King Solomon Mines Limited

QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2008

HIGHLIGHTS

- **Upgrading of Marmot Lodes molybdenum results**
- **Identification of intrusive core to Marmot Ridge porphyry copper system**
- **Discovery of strongly lead-zinc-silver anomalous zones at Bu Dun Hua**

REVIEW OF OPERATIONS

MARMOT COPPER-MOLYBDENUM PROJECT (King Solomon 100%)

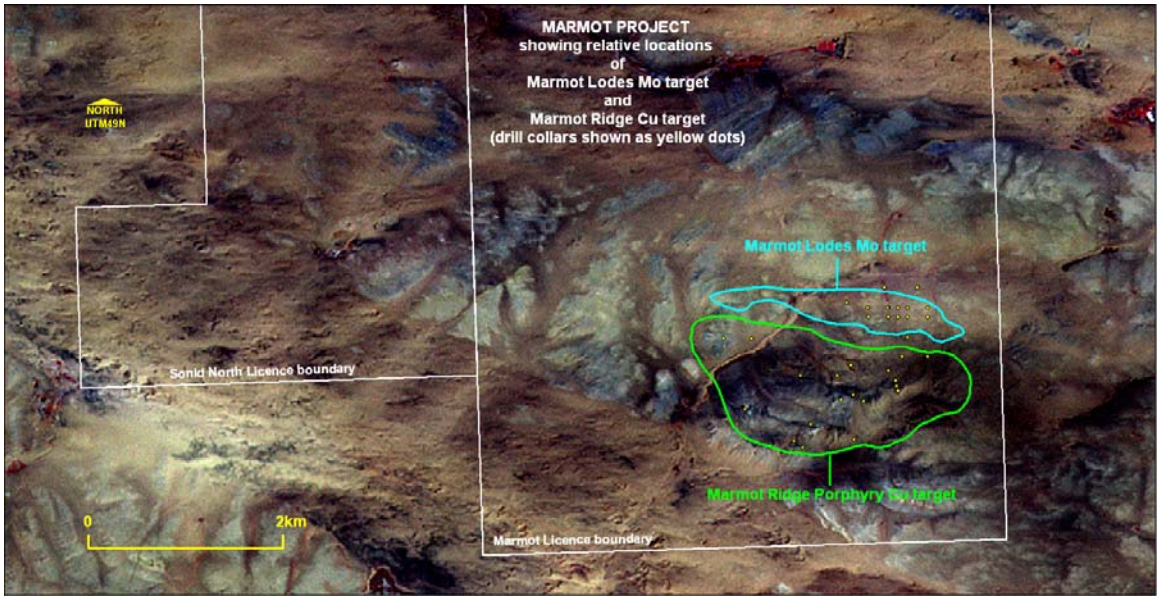
The Marmot project continued to absorb a large part of KSO's field effort through the quarter via 1,217m of diamond drilling, approximately 800 additional soil or lag samples and completion of detailed geological mapping over the entire tenement.

The project can now be differentiated into two distinct targets:

- **Marmot Ridge:** The original large-scale porphyry Cu (copper) target associated with a quartz diorite intrusive stock;
- **Marmot Lodes**: A smaller-scale but potentially valuable Mo (molybdenum) lodes target on the periphery of the porphyry system and associated with a more alkaline (grano-syenite) intrusive stock.

The 200m wide **Marmot Lodes** target zone has now been investigated over almost one half of its prospective 2km length by 14 diamond drill-holes. The narrow, steeply-

dipping Mo-mineralised structures occurring within the zone were described in the June quarterly and accompanied by a preliminary intercept table. Reference was made to inconsistencies between visible molybdenite in the core and the actual assay values. A series of tests subsequently performed on 58 visibly molybdenite-mineralised core samples identified a problem associated with sample preparation such that many of the initial assays may have significantly understated the real Mo grade. As examples, the best initial assay of 4,210ppm Mo reported 6,890ppm Mo after exhaustive re-testing. At the lower end of the scale an original 100ppm Mo sample reported 399ppm Mo on re-testing. There was no significant change in Cu values. As a consequence of this work and in light of the impact such variation could have on mining feasibility, all of the visibly molybdenite-mineralised core sections will be re-assayed over the coming quarter using more appropriate sample preparation methodologies. A full revised intercept table and interpretation will be available for the December quarterly report.



