
NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

Date: Thursday, 13 November 2014

Time: 11am (WST)

Location: The Celtic Club

48 Ord Street

West Perth WA 6005

This Notice of Annual 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 adviser without delay.

Should you wish to discuss the matters in this Notice of Annual General Meeting and Explanatory Statement please do not hesitate to contact the Company Secretary on + 61 8 9486 1149.

CONTENTS

Details of the Meeting	Page 1
Voting Eligibility	Page 1
Voting by Proxy	Page 1
Corporate Representative	Page 2
Agenda	Page 3
Explanatory Statement	Page 6
Glossary	Page 16
Proxy Form	Page 17

DETAILS OF THE MEETING

Notice is hereby given that the Annual General Meeting of Kingsrose Mining Limited (ABN 49 112 389 910) will be held at The Celtic Club, 48 Ord Street West Perth, Western Australia on Thursday 13 November 2014 commencing at 11am WST.

If you are unable to attend the Meeting, you are encouraged to complete and return the Proxy Form attached to this Notice of Meeting

VOTING ELIGIBILITY

The business of the meeting affects your shareholding and your vote is important. The Directors 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 4pm (WST) on Tuesday, 11 November 2014.

VOTING BY PROXY

A Shareholder has the right to appoint a proxy (who need not be a Shareholder). A proxy can be an individual or a body corporate. A body corporate appointed as a Shareholder's proxy must appoint a representative to exercise any of the powers the body corporate can exercise as a proxy at the Meeting. Refer to the "Corporate Representatives" section below.

A Shareholder entitled to cast two or more votes may appoint two proxies and may specify the percentage of votes each proxy is to exercise.

A Shareholder can direct its 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 the Chair is to act (whether by appointment or default) as your proxy in relation to Resolution 1 (Adoption of Remuneration Report) and Resolution 5 (Issue of Performance Rights to Managing Director) and Resolution 6 (Issue of Options to Managing Director) and you have not given directions on how to vote by marking the appropriate box in the Voting Directions section of the Proxy Form, the Proxy Form expressly directs and authorises the Chair to cast your vote "for" each of Resolutions 1, 5 and 6 even though each resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or if the Company is part of a consolidated entity for the entity. This express authorisation is included because without it the Chair would be

precluded from casting your votes, as these resolutions are connected with the remuneration of Key Management Personnel.

Subject to the above requirements being met, the Chair will vote all undirected proxies in respect of Resolutions 1, 5 and 6 in favour of the relevant resolution.

The Proxy Form that accompanies this Notice of Meeting must be completed and received at the office of Link Market Services Limited, as detailed below by 11am (WST) on Tuesday, 11 November 2014.

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.

CORPORATE REPRESENTATIVES

Any body corporate Shareholder wishing to appoint a person to act as its representative at the Meeting may do so by providing that person with:

- A letter or certificate executed in accordance with the Corporations Act authorising that person to act as the corporate Shareholders representative at the Meeting; or
- A copy of the resolution appointing that person as the corporate Shareholder's representative at the Meeting, certified by a secretary or Director of the corporate Shareholder.

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 his or her 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 9486 1149.

AGENDA

The Explanatory Statement which accompanies and forms part of this Notice of Meeting describes the matters to be considered.

BUSINESS OF THE MEETING

1. 2014 FINANCIAL REPORT

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2014, together with the declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditors' Report.

ORDINARY BUSINESS

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider, and if thought fit, to pass, with or without amendment, the following resolution as a non-binding advisory resolution:

“That for the purpose of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the Company and its controlled entities for the year ended 30 June 2014 be approved and adopted.”

Note: The vote of the Remuneration Report is advisory only and does not bind the Directors of the Company.

Voting Prohibition Statement:

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

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

However, a person (the voter) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- The voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
- The voter is the Chair and the appointment of the Chair as proxy:
 - Does not specify the way the proxy is to vote on Resolution 1; and
 - Expressly authorises the Chair to exercise the proxy even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR | MR JAMES W. PHILLIPS

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

“That, for the purpose of clause 12.11 of the Company’s Constitution and for all other purposes, Mr James W. Phillips, a Director, retires by rotation and being eligible, is re-elected as a Director.”

RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE | SHARE PLACEMENT

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 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 22,857,642 ordinary shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE | UNLISTED OPTIONS

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 7.4 and for all other purposes, Shareholders ratify the issue and allotment of 500,000 unlisted options over ordinary shares on the terms and conditions set out in the Explanatory Statement”.

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 5 – ISSUE OF SHARE PERFORMANCE RIGHTS TO MANAGING DIRECTOR | MR SCOTT HUFFADINE

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

“That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, approval is given to the Company to issue and allot up to 417,914 Share Performance Rights to the Managing Director, Mr Scott Huffadine on the terms and conditions set out in the Explanatory Statement and in accordance with the terms and conditions of the Company’s Employee Option and Share Rights Plan as approved by Shareholders on 1 November 2012.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by any Director, other than any Directors who are ineligible to participate in the Company’s Employee Option and Share Rights Plan as approved by Shareholders on 1 November 2012, and any associates of those Directors. However, the Company need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxy Voting Prohibition Statement:

A person ("Proxy") appointed proxy must not vote on Resolution 5 if the Proxy is one of the following persons:

- A member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report;
- A Closely Related Party of such a member; and
- The appointment does not specify the way the Proxy is to vote on Resolution 5.

However, a Proxy described above may cast a vote on Resolution 5 as a proxy if:

- The Proxy is the Chair of the meeting and the appointment of the Chair as proxy:
 - Does not specify the way the proxy is to vote on Resolution 5; and
 - Expressly authorises the Chair to exercise the proxy even though Resolution 5 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

RESOLUTION 6 – ISSUE OF OPTIONS TO MANAGING DIRECTOR | MR SCOTT HUFFADINE

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 10.14 and for all other purposes, approval is given to the Company to issue and allot 3,000,000 unlisted Options over ordinary shares to the Managing Director, Mr Scott Huffadine (or his nominee/s) on the terms and conditions set out in the Explanatory Statement and in accordance with the terms and conditions of the Company's Employee Option and Share Rights Plan as approved by Shareholders on 1 November 2012."

Voting Exclusion: The Company will disregard any votes cast on Resolution 6 by any Director, other than any Directors who are ineligible to participate in the Company's Employee Option and Share Rights Plan, and any associates of those Directors. However, the Company need not disregard a vote if:

- It is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- It is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxy Voting Prohibition Statement:

A person ("Proxy") appointed proxy must not vote on Resolution 6 if the Proxy is one of the following persons:

- A member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report;
- A Closely Related Party of such a member and the appointment does not specify the way in which the Proxy is to vote on Resolution 6; and
- The appointment does not specify the way in which the Proxy is to vote on Resolution 6.

However, a Proxy described above may cast a vote on this Resolution 6 as a proxy if:

- The voter is the Chair of the meeting and the appointment of the Chair as proxy:
 - Does not specify the way the proxy is to vote on Resolution 6; and
 - Expressly authorises the Chair to exercise the proxy even though Resolution 6 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company.

By Order of the Board of Directors



Joanna Kiernan
Company Secretary
14 October 2014

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Annual General Meeting of the Company, convened for Thursday, 13 November 2014 commencing at 11am (WST).

FINANCIAL STATEMENTS AND REPORTS

In accordance with the Corporations Act, the business of the Annual General Meeting will include receipt and consideration of the Financial Report, Directors' Report, the Remuneration Report and the Auditors' Report for the financial year ended 30 June 2014.

The Company will not provide a hard copy of the Company's Annual Financial Report to Shareholders unless specifically requested to do so. The Company's Annual Financial Report is available on its website www.kingsrosemining.com.au

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

General

Section 250R(2) of the Corporations Act requires that at a listed company's Annual General Meeting a resolution that the Remuneration Report must be presented to Shareholders for their consideration and adoption. Such a resolution is advisory only and does not bind the Directors or the Company. The Board will however, take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Director's Report contained in the Annual Financial Report of the Company for a financial year.

