



King Solomon Mines Limited

QUARTERLY REPORT FOR THE PERIOD ENDED 31 DECEMBER 2007

HIGHLIGHTS

- **New gold targets at Beyinhar North.**
- **Up-grading of molybdenum discovery at Marmot Ridge.**
- **Gold occurrences in major structural zone at Naogaoshandu.**

REVIEW OF OPERATIONS

BEYINHAR NORTH GOLD PROJECT (King Solomon 100%)

Much of KSO's exploration effort through the December quarter was directed toward completing geological, geophysical and geochemical coverage of the Beyinhar North tenement and interpreting the full set of results. While the latter is still in progress, important observations that can already be made are:

- There are at least six more-or-less-distinct centres of silicification within the tenement.
- There are two distinct styles of silicification, an epithermal style characterised by broad zones of chalcedonic silica and brecciation and a mesothermal style characterised by quartz vein arrays.
- Lag and soil samples across the epithermal style occurrences are commonly Au anomalous while those over the vein occurrences are locally Cu/Pb/Zn/Ag/Au and/or Mo anomalous.

Given the location of this tenement immediately along strike from Sino Gold's Beyinhar Gold Project, the presence of these hydrothermal centres and the associated precious and base metal soil and rock anomalism is encouraging.

Ongoing exploration, which will re-commence in the March quarter, will involve various combinations of IP geophysical surveys, trenching, more detailed geological mapping and sampling and RC drilling across each of the following centres:

Fiddlers Rise: A newly identified area of Au-in-soil anomalism associated with trains of chalcedonic silica float. It is located near the geographic centre of the tenement and envelops the intersection point of two major structural trends. The zone delineated to date is very roughly circular, over 1.5 km in diameter and disappears under sand in several directions. A 200m x 200m soil sampling grid has yielded a wide spread of Au values in excess of >20ppb and ranging up to 130ppb. Earlier lag sampling had shown the silica float to be Au anomalous. Because of a paucity of outcrop in this area, trenching, IP geophysics and RC drilling is planned.

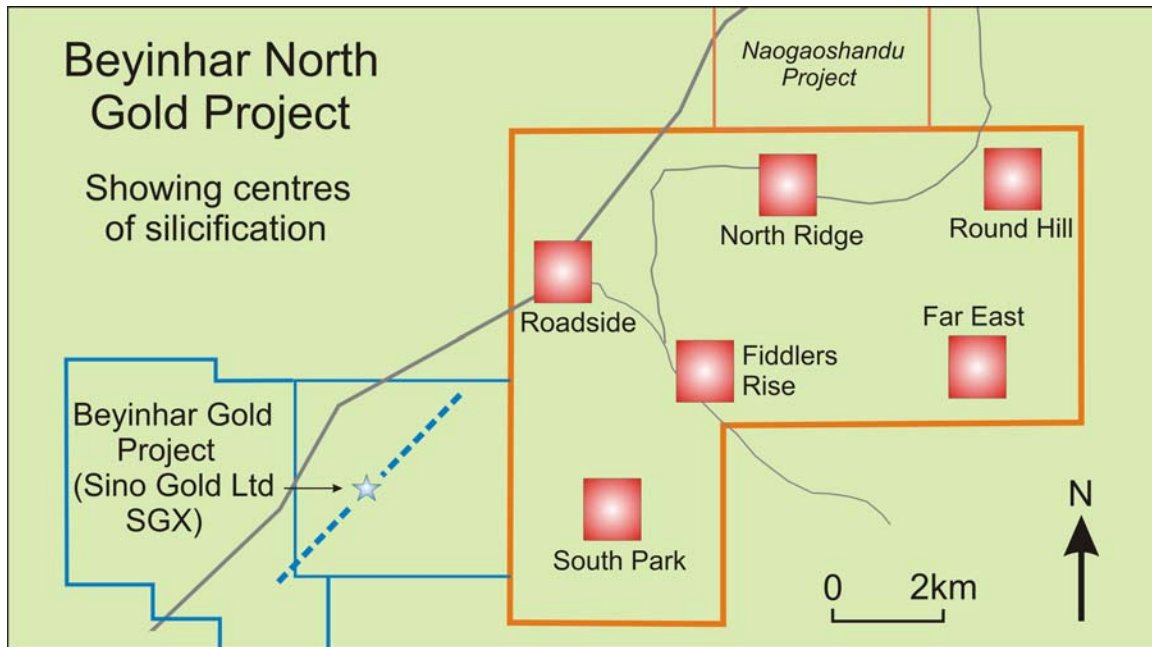
Far East: A previously reported 4+sq km area of granite-hosted mesothermal style quartz veins. The principal vein set is east-west trending with individual veins exceeding 1km in strike extent and varying in width from tens of centimetres to several metres. An ancillary set of generally smaller veins strikes north-northeast. Rocks and soils are locally strongly base metal anomalous (up to 869ppm Cu) and more weakly precious metal anomalous (up to 48.5g/t Ag). An early start on RC drilling is envisaged.

