



King Solomon Mines Limited

QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2009

HIGHLIGHTS

- **Encouraging evidence of a concealed porphyry Cu system under shallow cover at Bu Dun Hua.**
- **Au mineralisation controls established at South Ridge and Three Eagles prospects, Naogaoshandu.**
- **Cu skarn target at Marmot Ridge identified**

REVIEW OF OPERATIONS

Through late June – early July, King Solomon retained Dr Richard Sillitoe, a noted geological consultant and international authority on porphyry-related mineralisation systems, to review the Marmot Ridge and Bu Dun Hua projects. His insightful comments on these projects will materially assist King Solomon's ongoing exploration plans.

BU DUN HUA COPPER PROJECT (King Solomon 100%)

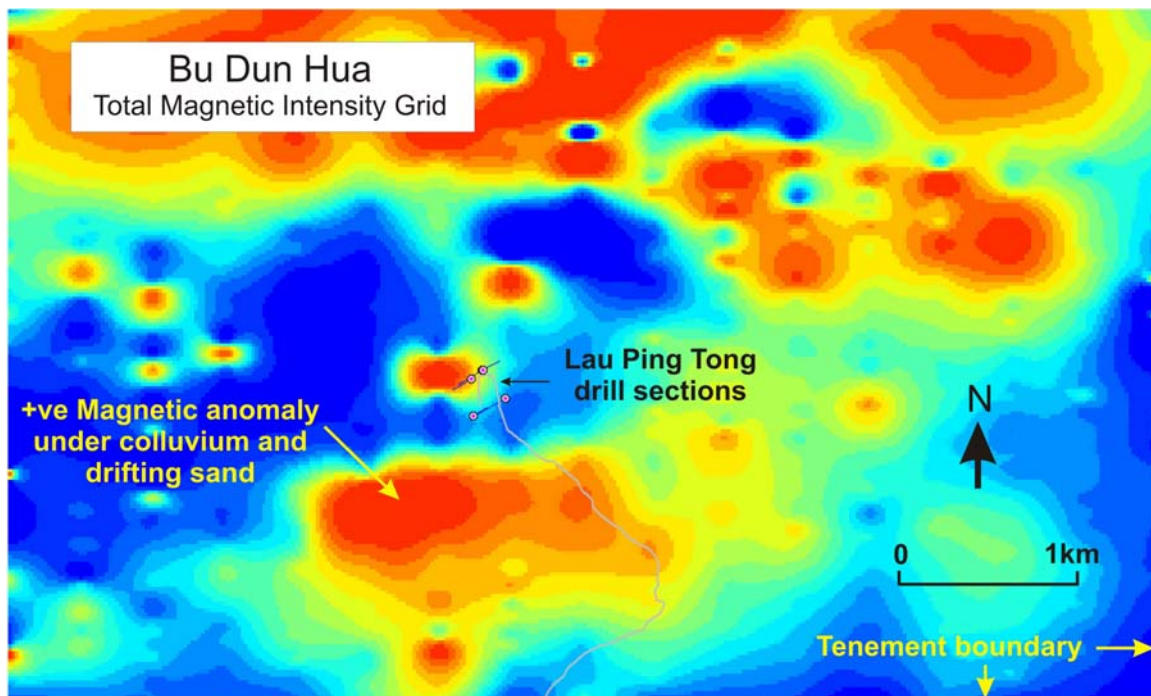
- Confirmation of near surface porphyry-style Cu target within 1km of Lau Ping Tong prospect ("LPT")
- Substantial magnetic anomalies proximal to LPT identified
- Drilling of magnetic anomalies to commence in **early August**

While King Solomon acquired Bu Dun Hua as a porphyry Cu-Au project, initial drilling focused on indications of fracture-controlled mineralisation associated with a relatively small window of outcrop through widespread colluvium and sand cover. Each of five

diamond drill-holes encountered pervasive hydrothermal alteration of rhyolitic flows and fragmental rocks and locally strong Pb and Zn mineralisation. Subsequent petrographic studies on a range of core samples revealed the presence of small amounts of Cu sulphides and alteration mineralogies indicative of thermal impact of a nearby, but hidden, mineralised intrusive rock body. Re-logging of key sections for indications of the proximity of such a body and the likelihood of associated porphyry-style Cu mineralisation has been able to:

- confirm the “nearby intrusive” nature of the alteration assemblages and associated base metal mineralisation ;
- establish the presence of sulphide veinlet styles (D-veins) diagnostic of porphyry deposits;
- provide indications of the proximity and position of the intrusive – in the order of 500m with a primarily lateral rather than vertical directional vector and a possible southwest favoured position.