The geology, mineralisation and alteration of the **Marmot Ridge** porphyry Cu system is becoming clearer and the target is becoming increasingly well-constrained by the 24 diamond drill-holes and detailed surface geology, geochemistry and geophysics completed to date. The most recent drilling has confirmed that the chalcopyrite (Cu sulphide) dusting widespread in andesitic volcanic rocks both at surface and down-hole occurs within a shell about a centrally located, largely un-exposed, quartz diorite to quartz-andesite porphyry intrusive. The strongly-altered intrusive has been intercepted in enough drill-holes now to demonstrate its continuity underneath a 2.5km long and 500m wide corridor of best-surface-Cu-geochemistry. The nature of the alteration and sulphide distribution within and peripheral to the intrusive suggests that the main mineralisation target may lie deeper below surface than the 200m to 300m depths tested to date.

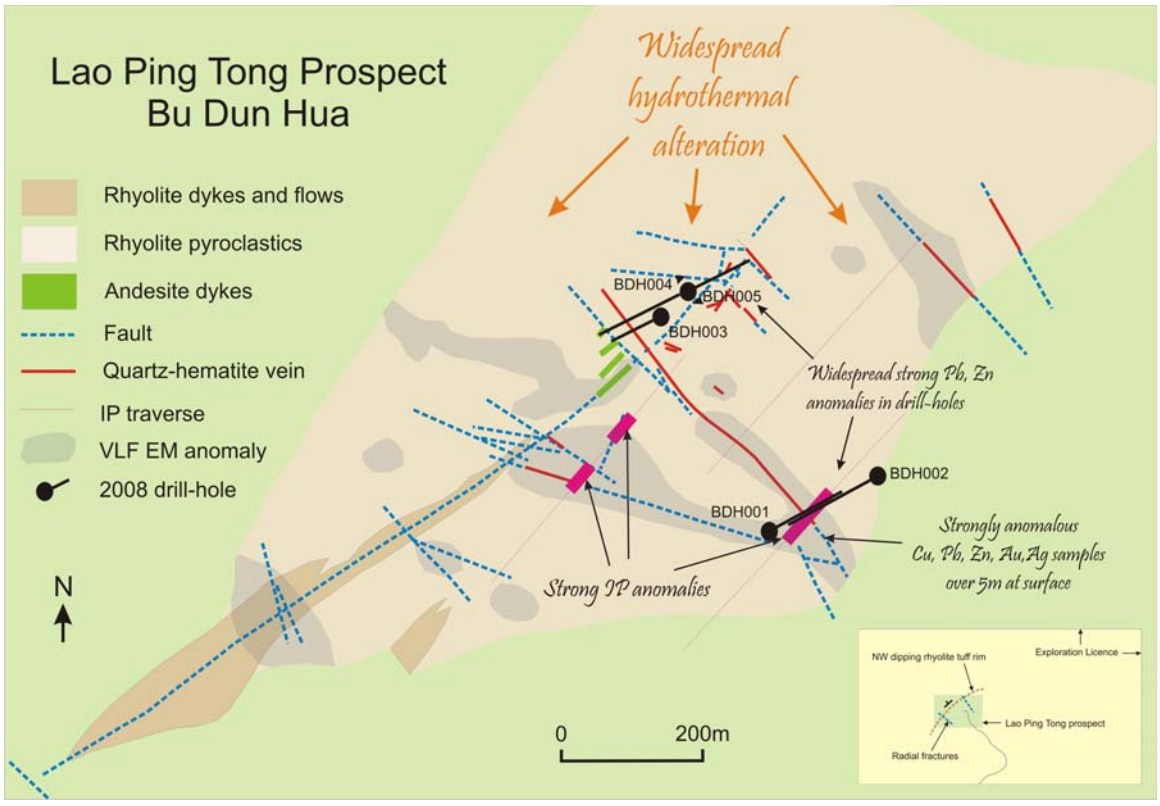
The enthusiasm of the KSO technical team for both targets has been further strengthened by the above results.

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

A full set of results has now been received for 5 diamond drill-holes completed at the Lao Ping Tong prospect. The holes were drilled in two sections approximately 200m apart along strike of a northwest trending, 5m to 10m wide surface mineralised zone. Each drill-hole encountered shallow-dipping, pervasively-altered, predominantly-rhyolitic pyroclastic rocks with sulphide contents commonly 2% to 3% and occasionally exceeding 5%.

Assay results have been surprising. Despite encouraging Cu values at surface, the drilling intersected widespread, strong, Pb and Zn anomalism over sections tens of metres down-hole; and also intermittent, weak Au anomalism associated with sub-vertical breccia zones up to a few metres wide.

In Cu-Au systems of the type being targeted by KSO at Bu Dun Hua, it is not uncommon for Pb/Zn anomalism to be located near the periphery of the system. The significance of the assay results in this regard will be examined in the course of compilation and analysis of the full drill data. This work was well in progress at the end of the quarter.