Roadside: Granite-hosted northeast trending epithermal style silicification – chalcedonic silica, crustiform veining and brecciation - has been found over an area of at least 4sq km. Precious low order (10-50ppb Au) metal anomalism may reflect depth of exposure of the hydrothermal system. An IP survey is planned.

Round Hill: Field follow-up of a strong and concentric magnetic anomaly has yielded float of brecciated, stockwork-veined intrusive – tentatively diorite porphyry - over an area of several hundred square metres. The strength of the magnetic anomaly and the nature of the rocks warrants follow-up and an IP survey with follow-up trenching is planned.

South Park: This is a broad area (5+ sq km) of widespread low level base and precious metal soil anomalies associated with zones of epithermal style veining in granite. There is a particular concentration of Cu, Mo, Pb and Zn anomalies along an east-west scarp marking the northern edge of the granite body, and more-or-less coincident with a magnetic anomaly. Trenching is planned across the strongest anomalies.

North Ridge: A number of mesothermal style quartz veins were not well reflected geochemically. There is no follow-up planned at this stage.



NAOGAOSHANDU GOLD PROJECT (King Solomon 100%)

A project-wide soil sampling survey completed at Naogaoshandu yielded scattered Au anomalies, locally in excess of 160ppb Au, along a 7km northeast to east-northeast trend. Follow-up prospecting and rock chip sampling along this trend has yielded several samples of better than 1g/t Au and ranging up to 6.45 g/t Au from generally small quartz veins outcropping intermittently along the trend. Follow-up mapping and trenching is planned.

