
NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

KINGSROSE MINING LIMITED | ACN 112 389 910

DATE: 12 November 2015
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.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of Kingsrose Mining Limited (ACN 112 389 910) will be held at The Celtic Club, 48 Ord Street West Perth, Western Australia on Thursday 12 November 2015 commencing at 11am WST.

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

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.

To vote by proxy, please complete and return the Proxy Form enclosed with this Notice of Meeting as soon as possible. To be effective, a completed Proxy Form must be received at the office of Link Market Services Limited, as detailed below no later than 11am (WST) on Tuesday, 10 November 2015 (Proxy Deadline). Where the Proxy Form is executed under power of attorney, the power of attorney must be lodged in the same way as the Proxy Form.

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 Annual General Meeting, or if the proxy is signed by an attorney, the power of attorney (or a credited 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 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.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders will be held at 11am (WST) on Thursday 12 November 2015 at The Celtic Club, 48 Ord Street West Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

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, 10 November 2015.

Terms and abbreviations used in the Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

ORDINARY BUSINESS

2015 FINANCIAL STATEMENTS & REPORT

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2015, together with the Directors' Report and the Auditors' Report.

Copies of these reports are included in the 2015 Annual Report sent to those Shareholders who elected to receive a hard copy. A copy of the report is also available on the Company's website www.kingsrosemining.com.au

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 2015 as contained in the Company's Annual Financial Report 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) A member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) 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:

- (a) The voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
- (b) The voter is the Chair and the appointment of the Chair as proxy:
 - (i) Does not specify the way the proxy is to vote on Resolution 1; and
 - (ii) 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 JOHN MORRIS

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, Listing Rule 14.4 and for all other purposes, Mr John Morris, a Director, retires by rotation and being eligible, is re-elected as a Director.”

RESOLUTION 3 – APPROVAL OF OPTION AND SHARE RIGHTS PLAN 2015

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

“That, pursuant to and in accordance with Listing Rule 7.2, (Exception 9 (b)) and for all other purposes, Shareholders approve the ‘Option and Share Rights Plan 2015’, a summary of which is set out in Annexure A, and the issue of Securities under the Plan, on the terms and conditions set out in the Explanatory Statement”.

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by any Director, other than any Directors who are ineligible to participate in the Company’s Option and Share Rights Plan 2015, and any associates of those Directors. However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

Further, a member of Key Management and their closely related parties may not vote (and the Company will disregard any such votes) as a Proxy on Resolution 3 if the appointment does not specify how the proxy is to vote, unless the proxy is the Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 3 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

RESOLUTION 4 – 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, subject to the passing of Resolution 3 at the Meeting, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of up to 1,804,446 Share Performance Rights to the Managing Director, Mr Scott Huffadine (or his nominee), over the next three years in accordance with the Company’s Option and Share Rights Plan 2015 and on the terms set out in the Explanatory Statement”.

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by any Director, other than any Directors who are ineligible to participate in the Company’s Option and Share Rights Plan 2015, and any associates of those Directors. However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

Further, a member of Key Management and their closely related parties may not vote (and the Company will disregard any such votes) as a Proxy on Resolution 4 if the appointment does not specify how the proxy is to vote, unless the proxy is the

Chairman of the Meeting and the appointment expressly authorises the Chairman to exercise the proxy even if Resolution 4 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

SPECIAL BUSINESS

RESOLUTION 5 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

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

“That for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to modify its existing Constitution by renewing clauses 8.12 to 8.22 of the Company’s Constitution for a period of three years from the date of approval of this Resolution.”

By Order of the Board of Directors



Joanna Kiernan
Company Secretary
13 October 2015

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, 12 November 2015 commencing at 11am (WST).

2015 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, the Directors' Report and the Auditors' Report for the financial year ended 30 June 2015.

The Company has provided a copy of the 2015 Annual Report to those Shareholders who specifically requested a copy. The Company's Annual 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.

The Remuneration Report is set out in the Company's 2015 Annual Report on pages 21 to 31 and sets out the Company's remuneration framework and policies and the remuneration arrangements for the Directors and Senior Executives of the Company.

Voting Consequences – “two strikes rule”

Section 250R(3) of the Corporations Act provides that the vote on the adoption of the Remuneration Report is for advisory purposes only and will 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. Under changes to the Corporations Act which came into effect on 1 July 2011, if a company's Remuneration Report receives an 'against' vote of 25% or more at two consecutive annual general meetings the company is then required to put to Shareholders a resolution (**Spill Resolution**) proposing the calling of a General Meeting (within 90 days) at which all Directors (other than the Managing Director) who were in office at the date of that resolution must stand for re-election. So, in summary, shareholders will be entitled to vote in favour of holding a general meeting to re-elect the Board if the Remuneration Report receives “two strikes”.

