



King Solomon Mines Limited

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31 December 2015

Company Announcements Office
Australian Securities Exchange

King Solomon Mines Limited Issue of Shares

King Solomon Mines Limited (King Solomon Mines or the Company) advises that it has allotted and issued 3,575,000 fully paid ordinary shares (post-consolidation) to Convertible Noteholders on the conversion of their notes, including interest accrued, into King Solomon Mines ordinary shares.

On 19 August 2015 the Company announced the issue by Xref Pty Ltd (Xref) of the Xref Convertible Notes that raised A\$550,000. At the King Solomon Mines Extraordinary General Meeting held on 26 November 2015, shareholders approved the issue of the Company's shares as consideration for the conversion of the Xref Convertible Notes. The key terms of the Convertible Note Deeds, by which Xref agreed to issue Xref Convertible Notes to each Convertible Noteholder, included the following:

- (a) the notes accrue interest at 1% per calendar month during the period of the note;
- (b) if the minimum subscription under the Prospectus is achieved, and other conditions precedent for the Xref Acquisition are met (except for the Company obtaining conditional approval from ASX for reinstatement of the Company's shares to quotation on ASX), then on the date following the date on which the minimum subscription under the Prospectus is achieved, the principal amount of each loan, together with accrued interest, will automatically convert into the number of shares in the Company (or as rounded up to the nearest whole share in the event of a fractional entitlement) that results from dividing the total amount due in respect of all of the Xref Convertible Notes by the price being equal to 80% of the issue price of shares under the Prospectus.

These conditions have now been met and the conversion of the balance owing to Convertible Noteholders of A\$572,000, being the principal of A\$550,00 plus interest of A\$22,000, has taken place through the issue of 3,575,000 ordinary shares at a price of A\$0.16, being 80% of the A\$0.20 issue price of shares under the Prospectus.

Attached is the Appendix 3B for the issue of these 3,575,000 fully paid ordinary shares.

King Solomon Mines Limited

Robert J Waring
Company Secretary

Secondary Trading Exemption

The Act restricts the on-sale of securities issued without disclosure, unless the sale is exempt under section 708 or 708A. By the Company giving this notice, a sale of the Securities noted above will fall within the exemption in section 708A(5) of the Act.

The Company hereby notifies ASX under paragraph 708A(5)(e) of the Act that:

- a) the Company issued the Securities without disclosure to investors under Part 6D.2 of the Act;
- b) as at 31 December 2015 the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company, and section 674 of the Act; and
- c) as at 31 December 2015 there is no information:
 - i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - B) the rights and liabilities attaching to the Securities.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

King Solomon Mines Limited (ASX Code: KSO)

ARBN

122 404 666

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|---|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 3,575,000 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Following the date on which the minimum subscription under the Prospectus was achieved, the principal amount of each loan, together with accrued interest, has converted into the number of shares in the Company that results from dividing the total amount due in respect of all of the Xref Convertible Notes by the price being equal to 80% of the issue price of shares under the Prospectus. Refer to attached covering letter. |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| | | |
|----|--|--|
| 4 | <p>Do the ⁺securities rank equally in all respects from the ⁺issue date with an existing ⁺class of quoted ⁺securities?</p> <p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes, all shares issued rank equally with King Solomon Mines Limited fully paid ordinary shares trading on the ASX under Code KSO.</p> |
| 5 | Issue price or consideration | <p>The shares were issued at \$0.16 – refer attached announcement.</p> |
| 6 | <p>Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>Set out in attached ASX announcement.</p> |
| 6a | <p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the ⁺securities the subject of this Appendix 3B</i>, and comply with section 6i</p> | <p>Yes</p> |
| 6b | The date the security holder resolution under rule 7.1A was passed | <p>The Company received shareholder approval at its AGM on 28 August 2015 under ASX Listing Rule 7.1A.</p> |
| 6c | Number of ⁺ securities issued without security holder approval under rule 7.1 | <p>509,375</p> |
| 6d | Number of ⁺ securities issued with security holder approval under rule 7.1A | <p>Not Applicable</p> |
| 6e | Number of ⁺ securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | <p>3,065,625, date of EGM 26 November 2015</p> |
| 6f | Number of ⁺ securities issued under an exception in rule 7.2 | <p>Not Applicable</p> |

