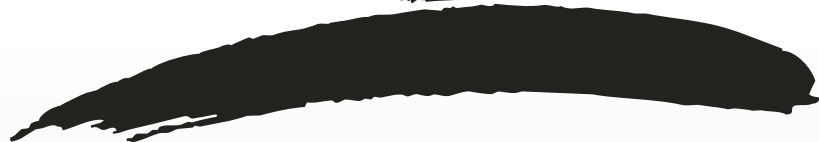




**KS**



**KING SOLOMON MINES LTD**

ARBN 122 404 666

**Notice of Annual Meeting**  
and Chairman's Letter

## Chairman's Letter

### King Solomon Mines Limited

Unit 31, 2 Bishop Dunn Place  
East Tamaki, Manukau 2013, New Zealand

Office (within Australia): 1 800 061 569

(outside Australia): +64 4 905 9608

Fax: +64 4 905 9607

enquiries@kingsolomonmines.com

www.kingsolomonmines.com

18 June 2009

Dear Shareholder,

I am pleased to enclose King Solomon Mines Limited's 2009 Annual Report and the Notice for the Annual Shareholders' Meeting to be held on Wednesday 29 July 2009 at the Large Gallery, Turnbull House, 11 Bowen Street, Wellington, commencing at 12.00 noon.

Shareholders should note that they will be able to ask questions or discuss matters arising from the Annual Report at the Annual Meeting.

If you are unable to attend the Annual Meeting in Wellington but would like to cast your vote on any of the resolutions proposed for the Annual Meeting, please lodge your proxy in accordance with the instructions contained with the enclosed Explanatory Notes which form part of the Notice of Annual Meeting dated 18 June 2009.

We will also be holding informal briefings for Australian and Auckland based shareholders who are unable to attend the annual shareholders' meeting in Wellington. The Auckland briefing will be held at 12.30 pm on 30 July 2009 at the offices of First New Zealand Capital Level 39, ANZ Centre, 23-29 Albert Street, Auckland. The Australian briefing will be held at 11 am (AEST) on 5 August 2009 at the Karana Room, Grace Hotel, 77 York Street, Sydney.

If you would like to attend the Annual Shareholder's Meeting or either of the briefings we would be grateful if you could R.S.V.P. either by email to enquiries@kingsolomonmines.com or by phoning (04) 905 9608 (NZ) or 1 800 061 569 (Australia).

We look forward to seeing you on one of the above occasions.

Yours sincerely



John Quinn  
Chairman

# Notice of Annual Meeting

Notice is given that the Annual Meeting of King Solomon Mines Limited ("the Company") will be held on Wednesday 29 July 2009 at the Large Gallery, Turnbull House, 11 Bowen Street, Wellington, commencing at 12.00 noon (NZ time).

## AGENDA

### Re-election of Directors

1. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
"That Mr. John Charles Quinn be re-elected as director of the Company."

### Appointment of Auditors

2. To consider and, if thought fit, to pass the following resolution as an ordinary resolution:  
"That PricewaterhouseCoopers be re-appointed as auditors of the Company to:  
(a) hold office from the conclusion of this meeting to the conclusion of the next annual meeting; and  
(b) audit the financial statements of the Company for the year ending 31 March 2010,  
and that the Board of Directors of the Company be authorised to fix the auditor's remuneration."

