



King Solomon Mines Limited

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2007

PROGRESS ON ALL PRINCIPAL PROJECTS

HIGHLIGHTS

- **Discovery of molybdenum mineralisation at Marmot Ridge**
- **Delineation of IP corridor and new drill target zones at Wuritu.**
- **Encouraging surface sampling results at Bu Dun Hua.**
- **Encouraging surface sampling results at Beyinhar North**

REVIEW OF OPERATIONS

MARMOT RIDGE COPPER-MOLYBDENUM PROJECT (King Solomon 100%)

Diamond drilling re-commenced at Marmot Ridge with a 6 hole program designed to test a northeast trending, 750m x 300m IP anomaly delineated through the previous quarter. By the end of September 1,550m of a planned 2,000m had been drilled with results from the first three holes, and from associated mapping, showing:

- The presence of significant molybdenite (molybdenum sulphide) levels in a hydrothermally-altered granitic intrusive.
- Intermittent chalcopyrite (copper sulphide) dusting within adjacent hydrothermally altered volcanics.

- A possible alteration/mineralisation corridor transverse to the main structural trend being pursued to date.

The drilling has shown the IP target to be crossing an east-west trending contact zone between a basic to intermediate volcanic pile to the south and a large granitic stock to the north. Both the granitic stock and the volcanics are hydrothermally altered and intruded by monzonite porphyry dykes. Significant molybdenum values occur in the granitoid but not in the volcanics. Conversely, chalcopyrite-dusting occurs in the volcanics but not in the granitoid.

Hole MR018, collared in granitoid and inclined at 60° to the south, remained in granitoid throughout its 529m length and yielded persistently anomalous molybdenum values including 14 x 2m intercepts of better than 100ppm Mo.

Hole MR019, collared 200m west of MR018 and also inclined at 60° to the south drilled through granitoid for most of its 561m length before passing through to volcanics at approximately 500m. Anomalous molybdenum values were encountered throughout the granitoid with best values being 2m @ 4,210 ppm Mo and 2m @ 2,820 ppm Mo.

The highest molybdenum values in both holes appear to be associated with monzonite porphyry contacts where molybdenite appears as films on fractures and as trains in quartz veinlets.

Hole MR017, collared 400m south of MR018 and also inclined at 60° to the south, remained in altered volcanics with occasional monzonite porphyry dykes throughout its 318m length. There was no anomalous molybdenum in the hole but zones of chalcopyrite dusting (defined as visible in core and yielding hundreds of ppm Cu) occurred intermittently throughout.

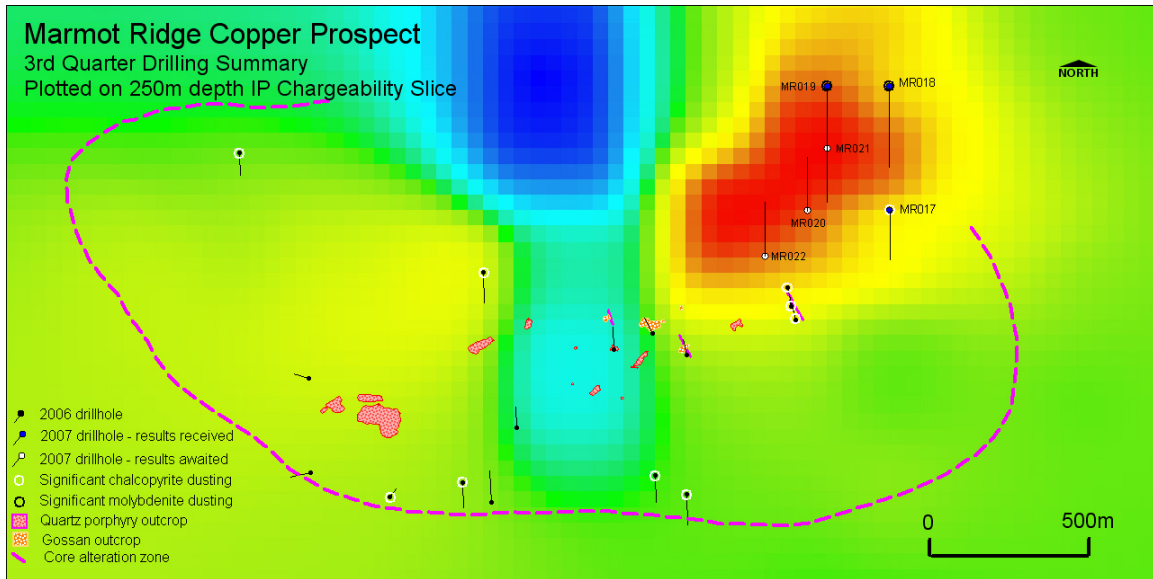
The drilling has already demonstrated that:

- The Marmot Ridge alteration system is larger and more complex than initially thought;
- Chalcopyrite dusting is widespread within the volcanics that make up the greater part of the system;
- There are significant molybdenum values associated with intrusive rocks within the alteration system.

