



KINGSROSE
MINING LIMITED
SUBJECT TO DEED OF COMPANY ARRANGEMENT

ASX Announcement
28 June 2017

Notice of Meeting

Kingsrose Mining Limited (subject to deed of company arrangement) (**Kingsrose** or the **Company**) advises that a Notice of General Meeting, Explanatory Statement and Proxy Form were today dispatched to shareholders. A copy of the Notice is attached.

The General Meeting of shareholders (**General Meeting**) will be held at 11am (WST) on Friday 28 July 2017 at FTI Consulting, Level 6, The Esplande Perth WA.

At the General Meeting, shareholders will be asked to consider resolutions relating to the issue of shares as part of debt restructure agreements reached between the Company and its secured lenders in February 2017 and the various secured convertible loan facilities under which \$6.55m was raised earlier this year.

Approval of these resolutions and the subsequent issue of shares is a key step towards completing the recapitalisation of the Company and as such, the Deed Administrators and the Directors of the Company unaimously recommend that shareholders vote in favour of the resolutions.

-ENDS-

Enquiries:
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KINGSROSE
MINING LIMITED

SUBJECT TO DEED OF COMPANY ARRANGEMENT

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

KINGSROSE MINING LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT) | ACN 112 389 910

DATE: Friday 28 July 2017
TIME: 11am (WST)
LOCATION: FTI Consulting
Level 6, 30 The Esplanade
Perth WA 6000

This Notice of General Meeting and Explanatory Statement should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of General Meeting and Explanatory Statement please do not hesitate to contact the Company Secretary on + 61 8 9381 5588.

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DETAILS OF THE MEETING

Notice is given that a general meeting of Shareholders of Kingsrose Mining Limited (subject to deed of company arrangement) (ACN 112 389 910) will be held at the offices of FTI Consulting, Level 6, 30 The Esplanade, Perth, Western Australia on Friday 28 July 2017 at 11am WST.

YOUR VOTE AND VOTING ELIGIBILITY

The business of the General Meeting affects your shareholding and your vote is important. To vote in person, attend the Meeting at the time, date and place as set out above. If you are unable to attend the Meeting, you are encouraged to complete and return the attached Proxy Form.

The Deed Administrators have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5pm (WST) on Wednesday, 26 July 2017.

VOTING BY PROXY

All Shareholders who are entitled to attend and vote at the Meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Shareholders holding two or more Shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion of their votes they want each proxy to exercise.

You can direct your proxy to vote “for”, “against” or “abstain” from voting on each Resolution by marking the appropriate box in the Voting Directions section of the Proxy Form.

If a proxy holder votes, they must cast all votes as directed. Any directed proxies that are not voted will automatically default to the Chair, who must vote the proxies as directed.

If you sign the Proxy Form, but do not complete the boxes in the Voting Directions section of the Proxy Form, the Chair will be appointed as your proxy.

If you appoint the Chair as your proxy and do not direct him how to vote, you are expressly authorising the Chair to cast your undirected proxy on all Resolutions in accordance with the Chair’s intentions set out below.

If the Chair of the meeting is appointed, or taken to be appointed as a Shareholder’s proxy and the appointment does not direct the Chair as to how to vote on a resolution, the Chair intends to exercise all available votes in favour of all Resolutions.

The completed Proxy Form must be received at the office of Link Market Services Limited, as detailed below by 11am (WST) on Wednesday, 26 July 2017.

Proxy Forms received later than this time will be deemed invalid.

By Post: Link Market Services Limited, Locked Bag A14 Sydney South NSW 1235

By Delivery: Link Market Services Limited, 1A Homebush Bay Drive Rhodes NSW 2138

By Facsimile: From overseas: +61 2 9287 0309 From Australia: 02 9287 0309

Online: Login to the Link Market Services' website www.linkmarketservices.com.au, select 'Investor Login' and enter Kingsrose Mining Limited or the ASX code (KRM) in the Issuer name field, your Security Reference Number (SRN) or Holder Identifier Number (HIN) (which is shown on your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website.

VOTING BY ATTORNEY

If a Shareholder has appointed an attorney to attend and vote at the General Meeting, or if the proxy is signed by an attorney, the power of attorney (or a certified copy of the power of attorney) must be sent using one of the methods listed above for the receipt of Proxy Forms and received before the proxy deadline (unless this document has been previously lodged with the Company's Share Registry for notation).

VOTING BY CORPORATE REPRESENTATIVE

A body corporate which is a Shareholder, or which has been appointed a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements in Section 250D of the Corporations Act.

Alternatively, Shareholders can download and fill out the 'Appointment of Corporate Representation' form from Link Market Services Limited's website www.linkmarketservices.com.au. Select the "Investor Services" tab and click on Forms.

