



## King Solomon Mines Limited

### QUARTERLY REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2011

#### **STRATEGIC SUMMARY**

*The company continued its aggressive drill programs at its Sonid North gold and Bu Dun Hua porphyry copper projects over the quarter.*

#### **Sonid North**

*Since the end of last quarter, 3,252m in diamond drilling (9 holes) were completed at the **Mud-house** prospect. Drilling is in progress on 2 additional holes with a third planned. Nuggety gold mineralisation has been encountered in several holes. This necessitates re-assaying of the majority of holes by screen fire techniques, before reliable gold content can be reported .*

#### **Bu Dun Hua (BDH)**

*A scout drilling program has continued at **Western Khan, Kubilai, Lao Ping Tong and Genghis** prospects. 5 holes have been completed since the beginning of the quarter and 2 holes are in progress. Total metres drilled since the end of the previous quarter amounts to 2,572m.*

*Assay results on several holes are awaited as is interpretation of results received to date.*

#### **INTRODUCTION**

The September quarter has been a very busy period in the field for KSO. Persistently good weather has allowed for 24hr x 7day drilling at Sonid North (Mud-house prospect). Drilling at Bu Dun Hua has been delayed due to technical drilling problems and access issues. Several planned holes will consequently be delayed until the 2012 season. Results and conclusions from the very large amount of data being generated will become progressively available through the December and March 2012 quarters.

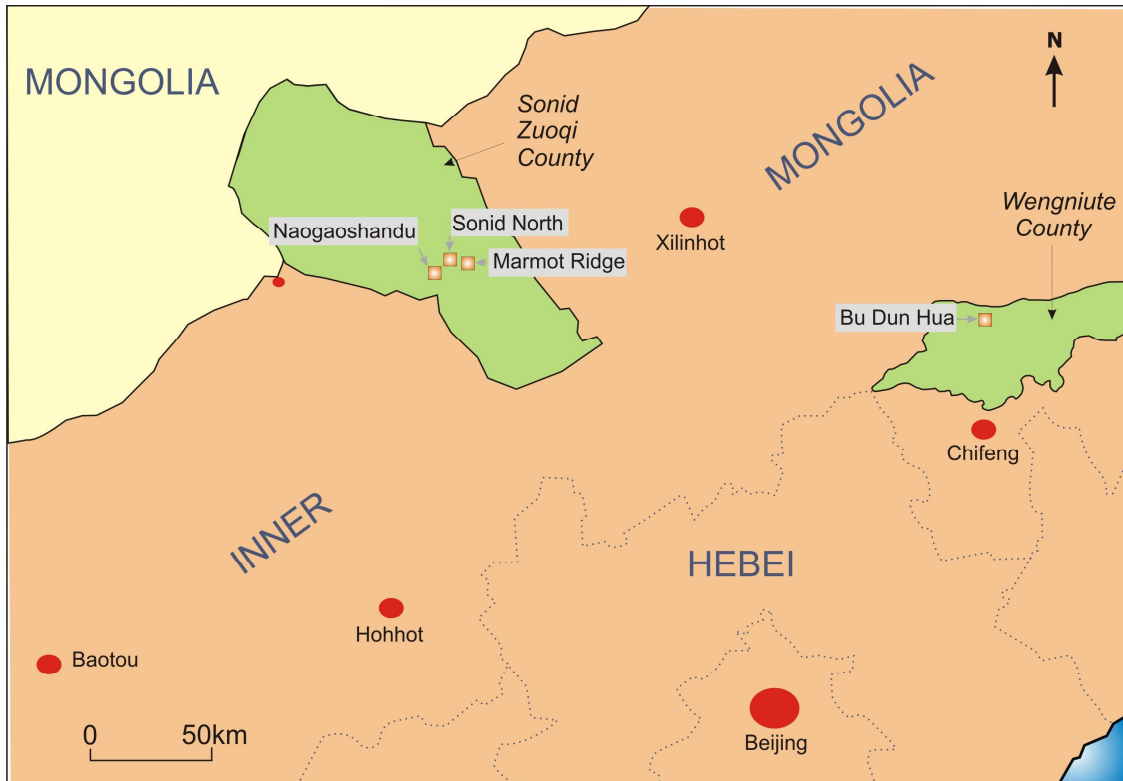


Fig 1. Project location map

### **SONID NORTH GOLD PROJECT (King Solomon 100%)**

The second stage diamond drilling program foreshadowed for the Mud-house prospect in the June quarterly report commenced mid-August. By 30 September six holes (SND010 to SND015) had been completed for 2,017m. Another three holes (SND016 to SND018) have subsequently been completed for 910m and a further three holes are planned for completion early in November.