The Company has adopted a remuneration strategy intended to support the delivery of long-term Shareholder value and to ensure remuneration accurately reflects achievement in line with market conditions. This strategy is designed to attract and retain high calibre individuals through the provision of remuneration packages which contain the appropriate balance of fixed remuneration, short-term incentives and long-term incentives measured against clearly defined performance hurdles aligned with the strategic and operational strategy of the Company.

Voting Consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on a Remuneration Report Resolution are voted against the adoption of the Remuneration Report at consecutive Annual General Meetings, the company will be required to put to Shareholders a resolution proposing the calling of a General

Meeting to consider the appointment of Directors of the company (Spill Resolution) at the second Annual General Meeting.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a General Meeting (Spill Meeting) within 90 days of the second Annual General Meeting.

All of the Directors of the company who were in office when the Directors' Report (as included in the company's annual financial report for the previous financial year) was approved, other than the Managing Director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the company.

Previous Voting Results

At the Company's previous Annual General Meeting the votes cast against the Remuneration Report considered at that Annual General Meeting were less than 25%. Accordingly, a Spill Resolution is not relevant for this Annual General Meeting.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR | MR JAMES W. PHILLIPS

Clause 12.11 of the Company's Constitution requires that at the Company's Annual General Meeting one-third of the Directors, or if their number is not three nor a multiple of three, then the number nearest to but not exceeding one-third and any other Director not in such one-third who has held office for three years or more (except the Managing Director) must retire from office.

A Director who retires by rotation under clause 12.11 of the Constitution is eligible for re-election.

Accordingly, Mr Phillips is required to retire by rotation at the Annual General Meeting, and being eligible, offers himself for re-election as a Director.

Mr Phillips has over 34 years' experience in mining contracting and mine management, much of which has been gained in Western Australia. He is highly regarded as a leading specialist in underground narrow vein mining.

He has managed or been instrumental in the development of 16 mines wither in the role of contractor or as owner/Shareholder. Until May 2010, Mr Phillips oversaw mining and production at Medusa Mining Limited's Co-O gold mine and processing plant in the southern Philippines.

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

RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE | SHARE PLACEMENT

Background

On 18 February 2014 the Company announced a placement of 22,857,642 Shares to professional and sophisticated investors at an issue price of \$0.35 per Share to raise approximately \$8 million.

This issue was made by the Company without Shareholder approval in accordance with ASX Listing Rule 7.1 which provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities, or other securities with rights to conversion to equity (such as an option) during any 12 month period than that amount

which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rules

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of ASX Listing Rule 7.1.

The Company now seeks ratification by Shareholders of the issue of 22,857,642 ordinary shares pursuant to ASX Listing Rule 7.4. By ratifying this issue of ordinary shares, the Company will retain the flexibility to issue securities in the future up to the 15% threshold as set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Technical Information Required by ASX Listing Rule 7.5

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to Resolution 3:

1. A total of 22,857,642 Shares were issued;
2. The issue price was \$0.35 per Share;
3. The Shares issued were all fully paid ordinary shares in the capital of the Company payable in full at the time of issue and issued on the same terms and conditions as the Company's existing Shares;
4. The Shares were issued and allotted to clients of Bell Potter Securities Limited and new and existing institutional investors, none of whom are related parties of the Company; and
5. The funds raised pursuant to the Share placement have been applied to the development of the Talang Santo mine, resource to reserve infill and extensional drilling at the Talang Santo mine and general working capital purposes.

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE | OPTIONS

Background

On 7 April 2014 the Company issued 500,000 unlisted Options at an exercise price of \$0.55, expiring on 7 April 2016 to a Commissioner of the Company's Indonesian subsidiary, PT Natarang Mining.

This issue was made by the Company without Shareholder approval in accordance with ASX Listing Rule 7.1 which provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities, or other securities with rights to conversion to equity (such as an option) during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rules

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of ASX Listing Rule 7.1.