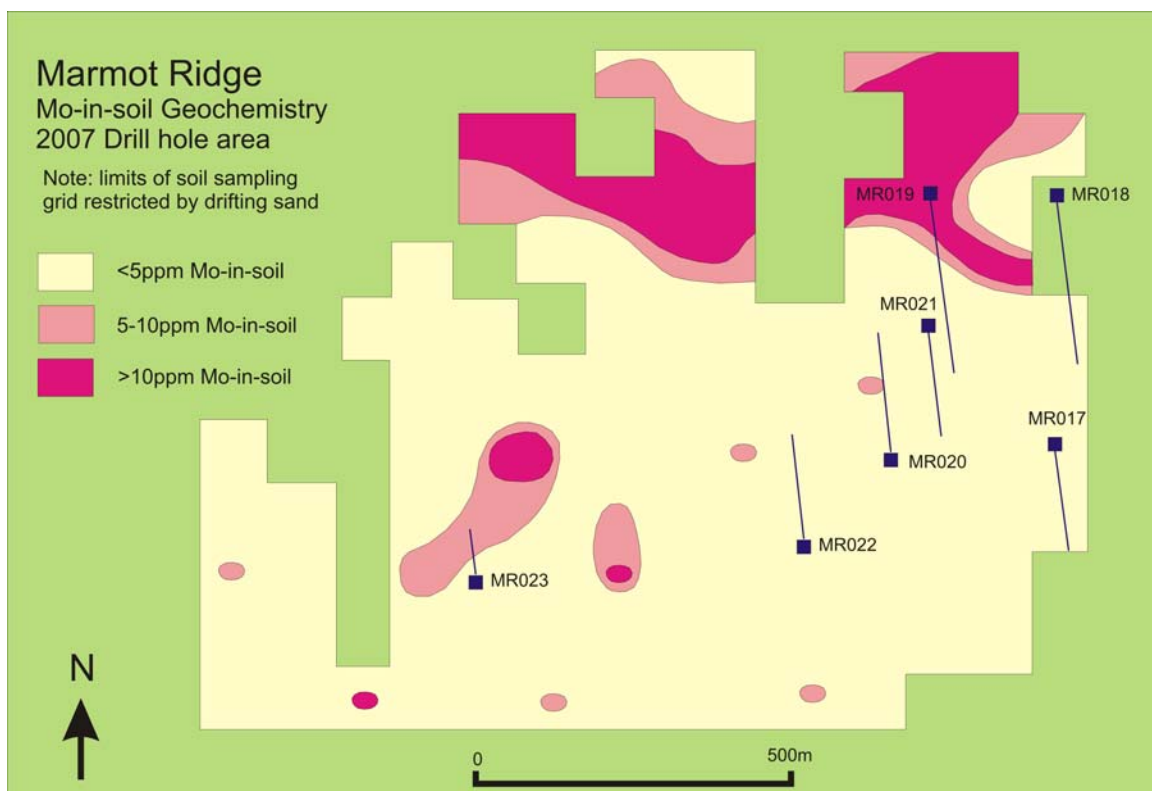
The soil survey also confirmed the 500m strike extent to the Three Eagles epithermal gold prospect and has helped focus attention on the more strongly anomalous zones therein for IP and RC drilling follow-up planned for the June 2008 quarter.

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

The last drill hole (MR024) of the eight-hole 2007 diamond drill program at Marmot Ridge was completed in early November. The program was testing a broad, deep IP anomaly in the north-eastern quarter of the large Marmot Ridge hydrothermal alteration system. At the same time a soil sampling survey on a 100m x 100m sample spacing was completed (within the constraints of drifting sand cover) over the area of the 2007 holes MR017 – MR023. The aim was to seek surface indications of the molybdenum mineralisation reported previously from near-surface in drill holes MR018 and MR019.

While analysis of the drill program data is still in progress, a number of general comments can be made on the results of both the drilling and the soil geochemistry:

- The molybdenum anomalism and mineralisation encountered in hole MR019 occurs in two sub-zones, one of 51m in length and one of 40m within a 190m down hole section and commencing shortly below surface. The uppermost sub-zone, 51m at 377ppm Mo, commences at 37.4m downhole and includes a best interval of 2m at 0.4% Mo. Anomalous Cu values also occur throughout this sub zone. A similar but weaker zone had been encountered in drill hole MR018, 200m to the east.
- Soil geochemistry has shown that MR019 was collared in an east-west Mo-in-soil anomaly (greater than 5ppm Mo against a background of less than 1ppm) and drilled southward out of it. MR018 was collared just outside the anomaly. This is a zone that needs to be followed up, by further drill holes both north and west of MR019 to test for strike continuity and for zone width and geometry.



- There are at least two phases of mineralisation at Marmot Ridge. The first is represented by sulphide pervasively disseminated in andesite, monzonite and quartz diorite porphyry. Chalcopyrite “dusting” associated with this phase is widespread and locally exceeds 0.1% Cu. Associated gold values are up to 0.2 g/t. The second phase is a molybdenite ± magnetite ± chalcopyrite assemblage hosted in fractures and narrow breccia zones in altered monzonite and is commonly associated with quartz veining. Weak gold values may occasionally be present.