The appointed corporate representative should bring evidence of their appointment to the Meeting, unless it has previously been given to the Company.

QUERIES

If you have any queries regarding matters contained in this Notice of Meeting, please call the Company Secretary, Joanna Kiernan on +61 8 9381 5588.

BUSINESS OF THE MEETING

The Explanatory Statement which accompanies and forms part of this Notice of Meeting describes the matters to be considered at the Meeting, as set out below.

RESOLUTION 1 – APPROVAL OF ISSUE OF SHARES | CONVERTIBLE LOAN FACILITY

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the issue of up to 161,211,775 Shares at an issue price of four cents per Share on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 1 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of the security holder, if Resolution 1 is passed and any person associated with those persons. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 2 – ISSUE OF SHARES IN SATISFACTION OF OUTSTANDING LOAN FACILITIES

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

“That subject to and conditional on the passing of Resolution 1, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for issue of an aggregate of 129,584,725 Shares to Michael John Andrews (or his nominee) and Great Golden Investment Limited (or its nominee) at an issue price of four cents per Share in full satisfaction of an outstanding loan facility, on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 2 by Michael John Andrews, Great Golden Investment Limited (**Great Golden**) and any person who might obtain a benefit, except a benefit solely in the capacity of the security holder, if Resolution 2 is passed and any associate of any such person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

RESOLUTION 3 – ISSUE OF SHARES TO RELATED PARTY

To consider and, if thought fit, to pass, with or without amendment the following resolution as an ordinary resolution:

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the issue of up to 2,500,000 Shares to Nicholas Morris (or his nominee) at an issue price of four cents per Share on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by Nicholas Morris and any person who might obtain a benefit, except a benefit solely in the capacity of the security holder, if Resolution 2 is passed and any associate of any such person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the

meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Deed Administrators

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

Michael Ryan
Joint and Several Deed Administrator
Kingsrose Mining Limited (subject to deed of company arrangement)
28 June 2017

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Deed Administrators believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the General Meeting of the Company, convened for Friday, 28 July 2017 commencing at 11am (WST).

GENERAL BACKGROUND

Overview

The Company was incorporated on 6 January 2005 and subsequently listed on the ASX on 7 December 2007. The Company is an Indonesian focused gold and silver exploration and development company. Its primary asset is an 85% interest in the Way Linggo Project, this asset is owned by an Indonesian company called PT Natarang Mining. The Company acquired an 85% interest in PT Natarang Mining in February 2009, an interest which it holds through its wholly owned subsidiaries MM Gold Pty Ltd and Natarang Offshore Pty Ltd. The Company has another wholly owned subsidiary called Kingsrose (Tanggamus) Pty Ltd, but it is presently a dormant entity.

The Way Linggo Mine commenced production in August 2010. Mining activities were later suspended in June 2013. In June 2011, gold and silver resources were discovered north of the original Way Linggo Mine at a site which became known as the Talang Santo Mine. Production of gold and silver commenced from the Talang Santo Mine in July 2014, however from June 2015 onwards the Talang Santo Mine encountered operational challenges largely as a result of the flow of water into the mine which impacted production rates and reduced mineable areas. This resulted in lower production of gold and silver and an increase in operating costs as a result of additional pumping requirements and associated consumables

Intercompany loans

The Company undertakes the treasury functions of the Group Companies and accordingly raised both debt and equity finance to support the business of the Group Companies. The funds raised were then lent to PT Natarang Mining for development, exploration and operations at the Way Linggo Project. As at 14 December 2016, outstanding loan amounts owed by PT Natarang Mining to the Company equate to approximately \$68,298,000. As at 14 December 2016, Natarang Offshore Pty Ltd also owes a total of \$10,733,000 in unsecured loans to the Company which are repayable on demand.

Pre voluntary administration loans

Prior to the Company going into administration, the Company had loans outstanding with the following persons:

Beaurama Pty Ltd as trustee for the Phillips Investment Trust

- The total outstanding value of this loan is approximately \$4,304,000.
- This loan arises under a loan agreement dated 22 April 2013, which has been amended by several subsequent variation deeds.
- The loan was previously secured over the issued share capital of MM Gold Pty Ltd and Natarang Offshore Pty Ltd.
- Beaurama Pty Ltd is beneficially owned by James William Phillips, a director of the Company from 22 January 2005 to 22 June 2016. Mr Phillips is a substantial shareholder of the Company, holding 5.09% of the Company's issued capital.

Great Golden Investment Limited

- The total outstanding value of this loan is approximately \$2,877,000.
- The loan arose following an assignment on 29 January 2015 of 50% of an outstanding loan owed by the Company.

