



King Solomon Mines Limited

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20 October 2014

Company Announcements Office
Australian Securities Exchange

Renounceable, Underwritten, Three-for-Two Rights Issue

Further to the announcements on 10 and 20 October 2014 by King Solomon Mines Limited (the Company) regarding a Renounceable Rights Issue, the Company confirms that the following letter informing shareholders of the Rights Issue will be despatched to them tomorrow.

Yours sincerely

King Solomon Mines Limited

A handwritten signature in black ink, appearing to read 'sgmcp' followed by a large, stylized loop.

Stephen McPhail
Managing Director



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Dear Shareholder

RENOUNCEABLE RIGHTS ISSUE

This notice is provided to inform you that on 20 October 2014 King Solomon Mines Limited (King Solomon Mines or the Company) lodged an Offer Document with the Australian Securities Exchange (ASX) in respect of a pro-rata, Renounceable Rights Issue of shares at an issue price of \$0.002 per share.

A copy of the **Offer Document** together with an **Entitlement and Acceptance Form** will be **mailed to eligible shareholders on 29 October 2014.**

Under the Rights Issue, shareholders with a registered address in Australia or New Zealand (Eligible Shareholders) are being invited to subscribe for three New Shares for every two existing shares held as at the Record Date.

The Offer Document is available on the ASX website at www.asx.com.au and on the Company's website at www.kingsolomonmines.com. The Rights Issue will raise up to A\$919,188 before costs. The Rights Issue is underwritten by Taylor Collison Limited. The proceeds of the Rights Issue will primarily be applied to increase the Company's cash reserves, initially by \$919,188 (before deducting the costs of the Rights Issue) immediately after completion of the Rights Issue and to provide the Company with additional capital for the purposes referred to in the Offer Document. The number of shares on issue will increase by 459,594,209 from 306,396,139 shares as at the date of the Offer Document to 765,990,348 shares, assuming none of the options currently on issue are exercised prior to the Record Date.

Eligible Shareholders' entitlements pursuant to this Rights Issue are renounceable and accordingly, Eligible Shareholders may:

- accept all of their Entitlement;
- sell all of their Entitlement on ASX;
- accept a proportion of their Entitlement and sell the balance on ASX;
- accept a proportion of their Entitlement and allow a balance to lapse;
- sell all or a proportion of their Entitlement other than on ASX; or
- not take up their Entitlement.

No action is required to be taken at this stage. If you intend to take up your Rights in full or in part, or sell your rights, then you should take appropriate action when you receive a copy of the **Offer Document** together with an **Entitlement and Acceptance Form**, which will be mailed to Eligible Shareholders on **29 October 2014.**

Shareholders with a registered address outside of Australia or New Zealand are not eligible to participate in the Rights Issue.

Key information and indicative dates in respect of the Rights Issue are as follows:

Event	Date
Initial announcement of Rights Issue, lodgement of Appendix 3B with ASX	10 October 2014
Despatch of Rights Issue Offer Letter to shareholders	21 October 2014
Existing Shares are quoted on an 'ex' entitlement basis and Rights trading commences	22 October 2014
Record Date for determining entitlements to participate in the Offer	24 October 2014
Despatch of Rights Issue Offer Document, and Entitlement and Acceptance Form	29 October 2014
Rights trading ends	5 November 2014
Offer Closing Date at 5:00pm Australian EST	12 November 2014
Company notifies ASX of under subscriptions / Shortfall	17 November 2014
Allotment of New Shares, despatch of holding statements (i.e. the Issue Date)	19 November 2014
Trading on ASX of New Shares on a normal settlement basis	20 November 2014

Further details on the Rights Issue are contained in the Offer Document.

For further information please contact the undersigned.

Yours sincerely

King Solomon Mines Limited



Stephen McPhail

Managing Director