In addition, a strong northeast-southwest structural trend appears to be emerging as a constraint on quartz porphyry occurrences, gossan occurrences and the IP anomaly. This trend is cross-cutting the prominent northwest-southeast fault zone trend being pursued to date, and the possibility that this is a primary mineralisation trend has now to be considered.

Data will continue to flow in from the drilling throughout most of the December quarter. Compilation, analysis and re-modelling will be undertaken through December – January and a 2008 field season program prepared. With the discovery of molybdenum

mineralisation in the Marmot Ridge system, the ongoing program will include geochemical sampling for Mo outwards from the molybdenite-bearing drill hole sites prior to re-commencement of drilling.



WURITU COPPER PROJECT (King Solomon 100%)

Drilling was suspended last quarter at the Oyut prospect at Wuritu when the first drillholes, testing underneath strongly copper-mineralised surface colluvium, revealed more widespread hydrothermal alteration than had been anticipated. To facilitate new target modelling and preparation of a revised drill plan, an IP survey was commissioned over both the Oyut and Mag Anomaly prospects in conjunction with a detailed geological mapping program.

The IP survey results have delineated a 2.5km long elevated IP chargeability corridor containing three strong anomalies (WIP-1 to WIP-3) at Oyut. The corridor remains open to the west at the limit of the survey. A fourth anomaly (WIP-4) lies outside the corridor but may link with it at deeper levels.

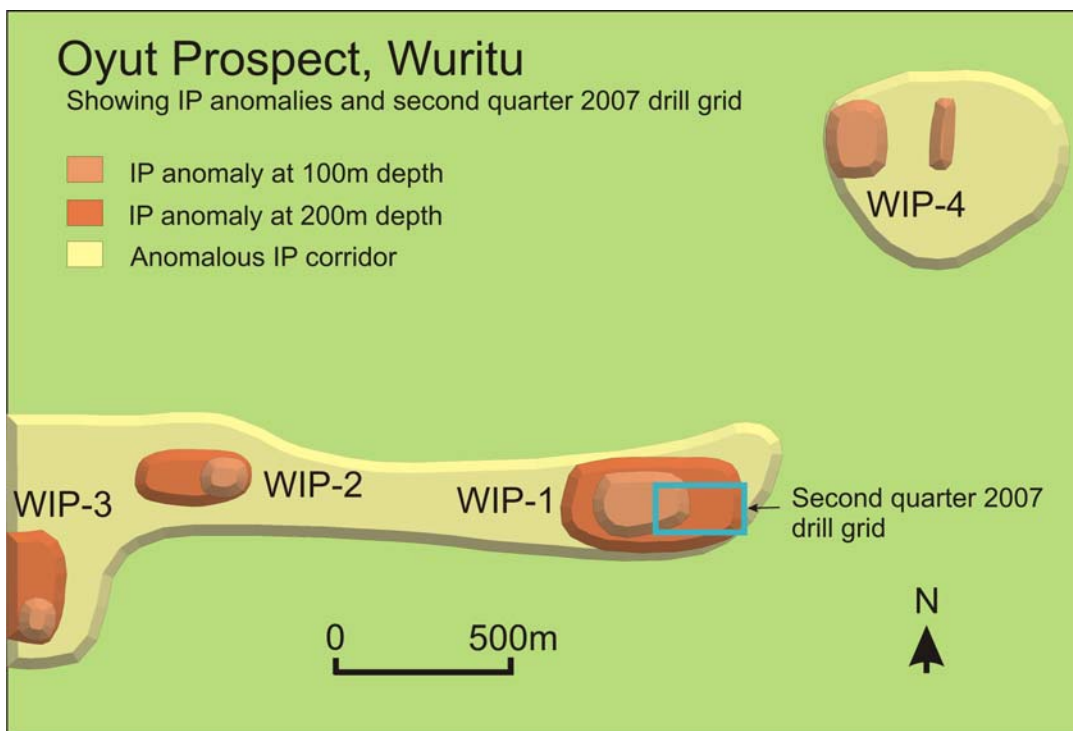
WIP-1 is continuous over approximately 500m in an east-west direction and up to 250m wide. It commences below the prevailing oxidation depth of around 50m and strengthens with depth. The initial drilling undertaken by KSO was focused over and outside the south-eastern corner of WIP-1 where copper-carbonate mineralised float is widespread. Only two of the drillholes were deep enough to have penetrated a short distance into the flank of the anomaly. Hydrothermally altered granodiorite and granitic intrusive phases were encountered in each.