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 JOHN MORRIS

Clause 12.11 of the Company's Constitution and Listing Rule 14.4 requires that at every Annual General Meeting one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without retiring and submitting himself or herself for re-election.

Accordingly, Mr John Morris is required to retire by rotation, and being eligible, offers himself for re-election as a Director.

Mr Morris has over 42 years' experience in exploration, project development and management of publicly listed resource companies. He has held prior Directorships in a number of gold and base metals public companies in Australia and overseas including Forsyth NL and Amerisur Resources Plc (formerly Chaco Resources Plc/Gold Mines of Sardinia Plc).

Mr Morris is the Company's Independent Non-Executive Chairman and is a member of the Audit Committee and Chairman of the Remuneration Committee. He was first appointed as a Non-Executive Director of the Company on 17 August 2007.

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

Recommendation: The Directors (excluding Mr Morris) recommend that Shareholders vote in favour of Resolution 2.

RESOLUTION 3 – APPROVAL OF OPTION AND SHARE RIGHTS PLAN 2015

Given recent changes to the regulation of employee incentive plans, the Company recently terminated the Company's Employee Option and Share Rights Plan and adopted a new plan called the Option and Share Rights Plan 2015 (**Plan**).

Resolution 3 seeks Shareholders approval for the adoption of the Plan in accordance with ASX Listing Rule 7.2 (Exception 9(b)) for the issue of Share Performance Rights and Options (and the subsequent issue of Shares upon vesting or exercise) to Eligible Persons under the Plan.

ASX Listing Rule 7.1 provides that a listed company must not, subject to specified exceptions, issue or agree to issue equity securities during any 12 month period which represents 15% or more of the number of fully paid ordinary securities on issue at the commencement of that 12 month period without obtaining shareholders' approval. An exception to ASX Listing Rule 7.1 is set out in ASX Listing Rule 7.2 (Exception 9 (b)) which provides that equity securities issued under an employee incentive plan are exempt from any such calculation for a period of three years from the date on which shareholders approve the issue of securities under the plan as an exception to ASX Listing Rule 7.1.

The effect of passing this resolution will provide the Company with an opportunity to incentivise Eligible Persons without affecting its capacity to issue equity securities under Listing Rule 7.1, because the securities issued under the Plan during the three years following the date of this Meeting will not be taken into account for calculations of the Company's 15% capacity under Listing Rule 7.1.

The objective of the Plan is to assist the Company in attracting, motivating and retaining Directors, key employees and key consultants and it is considered by the Company that the adoption of the Plan and the future issue of Options and Share Performance Rights under the Plan will provide selected Eligible Participants with the opportunity to participate in the future growth of the Company in a way which aligns their interests with the interests of Shareholders.

For the purposes of Listing Rule 7.2 (Exception 9 (b)) the following information is provided in relation to the Plan:

1. A summary of the key terms of the Plan is set out in Annexure A. In addition, a copy of the Plan will be available for inspection at the Meeting and may be obtained by any Shareholder upon request to the Company Secretary; and
2. No equity securities have been issued under the Plan since it was adopted by the Board.

Any future issues of Options or Share Performance Rights under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

RESOLUTION 4 – ISSUE OF SHARE PERFORMANCE RIGHTS TO MANAGING DIRECTOR | MR SCOTT HUFFADINE

Background

Subject to the approval of Resolution 3 at the Meeting, the Company has agreed, (subject to obtaining Shareholder approval pursuant to Listing Rule 10.14), to issue up to 1,804,466 Share Performance Rights to Mr Scott Huffadine (or his nominee) over the next three years in accordance with the terms and conditions of the Plan.

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

If Resolution 3 is not approved at the Meeting, Resolution 4 will not be put to Shareholders for consideration at the Meeting.

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

The issue of the Share Performance Rights is pursuant to the Plan and forms part of the Company's Long Term Incentive Plan (**LTIP**), which has been designed to provide its Executives with long term incentives (**LTIs**) which create a demonstrable link between the delivery of value to Shareholders, financial performance and the reward and retention of Executives. The Company has designed its LTIP as a five year plan with Share Performance Rights being awarded annually over the next three years to support the delivery of its growth strategy and reward long term sustainable business performance measured by comparing the Company's total shareholder return (**TSR**) with that of a comparator group of companies over a three year performance period.