The implication of the above is that there is a reasonable expectation of discovery of a mineralised intrusive at shallow depths beneath the colluvium and sand-cover surrounding the Lao Ping Tong prospect. With this in mind, geophysical data from an early ground magnetic survey and a partly completed gradient array IP survey has been re-visited. The magnetic data shows a prominent positive anomaly, approximately 1 sq km in areal extent, between 500m and 1,000m south of King Solomon’s Lao Ping Tong drill-holes. Smaller anomalies occur 500m north of, and immediately west of, the drill-holes, the latter coinciding with outcropping andesite dykes.



King Solomon plans to drill a series of holes through the cover on 500m centres commencing to the southwest of the Lao Ping Tong prospect and moving eastward through the magnetic anomaly. Initial drill-hole depths are unlikely to exceed 150m. The smaller anomalies west and north of the Lao Ping Tong drill-site will also be tested and surface checking of the larger anomalies 2 km to the northeast will be undertaken.

NAOGAOSHANDU GOLD PROJECT (King Solomon 100%)

- Significant gold (12m @ 1.35-1.45 g/t) in chloritic pug detected from trenching at South Ridge
- Follow up trenching and possibly drilling planned to test for continuity of the chloritic pug

Two phases of trenching have now been completed at the Three Eagles and South Ridge gold discovery sites. Detailed geological mapping of a 5 sq km area enclosing these two prospects has also been completed. The work has confirmed an association between gold mineralisation in quartz veins and quartz-rich granitic dykes or sills, but has also yielded indications of cross-cutting fault-hosted gold mineralisation.

At **South Ridge**, gold mineralised quartz veins occur mostly within, or immediately adjacent to, quartz granite dykes or sills. These occur in a broad sheared contact zone between a more substantial but less quartz-rich granite intrusive and strongly-foliated meta-volcanics. The veins are narrow, contorted and discontinuous but have been tracked along with their hosting dykes over at least 800m of contact-zone strike. Where encountered at surface or in trenches they usually yield several g/t Au but are too discontinuous to represent a direct exploration target. Wall rocks are generally devoid of gold values.

In trench TR006 however, significant gold was also detected in a chloritic pug interpreted as a several metre wide shallow-dipping fault zone cross-cutting the granite/metavolcanic contact. The zone was picked up at approximately 1m below surface in the first round of trenching (11.4m at 1.45g/t Au and including 2.5m at 2.62g/t Au). Where the trench was deepened to 2m in the second round the same zone yielded 13.5m at 1.35g/t Au (including 2.5m at 5.37g/t Au) thereby ensuring that the first result was unlikely to be a fortuitous surface enrichment feature. While there are some minor quartz fragments in the pug, there is no veining.

Ongoing exploration at South Ridge will now be focused on establishing the geometry of the fault zone and the continuity of mineralisation therein. Its relationship to the gold-rich quartz veins needs to be established and consideration also needs to be given to the

possibilities of locating a more densely veined quartz-granite intrusive in the general vicinity.

The same relationship between the gold-rich quartz veins and quartz-rich granitic dykes or sills has been amply demonstrated in the trenches excavated at **Three Eagles**. While there have been some indications of gold in chlorite pug (3.5m at 0.5g/t Au in TR001) both this style of mineralisation and the gold in quartz veins are better developed at South Ridge and ongoing work will consequently be focused in the latter area.

MARMOT COPPER- MOLYBDENUM PROJECT (King Solomon 100%)