The Company now seeks ratification by Shareholders of the issue of 500,000 unlisted Options pursuant to ASX Listing Rule 7.4. By ratifying this issue of unlisted Options, the Company will retain the flexibility to issue securities in the future up to the 15% threshold as set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

Technical Information Required by ASX Listing Rule 7.5

For the purposes of ASX Listing Rule 7.5, the following information is provided in relation to Resolution 4:

1. A total of 500,000 Options were issued each with an exercise price of \$0.55, expiring on 7 April 2016;
2. The Options were issued for nil consideration;
3. The Options are unlisted and were issued on terms and conditions set out in Annexure A;
4. The Options were issued and allotted to Mr Simon Sembiring, a Commissioner of PT Natarang Mining. Mr Sembiring is not a related party of the Company; and
5. No funds were raised as a result of the issue of the Options. In the event that the Options are exercised prior to their expiry date, the funds raised will be used for general working capital purposes.

RESOLUTION 5 – ISSUE OF SHARE PERFORMANCE RIGHTS TO MANAGING DIRECTOR | MR SCOTT HUFFADINE

Background

The Company has agreed, subject to obtaining Shareholder approval, to issue up to 417,914 Share Performance Rights to Mr Scott Huffadine in accordance with the terms and conditions of the Kingsrose Mining Limited Employee Options and Share Rights Plan (“EOSRP”) as approved by Shareholders at the 2012 Annual General Meeting.

The issue of the Share Performance Rights is pursuant to the Company’s EOSRP and forms part of the Company’s Long Term Incentive Plan (“LTIP”), which has been designed to provide its executives with long term incentives which create a demonstrable link between the delivery of value to Shareholders, financial performance and the reward and retention of executives.

The Share Performance Rights issued to Mr Huffadine will not vest into Shares until 30 June 2017, and even then exercise of the Share Performance Rights is contingent upon the Total Shareholder Return (“TSR”) performance condition being satisfied and require Mr Huffadine to be an employee of the Company at that time. As detailed below, a TSR performance condition has been chosen to determine the vesting of Share Performance Rights as it is widely recognised as one of the best indicators of shareholder value creation. TSR represents the change in market value of the Company over time, including dividends and any other distributions made to Shareholders.

Under his employment agreement, Mr Huffadine is entitled to receive fixed annual remuneration of a base salary of \$350,000 plus statutory superannuation, and the one off issue of 3,000,000 unlisted Options (subject to Shareholder approval). The approval of these unlisted Options is the subject of Resolution 6. In addition, at the Boards’ discretion, Mr Huffadine may be entitled to receive a variable remuneration component in the form of a short term incentive cash bonus (generally not exceeding 10% of his fixed remuneration base), and a long term equity based incentive, namely Share Performance Rights which is capped at 60% of fixed remuneration in the relevant year.

The Directors (other than Mr Huffadine) consider that the overall remuneration of Mr Huffadine, including the proposed grant of Share Performance Rights is reasonable having regard to his position in the Company, the duties and responsibilities of his position, and market levels of remuneration for Managing Directors in similar Companies.

Terms of the Share Performance Rights

All Share Performance Rights to be issued will be on terms and conditions consistent with the rules of the EOSRP.

The key terms of the Share Performance Rights are as follows:

Grant of Share Performance Rights

The following formula ("Issue Formula") is used to determine the number of Share Performance Rights issued to Mr Huffadine:

$$\text{SPR} = 0.6 \times \frac{S}{\text{VWAP}}$$

Where:

'SPR' is the maximum number of Share Performance Rights under the Plan that can be granted to Mr Huffadine;

'S' is Mr Huffadine's base salary exclusive of superannuation payable for the applicable period;

'VWAP' is the 5 day volume weighted average price of ordinary shares in the Company on the ASX at 30 June of the relevant year.

Each performance right is an entitlement to one Share, subject to satisfaction of the performance and vesting conditions outlined below.

Performance Conditions

The Share Performance Rights will not vest (and the underlying Shares will not be issued) unless certain performance conditions have been satisfied. The grant of Share Performance Rights is designed to reward long term sustainable business performance measured by TSR performance over a three year period.

The performance conditions will be measured by comparing the Company's TSR with that of a comparator group of companies over the period from 1 July in the financial year to which the grant of the performance rights relates to 30 June in the financial year that is three years after that date ("Vesting date").

The comparator group will consist of a selected group of ASX listed companies that focus on gold exploration and/or production that have a market capitalisation that is around one third to three times that of Kingsrose's market capitalisation.