Under his employment agreement, Mr Huffadine is entitled to receive fixed annual remuneration of a base salary of \$350,000 plus statutory superannuation. In addition, at the Boards' discretion, Mr Huffadine may be entitled to receive an annual variable remuneration component in the form of a short term incentive (**STI**) cash bonus payable upon the achievement of a specific set of Key Performance Indicators (**KPIs**), and a long term equity based incentive, namely Share Performance Rights which is capped at 50% of his base salary in the relevant year.

Mr Huffadine has received no increase in his base salary since he commenced as Managing Director in January 2014, nor has he received any STI payment.

Terms of the Share Performance Rights

All Share Performance Rights to be issued to Mr Huffadine (or his nominee) will be on terms and conditions consistent with the rules of the Plan.

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

Quantum

The appropriate quantum to be issued to Mr Huffadine (or his nominee) for the FY 2016 LTI grant has been determined with reference to current market practice. The Board has resolved that the dollar value of the LTI grant for the FY 2016 grant will be determined as 50% of Mr Huffadine's FY 2016 base salary, which results in the allocation of 554,466 Share Performance Rights.

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

$$\text{SPR} = 0.5 \times \frac{S}{\text{VWAP}}$$

Where:

- 'SPR' is the maximum number of Share Performance Rights under the Plan that can be granted to Mr Huffadine (or his nominee);
- 'S' is Mr Huffadine's base salary exclusive of superannuation payable for the applicable period;
- 'VWAP' is the 30 day volume weighted average price of ordinary shares in the Company on the ASX at 30 June of the relevant year.

The intent is to determine the quantum of Share Performance Rights to be issued to Mr Huffadine (or his nominee) for FY 2017 and FY 2018 also by reference to current market practice. For FY 2017 the dollar value of the LTI grant will be determined as 50% of Mr Huffadine's FY 2017 base salary, which is unknown at this time. The Issue Formula described above will be used to determine the exact quantum of Share Performance Rights to be issued, which cannot presently be determined.

For FY 2018 the dollar value of the LTI grant will be determined as 50% of Mr Huffadine's FY 2018 base salary, which is unknown at this time. The Issue Formula described above will be used to determine the exact quantum of Share Performance Rights to be issued, which cannot presently be determined.

In order to satisfy the requirements of Listing Rule 10.14, the Board has resolved to seek approval for a total number of 1,804,466 Share Performance Rights, which is designed to cover 554,466 Share Performance Rights for FY 2016, up to 600,000 Share Performance Rights for FY 2017 and up to 650,000 for FY 2018, with the possibility that there may be some adjustment in the numbers of the Share Performance Rights to be issued to Mr Huffadine (or his nominee) in FY 2017 and FY 2018. If it transpires that the total number of Share Performance Rights calculated under the Issue Formula determining the quantum of Share Performance Rights exceeds the total number of Share Performance Rights approved by Shareholders under Resolution 4, then the excess cannot be issued to Mr Huffadine (or his nominee) and the Company may seek Shareholder approval at a later date to issue to excess in accordance with Listing Rule 10.14.

Performance Conditions

The Share Performance Rights to be issued to Mr Huffadine (or his nominee) will vest in three years' time. The Share Performance Rights will not vest (and the underlying Shares will not be issued) unless certain performance conditions have been satisfied. A TSR performance condition has been chosen to determine the vesting of the at-risk Share Performance Rights, as it is widely recognised as one of the best indicators of shareholder value creation. TSR represents the change in the market value of the Company over time, including dividends and any other distributions made to Shareholders.

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 Share Performance Rights relates to 30 June in the financial year that is three years after that date ("Vesting date"). Performance is tested over the whole three year period to ensure that sustainable Shareholder growth has been created. A three year performance and vesting period is typical of ASX listed companies.

Vesting Conditions

The LTIP is a five year plan as follows:

FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant of 50% of base salary	→	Share Performance Rights eligible to vest		
	Grant of 50% base salary	→	Share Performance Rights eligible to vest	
		Grant of 50% of base salary	→	Share Performance Rights eligible to vest

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 Share 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 % for each percentile ranking above 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 Plan to permit the Share Performance Rights to vest in certain circumstances (for example Rule 13.2 of the Plan 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 of the Group).

The TSR 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.

Consideration

No consideration is payable by Mr Huffadine (or his nominee) at the time of the grant of the Share Performance Rights or upon the allocation of Shares to which they may become entitled on the Vesting Dates.