WIP-2 is a westward plunging anomaly centred approximately 1.5km westward along geological trend from WIP-1. It strengthens and broadens with depth possibly coalescing at deeper levels with WIP-3. The latter anomaly is centred approximately 0.7km further to the southwest but plunges northward.

Anomaly WIP-4 is centred approximately 1.5km northeast of WIP-1. While similar sized to WIP-1 at 100m depth it appears to be weakening with depth from thereon.

Drilling is about to recommence at Oyut with a north-south section line across WIP-1. Because of the approaching winter conditions, drill testing of the other anomalies will not commence until the March 2008 quarter.

The mapping carried out in conjunction with the IP survey has confirmed the geological setting of the Oyut copper mineralisation as a contact zone between a hydrothermally altered, carbonate-rich metasedimentary sequence and a hydrothermally altered intrusive complex.



BEYINHAR NORTH GOLD PROJECT (King Solomon 100%)

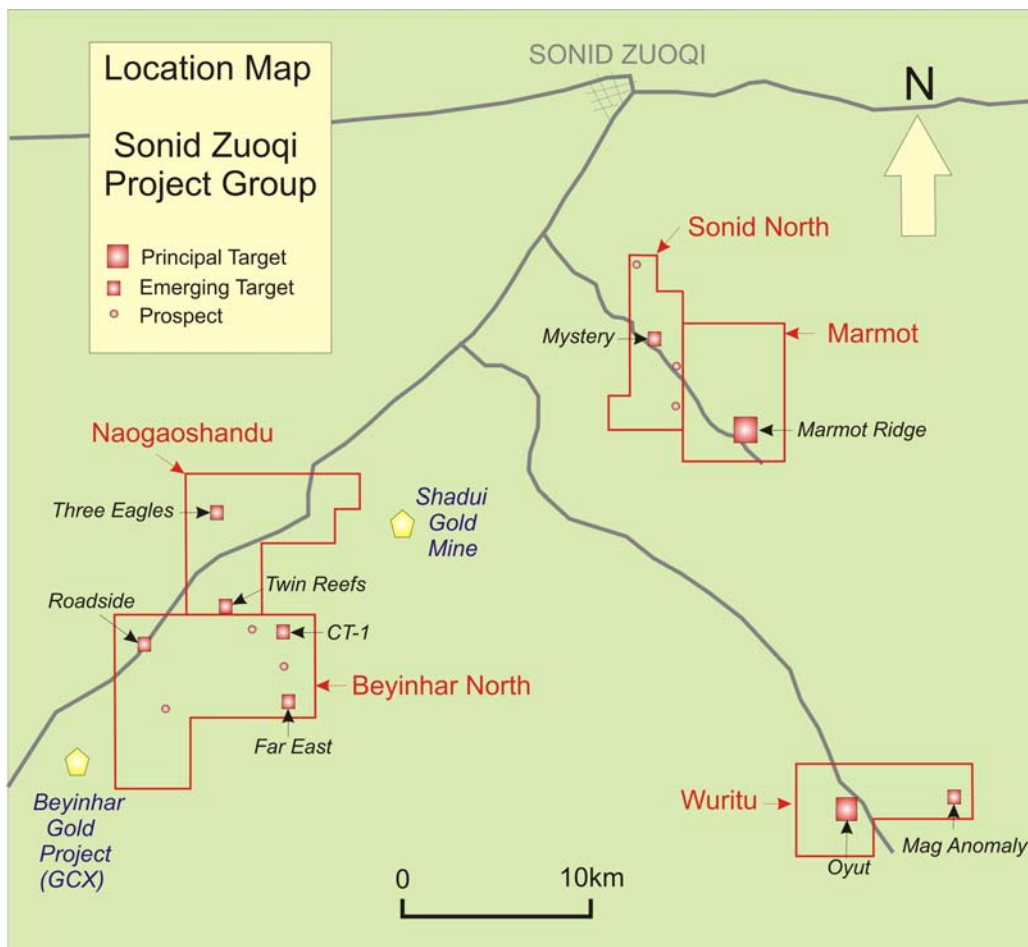
Work completed at Beyinhar North through the quarter has included geological mapping, rock chip and soil sampling and a hand-borne magnetic survey. With results still coming in, the work has already delineated three distinct prospects (Far East, Roadside, and CT-1) along with three other areas meriting further investigation.

