
New Zealand

Share Registrar

Computershare Investor
Level 2 Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Contact Details

King Solomon Mines Limited
242 Marine Parade
P.O. Box 15 005
Otaki 5542
New Zealand

Telephone: 1800 061 569 (within Australia)
Telephone: +64 6 364 8462 (outside Australia)
Facsimile: +64 6 364 8497
Website: www.kingsolomonmines.com

ASX Code

KSO



King Solomon Mines Limited

ARBN 122 404 666

242 Marine Parade
P.O. Box 15 005
Otaki 5542, New Zealand
Office (within Australia): 1 800 061 569
(outside Australia): +64 6 364 8462
Fax: +64 6 364 8497
enquiries@kingsolomonmines.com
www.kingsolomonmines.com

For all enquiries:

Phone:
 (within New Zealand) +646 364 8462

Web:
 www.investorcentre.com

└ 000001 000 KSO
MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:

See over for details of the Offer and
how to make your payment

Pro-Rata Renounceable Rights Issue — Entitlement and Acceptance Form

 **Your payment must be received by 5:00pm (NZ time) on Wednesday, 12 November 2014**

This is an important document that requires your immediate attention. It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser. ASX will quote a market for rights between Wednesday, 22 October 2014 and Wednesday, 5 November 2014. Please refer to the Offer Document for details on how to renounce your rights.

Step 1: Registration Name

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

You can apply to accept either all or part of your Entitlement. Enter the number of new shares you wish to apply for and the amount of payment for those shares.

You have the option to apply in Australian dollars (A\$) or, if you are located in New Zealand, in New Zealand dollars (NZ\$). Shareholders located in New Zealand wishing to pay in A\$ should contact the Company to be sent an A\$ application form.

Note: You cannot apply for additional New Shares in excess of your Entitlement.

By making your payment you confirm that you agree to all of the terms and conditions as detailed in the Offer Document dated 10 October 2014.

Complete the reverse side of the payment slip and detach and return with your payment. Make your cheque payable in New Zealand dollars to **"King Solomon Mines Limited"** and cross **"Not Transferable"**. The cheque must be drawn from a New Zealand bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as dishonoured cheques may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque to the payment slip. Receipts will not be forwarded. **Funds cannot be debited directly from your account.**

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Turn over for details of the Offer →

Action Required by Shareholders - refer to the Offer Document for the alternatives available to Shareholders

Page 24 - Acceptance of ALL of your Entitlement under the Offer

Page 24 - Selling ALL of your Entitlement on ASX

Page 24 - Acceptance of PART of your Entitlement and selling the balance on ASX

Page 25 - Acceptance of PART of your Entitlement and allowing the balance to lapse

Page 26 - Selling all or a proportion of your Entitlement other than on ASX

Page 26 - Entitlement not taken up

King Solomon Mines Limited Pro-Rata Renounceable Rights Issue
Payment must be received by 5:00pm (NZ time) on Wednesday, 12 November 2014

STEP 1Registration Name & Offer Details

Registration Name:

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Offer Details:

Existing shares entitled to participate as at 24 October 2014:

Entitlement to New Shares on a 3 for 2 basis:

Amount payable on acceptance at NZ\$0.0022 per New Share:

For your security keep your SRN/HIN confidential.

Entitlement No: 12345678

STEP 2Make Your Payment

Make your cheque payable to "King Solomon Mines Limited" and cross "Not Transferable".
Return your cheque with the payment slip below to:
King Solomon Mines Limited
P.O. Box 15-005
Otaki 5542

Lodgement of Acceptance

The payment slip must be received by CIS by no later than **5:00pm (NZ time) on Wednesday, 12 November 2014**. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders. Return the payment slip with cheque attached. Neither CIS nor the Company accepts any responsibility if you lodge the payment slip at any other address or by any other means.

Shareholders located in New Zealand wishing to pay in A\$ should contact the Company to be sent an A\$ application form.

Privacy Notice

The personal information you provide on this form is collected by CIS, as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Detach here

Acceptance Payment Details

Entitlement taken up:

Amount enclosed at
NZ\$0.0022 per New Share:

NZ\$

Entitlement No: 12345678

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Payment must be received by 5:00pm (NZ time) on Wednesday, 12 November 2014

Contact Details

Contact Name

Daytime Telephone

Cheque Details

Drawer

Cheque Number

BSB Number

Account Number

Amount of Cheque

NZ\$