### Issue of Options to Directors

3. To consider and, if thought fit, to pass the following resolutions as ordinary resolutions:
  - (a) "That pursuant to ASX Listing Rule 10.14 and for all other purposes, the Company approves the issue of 900,000 options to Managing Director Stephen McPhail on the terms summarised in the Explanatory Notes accompanying this notice of meeting at which this resolution is passed, and subject to the exercise of those options and payment of the Exercise Price, the issue of that number of fully paid ordinary shares in the capital of the Company to him."
  - (b) "That pursuant to ASX Listing Rule 10.14 and for all other purposes, the Company approves the issue of 900,000 options to Executive Director Bruce Bell on the terms summarised in the Explanatory Notes accompanying this notice of meeting at which this resolution is passed, and subject to the exercise of those options and payment of the Exercise Price, the issue of that number of fully paid ordinary shares in the capital of the Company to him."
  - (c) "That pursuant to ASX Listing Rule 10.14 and for all other purposes, the Company approves the issue of 900,000 options to Executive Director Fu La on the terms summarised in the Explanatory Notes accompanying this notice of meeting at which this resolution is passed, and subject to the exercise of those options and payment of the Exercise Price, the issue of that number of fully paid ordinary shares in the capital of the Company to him."

#### *Voting Exclusion Statements on Resolutions 3(a)-(c).*

The Company will disregard any votes cast on *Resolutions 3(a)-(c)* by:

- The Managing Director and any Executive Directors of the Company; and
- an associate of any of those Directors.

However, the Company need not disregard a vote if:

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

Each of these resolutions is described in the attached Explanatory Notes which forms part of this Notice of Annual Meeting.

For and on behalf of the Board of Directors of King Solomon Mines Limited



Managing Director  
Dated: 18 June 2009

# Explanatory Notes

The purpose of these Explanatory Notes (which forms part of the Notice of Annual Meeting dated 18 June 2009) is to provide shareholders with an explanation of the resolutions to be proposed and considered at the Annual Meeting of the Company to be held on 29 July 2009.

## RE-ELECTION OF DIRECTORS (RESOLUTION 1)

In accordance with the Corporate Governance Charter, adopted by the Board, the longest serving one-third of the Company's Directors (rounded down to the nearest whole number and excluding the Managing Director) are expected to retire at each Annual General Meeting Accordingly Mr. John Quinn, being the longest serving director, has retired and, being eligible, offers himself for re-election. His details are set out on page 15 of the Annual Report.

## APPOINTMENT AND REMUNERATION OF AUDITOR (RESOLUTION 2)

The New Zealand Companies Act 1993 ("the Companies Act") provides that at each Annual General Meeting the Company must appoint an auditor and fix the auditor's remuneration. PricewaterhouseCoopers has consented to continue as auditor of the Company. In order to make sure that the Company is able to obtain competitive rates, the Board seeks shareholder authorisation to set the auditor's remuneration.

## ISSUE OF OPTIONS TO DIRECTORS (RESOLUTIONS 3(a)–(c))

The Company proposes to grant 900,000 options ("the Options") to acquire fully paid ordinary shares in the capital of the Company ("the Shares") to Managing Director Stephen McPhail, 900,000 options to Executive Director Bruce Bell and 900,000 options to Executive Director Fu La, (the Executive Directors") and subject to the exercise of those Options and payment of the Exercise Price, the issue of that number of Shares to those Directors. It is proposed that the Options will be issued under the Company's Employee Share Option Plan (ESOP) for no cash consideration and may be exercised (and Shares will be issued) at a price of 10 cents each. The Options will expire if not exercised by 29 July 2014. The Options will vest as to 33% on 29 July 2010, 33% on 29 July 2011 and 34% on 29 July 2012.

The proposed issue of Options to the Executive Directors is expected to be the second issue under the Company's ESOP, the terms of which were approved by shareholders in at the Annual General Meeting held in August 2008 and are summarised in the notice of meeting for that meeting dated 23 June 2008. The Board has previously agreed to issue a total of 400,000 options to two Eligible Employees who are not Directors pursuant to the ESOP. This first issue under the ESOP is expected to be completed prior to 29 July 2009. These options will be issued pursuant to the King Solomon ESOP for no consideration, have an exercise price of 10 cents and an expiry date of 29 July 2014 with the same vesting conditions as proposed for the Executive Directors (33% on 29 July 2010, 33% on 29 July 2011 and 34% on 29 July 2012).

Notwithstanding that Options may be issued to the Executive Directors under the terms of the ESOP, ASX Listing Rule 10.11 provides that the shareholders of the Company must first approve the proposed issue.