The **Far East** prospect consists of a package of at least nine east-west trending, granite-hosted quartz veins, the larger of which have strike lengths in the order of 1 km and widths varying from 0.5m to 3m. Surface grab sampling has yielded a number of encouraging silver (up to 48.5g/t Ag) and copper (up to 869ppm Cu) values. A representative rock-chip sampling program is now planned.

The **Roadside** prospect is a roughly-oval 3 sq km area of coarse chalcedonic silica and epithermal-style vein-quartz colluvium with rare windows through to underlying altered granite. The prospect lies approximately northward along strike from the Beyinhar gold development project of Golden China Resources Corporation. Lag sampling and limited rock-chip sampling have yielded numerous anomalous gold values. Soil sample results are awaited.

The **CT-1** prospect is a hillock of widespread quartz and quartz-stockwork-veined diorite colluvium co-incident with a conspicuous circular magnetic anomaly. Soil sample results are awaited.

The other areas requiring re-visit are quartz vein occurrences that have yielded weakly anomalous gold or arsenic anomalies from initial reconnaissance sampling.



BU DUN HUA GOLD-COPPER PROJECT (King Solomon 100%)

Work undertaken through the quarter at Bu Dun Hua consisted of geological mapping, review and integration of previous (China Academy of Sciences) geophysical data, reconnaissance rock-chip sampling and petrographic studies. An encouraging early result

has been at the Lao Ping Tong Mine prospect where rock chip samples over exposures of a 5m wide limonitic, silicified fault zone, have yielded:

Sample No	Width (m)	Au (g/t)	Ag (g/t)	Cu (ppm)	Pb (ppm)	Zn (ppm)	As (ppm)
28042	grab	0.04	12.8	18	313	1,320	41
28044	grab	0.00	11.6	44	406	2,986	90
28054	0.4	1.09	371.0	3,941	824	235	482
28055	0.9	0.04	148.0	553	278	69	79
28058	2.5	0.04	144.0	1,322	235	161	81
28063	grab	0.02	52.3	1,652	326	506	144
28100	0.6	0.05	67.5	22	45	65	36

These samples have come from within tens of metres of a geophysical survey section that yielded both EM and IP anomalies suggestive of a sub-vertical, sulphide-mineralised, several-metre-wide vein structure that may be coalescing with an intrusive surface at a depth of greater than 250m. The Chinese Academy of Sciences geophysical data proposes seven such target structures within the project area.

The Lao Ping Tong prospect is centrally located within the Bu Dun Hua tenement. KSO has focused on this area because of the obvious targets therein. The prospect appears however to be associated with alteration near the margins of a large eruptive centre and petrographic studies suggest that the hydrothermal alteration of the volcanic flows and fragmentals pile at Lao Ping Tong is sub-epithermal and showing alteration mineralogy characteristic of a copper-gold volcano-intrusive system.

Ongoing mapping and sampling will extend toward the centre of the volcanic complex although low topography and extensive colluvium and sand cover will necessitate geophysical survey assistance. A magnetic survey is scheduled to commence in the current quarter and commencement of drilling at Lao Ping Tong is scheduled for the March 2008 quarter.

OTHER PROJECTS

Reconnaissance rock grab sampling at **Sonid North** has yielded a cluster of anomalous gold values peaking at 3.69g/t Au at the Mystery prospect. A detailed mapping and systematic soil sampling program will be commenced shortly.

Initial mapping and sampling at **Dong Gouzi** has revealed a 250+m long by 100m wide corridor containing intermittent narrow veins and shears hosting occasionally very high gold values and very localised strongly anomalous base metals. The better values appear limited to the narrow structures. The system has been worked erratically by shaft and adit over approximately 150m vertically. There is room for addition to the strike length. The mapping and sampling program is ongoing.

A hand-borne magnetic survey has been completed at **Amoyitele** but is yet to be followed up by field mapping.

GENERAL

King Solomon maintained a high rate of field activity through the September quarter. It has collected a large amount of data and results will continue to flow in for another two to three months. Advantage will be taken of the oncoming northern winter months to fully compile and assess the results and plan for field re-commencement in the March 2008 quarter.

At the end of the September Quarter, the Company had cash on hand of \$7.832 Million.

Stephen McPhail Managing Director

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The information on mineralisation contained in this announcement accurately reflects information compiled by A B Bell, BSc, F AusIMM(CP), Executive Director a Competent Person (as defined by the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves), who has relevant experience in relation to such mineralisation and has consented to the inclusion of such information in this announcement.

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