- The loan was previously secured over the issued share capital of MM Gold Pty Ltd and Natarang Offshore Pty Ltd. Great Golden Investment Limited is also beneficially owned by James William Phillips.

Michael John Andrews

- The total outstanding value of this loan is approximately \$2,200,000.
- This loan arose following assignment on 29 January 2015 of the remaining 50% of an outstanding loan owed by the Company.
- The loan was previously secured by the issued share capital of MM Gold Pty Ltd and Natarang Offshore Pty Ltd.
- Michael John Andrews was a director of the Company between 2007 and 2010, and a director of MM Gold Pty Ltd from 1994 until 2010 and Natarang Offshore Pty Ltd from 1995 until 2010. He is a substantial shareholder of the Company, holding 6.28% of the Company's issued capital.

Voluntary administration

On account of difficulties repaying its outstanding loans on 2 May 2016 the Company entered into a six-month repayment moratorium with its secured creditors. Subsequently, on 22 November 2016 the Company again negotiated a restructure of its debt with its secured creditors resulting in loan repayments being deferred until July 2017.

The Company appointed Michael Ryan and Ian Francis of FTI Consulting as voluntary administrators on 14 December 2016.

The administrators renegotiated the terms of the Company's secured loans and restructuring deeds were entered into with the Company's creditors (**Restructuring Deeds**), under which:

- Michael John Andrews and Great Golden Investments Pty Ltd agreed to release their existing security and to convert their debt to ordinary shares in the Company; and
- Beaurama Pty Ltd agreed to release its existing security and to defer repayment of its debt to a single payment due on 30 November 2023.

One of the conditions precedent for the Restructuring Deeds was that the Company raise US\$4 million in funding within 3 months from the date of signing. This condition was satisfied by 23 March 2017 meaning that the \$9.6 million in debt owed to the creditors is now unsecured.

The administrators conducted an emergency fundraising process resulting in the Company raising net \$6.1 million under a form of secured convertible loan facility with various parties to assist with the ongoing restructure of the Company's financial arrangements and mining operations (**Secured Convertible Loans**). These funds will also be used to pay unsecured creditors of the Company in full in accordance with the terms of the Deed of Company Arrangement that was approved by creditors on 8 June 2017.

Purpose of this meeting

The purpose of this meeting is to approve the issue of shares connected with the Restructuring Deeds and the Secured Convertible Loans, which are designed to reduce the Company's debt burden and to finance ongoing mining and exploration activities at the Way Linggo Project.

Deed of Company Arrangement

A meeting of the Company's creditors was held on 8 June 2017 (**Creditors' Meeting**). At the Creditors' Meeting, the creditors of the Company approved a proposal that the company execute a deed of company arrangement (**DOCA**). Among other things, the purpose of the DOCA is to facilitate the return of control of the Company to the Directors following the termination of the DOCA and is part of an overall plan to restore quotation of the Company's Shares on the ASX. The DOCA was executed on 8 June 2017.

Under the terms of the DOCA, among other things:

- the Company having obtained shareholder approval for the purposes of ASX Listing Rule 7.1 for the conversion of amounts owed under the Convertible Facility and the Andrews Debt and Great Golden Debt (each defined below) into Shares; and
- all relevant Shares having been issued to complete the conversion of amounts owed under the Convertible Facility and the Andrews Debt and Great Golden Debt,

are required steps for effectuating the DOCA.

Reinstatement to the official list

The Company is already admitted to the ASX official list. However, trading in the Shares was suspended on 13 December 2016. The Company will apply to the ASX for reinstatement of the Shares to trading on ASX as soon as reasonably practicable.

Reinstatement to the official list is at the discretion of ASX and will be subject to compliance with the ASX Listing Rules and the Corporations Act. The ASX requires the Company satisfy a number of conditions for reinstatement to the official list. The conditions for reinstatement that ASX requires be satisfied are set out in Annexure 2.

The date for satisfaction of these conditions is the later of:

- (a) 15 September 2017; or
- (b) if ASX extends the date by which the Company must satisfy ASX's conditions for reinstatement to the official list beyond 15 September 2017, that date.