Delivery of Shares upon Vesting of Performance Rights

Mr Huffadine (or his nominee) will receive one Share for every vested Share Performance Right, subject to the Plan rules. The Company may elect whether to allocate Shares for the purpose of the Plan by way of an issue of Shares or by procuring the on-market purchase and transfer of Shares. The Company currently proposes that it will satisfy its obligations to allocate Shares by way of an issue of Shares after the participants have satisfied the specified performance conditions.

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 (or his nominee) 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 4) 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 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.

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 10.15A

For the purposes of ASX Listing Rule 10.15A, the following information is provided in relation to Resolution 4:

1. The maximum number of Share Performance Rights that may be issued to Mr Huffadine (or his nominee) is 1,804,466 over the next three years 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. No equity securities have been issued under the Plan since its inception;
4. 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;
5. There are no loans proposed to be provided in relation to the issue or vesting of the Share Performance Rights;
6. The Share Performance Rights will be issued to Mr Huffadine (or his nominee) in 3 tranches (each approximately 12 months after the previous issue) with the first tranche to be issued as soon as practicable after Shareholder approval is obtained and the final tranche to be issued no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules); or
7. Details of any securities issued under the Plan will be published in each annual report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under Listing Rule 10.14; and
8. Any additional persons who become entitled to participate in the Plan after Resolution 4 is approved and who were not named in this Notice of Meeting will not participate until approval is obtained under Listing Rule 10.14.

The Board's intention is that the FY 2016 Share Performance Rights will be granted to Mr Huffadine (or his nominee) immediately following the Meeting. If the Company lodges a continuous disclosure notice that contains material or price sensitive information within five business days prior to the intended date of granting of the FY 2016 Share Performance

Rights following approval at the Annual General Meeting, then the Company will delay the issue of the FY 2016 Share Performance Rights until five full business days has elapsed since the continuous disclosure notice was lodged with ASX.

Recommendation: The Directors (excluding Mr Huffadine) recommend that Shareholder vote in favour of Resolution 4.

SPECIAL BUSINESS

RESOLUTION 5 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS

Background

Under the Corporations Act, a company is empowered to include in its constitution a provision to enable the company to refuse to register shares acquired under a proportional takeover bid unless a resolution is passed by shareholders in a general meeting approving the offer.

Under the Corporations Act and clause 8.22 of the Company's Constitution, the provisions must be renewed every three years or they will cease to have effect. The current provisions have ceased to have effect. The Directors consider that it is appropriate to renew approval for clauses 8.12 to 8.22 for a period of three years from the date of the Annual General Meeting (after which it will have to be renewed by a further special resolution of Shareholders each 3 years).

Proportional Takeover Bids

A proportional takeover bid is an off market takeover offer sent to all Shareholders but only in respect of a specified portion of each Shareholder's Shares in the Company (ie. less than 100%). Accordingly, if a Shareholder accepts in full the offer under a proportional takeover bid, the Shareholder will dispose of the specified portion of the Shareholder's Shares and retain the balance of the Shares.

Effect of Proportional Takeover Provision

The effect of clauses 8.12 to 8.22 is that if a proportional takeover bid is made to Shareholders, the Directors are obliged to convene a meeting of Shareholders to be held at least 15 days before the offer closes. The purpose of the meeting is to vote on a resolution (**Approving Resolution**) to approve the proportional takeover bid. The Approving Resolution is passed if more than 50% of the votes cast on the resolution by Members (excluding the Bidder and their associates) are in favour of the resolution.

If no such resolution is voted on within the required timeframe, the resolution is deemed to have been approved. This, in effect, means that Shareholders as a body may only prohibit a proportional takeover bid by rejecting such a resolution.

If the resolution is approved or deemed to have been approved, transfers of Shares under the proportional takeover bid (provided they are in all other respects in order for registration) must be registered.

If the resolution is rejected, registration of any transfer of Shares resulting from that proportional takeover bid is prohibited and the offer is deemed by the Corporations Act to be withdrawn.

The proportional takeover provision does not apply to a full takeover bid.

Reasons for Proposing the Resolution

The Directors consider that Shareholders should have the opportunity to vote on a proposed proportional takeover bid. A proportional takeover bid may result in effective control of the Company changing hands without Shareholders having the opportunity of disposing all of their Shares. Shareholders could be at risk of passing control to the offeror without payment of an adequate control premium for all their Shares whilst leaving themselves as part of a minority interest in the Company.