+ See chapter 19 for defined terms.

| 6g | If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation. | Not Applicable | | | | | | | | | |
|----------------|---|--|--------|--------|------------|--|----------------|------------|-----------|------------|--|
| 6h | If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | Not Applicable | | | | | | | | | |
| 6i | Calculate the entity’s remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | 4,431,698 | | | | | | | | | |
| 7 | +Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B. | 23 December 2015 | | | | | | | | | |
| 8 | Number and +class of all +securities quoted on ASX (<i>including</i> the +securities in section 2 if applicable) Note 1: Rounding by 81 shares when consolidation was completed after EGM approval on 26 November 2015. Rounding was in accordance with the terms of the resolution passed at the EGM. | <table><tr><th>Number</th><th>+Class</th></tr><tr><td>16,698,587</td><td rowspan="5">Fully paid ordinary shares</td></tr><tr><td>Note 1 81</td></tr><tr><td>16,698,668</td></tr><tr><td>3,575,000</td></tr><tr><td>20,273,668</td></tr></table> | Number | +Class | 16,698,587 | Fully paid ordinary shares | Note 1 81 | 16,698,668 | 3,575,000 | 20,273,668 | |
| Number | +Class | | | | | | | | | | |
| 16,698,587 | Fully paid ordinary shares | | | | | | | | | | |
| Note 1 81 | | | | | | | | | | | |
| 16,698,668 | | | | | | | | | | | |
| 3,575,000 | | | | | | | | | | | |
| 20,273,668 | | | | | | | | | | | |
| 9 | Number and +class of all +securities not quoted on ASX (<i>including</i> the +securities in section 2 if applicable) | <table><tr><th>Number</th><th>+Class</th></tr><tr><td>32,000</td><td>29 July 2016 Options – exercise price \$6.00</td></tr></table> | Number | +Class | 32,000 | 29 July 2016 Options – exercise price \$6.00 | | | | | |
| Number | +Class | | | | | | | | | | |
| 32,000 | 29 July 2016 Options – exercise price \$6.00 | | | | | | | | | | |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | Full participation in any future dividends. | | | | | | | | | |

Part 2 - Pro rata issue

11 to 33 – Not Applicable

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities (*tick one*)

(a) ☒ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)


38 to 42 – Not Applicable

⁺ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: 
(~~Director~~ / Company Secretary)

Date: **31 December 2015**

Print name: **Robert J Waring**

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|---|--|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue | 16,698,668 Post consolidation basis |
| Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period Note: <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | 3,065,625 |
| Subtract the number of fully paid +ordinary securities cancelled during that 12 month period | |
| “A” | 19,764,293 |

+ See chapter 19 for defined terms.

| | |
|---|---|
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 <i>[Note: this value cannot be changed]</i> |
| Multiply “A” by 0.15 | 2,964,644 |
| Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used | |
| <p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | |
| “C” | 509,375 |
| Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1 | |
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p> | 2,964,644 |
| <p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p> | 509,375 |
| Total [“A” x 0.15] – “C” | 2,455,269 <i>[Note: this is the remaining placement capacity under rule 7.1]</i> |

+ See chapter 19 for defined terms.

Part 2

| Rule 7.1A – Additional placement capacity for eligible entities | |
|--|--|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| “A” <i>Note: number must be same as shown in Step 1 of Part 1</i> | 19,764,293 Post consolidation basis |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply “A” by 0.10 | 1,976,429 |
| Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used | |
| Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items | |
| “E” | 0 |
| Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A | |
| “A” x 0.10 <i>Note: number must be same as shown in Step 2</i> | 1,976,429 |
| Subtract “E” <i>Note: number must be same as shown in Step 3</i> | 0 |
| Total [“A” x 0.10] – “E” | 1,976,429 <i>Note: this is the remaining placement capacity under rule 7.1A</i> |

+ See chapter 19 for defined terms.