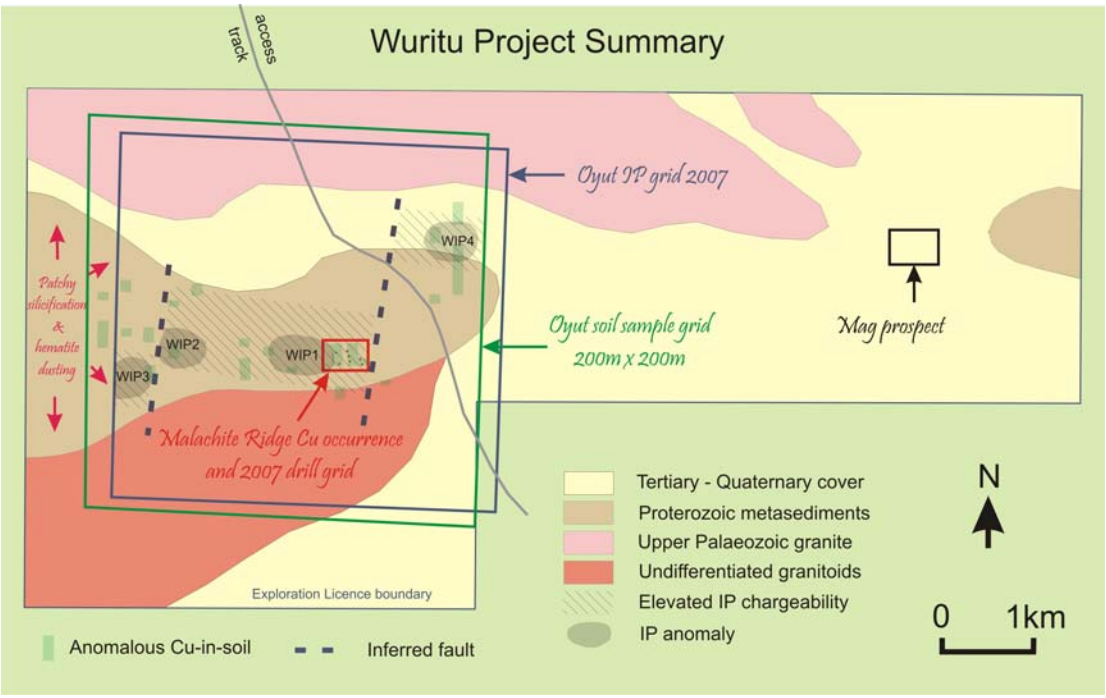


NAOGAOSHANDU GOLD PROJECT (King Solomon 100%)

A comprehensive and detailed rock-chip sampling pus geological mapping program was commenced at Naogaoshandu through the quarter. The program was planned in light of interesting Au results from the Three Eagles drilling program; more encouraging Au results from prospecting-stage surface sampling southwest of Three Eagles; and, commencement of 2 shafts and an open-pit in an adjacent tenement immediately along-strike of geological trends readily apparent in KSO's licence area. By the end of the quarter, approximately 1,400 rock-chip samples had been submitted for assay and the geological mapping was 70% complete. A full set of results is expected through the December quarter.

WURITU COPPER PROJECT (King Solomon 100%)

With drilling plans upset by the unavailability of a suitable RC drill rig, a decision was made to excavate trenches across the Cu anomalous zones discovered earlier in the year at Oyut. Three trenches totally approximately 400m in length and averaging approximately 1m in depth were completed through the quarter, two at the WIP-4 prospect 1.6km northeast of the Malachite Ridge drill site, and one approximately 2km to the west. Each trench encountered strongly foliated schists with variable hematite alteration. The northernmost of the two at WIP-4 exposed a particularly strong, several metre wide, magnetite-hematite zone in the immediate vicinity of the best Cu-in-soil results. Each trench has been continuously mapped and wall-sampled and assay results are expected along with geology and sample plans in the early part of the December quarter. At the same time as the trenching, a small extension was also made to the soil sampling coverage.



OTHER PROJECTS

At **Beyinhar North (King Solomon 100%)** a planned resumption of drilling targeting the Roadside prospect geophysical (IP) anomalies was upset by the non-availability of a suitable RC rig. With sub-zero winter conditions now approaching, drilling has had to be deferred until 2009.

Detailed mapping and sampling commenced late in the quarter at **Sonid North (King Solomon 100%)**. The program is being undertaken as follow-up to Au anomalies encountered during initial reconnaissance level mapping and sampling. Results are expected to be available through the December quarter.

GENERAL

The company's 2008 field season has continued with completion of approximately 2,092m of diamond drilling over the quarter. The principal focus continues to be on the Marmot Ridge Copper-Molybdenum project.

At the end of the September Quarter, the Company had cash on hand of $4.456 Million. A relatively strong cash position should allow the company to maintain progress with its key projects over the next two field seasons.

Stephen McPhail
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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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