



King Solomon Mines Limited

QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2011

HIGHLIGHTS

- **Drilling success at Mud-house gold prospect, Sonid North.**
- **Start of deep drill hole at Bu Dun Hua porphyry Cu-Mo project.**
- **Completion of high resolution magnetic surveys over Marmot Ridge and Mud-house prospects.**

STRATEGIC SUMMARY

The company made an aggressive start to the 2011 field season with drill programs at its Sonid North gold and Bu Dun Hua porphyry copper projects.

*The season began with a high resolution magnetic survey at the **Mud-house** prospect (Sonid North project). Preliminary analysis revealed major structures which are assisting in the targeting of drill holes.*

*2 drilling rigs (1 RC and 1 diamond) deployed at the **Mud-house** prospect have completed 4 diamond and 5 RC holes out of 30+ holes planned. Early encouragement has been provided with results from the first three diamond holes including 9m @ 0.8g/t Au and 6.2m @ 2.3 g/t Au equivalent.*

*Further encouragement at Sonid North includes the discovery of mineralised outcrop 2 km to the southeast of **Mud-house** with rock chip samples yielding 0.1 – 0.4 g/t Au.*

*Drilling of the deeper porphyry copper-molybdenum target at the **Whitehorse** prospect (Bu Dun Hua [BDH] project) has reached 433m. Target depth is 800 – 1,000m.*

Drilling of a cluster of other porphyry targets at BDH, identified through a high resolution magnetic survey, will commence in the next few days with the arrival of a second diamond drilling rig. An initial 11 holes for 2,500m are planned to be drilled to test these targets.

The next quarter will see the completion of initial drill programs at Sonid North and Bu Dun Hua. Assay results are expected progressively through the quarter.

INTRODUCTION

Despite a cold northern winter, KSO was able to commence its field season earlier than previous years. By 31 March it had completed two high-resolution ground magnetic surveys (Mud-house and Marmot Ridge) and two diamond drill-holes for 207m at Mud-house. It had also commenced a deep diamond drill-hole into the Whitehorse porphyry Cu-Mo system at Bu Dun Hua. Subsequent to 31 March it has introduced a second drill rig at Mud-house and undertaken more widespread surface mapping and sampling at Sonid North.

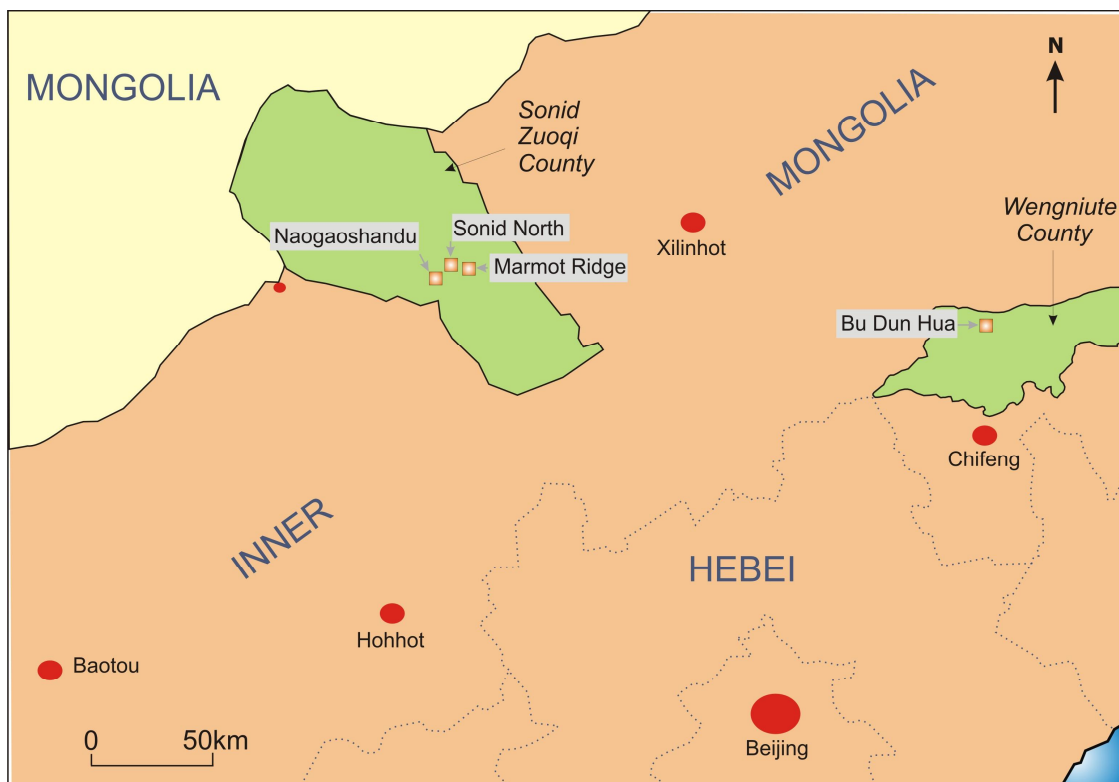


Fig 1. Project location map

SONID NORTH GOLD PROJECT (King Solomon 100%)