Indicative timetable

Event	Indicative Date
Dispatch of notice to shareholders	28 June 2017
Meeting to approve issuance of Shares	28 July 2017
Issue of new Shares	31 July 2017
DOCA effectuated and deed administrators retire	Early August 2017
Reinstatement on official list and commencement of trading of Shares	August 2017

Pro forma capital structure

	Shares ¹	Options and Performance Rights
Current	436,710,852	12,800,000 options ² 416,413 share performance rights
Number of shares on issue if all resolutions are approved	730,007,352	12,800,000 options 416,413 share performance rights
Shares to be issued if resolution 1 is approved	161,211,775 to the persons and in the amounts detailed in Annexure 1 (except to the extent the conversion of those shares is otherwise dealt with in resolutions 2 or 3)	
Shares to be issued if resolution 2 is approved	56,153,375 to Michael John Andrews 73,431,350 to Great Golden	
Shares to be issued if resolution 3 is approved	2,500,000 to Nicholas Morris	

RESOLUTION 1 – APPROVAL OF ISSUE OF SHARES | CONVERTIBLE LOAN FACILITY

Background

On 24 March 2017 the Company announced it had raised approximately \$5.4m via a number of secured convertible loan facilities (together with the subsequent convertible loan facilities on the same, or substantially the same terms, the **Convertible Facility**) to assist with the ongoing restructure of the Company's financial arrangements and operations at the Way Linggo Project in Indonesia. As announced on 19 April 2017 and 5 May 2017, the Company accepted a further \$1.1 m, to raise a total of \$6,548,471 under the Convertible Facility.

The key terms of the Convertible Facility are as follows:

- Secured by the Administrator's lien over the Company's assets
- No interest is payable on the Convertible Facility
- Subject to obtaining shareholder approval for the conversion, amounts borrowed under the Convertible Facility, are convertible into Shares at four cents per share (subject to adjustment in the event of a reorganisation of the Company's share capital)
- If a majority (by value) of the lenders under the Convertible Facility elect to convert, then the entire amount outstanding under the Convertible Facility will be converted (subject to shareholder approval being obtained)

¹ Percentages rounded to nearest decimal place

² Comprised of:

4,800,000 options at \$0.26 with an expiry date of 18 November 2018
3,000,000 options at \$0.27 with an expiry date of 8 March 2019
5,000,000 options at \$0.20 with an expiry date of 25 November 2019

- Repayable on the later of termination of the administration or any deed of company arrangement which may be entered into by the Company should the loans not have been converted into equity.

The Company has received conversion notices from a majority (by value) of the lenders under the Convertible Facility. Accordingly, Resolution 1 seeks shareholder approval for the issue of up to 161,211,775 Shares (**Convertible Facility Shares**) in respect of the conversion to equity of amounts owed by the Company under the Convertible Facility.

As part of the funds raised through the Convertible Facility, the Company has raised \$100,000 from Mr Nicholas Morris. Mr Nicholas Morris is the son of John Morris, a director of the Company, as such Mr Nicholas Morris is a related party of the Company for the purposes of ASX Listing Rule 10.11. The arrangements with Mr Nicholas Morris are the subject of a separate resolution, Resolution 3, and the 2,500,000 Shares proposed to be issued to Mr Nicholas Morris are in addition to the 161,211,775 Shares proposed to be issued under this Resolution

ASX Listing Rules

ASX Listing Rule 7.1 provides that, without the approval of its shareholders, a company must not, subject to specified exceptions, issue or agree to issue equity securities which amount to more than 15% of its issued share capital in any rolling 12 month period.

The Convertible Facility Shares represent approximately 22% of the Company's issued share capital post-conversion (assuming the issue of Shares contemplated in Resolution 2 also occurs). Resolution 1 seeks shareholder approval for the issue of the Convertible Facility Shares because the issue of those Shares would otherwise exceed the Company's capacity to issue securities without Shareholder approval.

The effect of Resolution 1 will be to allow the Company to issue the Convertible Facility Shares during the period of 3 months after the Meeting (or a longer period, if allowed by ASX). Upon the issue of the Convertible Facility Shares, the entire amount outstanding under the Convertible Facility will be deemed to have been satisfied. If Resolution 1 is not approved and the Convertible Facility Shares are not issued, the Company will be required to repay the \$6.55 million owing under the Convertible Facility upon the later of termination of the administration or termination of any deed of company arrangement which may be entered into by the Company.

If Resolution 1 is approved, the Company will retain flexibility to issue equity securities in the future up to the Company's 15% annual placement capacity, without the requirement to obtain Shareholder approval.

Technical Information Required by ASX Listing Rule 7.3

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 1:

- (a) The maximum number of Shares to be issued under Resolution 1 is 161,211,775 Shares.
- (b) The Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any other waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur shortly after the Meeting.
- (c) The issue price of the Shares will be four cents per Share.
- (d) The Shares will be issued to lenders under the Convertible Facility Agreement, each of whom is a professional or sophisticated investor. To the extent known as at the date of the Notice, the lenders under the Convertible Facility Agreement are detailed in Annexure 1. None of the lenders are related parties of the Company.
- (e) The Shares to be issued will all be fully paid ordinary Shares and will rank equally and be issued on the same terms and conditions as the Company's existing Shares.