- The intensity of hydrothermal alteration continues unabated from the volcanics hosting the bulk of KSO's Marmot drill holes, into the granitoid complex into which holes MR018 and MR019 were drilled. This shows that the Marmot alteration system is larger than initially thought and it remains open to the north – where outcrop diminishes due to sand cover.

The work completed in 2007 has enhanced KSO's view that the large hydrothermal system at Marmot Ridge has excellent potential for the discovery of a porphyry Cu-Mo-Au deposit. The widespread alteration and chalcopyrite dusting (hundreds of ppm Cu); the discovery of a molybdenite zone; the favourable geology and the presence of substantial geophysical anomalies, is encouraging. The geological complexity of the setting means a systematic approach through the 2008 field season is required.

WURITU COPPER PROJECT (King Solomon 100%)

Drilling resumed at Oyut in October but only one hole was able to be completed before the early November winter onset. Drill hole No WR008 was drilled for 293m northward at 60° into IP anomaly WIP-1. It encountered 130m of south-dipping calcareous metasediments intruded by diorite dykes or sills and underlain by hydrothermally altered gneissic granite. Several breccia zones encountered in the latter unit appeared to be increasing in frequency downhole.

Anomalous copper values in the order of hundreds of ppm Cu were encountered over several metres immediately sub-surface and over a 20m section commencing 207m downhole. A selection of core specimens from the 8 holes completed to date has been submitted for petrographic study. Results are expected shortly.

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

Geological mapping of the Bu Dun Hua project continued until early November. Attention was focused on the Lao Ping prospect which had yielded the strong rock-chip Cu, Ag, Pb, Zn and (intermittently) Au results reported in the September 2007 quarterly. The mapping has delimited a conspicuous fault control on the mineralisation which occurs within a strongly hydrothermally altered and locally brecciated felsic volcanic pile.

Apart from the obvious vein-style targets, features in the Lao Ping area indicate potential for porphyry-related low sulfidation quartz-sulphide mineralisation at depth. These features include the style of alteration (strong phyllic over-printing propylitic); the presence of sub-volcanic andesite; the presence of sheeted veins and pebble dykes; and, the vein paragenesis (hematite-magnetite followed by quartz-pyrite, pyrrhotite-arsenopyrite and finally chalcopyrite). The mineralisation also includes gold and silver.

Broader reconnaissance mapping and sampling has yielded locally strong Pb (up to 742ppm), Zn (up to 836ppm) and As (up to 600ppm) anomalies up to 2.6km from the Lao Ping prospect.

Results of a magnetic survey completed over the full tenement area have been received and are currently being interpreted in terms of the geological mapping. A number of strong anomalies are apparent.

OTHER PROJECTS (King Solomon 100%)

A magnetic survey completed at **Amoyitele** has produced four strong magnetic anomalies. A brief reconnaissance trip has shown the most conspicuous of these to be associated with a quartz-veined jasperoid occurrence. A return to the area for more systematic mapping and sampling is planned for the second quarter of 2008.

Results from a mapping and soil sampling program completed at **Sonid North** are currently being assessed. Soil sampling coverage was severely limited by sand cover such that only one third of the tenement area was successfully sampled. Interesting gold anomalies have nevertheless been located around the Mystery prospect (10 to 60ppb Au and up to 207ppm Pb and 152ppm Zn). Plotting of the map data and correlation with the geochemistry is currently in progress. Further work on this project will require geophysics to look through the widespread sand cover.

GENERAL

The early November onset of the winter season necessitated the suspension of field activities. This years winter season in China has been quite severe and field activities are unlikely to recommence before April.

At the end of the December Quarter, the Company had cash on hand of \$6.802 Million.

Stephen McPhail Managing Director

Enquiries may be directed to Stephen McPhail at phone 1800 061 569 (from Australia), +6421 897 667 (from elsewhere) or email stephen@kingsolomonmines.com .

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.

www.kingsolomonmines.com.au

King Solomon Mines Limited
ARBN 122 404 666