Delineation of the gold anomalism constituting the **Mud-house prospect**, and the discovery by scout drilling of underlying gold mineralisation, has been described in the second-half 2010 quarterlies. Planning for diamond drill-hole follow-up was undertaken through the northern winter and field activity commenced late February with a high resolution ground magnetic survey. The objective of the survey was to optimize drill-hole siting by remote detection of geological boundaries and structures otherwise hidden under widespread sand cover.

The results of the survey are summarised in Figure 2 which shows the Mud-house surface gold anomalies and drill-holes plotted on an RTP (reduced to pole) magnetic image. While

some major structures are readily evident in the image detailed analysis still in progress is expected to have a very strong and positive impact on geological interpretations.

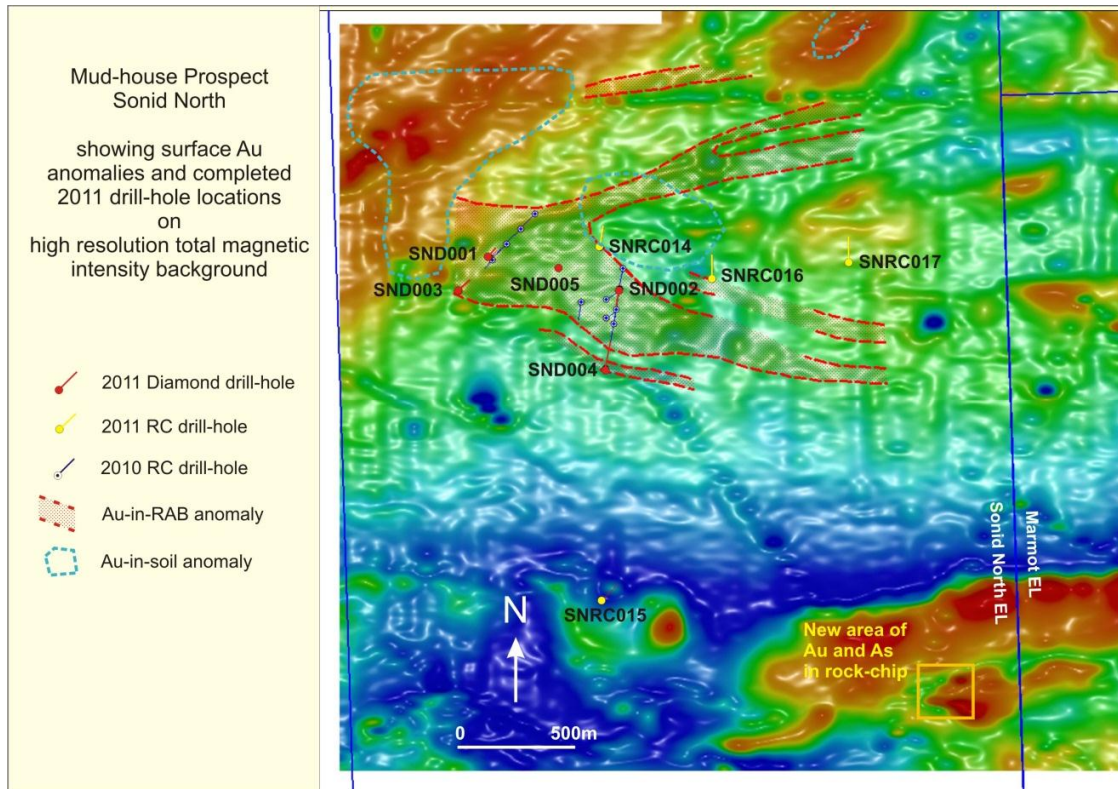


Fig 2. Mud-house gold anomalies, drill-hole locations and magnetics, central area, Sonid North.