The drilling has been concentrated in a 900m section of the almost 2km long, open-ended, Mud-house RAB and soil defined gold anomaly. All holes have been drilled to an 010° azimuth and 50° inclination from variable spaced collar locations on section lines 200m apart. The drilling has so far indicated that:

- The Mud-house Au anomaly derives from a 100m to 150m thick package of narrow Au + As ± Ag mineralised veins/breccias/shears striking more-or-less northwest-southeast and dipping gently to the southwest;
- The individual structures vary from centimetres to four to five metres in width. They appear to be sheeted (sub-parallel) although some cross-cutting veins may also exist. They are separated by broad intervals of un-mineralised rock;

- There is nuggety gold in the mineralised structures. Preliminary results to date for individual intercepts vary from <math><0.1\text{ g/t Au}</math> to - The mineralised structures intersected to date are interpreted to be sourced from a deeper intrusive. They are epithermal in style and are hosted in a chlorite-carbonate altered quartz diorite.
- There is some evidence that the mineralisation is strengthening down plunge to the south-east. Drill holes currently in progress are testing this interpretation.

The presence of nuggety gold has been determined by locally high variability in multiple assay results and by visible gold in core. This calls for considerable care with assay methodology. KSO is currently using fire assay and ICP to identify intercepts yielding  $>0.1\text{ g/t Au}$  and/or  $>100\text{ ppm As}$ . These intercepts are then re-sampled for screen fire assay. While this delays result availability, it enhances result reliability.

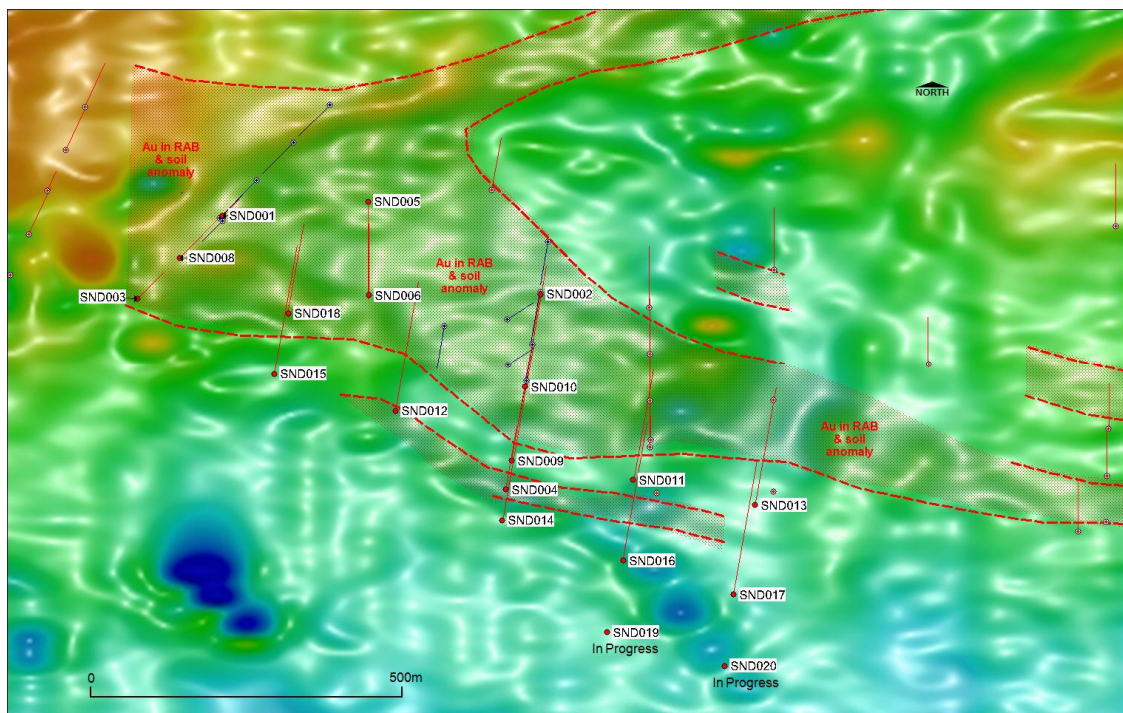


Fig 2 Mud-house prospect showing diamond drill-hole collars (labelled) and azimuth traces on RTP Magnetic background. Anomalous Au in RAB and soil represented by red stippling.

Activity through the next quarter will be focused on collection and compilation of results for assessment of ongoing prospectivity and preparation of work plans for the March 2012 quarter.

## **BU DUN HUA PORPHYRY COPPER PROJECT (King Solomon 100%)**

Diamond drilling at BDH has progressed more slowly than at Mud-house, a consequence of harder rocks, more rig down-time and access issues. Nevertheless, the period 30 June to 30 September saw the completion of BDH020, BDH023, BDH024 and BDH025 for 1,523m. BDH027 has subsequently been completed for 356m and holes BDH026 and BDH028 remain in progress.