If Resolution 5 is passed, clauses 8.12 to 8.22 can prevent this occurring by giving Shareholders the opportunity to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

Presently Proposed Acquisitions

As at the date of this Explanatory Statement, no Director is aware of any proposal by any person to acquire or increase the extent of a substantial interest in the Company.

Potential Advantages and Disadvantages of Proportional Takeover Provisions During the Period in Which They Have Been in Effect

The Directors consider that the proportional takeover provisions had no advantages or disadvantages for them during the period in which they have been in effect.

The advantages and disadvantages of the proportional takeover provisions for Shareholders include those set out immediately below, which were applicable during the period in which they have been in effect.

Potential Advantages and Disadvantages of proportional takeover provisions for the Directors and Shareholders

The Directors consider that clauses 8.12 to 8.22 has no potential advantages or potential disadvantages for the Directors as they remain free to make whatever recommendations they consider appropriate on any proportional takeover bid that may be made.

The potential advantages of the proportional takeover provisions for Shareholders include:

1. The right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
2. Assisting in preventing Shareholders from being locked in as a minority;
3. Increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
4. Each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

1. Proportional takeover bids may be discouraged;
2. Lost opportunity to sell a portion of their Shares at a premium; and
3. The likelihood of a proportional takeover bid succeeding may be reduced.

Directors' Recommendation: The Directors recommend that Shareholders vote in favour of Resolution 5.

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 or **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.

Eligible Persons means those persons described in part (a) of Annexure A.

Explanatory Statement means the explanatory statement accompanying this Notice.

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

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.

Options means an option to acquire a Share.

Participant means a participant in the Plan as the holder of Options or Share Performance Rights issued under the Plan.

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

Plan means the Company's Option and Share Rights Plan 2015.

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 2015.

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 or **Share Performance 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.

ANNEXURE A – SUMMARY OF THE TERMS OF THE KINGSROSE MINING LIMITED OPTION AND SHARE RIGHTS PLAN 2015

For the purposes of ASX Listing Rule 7.2 (Exception 9) a summary of the terms and conditions of the Plan is set out below.

- (a) **Eligible Person:** the Eligible Persons under the Plan are Directors (whether executive or non-executive), full time employees, permanent part time employees of any Group Company, a casual employee of a Group Company or a contractor of a Group Company who might reasonably be expected to work the number of hours that are the pro-rata equivalent of 40% or more of a comparable full time position with the Group Company. Shareholder approval is required before any Director or related party of the Company can participate in the Plan. An offer of Options or Performance Rights to an Eligible Person can be renounced in favour of any of the following with Board approval:
- (i) an immediately family member of the Eligible Person;
 - (ii) a company whose members comprise no persons other than the Eligible Person or immediate family members of the participant; or
 - (iii) a corporate trustee of a self-managed superannuation fund (within the meaning of the Superannuation Industry (Supervision) Act 1993) where the Eligible Person is a director of the trustee.
- (b) **Securities:** Under the Plan the Company can issue Options or Share Performance Rights to Eligible Persons.
- (c) **Limits on Entitlements:** The maximum number of Shares to be received on exercise of Options or Share Rights granted under the Plan when aggregated with the number of Shares to be received on exercise of Options or Share Rights issued or that may be issued as a result of offers made at any time during the previous 3 year period pursuant to the Plan or any other employee incentive scheme of the Company must not exceed 5% of the total number of issued Shares of the Company. This limited does not apply to offers made to Eligible Persons residing outside Australia, an offer made under section 708 of the Corporations Act or an offer made under a disclosure document.
- (d) **Individual Limits:** The Plan does not set out a maximum number of Shares that may be issuable to any one person or company.
- (e) **Consideration Payable:** No consideration is payable by an Eligible Person or their nominee as may be the case for a grant of an Option or Share Performance Right, unless the Board decides otherwise.
- (f) **Vesting of Share Performance Rights:** The Options or Share Performance Rights granted under the Plan and the performance conditions that must be satisfied for the Share Performance Rights to vest, will be determined by the Board and expressed in a written offer (**Offer**) made by the Company to the Eligible Person (which is subject to acceptance by the Eligible Person within a specified period). The performance conditions may include one or more of:
- (i) employment of a minimum period of time;
 - (ii) achievement of specific performance criteria;
 - (iii) achievement of specified milestones in connection with the development or operation of any mineral or other project of the Company or a subsidiary are completed within a specified time or in a specified manner;
 - (iv) a condition that the Market Price of the Company's ordinary shares attain a specified price (or remain at a specified price for a specified number of days) within a specified period; and
 - (v) any other performance conditions as the Board may determine and set out in the Offer.