Drilling commenced early in March with two diamond holes (SND001 and SND002) drilled alongside two of the 2010 RC holes (SNRC006 and SNRC010) that had yielded encouraging gold intercepts. The objective was to ascertain the style and geological setting of the mineralisation, factors not readily discernible from the scout RC holes. Results have confirmed the presence of significant gold mineralisation (Table 1) within broad zones of persistently anomalous gold values.

SND001 encountered anomalous gold values (up to 0.78g/t Au per 2m sample interval) through the top 66m of its 77m depth. The best zone therein (10m @ 0.37g/t Au from 36m down-hole) is accompanied by anomalous arsenic values up to 287ppm As and anomalous lead and zinc values up to 207ppm Pb and 1,155ppm Zn respectively. The zone correlates with 4m @ 0.57g/t Au and 2m @ 1.21g/t Au in the adjacent SNRC006.

SND002 encountered persistently anomalous gold values throughout its 130m length and two zones of significant gold mineralisation at shallow to moderate depths (Table 1). As with SND001, the gold mineralisation in these zones is accompanied by strong arsenic values. The presence of significant silver is a feature of the lower zone, adding approximately 0.6g/t Au equivalent over the 6.2m interval tabled below.

Table 1. Significant drill-hole intercepts of SND002 (Mud-house prospect)

Drillhole No	From (m)	To (m)	Width (m)	Au (g/t)	Ag (g/t)
SND002	37.0	46.0	9.0	0.80	0.95
including	40.6	42.2	1.6	2.64	1.09
SND002	110.2	116.4	6.2	1.69	18.77
including	113.3	115.6	2.3	3.61	39.8

Results just to hand for SND003, the third drill-hole of the season, indicate several zones of strong gold anomalism ($> 0.1\text{g/t Au}$).

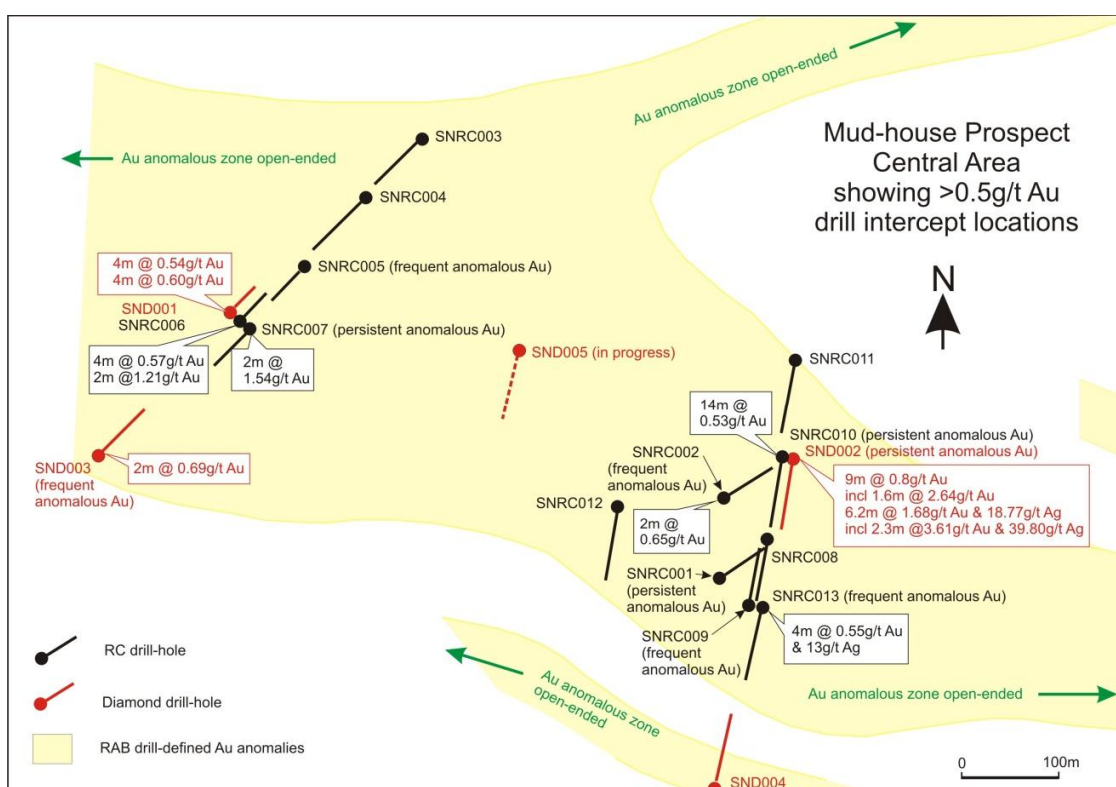


Fig 3. Drill-hole locations and intercepts to date, central Mud-house prospect area

While detailed studies of the drill-core are still in progress, it is evident that there are multiple zones of gold mineralisation at Mud-house associated with shearing of a diorite intrusive body. The best values appear to occur where the diorite is cut by a substantial rhyolite dyke or dykes. There appears to be two mineralisation styles present, an older gold plus base metal sulphide style and a younger gold plus silver and arsenic style. Un-raveling the geometries of these two phases will be a major objective of ongoing drilling.