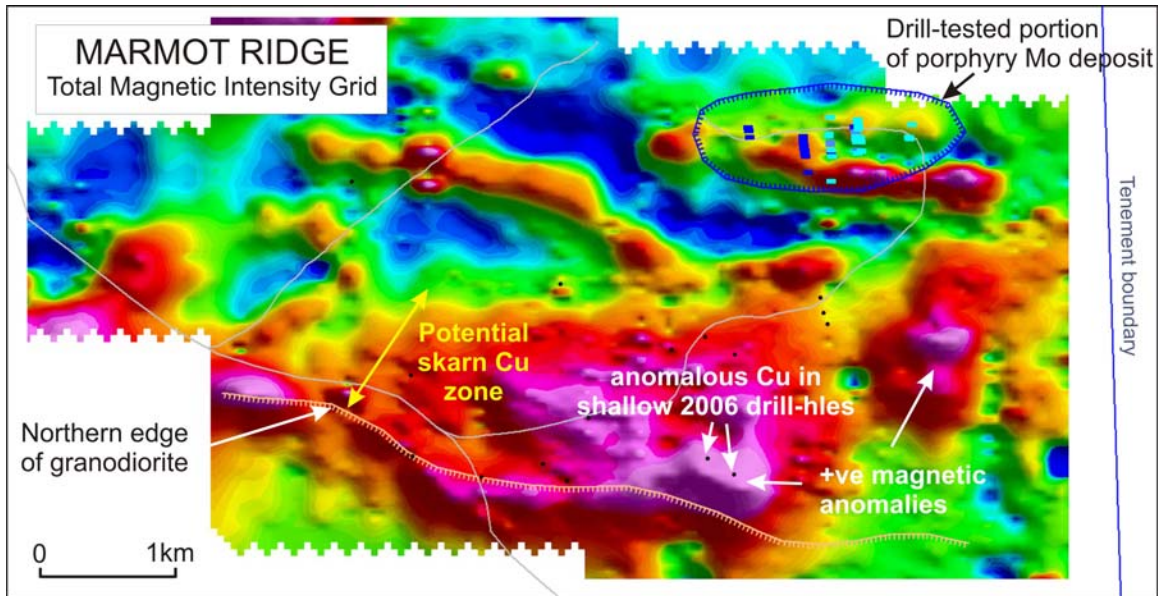
- Skarn style Cu mineralisation identified south of Mo deposit
- Drilling planned for large magnetic anomaly in skarn target area
- Porphyry Mo-Cu deposit investigated over only one third of a likely 2.3 to 2.5 km strike length

Field inspection and re-logging of drill sections across Marmot Ridge has resolved the often confusing alteration and mineralisation styles encountered in drill-holes, into two spatially over-lapping but temporally distinct mineralisation systems. The consequence is the recognition of three more-or-less distinct zones:

- A quartz-monzonite-style porphyry molybdenum ± copper deposit underlying the northeastern flank of the Ridge. King Solomon has investigated by drill-hole, approximately one third of the probable 2.3 to 2.5 km strike length of this system. Where encountered to date it has been low grade despite the presence locally of narrow higher grade lodes. The elongate central molybdenum zone is ringed by low grade copper mineralisation.
- The copper mineralisation encountered at surface and in a small number of shallow drill-holes along the southwestern flank of the Ridge appears to be skarn style associated with a granodiorite stock to the south and carbonate metasediments intercalated within the widespread metavolcanics of the Ridge. It represents a different period of mineralisation from the copper in the porphyry molybdenum deposit annulus. This zone has been little tested to date.
- The broad zone of complex alteration and mineralisation assemblages encountered by drill-holes in the metavolcanics and associated intrusives under the centre of the Ridge is a zone of mixing where the two systems interfere and have been further complicated by subsequent faulting.

This differentiation explains various enigmatic features of the geology and geochemistry of Marmot Ridge and re-focuses attention on positive anomalies encountered in a 2006 ground magnetic survey (on the basis that a copper-magnetite skarn would produce a

significant magnetic response). Of particular interest is an un-explained anomaly almost 2 sq km in areal extent located along the northern edge of the granodiorite stock to which the skarn mineralisation has been related. The raw data from the survey has been forwarded to a geophysical consultant for re-interpretation and confirmation of this feature as a drill target.



OTHER PROJECTS

At **Sonid North** mapping and rock-chip sampling in the vicinity of Au-in-soil samples reported previously, has yielded persistently anomalous Au, Ag, As, Pb and Zn anomalies from quartz veins in diorite or granodiorite plugs intruding widespread andesitic metavolcanics. Gold values peaking at 1.4g/t Au merit follow-up.

At **Wuritu**, agreement with an iron-mining company operating in the area has resulted in an initial payment of \$59,000 to King Solomon in return for access to a small magnetite-hematite lens occurring on the property. A further payment of \$39,000 is expected in 2010. King Solomon retains full exploration rights to the tenement.

GENERAL

At the end of the June Quarter, the Company had cash on hand of \$3.617 Million.

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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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