Shareholders are hereby advised of the following details concerning the proposed issue of options to the three Executive Directors for which your approval is sought. In accordance with Listing Rule 10.14 the Company advises:

1. All of the Executive Directors, being Stephen McPhail, Bruce Bell and Fu La are eligible to participate in the ESOP, subject to shareholder approval of any issue. Options are proposed to be issued to all three Executive Directors and the date by which the Company intends to issue the options will be not more than one month after the date of the meeting, although under ASX Listing Rule 10.15.7 they must be issued no later than 12 months after the meeting (29 July 2010).
2. The maximum number of Options that may be issued to each Executive Director is 900,000 with an exercise price of 10 cents. The Options will vest 33% on 29 July 2010, 33% on 29 July 2011 and 34% on 29 July 2012 and will all have an expiry date of 29 July 2014 and, under the terms of the ESOP, are not transferable without the prior written consent of the Board. The Company will not apply for quotation of these Options on ASX. Funds raised on the exercise of Options will be used to increase working

capital and the Company intends to apply for listing of the Shares which will, on issue, rank equally with all other ordinary shares in the capital of the Company in all respects.

3. No loans have been made or will be made by the Company to any of the three Executive Directors or to any associated person in relation to the issue of the proposed Options or the exercise of them.

The non-executive Directors (John Quinn and Chris Castle) who are ineligible to participate in the ESOP, recommend to shareholders that they support the resolution as they consider the grant of these Options is an appropriate way to give an incentive to the Executive Directors in carrying out their roles in building the business of the Company. The Board and Remuneration Committee have considered the appropriate number of Options to award each Executive Director and consider that it is in the best interests of the Company to incentivise the Executive Directors for the successful performance of the Company in this manner. The non-executive Directors (John Quinn and Chris Castle) do not have any interest in the outcome of the resolution.

Stephen McPhail, Bruce Bell and Fu La do not make any recommendation to members on the resolution because of their personal interest in the subject matter of this resolution.

Using the Binomial Option Pricing Model and a valuation date of 10 June 2009, when the share price was 5.8 cents, the 900,000 Options have a value of approximately 4.11 cents each. Accordingly the total value of Options proposed to be granted to each Executive Director is \$36,990. The assumptions used in the calculation are the risk free rate of 5.09%, based on the 5 year Australian Government Bond Rate, the exercise price of 10 cents compared to the share price of 5.8 cents on the valuation date, an expiry date of 29 July 2014 and a volatility of 120% factoring the historical share price volatility.

The 90 day Volume Weighted Share Price to 10 June 2009 for the Company was 5.1 cents.

It is noted that Stephen McPhail currently has a beneficial interest in 4,830,000 shares and a non-beneficial interest in 1,050,000 shares in the Company. Bruce Bell has 3,750,000 shares. Fu La has 7,500,000 shares. Each director also has 1,553,571 options over shares in the Company with an exercise price of 30 cents and expiry date of 4 May 2011.

The dilutionary effect of the issue of the additional 2,700,000 Options proposed to be issued to the three Executive Directors will be 2.70% of the expanded shares and options on issue (including the 400,000 options expected to be issued to two Eligible Employees who are not Directors). Currently there are 90,775,040 ordinary shares on issue. At the date of this notice there are 6,279,999 options on issue with exercise prices of 30 cents, which expire on 4 May 2011.

## VOTING:

All of the resolutions are ordinary resolutions. An ordinary resolution is a resolution passed by a simple majority of votes of shareholders who are entitled to vote on the resolution and who exercise their right to vote.