- (a) No new funds will be raised from the issue of the Convertible Facility Shares as the Convertible Facility Shares are being issued in consideration for (and in satisfaction of) amounts owing to the lenders under the Convertible Facility Agreement.

Recommendation: The Deed Administrators and the Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

RESOLUTION 2 – ISSUE OF SHARES IN SATISFACTION OF OUTSTANDING LOAN FACILITIES

Background

In February 2017, the Company announced that each of Michael John Andrews and Great Golden had entered into an agreement with the Company (**Conversion Agreement**) under which each of them agreed to convert the outstanding principal and interest under loan facilities (**Loan Facilities**) (being A\$2,246,135 (**Andrews Debt**) in respect of Michael John Andrews and A\$2,937,254 (**Great Golden Debt**) in respect of Great Golden) to equity as part of a broader equity raising. Conversion of these debts to equity was conditional upon the Company raising no less than US\$4m through an equity raising or alternative debt arrangement, with at least US\$1m being by way of equity (or a convertible loan) within three months. The Conversion Agreement was further conditional upon the Company obtaining any necessary shareholder approvals and the simultaneous conversion of any convertible loan forming part of the additional funding.

Under the Conversion Agreement, the amounts due to Michael John Andrews and Great Golden will be converted at the same price at which the debt to equity conversion in respect of Convertible Facility occurs, which is at four cents a Share.

As noted above, the Company has raised approximately A\$6.55 m via the Convertible Facility and has received conversion notices from a majority (by value) of the lenders under the Convertible Facility. If Resolution 1 is approved by Shareholders, the Company will implement the conversion of amounts owed under the Convertible Facility. The Company intends to convert the amounts owed to Michael John Andrews and Great Golden to equity at the same time that the amounts due under the Convertible Facility are converted to equity. Accordingly, Resolution 2 seeks approval for the issue of 56,153,375 Shares to Michael John Andrews (or his nominee) and 73,431,350 Shares to Great Golden (or its nominee) (together the **Conversion Shares**) as contemplated by the Conversion Agreement.

Under the terms of the Conversion Agreement, the conversion to equity of the amounts owed to Michael John Andrews and Great Golden is conditional on the simultaneous conversion of the amounts owed under the Convertible Facility. Accordingly, Resolution 2 is conditional on Resolution 1 being passed.

If both Resolutions 1 and 2 are approved by Shareholders and the relevant Shares are issued to Michael John Andrews and Great Golden, the amount outstanding under the Loan Facility will be reduced to nil. Under the terms of the Conversion Agreement, if Shareholders do not approve Resolutions 1 and 2 or if the conversion to equity of amounts due under the Loan Facility has not occurred by 20 November 2017, then the amounts owed under the Loan Facility will remain as a debt owed by the Company on the following terms:

- No further interest will accrue on the amounts owed under the Loan Facilities until July 2020, at which point interest will accrue at 5% per annum which the Company will pay monthly in arrears
- The Loan Facilities will be unsecured
- The Loan Facilities will be repayable by a single payment due on 30 November 2023.

If at the Creditors Meeting, the Company's creditors approve the Company's execution of the DOCA, a further consequence of the Shareholders not approving Resolutions 1 and 2 will be that the DOCA is not effectuated, the

Company will not be returned to solvency and control of the Company will not be returned to the Directors in the manner contemplated by the DOCA and the Company will not be able to convert the Andrews Debt, Great Golden Debt and the amount owing under the Convertible Facility Agreement.

ASX Listing Rules

A summary of ASX Listing Rule 7.1 is set out in the section of this Explanatory Statement above dealing with Resolution 1 under the heading 'ASX Listing Rules'.

If the debt to equity conversions contemplated under the Conversion Agreement (including the shares proposed to be issued to Mr Nicholas Morris (or his nominee) under Resolution 3) and the Convertible Facility occur, the Company will issue a total of up to 293,296,500 Shares, which post-issue will represent approximately 40% of the Company's issued share capital. Resolution 2 seeks shareholder approval for the issue of the Conversion Shares because the issue of the Conversion Shares (together with the issue of the Convertible Facility Shares) would otherwise exceed the Company's capacity to issue securities without Shareholder approval.

If Resolution 2 is approved, the Company will retain flexibility to issue equity securities in the future up to the Company's 15% annual placement capacity, without the requirement to obtain Shareholder approval.