The drilling has been targeting magnetic and/or geochemical anomalies outside of the initial Whitehorse porphyry system discovery. Key observations to date have been:

- There is a large zone of D veins (porphyry Cu indicators) underneath and both north and south of those encountered in the early Lao Ping Tong drill-holes. Hole BDH020 passed through approximately 400m of variably intense D veining from around 150m below surface. D veins encountered near the bottom of BDH027, drilling southward from Kublai, may belong to the same zone, inferring a minimum 1.4km northwest-southeast extent.
- The Western Khan and Kublai magnetic anomalies appear to be associated with silicified intrusion breccias and volcanoclastic wall-rocks. While no significant Cu/Mo mineralisation was encountered at Western Khan (BDH023 and BDH024), Pb and/or Zn mineralisation was locally strongly anomalous. Results are still pending for Kublai.
- Locally strong Zn and/or Pb anomalism widespread west and southwest of Whitehorse may suggest a position still in the periphery of a main intrusive centre.
- Sulphide levels and veining appear to strengthen north and northeast of Whitehorse and local Cu anomalous zones similar to those intercepted at Whitehorse also start appearing in this direction. Rocks encountered in this quarter are all hydrothermally altered and include rhyolitic volcanoclastics, rhyolite/granite porphyries and intrusion breccias. Both D veins and sheeted pyrite veinlets are being encountered in the current hole BDH028.

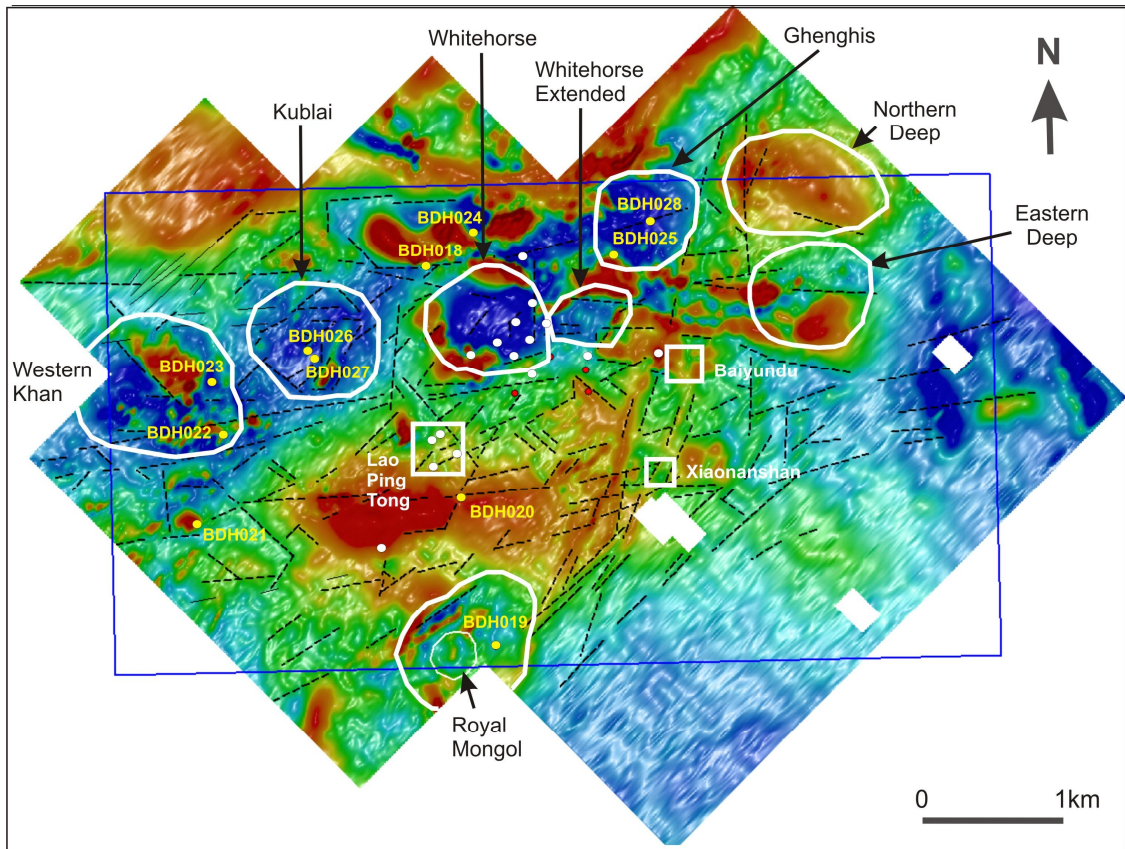


Fig 3 Potential porphyry targets and drill-holes completed or in progress, October 2011

- The fast approaching winter onset means that drilling planned for the Whitehorse Extended, Northern and Eastern Deeps and other anomalies are unlikely to be commenced this season. Their positioning will benefit from the delay however as a break in field activity allowing for receipt, plotting and analysis of the vast amount of data generated over the last few months.

## **GENERAL**

At the end of the September Quarter, the Company had cash on hand of \$2.9 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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