Outside of the Mud-house prospect, geological mapping and surface sampling being undertaken while drilling is in progress has yielded an interesting new area of surface gold mineralisation approximately 2km southwest of the current drilling. Three rock-chip samples yielding values from 0.10g/t Au to 0.40g/t Au (and up to 208ppm As) have been collected from above a strong magnetic anomaly that trends eastward into KSO's Marmot project area. This work is ongoing.

While the Sonid North exploration is still in its early days, results to date continue to encourage. The gold anomalies at Mud-house are large and open-ended; the drilling is confirming the presence of underlying mineralisation; and, outside of the Mud-house area there are more gold-in-soil anomalies yet to be followed up and gold anomalous rocks are still being found. The ongoing diamond drilling program now on its fifth hole will continue to focus on the Mud-house prospect while an RC rig will be investigating the more widespread anomalies.

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

Whitehorse Porphyry

The discovery of the Whitehorse Cu-Mo mineralised intrusive porphyry has been well documented in previous quarterly reports. Drill-holes BDH007 to BDH014 established the geometry of the southern perimeter of the intrusive body but also established that drilling depths to date have been short of the target zone as interpreted from detailed analysis of the cores. It was decided to pursue the latter zone via a deep drill-hole from the north, thereby establishing the northern perimeter of the intrusive at the same time. Hole BDH018 was consequently commenced in mid March.

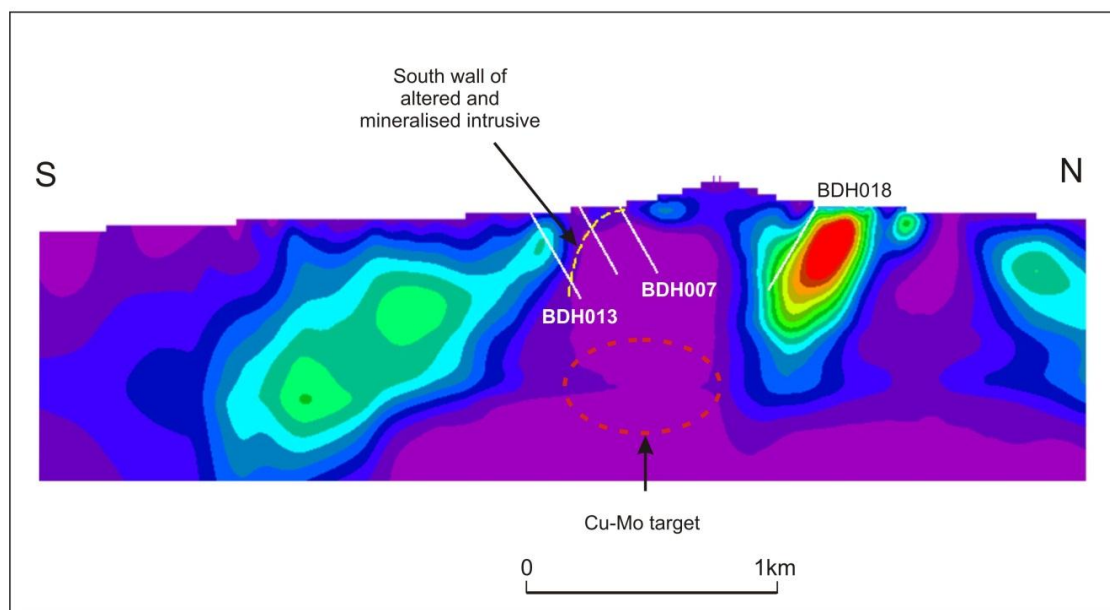


Fig 4. Whitehorse section showing target and drillhole locations on magnetic image.

At the time of writing BDH018 is at a depth of 433m and it has encountered strongly altered felsic volcanic rocks (as anticipated) all the way down-hole. The target depth is 800m to 1,000m. The target is a large-scale more strongly copper-molybdenum mineralised zone than has been intersected at shallower levels. The accompanying cross-section (Fig 4) shows the progress of the hole against a magnetic image derived from a 2010 high resolution magnetic survey. There appears to be an excellent correlation between the intrusive body and an anomalously low magnetic background.

