

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

King Solomon Mines Limited

ABN

34122404666

Quarter ended ("current quarter")

31 March 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(482)	(2,738)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	15	100
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	(4)	(13)
1.7 Other (provide details if material)	92	92
Net Operating Cash Flows	(615)	(3,211)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(32)	(590)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	(13)	103
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)	(2)	(12)
Net investing cash flows	(47)	(499)
1.13 Total operating and investing cash flows (carried forward)	(662)	(3,710)

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1.13	Total operating and investing cash flows (brought forward)	(662)	(3,710)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(662)	(3,710)
1.20	Cash at beginning of quarter/year to date	2,100	5,129
1.21	Exchange rate adjustments to item 1.20	(35)	(16)
1.22	Cash at end of quarter	1,403	1,403

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	768
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

- 1.12 This represents purchase of Intangible Assets (Software)
- 1.6 This represents Resident & Non Resident withholding tax deducted.
The bulk of the deductions are expected to be recovered on processing of annual tax returns. \$NZ 21,147 was recovered in August from the tax year ending 31 March 2011.
- 1.8 The YTD figure includes RMB 2,400,000 (part of RMB 2,600,000 total purchase price) for purchase of an office in Hohhot.
- 1.23 This is for fees, salaries, reimbursement of expenses (including GST) and for funding advances to Plate via Associate company Inner Mongolia Ao Meng Xin Economic and Trade Co. Limited. The larger than normal advance in the March quarter primarily reflects the funding through Associate company Inner Mongolia Ao Meng Xin Economic and Trade Co. Limited.

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Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not Applicable

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not Applicable

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Not Applicable	Not Applicable
3.2 Credit standby arrangements	Not Applicable	Not Applicable

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	362
4.2 Development	-
4.3 Production	-
4.4 Administration	131
Total	493

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	890	603
5.2 Deposits at call	513	1,497
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,403	2,100

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Not Applicable		
6.2	Interests in mining tenements acquired or increased	Not Applicable		

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	Nil			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 +Ordinary securities	166,287,552	166,287,552		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil			
7.5 +Convertible debt securities <i>(description)</i>	Nil			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	Nil			
7.7 Options <i>(description and conversion factor)</i>	3,100,000 500,000 2,900,000		<i>Exercise price</i> 10 12 12	<i>Expiry date</i> 29 July 2014 25 March 2016 29 July 2016
7.8 Issued during quarter	Nil			
7.9 Exercised during quarter	Nil			
7.10 Expired during quarter	Nil			
7.11 Debentures <i>(totals only)</i>	Nil			

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7.12	Unsecured notes (totals only)	Nil	
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



27/4/12

Sign here: Date:
(Director/Company secretary)

Print name: Stephen McPhail

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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