The number of Share Performance Rights that will vest is dependent upon the Company's percentile ranking within the comparator group on the relevant Vesting date as follows:

Kingsrose Mining TSR Rank	Percentage of Performance Rights that Vest
Below 50 th percentile	Nil
At 50 th percentile	50%
From 51 st to 74 th percentile	50% (plus an additional 2% for each percentile ranking about the 50 th percentile)
75 th percentile or higher	100%

In addition, the Share Performance Rights will not vest if Mr Huffadine is not an employee as at the Vesting Date subject to the powers of the Directors under the EOSRP to permit the Share Performance Rights to vest in certain circumstances (for example Rule 13.2 of the EOSRP confers on the Board the power to resolve that a Participant's right to have a Share allocated under a Share Right will not lapse even though the Participant ceases to be an Employee or Director if the Group).

Consideration

No consideration is payable by Mr Huffadine at the time of the grant of the performance rights or upon the allocation of Shares to which they may become entitled on the Vesting dates.

Regulatory Information

Corporations Act

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

- Obtain the approval of the 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.

Section 211 of the Corporations Act provides an exception for a financial benefit that is remuneration to an officer or employee of a public company where the remuneration is reasonable given the circumstances of the company and the officer or employees (including the responsibilities involved in such office or employment).

A primary purpose for the provision of the issue of the Share Performance Rights to Mr Huffadine is to provide a market linked incentive component to his remuneration in his capacity as Managing Director, and to assist in the reward, retention and motivation of Mr Huffadine in managing the operations and strategic direction of the Company whilst maintaining the Company's cash reserves.

The Directors (other than Mr Scott Huffadine who has a material personal interest in Resolution 5) consider that the grant of the Share Performance Rights is reasonable remuneration in the circumstances and therefore Shareholder approval is not required pursuant to Chapter 2E of the Corporations Act. In reaching this view, the Board (other than Mr Huffadine) have considered the overall remuneration package of Mr Huffadine (including any Options to be issued in accordance with Resolution 6).

ASX Listing Rules

ASX Listing Rule 10.14 provides that a company must not permit a Director of the company to acquire securities under an employee incentive scheme without the approval of Shareholders for the acquisition. As the issue of the Share Performance Rights involves the issue of securities under an employee incentive scheme to a Director, Shareholder approval pursuant to ASX Listing Rule 10.14 is required.

Technical Information Required by ASX Listing Rule 10.15

For the purposes of ASX Listing Rule 10.15, the following information is provided in relation to Resolution 5:

1. The maximum number of Share Performance Rights that may be issued to Mr Huffadine are 417,914 which has been determined in accordance with the Issue Formula;

2. The Share Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting of the Share Performance Rights or the subsequent issue of Shares (if any). Accordingly, no funds will be raised from the issue or vesting of the Share Performance Rights;
3. The Company has previously issued for nil consideration the following Share Performance Rights to Directors under the EOSRP:
 - i. 172,972 Share Performance Rights to the former Managing Director, Chris Start on 6 November 2012 following approval by Shareholders at the Company's 2012 Annual General meeting. Upon the resignation of Mr Start on 5 June 2013 172,972 Share Performance Rights were cancelled; and
 - ii. 97,297 Share Performance Rights to the former Finance Director, Mr Timothy Spencer on 6 November 2012 following approval by Shareholders at the Company's 2012 Annual General Meeting. Upon the resignation of Mr Spencer on 17 February 2014 97,297 Share Performance Rights were cancelled.
4. The Company has previously issued for nil consideration the following unlisted Options to Directors under the EOSRP:
 - i. 3,000,000 Options to the former Managing Director, Chris Start prior to his appointment as Managing Director. Upon the resignation of Mr Start on 5 June 2013 1,000,000 Options were cancelled. Pursuant to a Board Resolution he was permitted to retain the remaining 2,000,000 Options, 1,000,000 of which, have since expired;
 - ii. 1,000,000 Options were issued to Non-Executive Director Andrew Spinks on 15 August 2013 following approval by Shareholders at the Company's 2012 Annual General Meeting.
5. As at the date of this Notice, all Directors of the Company are entitled to participate in the Plan, subject to the appropriate approvals (including Shareholders) and being invited by the Board;
6. There are no loans proposed to be provided in relation to the issue or vesting of the Share Performance Rights;
7. The Share Performance Rights will be issued to Mr Huffadine as soon as practicable after Shareholder approval is obtained and in any event no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