- (g) **Exercise of Options:** Subject to any forfeiture conditions and/ or performance conditions as determined by the Board and set out in the Offer, Options may be exercised by the Eligible Person at any time during the period commencing on the Issue Date and ending on the Expiry Date.
- (h) **Term:** Options and Share Performance Rights and have a term as the Board may determine in its absolute discretion and specified in the Offer.
- (i) **Restriction on dealing with Shares:** Shares issued to a participant upon exercise of Options or Share Performance Rights issued under the Plan must be held by the Participant subject to transfer, dealing or disposal restrictions during the period determined by the Board. The Company may make such arrangements as it considers necessary to enforce any restriction on dealing with Shares, including placing the Shares in a holding lock. A participant may submit a request for the Board to waive the Restriction Period and the Board may approve or reject such request in its absolute discretion or on such conditions as the Board determines.
- (j) **Lapsing and Disability, Redundancy or Death:** Options and Performance Rights will lapse prior to the relevant expiry date if the Eligible Person ceases to be an Eligible Person prior to the satisfaction (or waiver by the Board) of the relevant forfeiture conditions and or performance conditions.

However, if the Eligible Person ceases to be an Eligible Person because of their total and permanent disability, redundancy or death of a participant (or such other reason the Board approves):

- (i) the Participant has 3 months from the date of the relevant event to exercise any unexercised Options (subject to the satisfaction or waiver by the Board of any applicable forfeiture conditions and/ or performance conditions); or
- (ii) the Share Performance Rights will immediately vest subject to the Board deciding to waive any applicable forfeiture conditions and/ or performance conditions.

Options which have not been exercised or Share Performance Rights which have not vested as per the above will automatically lapse.

- (k) **Forfeiture:** If an Eligible Person acts fraudulently or dishonestly, is grossly negligent, demonstrates serious and wilful misconduct, or causes a material adverse effect on the reputation of the Company, has his or her employment or engagement terminated due to serious or wilful misconduct or otherwise for cause without notice or becomes ineligible to hold his or her office due to Part 2D.6 of the Corporations Act, the Board will have the discretion to deem any Share Performance Rights or Options to have lapsed.
- (l) **Assignment:** Share Performance Rights and Options are not transferable, assignable or able to be encumbered.
- (m) **Takeover Bid of Change of Control:** The Board may waive forfeiture conditions and/ or performance conditions in the event of:
 - (i) a takeover bid (as defined in the Corporations Act) becoming or being declared to be unconditional; or
 - (ii) a change of control of the Company.
- (n) **Alteration in Share Capital:** If there is a reorganisation of the share capital of the Company, the number of Shares to which an Eligible Person is entitled to receive upon exercise of a Share Performance Right or Option will be adjusted in the way specified by the Listing Rules from time to time.
- (o) **No Participation Rights:** There are no participation rights or entitlements inherent in the Share Performance Rights or Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of Share Performance Rights or Options.

- (p) **Amendments to Plan:** The Board may at any time and from time to time by resolution alter the Plan. However, any amendment to the Plan is subject to any restrictions or procedural requirements relating to the amendment or the rules of an employee incentive scheme imposed by the Listing Rules or applicable securities laws.
- (q) **Suspension or Termination:** The Board may suspend or terminate the Plan at any time, without notice, but the suspension or termination will not affect any existing grants of Share Performance Rights or Options.



KINGSROSE
MINING LIMITED

ABN 49 112 389 910

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



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

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



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:

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 Annual General Meeting of the Company to be held at **11:00am (AWST) on Thursday, 12 November 2015 at The Celtic Club, 48 Ord Street, West Perth, WA 6005 (the Meeting)** and at any postponement or adjournment of the Meeting.

Important for Resolutions 1, 3 and 4: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 3 and 4, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

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

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

1 Adoption of Remuneration Report

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

5 Renewal of Proportional Takeover Provisions

For Against Abstain*

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
--------------------------	--------------------------	--------------------------

2 Re-election of Director – Mr John Morris

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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3 Approval of Option and Share Rights Plan 2015

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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4 Issue of Share Performance Rights to Managing Director – Mr Scott Huffadine

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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* 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.

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).

KRM PRX501C



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 Resolutions are 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 (AWST) on Tuesday, 10 November 2015**, 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

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

**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.**