Technical Information Required by ASX Listing Rule 7.3

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 2:

- (a) The maximum number of Shares to be issued under Resolution 2 is 129,584,725 Shares.
- (b) The Shares will be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by any other waiver or modification of the ASX Listing Rules) and it is intended that the issue of the Shares will occur shortly after the Meeting.
- (c) The issue price of the Shares will be four cents per Share.
- (d) The Shares will be issued to Michael John Andrews (or his nominee) (in respect of 56,153,375 Shares) and Great Golden (or its nominee) (in respect of 73,431,350 Shares). Neither Michael John Andrews nor Great Golden is a related party of the Company.
- (e) The Shares to be issued will be credited as fully paid ordinary Shares and will rank equally and be issued on the same terms and conditions as the Company's existing Shares.
- (f) No new funds will be raised by the issue of the Shares as they are being issued in consideration for (and in satisfaction of) amounts owing under the Andrews Debt and the Great Golden Debt.

Recommendation: The Deed Administrators and the Directors unanimously recommend that Shareholders vote in favour of Resolution 2.

RESOLUTION 3 – ISSUE OF SHARES TO RELATED PARTY

Background

As part of the funds raised through the Convertible Facility, the Company accepted a \$100,000 under the Convertible Facility from Mr Nicholas Morris. The terms of the Convertible Facility with Mr Nicholas Morris are on substantially the

same terms as the other convertible loan facilities described above in respect of Resolution 1. As noted above, the Company has received conversion notices from a majority (by value) of the lenders under the Convertible Facility and, subject to the shareholder approval, is intending to convert the amounts owed under the Convertible Facility to equity.

Mr Nicholas Morris is the son of John Morris, a director of the Company. As such, Mr Nicholas Morris is a related party of the Company for the purposes of ASX Listing Rule 10.11 and the proposed conversion to equity of amounts owed to Mr Nicholas Morris is being put to shareholders as a separate resolution.

The key terms of the Convertible Facility are as follows:

- Secured by the Administrator's lien over the Company's assets
- No interest is payable on the Convertible Facility
- Subject to obtaining shareholder approval for the conversion, amounts borrowed under the Convertible Facility, are convertible into Shares at four cents per share (subject to adjustment in the event of a reorganisation of the Company's share capital)
- If a majority (by value) of the lenders under the Convertible Facility elect to convert, then the entire amount outstanding under the Convertible Facility will be converted (subject to shareholder approval being obtained)
- Repayable on the later of termination of the administration or any deed of company arrangement which may be entered into by the Company should the loans not have been converted into equity.

Resolution 3 seeks shareholder approval for the issue of up to 2,500,000 Shares (**Morris Convertible Facility Shares**) to Nicholas Morris (or his nominee) in respect of the conversion to equity of amounts owed by the Company to Mr Nicholas Morris under the Convertible Facility.

Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

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

Under section 210 of the Corporations Act, shareholder approval is not needed to give a financial benefit on terms that would be reasonable in the circumstances if the company and the related party were dealing at arm's length.

The issue of the Morris Convertible Facility Shares constitutes giving a financial benefit and Mr Nicholas Morris is a related party of the Company by virtue of being the son of a Director pursuant to section 228(3) of the Corporations Act. However the Deed Administrators consider that, as the issue of the Morris Convertible Facility Shares is on the same terms and at the same price as the Convertible Facility Shares to be issued to sophisticated and professional investors under Resolution 1, the giving of the financial benefit is on arm's length terms and within the exception in section 210 of the Corporations Act.

ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that a company must not, subject to specified exceptions, issue or agree to issue equity securities to a related party, without shareholder approval. If shareholder approval is received under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1.

As noted above, Mr Nicholas Morris is the son of John Morris, who is a director of the Company. As such, Mr Nicholas Morris is a related party of the Company for the purposes of Listing Rule 10.11.

Technical Information Required by ASX Listing Rule 10.13

For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 3:

- (a) The maximum number of Shares to be issued under Resolution 3 is 2,500,000 Shares.
- (b) The Shares will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any other waiver or modification of the ASX Listing Rules) and it is intended that the issue of the Shares will occur shortly after the Meeting.
- (c) The issue price of the Shares will be four cents per Share.
- (d) The Shares will be issued to Mr Nicholas Morris (or his nominee). Mr Nicholas Morris is the son of John Norris, a director of the Company.
- (e) The Shares to be issued will be credited as fully paid ordinary Shares and will rank equally and be issued on the same terms and conditions as the Company's existing Shares.
- (f) No new funds will be raised by the issue of the Shares as they are being issued in consideration for (and in satisfaction of) amounts owing to Mr Nicholas Morris under the Convertible Facility.

Recommendation: The Deed Administrators and the Directors (other than John Morris) unanimously recommend that Shareholders vote in favour of Resolution 3.

GLOSSARY

A\$ means the official currency of the Commonwealth of Australia.

ASX means ASX Limited.

ASX Listing Rules or Listing Rules means the Listing Rules of the ASX.

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

Chair means the chair of the meeting.

Company means Kingsrose Mining Limited (subject to deed of company arrangement) (ACN 112 389 910)

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

Deed Administrators means Michael Joseph Patrick Ryan and Ian Charles Francis as joint and several deed administrators of the Company.

