



King Solomon Mines Limited
ARBN 122 404 666



Xref Limited
NZBN 9429036173259

Corporate Governance Statement

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

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

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

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

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

A summary of the corporate governance practices as adopted by the Board on 7 December 2015 is set out below.

Principle 1: Lay solid foundations for management and oversight

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

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

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

At the date of this review, 7 December 2015, the Company has a small Board of three Directors (Non-Executive Chairman Simon O'Loughlin, Managing Director Stephen McPhail and Non-Executive Director Simon Taylor) and a small team of two part-time employees, so roles and functions have to be flexible to meet specific requirements. Following completion of the Xref Pty Ltd acquisition, the Board will comprise two executive Directors (Lee-Martin Seymour as Chief Executive Officer and Tim Griffiths as Chief Technology Officer), non-executive Director Tim Mahony and continuing non-executive chairman, Simon O'Loughlin. The Company discloses the respective roles and responsibilities of its Board and management, and how their performance is monitored and evaluated below.

The primary responsibilities of the Board include:

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

The Company discloses the curriculum vitae of each Director in its Annual Report. These were also detailed in the Investment Overview Section of the Replacement Prospectus dated 7 December 2015 (the Prospectus).

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

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

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

As at the date of this review, there are no departures from Principle 1:

Principle 2: Structure the Board to add value

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

Recommendation 2.2 – The chair should be an independent Director.

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

Recommendation 2.4 – The Board should establish a nomination committee.

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

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

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

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

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

As regards the proposed Directors, Lee-Martin Seymour and Tim Griffiths will be executive directors, and therefore not independent. However, Tim Mahony as non-executive director and Simon O'Loughlin as non-executive Chairman will be considered to be independent.

In the future, the Company intends to provide appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their roles as Directors effectively. Each Director of the Company has the right to seek independent professional advice at the expense of the Company. Prior approval from the Chairman is required, but this will not be unreasonably withheld.

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

The skills, experience and expertise relevant to the position of Director and period of office held by each Director is disclosed within the Directors' report of the Company's Annual Report, and in the Investment Overview Section of the Prospectus. The process for evaluating the performance of the Board and directors is outlined above under Principle 1.

The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.

As at the date of this review there are the following departures from Principle 2:

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

Principle 3: Promote ethical and responsible decision making

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

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

achieving them.

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

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

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

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

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

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

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

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

Principle 4: Safeguard integrity in corporate reporting

Recommendation 4.1 – The Board should establish an audit committee.

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

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

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

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

Committee reviews the performance of the external auditor (including the scope and quality of the audit).

Upon completion of the Xref Pty Ltd acquisition, it is proposed that the Audit Committee will comprise suitably qualified Directors at that time.

The Company has formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting. The Company periodically reviews its procedures to ensure compliance with the recommendations set out under this principle.

The Company's external auditors attend all AGMs as required by the Corporations Act and are available at these meetings to answer any questions on the audit.

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

Principle 5: Make timely and balanced disclosure

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

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

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

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

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

Principle 6: Respect the rights of shareholders

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

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

The Company provides information about itself and its governance to investors via its website at www.kingsolomonmines.com, including a Corporate landing page where all relevant corporate governance information can be accessed. The Company respects the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively. All significant information that is disclosed to the ASX is then posted on the Company's website and when analysts are

briefed on aspects of the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's website. Procedures have also been established for reviewing whether any price-sensitive information has been inadvertently disclosed, and if so, this information is also immediately released to the market.

Whilst the Company does not have a communications policy to promote effective communication with shareholders, having regard to its size and the nature of its business, the Company does communicate regularly with shareholders and encourages their participation at general meetings.

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

Principle 7: Recognise and manage risk

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

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

Recommendation 7.3 – The Company should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and that the system is operating effectively in all material respects in relation to financial reporting risks.

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

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

The Board believes the Company's risk management and internal compliance and control procedures are operating efficiently and effectively in all material aspects appropriate for a company of KSO's size and nature.

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

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1 – The Board should establish a remuneration committee.

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

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

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

The Board of the Company has a Remuneration Committee, which has three members, a majority of whom are independent Directors, and is chaired by an independent Director. The charter of the committee can be found under the Corporate section of the Company's website at www.kingsolomonmines.com. The members

of the Remuneration Committee are Simon O'Loughlin (Committee Chairman), Simon Taylor and Stephen McPhail.

Upon completion of the Xref Pty Ltd acquisition, it is intended that this Committee will comprise suitably qualified Directors at that time.

The Company separately discloses its policies and practices regarding the remuneration of Non-Executive Directors and the remuneration of Executive Directors and other senior executives in the Remuneration Report section of the Annual Report. The Company pays Director remuneration that is sufficient to attract and retain high quality Directors, and has designed its executive remuneration to attract, retain and motivate high quality senior executives, and to align their interests with the creation of value for shareholders. The Directors believe that the size of the Company makes individual salary and contractor negotiation more appropriate than formal remuneration policies. The Directors work closely with management, and have full access to all the Company's files and records. The Remuneration Committee seeks independent external advice and market comparisons as necessary. In accordance with reporting requirements, the Company discloses the fees and other remuneration paid to all its Directors and senior management, and it clearly distinguishes the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.

The Company has an equity-based remuneration scheme, being an Employee Share Option Plan. The Company has a policy that participants are not permitted to enter into transactions (whether through the use of derivatives or otherwise) that limit the economic risk of participating in this scheme.

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