Other targets (BDH)

The high resolution magnetic survey mentioned above yielded a number of other prospective intrusive targets within the Bu Dun Hua (BDH) tenement. The following image shows the distribution of these targets and the siting of an initial set of drill-holes planned to test them. A second diamond drill rig is due to commence this reconnaissance style program at the beginning of May.

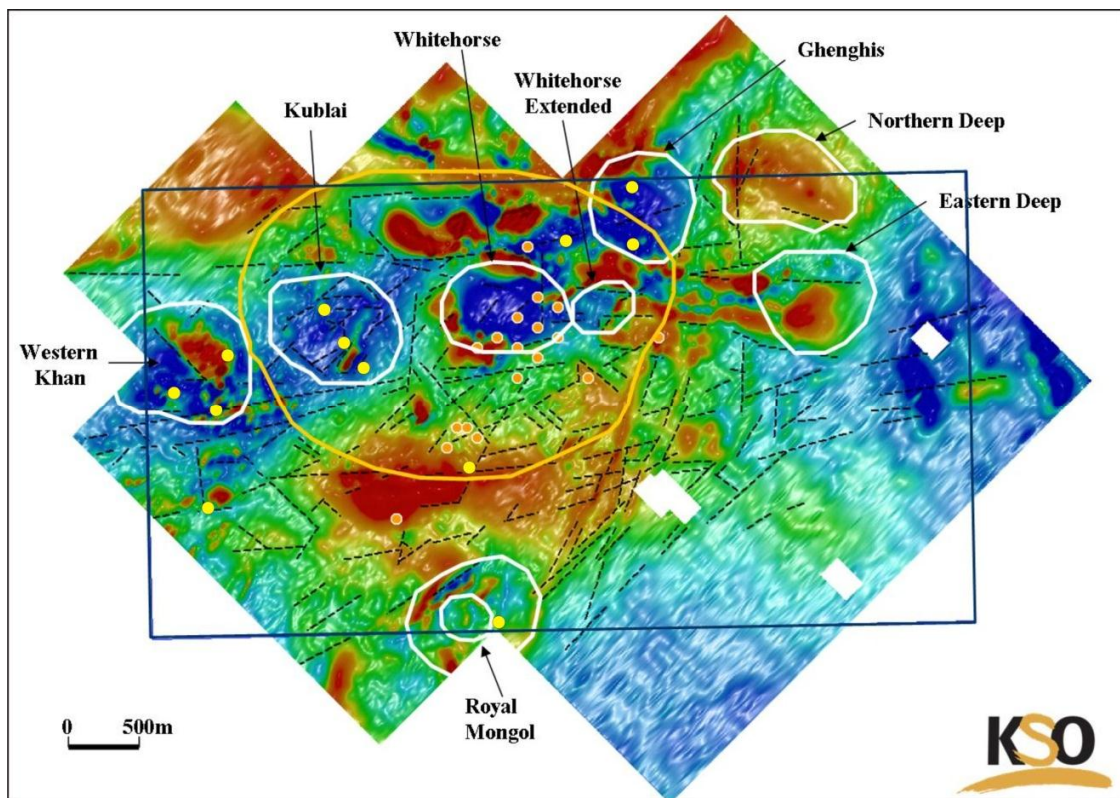


Fig 5. Prospective intrusive targets (white circles); existing drill-holes (orange dots); and proposed drillholes (yellow dots) on BDH RTP magnetics image.

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

Advantage was taken of the availability of a geophysical contract crew to conduct a high resolution magnetic survey over the Marmot Ridge prospect. This was based on the success of the 2010 survey at Bu Dun Hua in delineating potential hidden mineralised intrusive bodies. While analysis of the results is still at an early stage, the survey data quality is excellent and ongoing appraisal is deemed very likely to result in a new interpretation of the underlying geology and its relationship to the widely scattered copper-molybdenum-gold mineralisation located by KSO in this area.

Drill targets are likely to emerge from the analysis.

GENERAL

As previously announced, the company raised approximately \$4 million through a combination of placements and a Share Purchase Plan during the quarter. During the quarter, the company sold the Wuritu tenement for 800,000 RMB (approximately \$110,000) as it no longer fits with the Company's strategy of having large scale potential.

At the end of the March Quarter, the Company had cash on hand of \$5.1 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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