RESOLUTION 6 – ISSUE OF OPTIONS TO MANAGING DIRECTOR | MR SCOTT HUFFADINE

Background

The Company has agreed, subject to obtaining Shareholder approval, to issue and allot 3,000,000 unlisted Options to Mr Scott Huffadine (or his nominee/s) in accordance with the terms and conditions of the EOSRP as approved by Shareholders at the 2012 Annual General Meeting.

The issue of the Options is pursuant to the Company's ESORP and forms part of the Company's Short Term Incentive Plan ("STIP"), designed to link executive remuneration to performance and the creation of value for Shareholders.

The purpose of the issue is to provide Mr Huffadine with an added incentive in carrying out his duties as Managing Director, and furthermore in recognition of the initial significant workload of Mr Huffadine, shorter term vesting conditions were attached. Given the size and stage of the Company and its need to preserve cash, the Directors consider the issue of Options as reasonable and furthermore, forms a valuable part of Mr Huffadine's remuneration package.

As such, the Directors (excluding Mr Huffadine) recommend Shareholders vote in favour of Resolution 6.

For additional information regarding Mr Huffadine's total remuneration package, refer to the information provided in respect to Resolution 5 in the Explanatory Statement.

Regulatory Information

Corporations Act

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

- Obtain the approval of the 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.

Section 211 of the Corporations Act provides an exception for a financial benefit that is remuneration to an officer or employee of a public company where the remuneration is reasonable given the circumstances of the company and the officer or employee (including the responsibilities involved in such office or employment).

A primary purpose for the provision of the issue of the Options to Mr Huffadine is to provide a market linked incentive component to his remuneration in his capacity as Managing Director and to assist in the reward, retention and motivation of Mr Huffadine in managing the operations and strategic direction of the Company whilst maintaining the Company's cash reserves.

The Directors (other than Mr Scott Huffadine who has a material personal interest in the Resolution 6) consider that the grant of Options is reasonable remuneration in the circumstances and therefore Shareholder approval is not required pursuant to Chapter 2E of the Corporations Act. In reaching this view, the Board (other than Mr Huffadine) have considered the overall remuneration package of Mr Huffadine (including any Share Performance Rights to be issued in accordance with Resolution 5).

ASX Listing Rules

ASX Listing Rule 10.14 provides that a Company must not permit a Director of the company to acquire securities under an employee incentive scheme without the approval of Shareholders for the acquisition. As the issue of the Options involves the issue of securities under an employee incentive scheme to a Director, Shareholder approval pursuant to ASX Listing Rule 10.14 is required.

Technical Information Required by ASX Listing Rule 10.15

For the purposes of ASX Listing Rule 10.15, the following information is provided in relation to Resolution 5:

1. The maximum number of Options that may be issued to Mr Huffadine (or his nominee/s) are 3,000,000;
2. Each Option will be exercisable at \$0.55 on or before 13 January 2017;
3. The Options will be issued for nil cash consideration;
4. The vesting conditions in respect to the Options have been met, with Mr Huffadine having served a minimum 3 month period as Managing Director from the date of his appointment;