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

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

Group Company means the Company or an associated body corporate, or any combination of them, as the context requires.

Notice means this notice of general meeting and includes the Explanatory Statement and Proxy Form.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the proposed resolutions set out in the Notice, or any one of them, as the context requires.

Related Party bears the meaning given in section 9 of the Corporations Act.

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

Shareholder means a shareholder of the Company.

WST means Australian Western Standard Time as observed in Perth, Western Australia.

ANNEXURE 1 – LENDERS UNDER CONVERTIBLE FACILITY

Lender	Number of Shares to be issued (directly to Lender or to Lender's nominee)
Hobart Capital Markets LLP	57,951,500
Hobart Capital Markets LLP	5,056,100
Richard Mark Bowers and Catherine Chi Ching Bowers	625,000
Yar Ltd Executive Pension Scheme	2,000,000
El-Raghy Kriewaldt Pty Ltd	6,250,000
City Securities Limited	7,500,000
Roderick McIlree	4,750,000
Michael John Andrews	16,666,675
W.B. Nominees Ltd	500,000
Canaccord Genuity Wealth Limited	762,500
James Unger	2,000,000
Zelman Pty Ltd ATF The Wally Unger Superannuation Fund	2,000,000
El Oro Limited	750,000
Garth Palmer	1,250,000
Andrew Wolfe	1,250,000
Greg Kuenzel	2,000,000
Cameron John French	8,000,000
Tabasco Consulting Limited	2,750,000
Gravity Capital Limited	13,300,000
Gravity Capital Limited	1,500,000
Anthony Brookes	2,500,000
Laszlo Kiralyfi	1,000,000

Lender	Number of Shares to be issued (directly to Lender or to Lender's nominee)
Bo Hegg	2,000,000
James Mahony	200,000
Exchange Minerals Limited	2,500,000
Grimpeur Holdings Limited	6,250,000
Ajava Holdings Pty Ltd	5,000,000
Half Brother Capital Limited	1,875,000
Lewis Marks	525,000
BPM Capital Limited	2,500,000
Nicholas John Morris	2,500,000
Total	163,711,775

ANNEXURE 2 – CONDITIONS FOR REINSTATEMENT

1. Confirmation that the DOCA has been fully effectuated and Kingsrose Mining Limited (subject to deed of company arrangement) (**Entity**) is not subject to any other forms of external administration, receivership or liquidation.
2. The Entity's shareholders approving all the resolutions required to effect the Proposal to be considered at a general meeting of shareholders (**Meeting**), including the following:
 - 2.1. The issue of 161,211,775 shares in respect of the conversion to equity of amounts owed by the Entity to lenders under the Convertible Facility;
 - 2.2. The issue of 129,584,725 shares to Michael John Andrews (or his nominee) and Great Golden Investments Pty Ltd (or its nominee) in settlement of their outstanding loans;
 - 2.3. The issue of 2,500,000 shares to Nicholas Morris, a related party of the Entity in respect of the conversion to equity of amounts owed to Mr Norris by the Entity under the Convertible Facility,collectively the **Share Issues**.
3. Confirmation of completion of the Share Issues.
4. In the absence of relief from ASIC, confirmation that the Entity has released a prospectus for the purposes of s710 of the Corporations Act.
5. Confirmation to the satisfaction of ASX that the Entity retains its interest in the Way Linggo Mine and the Talang Santo Mines in Indonesia and has full and unfettered access to and can operate the Talang Santo Mine.
6. Confirmation that the Entity's secured creditors, including Beaurama Pty Ltd as trustee for the Phillips Investment Trust, have released and discharged any security granted to them by the Entity and there are no outstanding security interests over the Entity's assets and that the Entity's secured creditors have no further interest in the Entity's assets.
7. An update on the status of all litigation with respect to the Entity.
8. The Entity demonstrating compliance with Listing Rules 12.1 to 12.4 inclusive, to the satisfaction of the ASX, as set out below.
 - 8.1. The Entity satisfies the requirements of Listing Rule 12.1.
 - 8.2. Confirmation and demonstration that, at the date of reinstatement, the Entity satisfies Listing Rule 12.2. In satisfying this requirement the Entity should provide 12 months of cash flow results as well as a statement by the Directors of the Entity confirming that there is unlikely to be any material change to the Entity's performance in the future.
 - 8.3. The Entity's level of shareholder spread will satisfy the requirements of Listing Rule 12.4, with there being at least 300 holders each holding at least \$500 worth of fully paid ordinary shares.
9. The Entity will be required to lodge quarterly cash flow reports for at least the first 8 quarters after reinstatement, in compliance with listing rule 4.7B (a) (Quarterly Report). The Entity's first Quarterly Report will be due in the quarter following the date of the Entity's reinstatement.
10. Lodgement of all outstanding Appendices 3B with ASX for issues of new securities.
11. Reinstatement of the Entity's CHESS sub-register.

