King Solomon Mines Limited
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Companies Announcements Office
Australian Securities Exchange

ISSUE OF SHARES UNDER PLACEMENT AND PROPOSED SHARE PURCHASE PLAN

The Board of King Solomon Mines Limited (ASX Code: KSO) is pleased to announce a placement of 30.6 million fully paid ordinary shares at a price of $0.0165 to raise $0.5 million.

The funds raised are for general working capital purposes, mainly in connection with exploring the Company's exploration licences in Inner Mongolia, China. The company has commenced an in-fill drilling program at its **Mud-house** gold prospect targeting the establishment of an initial resource. It also plans follow up exploration at its promising new gold prospect **East Ridge** where it has recently obtained visible gold samples, possibly including an initial drill program.

The placement was made to clients of brokers Dayton Way Financial Pty Limited and a number of other professional investors.

It is anticipated that an Appendix 3B for the issue of these placement shares will be lodged on 5 September 2012.

The company also intends to offer a Share Purchase Plan (SPP) to eligible shareholders of up to a maximum of 30% of the issued capital at the Record Date. If fully subscribed this would raise approximately $0.8 million through the issue of approximately 49.9 million shares at a price of 1.65 cents. Shareholders will be able to purchase up to $15,000 worth of shares under the SPP at a price of 1.65 cents per share.

Documentation for the SPP will be released to ASX at the time the above-mentioned placement is finalised. Eligible shareholders on the register on 28 August 2012 (Record Date) will be entitled to participate in the SPP.

King Solomon Mines Limited

Stephen McPhail
Managing Director