5. No funds will be raised as a result of the issue of the Options. In the event that the Options are exercised prior to their expiry date, the funds raised will be used for general working capital purposes.
6. The Company has previously issued under the EOSRP for nil consideration the following Share Performance Rights to Directors:
 - i. 172,972 Share Performance Rights to the former Managing Director, Chris Start on 6 November 2012 following approval by Shareholders at the Company's 2012 Annual General meeting. Upon the resignation of Mr Start on 5 June 2013 172,972 Share Performance Rights were cancelled; and
 - ii. 97,297 Share Performance Rights to the former Finance Director, Mr Timothy Spencer on 6 November 2012 following approval by Shareholders at the Company's 2012 Annual General Meeting. Upon the resignation of Mr Spencer on 17 February 2014 97,297 Share Performance Rights were cancelled.
7. The Company has previously issued for nil consideration the following unlisted Options to Directors under the EOSRP:
 - i. 3,000,000 Options to the former Managing Director, Chris Start prior to his appointment as Managing Director. Upon the resignation of Mr Start on 5 June 2013 1,000,000 Options were cancelled. Pursuant to a Board Resolution he was permitted to retain the remaining 2,000,000 Options, 1,000,000 of which, have since expired;
 - ii. 1,000,000 Options were issued to Non-Executive Director Andrew Spinks on 15 August 2013 following approval by Shareholders at the Company's 2012 Annual General Meeting.
8. As at the date of this Notice, all Directors of the Company are entitled to participate in the Plan, subject to the appropriate approvals (including Shareholders) and being invited by the Board;
9. There are no loans proposed to be provided in relation to the issue of the Options;
10. The Options will be issued to Mr Huffadine as soon as practicable after Shareholder approval is obtained and in any event no later than 12 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

ANNEXURE A – TERMS AND CONDITIONS OF UNLISTED OPTIONS

1. The Options are unlisted.
2. The expiry date of the option is two (2) years from the date of grant.
3. Each Option entitles the holder to one (1) Share.
4. The Options are exercisable at any time prior to 5:00pm WST, 7 April 2016 (the “Expiry Date”)
5. The exercise price of the Options is \$0.55 per Option.
6. The Options are freely transferable.
7. The Company will provide to each Option holder a notice that is to be completed when exercising the Options (“Notice of Exercise”). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it with payment to the Company Secretary any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
8. Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be allotted and issued a Share ranking pari passu with the then issued Shares.
9. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least seven (7) business days after the issue is announced. This will give Option holders the opportunity (where available) to exercise their Options prior to the date for determining entitlements to participate in any such issue.
10. If there is a bonus issue (“Bonus Issue”) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Options had been exercised before the record date for the Bonus Issue (“Bonus Shares”). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of the issue of the Bonus Shares.
11. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Option holder are to be changed in a manner consistent with the ASX Listing Rules.
12. In the event that the Company makes a pro rata issue of securities, the exercise price of the Options will be adjusted in accordance with the formula set out in the ASX Listing Rules.

GLOSSARY

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

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

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of the ASX.

Board means the current Board of Directors of the Company.

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

Chair means the chair of the meeting.

Closely Related Party bears the meaning ascribed to that expression in section 9 of the Corporations Act.

Company means Kingsrose Mining Limited (ACN 112 389 910)

Constitution means the constitution of the Company.

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

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying this Notice.

Key Management Personnel bears the meaning ascribed to that expression in section 9 of the Corporations Act.

Managing Director means the managing director of the Company who may, in accordance with the ASX Listing Rules, continue to hold office indefinitely without being re-elected to the office.

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

Performance Rights or Share Performance Rights means performance rights issued under the Plan.

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

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2014.

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

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

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

Shareholder means a shareholder of the Company.

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



By mail:

Kingsrose Mining Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474

PROXY FORM

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

STEP 1

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 (excluding the registered shareholder) you are appointing as your proxy.

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 vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **11:00am (WST) on Thursday, 13 November 2014 at the The Celtic Club, 48 Ord Street, West Perth, WA 6005** (the Meeting) and at any postponement or adjournment of the Meeting.

Important Note: Exercise of proxies by the Chairman for Items 1, 5 and 6: The Chairman is expressly authorised to exercise the proxy in relation to each of Resolutions 1, 5 and 6 even though each such Resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company. The Chairman intends to vote any undirected proxies in favour of each of Resolutions 1, 5 and 6.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

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 ☒.

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*		For	Against	Abstain*
Resolution 1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 4 Ratification of Prior Issue - Unlisted Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director - Mr James W. Phillips	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 5 Issue of Share Performance Rights to Managing Director - Mr Scott Huffadine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Ratification of Prior Issue - Share Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Resolution 6 Issue of Options to Managing Director - Mr Scott Huffadine	<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 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

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).

KRM PRX401R



HOW TO COMPLETE THIS 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 a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

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 Tuesday, 11 November 2014**, 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
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.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**