All shareholders are entitled to attend and vote at the meeting (except in the case of Resolution 3 in respect of which the three Executive Directors of the Company and their associates are prohibited from voting under the ASX Listing Rules) or to appoint a proxy or representative (in the case of a corporate shareholder) to attend and vote on their behalf. A proxy need not be a shareholder of the Company. A proxy form is enclosed and completed forms (or, if a corporate shareholder prefers, a completed appointment of representative) must be received at the offices of the Company, no later than 48 hours before the time of holding the meeting. Proxies may be delivered to the offices of the Company, 3 Mutu Road, Paekakariki, sent by mail to PO Box 69, Paekakariki 5034, New Zealand or by facsimile to: +644 905 9607. If the form is completed under a power of attorney, a copy of the power together with a certificate of non-revocation must accompany the completed form.

The Chairman of the Company has advised that he is prepared to act as proxy for any shareholder who wishes him to do so. If that is what you want, please fill in the words "Chairman of the Meeting" in the proxy form. The Chairman has indicated that he will vote all proxies in favour of all three resolutions.



# PROXY FORM



## King Solomon Mines Limited

Unit 31, 2 Bishop Dunn Place  
East Tamaki, Manukau 2013, New Zealand  
Office (within Australia): 1 800 061 569  
(outside Australia): +64 4 905 9608  
Fax: +64 4 905 9607  
enquiries@kingsolomonmines.com  
www.kingsolomonmines.com

I/We .....

of .....

being a Shareholder/Shareholders of King Solomon Mines Limited ("the Company") hereby appoint

..... of .....

or failing him or her

..... of .....

as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of Shareholders of the Company to be held on Wednesday, the 29th day of July 2009 and at any adjournment thereof.

SIGNED this..... day of ..... 2009

### INDIVIDUALS:

### COMPANIES:

.....

*SIGNATURE OF SHAREHOLDER*

..... Limited

*PRINT NAME OF COMPANY*

.....

*SIGNATURE OF SHAREHOLDER*

By: .....

*DIRECTOR*

.....

*SIGNATURE OF SHAREHOLDER*

Name of Director: .....

*(PLEASE PRINT)*



The Chairman of the Meeting intends to vote undirected proxies in favour of Resolutions 1 to 3(c).

This form is to be used in favour of or against the following resolutions:

### Resolution 1:

That Mr John Charles Quinn be re-elected as director of the Company. (Ordinary Resolution)

FOR

AGAINST

ABSTAIN

### Resolution 2:

That PricewaterhouseCoopers be re-appointed as auditors of the Company to:

- (a) hold office from the conclusion of this meeting to the conclusion of the next annual meeting; and
- (b) audit the financial statements of the Company for the year ending 31 March 2010,

and that the Board of Directors of the Company be authorised to fix the auditor's remuneration. (Ordinary Resolution)

FOR

AGAINST

ABSTAIN

### Resolution 3 (a):

That pursuant to ASX Listing Rule 10.14 and for all other purposes, the Company approves the issue of 900,000 options to Managing Director Stephen McPhail on the terms summarised in the Explanatory Notes accompanying this notice of meeting at which this resolution is passed, and subject to the exercise of those options and payment of the Exercise Price, the issue of that number of fully paid ordinary shares in the capital of the Company to him. (Ordinary Resolution)

FOR

AGAINST

ABSTAIN

### Resolution 3 (b):

That pursuant to ASX Listing Rule 10.14 and for all other purposes, the Company approves the issue of 900,000 options to Executive Director Bruce Bell on the terms summarised in the Explanatory Notes accompanying this notice of meeting at which this resolution is passed, and subject to the exercise of those options and payment of the Exercise Price, the issue of that number of fully paid ordinary shares in the capital of the Company to him. (Ordinary Resolution)

FOR

AGAINST

ABSTAIN

### Resolution 3 (c):

That pursuant to ASX Listing Rule 10.14 and for all other purposes, the Company approves the issue of 900,000 options to Executive Director Fu La on the terms summarised in the Explanatory Notes accompanying this notice of meeting at which this resolution is passed, and subject to the exercise of those options and payment of the Exercise Price, the issue of that number of fully paid ordinary shares in the capital of the Company to him. (Ordinary Resolution)

FOR

AGAINST

ABSTAIN