12. The Entity having a free float (as that term is defined in Chapter 19 of the Listing Rules) of not less than 20% at the time of its reinstatement to the official list.
13. Lodgement of any outstanding reports (other than quarterly reports) for the period since the Entity's securities were suspended and any other outstanding documents required by Listing Rule 17.5.
14. Lodgement of Director's Interest Notices, being either Appendix 3Xs, 3Ys, or 3Zs, as required.
15. Confirmation that there are no legal, regulatory or contractual impediments to the Entity undertaking its existing activities.
16. Payment of any ASX fees, including listing fees, applicable and outstanding.
17. Confirmation the securities to be issued following the Meeting have been issued, and despatch of each of the following has occurred.
 - 17.1. In relation to all holdings on the CHESSE subregister, a notice from the Entity under ASX Settlement Operating Rule 8.9.1.
 - 17.2. In relation to all other holdings, issuer sponsored holding statements.
18. Provision of the following documents, in a form suitable for release to the market.
 - 18.1. A statement setting out the names of the 20 largest holders of each class of securities to be quoted, including the number and percentage of each class of securities held by those holders.
 - 18.2. A distribution schedule of the numbers of holders in each class of security to be quoted, setting out the number of holders in the following categories.
 - 1 - 1,000
 - 1,001 - 5,000
 - 5,001 - 10,000
 - 10,001 - 100,000
 - 100,001 and over
 - 18.3. A statement outlining the Entity's capital structure following the Meeting on a post-issue basis.
 - 18.4. The Entity's pro forma balance sheet following completion of the Recapitalisation.
 - 18.5. A consolidated activities report setting out the proposed business strategy for the Entity (including an update on the status of the Entity's assets and the current activities with respect thereto).
 - 18.6. Full terms and conditions of all options on issue (if any).
 - 18.7. Full terms and conditions of any employee incentive schemes (if any).
 - 18.8. A statement disclosing the extent to which the Entity will follow, as at the date its securities are reinstated, the recommendations set by the ASX Corporate Governance Council. If the Entity does not intend to follow all of the recommendations on its reinstatement, the Entity must identify those recommendations that will not be followed and give its reasons for not following them.
 - 18.9. A statement setting out the number of securities subject to ASX restrictions and the restriction period applied to those securities, if applicable.
 - 18.10. A copy of the Entity's securities trading policy as required by Listing Rule 12.9.
 - 18.11. An update on all litigation with respect to the Entity.

- 18.12. A statement confirming the Entity is in compliance with the Listing Rules and in particular Listing Rule 3.1.
- 18.13. Any further documents and confirmations ASX may determine are required to be released to the market as pre-quotation disclosure following its review of the prospectus and any ancillary documentation.
19. Confirmation of the responsible person for the purposes of Listing Rule 1.1 condition 12.
20. Payment of any other fees applicable and outstanding. The Entity's outstanding fees will be advised in due course.
21. Provision of any other information required or requested by ASX including, but not limiting the generality of the foregoing, in relation to any issues that may arise (1) from ASX's review of the prospectus to be issued by the Entity; and (2) from ASX's review of the Entity's financial reports.



KINGSROSE
MINING LIMITED

Kingsrose Mining Limited
(subject to a deed of company arrangement)

ABN 49 112 389 910

LODGE YOUR VOTE

ONLINE
www.linkmarketservices.com.au

BY MAIL
Kingsrose Mining Limited (subject to a deed of company arrangement)
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia

BY FAX
+61 2 9287 0309

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

ALL ENQUIRIES TO
Telephone: +61 1300 554 474



X999999999999

PROXY FORM

I/We being a member(s) of Kingsrose Mining Limited (subject to a deed of company arrangement) and entitled to attend and vote hereby appoint:

APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the General Meeting of the Company to be held at **11:00am (WST) on Friday, 28 July 2017 at FTI Consulting, Level 6, 30 The Esplanade Perth WA 6000 (the Meeting)** and at any postponement or adjournment of the Meeting.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 1

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an

Resolutions

	For	Against	Abstain*
1 Approval of Issue of Shares Convertible Loan Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Issue of Shares in Satisfaction of Outstanding Loan Facilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Issue of Shares to Related Party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

STEP 2

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

STEP 3

KRM PRX1701A



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **11:00am (WST) on Wednesday, 26 July 2017**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



BY MAIL

Kingsrose Mining Limited (subject to a deed of company arrangement)
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* During business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**