

KING SOLOMON MINES LIMITED

FINANCIAL REPORT

FOR HALF YEAR ENDED 30 SEPTEMBER 2013

	Page
Directors' Report	2
Condensed Consolidated Statement of Comprehensive Income	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Statement of Financial Position	5
Condensed Consolidated Statement of Cash Flows	6
Notes to the Condensed Financial Statements	7-15
Auditor's Review	16

KING SOLOMON MINES LIMITED

DIRECTORS' REPORT

FOR HALF YEAR ENDED 30 SEPTEMBER 2013

Your directors have pleasure in presenting the interim financial report for the half year ended 30 September 2013.

DIRECTORS

The names of directors who held office during or since the end of the half year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Christopher D. Castle (Non-Executive Chairman)

Stephen J. McPhail (Managing Director)

Fu La (Executive Director)

REVIEW OF OPERATIONS

The net loss of the Group for the half year ended 30 September 2013 amounted \$206,658 (half year ended 30 September 2012: \$6,020,164)

EXPLORATION ACTIVITIES

Over the 6 months the Company has focused on the sale of Sonid North, its principal project in Inner Mongolia. The continuing difficult state of the commodities market has made it difficult to achieve an early sale.

The Company continues to review a number of minerals opportunities as potential acquisitions.

The Board believes the Company will be successful in moving its focus to a new minerals opportunity.

KING SOLOMON MINES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	30 September 2013	30 September 2012
	Unaudited	Unaudited
	\$	\$
	Note	
Other Income		
Foreign Exchange Gain	62,195	6,596
Gain on Sale from Fixed Assets	993	-
Interest Received	1,336	9,805
Lease Income	-	21,390
	-----	-----
Total Other Income	64,524	37,791
Expenses		
Amortisation	-	30
Depreciation	26,053	10,050
Loss on Sale	-	1,693
Directors' Fees	15,296	50,000
Share Option Expense	10,224	54,220
Employee Benefits Expense	15,073	20,036
Office Expenses	22,558	55,702
Professional Fees	86,226	145,955
Other Expenses	45,130	80,905
Exploration Asset Maintenance Expenses	33,128	-
Write down of Property for resale	48,933	-
Write Off of Exploration Expenditure	3, 6 79,833	5,628,144
	-----	-----
Total Expenses	382,454	6,046,735
	-----	-----
Loss before Tax	(317,930)	(6,008,944)
Income Tax Expense	-	9
	-----	-----
Loss from Continuing Operations attributable to the Owners of the Company	(317,930)	(6,008,953)
	-----	-----
Loss attributable to the Owners of the Company	(317,930)	(6,008,953)
Other Comprehensive Income - Items that may be reclassified subsequently to profit or loss		
Currency Translation Differences	111,272	(11,211)
	-----	-----
Total Comprehensive Income net of tax attributable to Owners of the Company	(206,658)	(6,020,164)
	=====	=====
	\$/share	\$/share
Loss Per Share		
Basic Loss per Share	9	
From continuing operations		(0.00)
From discontinuing operations		(0.04)
Diluted Loss per Share	9	
From continuing operations		(0.00)
From discontinuing operations		(0.04)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

KING SOLOMON MINES LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Note	Share Capital \$	Share Options \$	Foreign Currency Translation Reserve \$	Accumulated Loss \$	Total Shareholder Funds \$
Equity as at 1 April 2012		16,992,950	282,965	436,994	(10,204,174)	7,508,735
Comprehensive Income:						
Loss for Period		-	-	-	(6,008,953)	(6,008,953)
Other Comprehensive Income:						
Currency Translation Differences		-	-	(11,211)	-	(11,211)
Total Comprehensive Income for the Period		-	-	(11,211)	(6,008,953)	(6,020,164)
Transactions with owners:						
Options Expense	7	-	54,220	-	-	54,220
Shares Issued	7	510,072	-	-	-	510,072
Capital Raising Costs	7	(34,175)	-	-	-	(34,175)
Total transactions with Owners:		475,897	54,220	-	-	530,117
Issued Capital Raising Expenses		-	-	-	-	-
Equity as at 30 September 2012		17,468,847	337,185	425,783	(16,213,127)	2,018,688
Equity as at 1 April 2013		17,506,982	313,382	432,772	(16,803,654)	1,449,482
Comprehensive Income:						
Loss for Period		-	-	-	(317,930)	(317,930)
Other Comprehensive Income:						
Currency Translation Differences		-	-	111,272	-	111,272
Total Comprehensive Income for the Period		-	-	111,272	(317,930)	(206,658)
Transactions with owners:						
Options Expense	7	-	10,224	-	-	10,224
Options Expired	7	-	(103,981)	-	103,981	-
Total transactions with Owners:		-	(93,757)	-	103,981	10,224
Equity as at 30 September 2013		17,506,982	219,625	544,044	(17,017,603)	1,253,048

KING SOLOMON MINES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

		30 September 2013 Unaudited \$	31 March 2013 Audited \$	30 September 2012 Unaudited \$
SHAREHOLDERS' FUNDS				
Share Capital	7	17,506,982	17,506,982	17,468,847
Share Options	7	219,625	313,382	337,185
Foreign Currency Translation Reserve		544,044	432,772	425,783
Accumulated Losses		(17,017,603)	(16,803,654)	(16,213,127)
		-----	-----	-----
TOTAL FUNDS EMPLOYED		1,253,048	1,449,482	2,018,688
		=====	=====	=====
REPRESENTED BY:				
CURRENT ASSETS				
Cash and Cash Equivalents	5	114,581	314,333	850,922
Prepayments		5,250	-	7,218
Other Receivables - Related Parties	12	7,362	7,069	842,199
Other Receivables - Tax on Interest		5,943	4,972	3,188
Other Receivables - Other		35,092	55,580	85,018
Motor Vehicles for Sale		101,524	107,075	
Other Plant and Equipment for Sale		14,482	18,228	
Property for Resale		262,045	275,339	304,595
Exploration and Evaluation Assets	6	1,056,898	995,332	
Total Current Assets		-----	-----	-----
		1,603,177	1,777,928	2,093,140
CURRENT LIABILITIES				
Accounts Payable - Related Parties	12	(20,676)	(27,155)	(884,452)
Accounts Payable - Other	6	(329,453)	(301,291)	(433,375)
		-----	-----	-----
Total Current Liabilities		(350,129)	(328,446)	(1,317,827)
		-----	-----	-----
NET CURRENT ASSETS		1,253,048	1,449,482	775,313
NON CURRENT ASSETS				
Property Plant and Equipment		-	-	293,152
Intangible Assets		-	-	223
Exploration and Evaluation Assets	6	-	-	950,000
		-----	-----	-----
Total Non Current Assets		-	-	1,243,375
		-----	-----	-----
NET ASSETS		1,253,048	1,449,482	2,018,688
		=====	=====	=====

On behalf of the Board



Stephen McPhail **Director** 6 December 2013



Chris Castle **Director** 6 December 2013

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

KING SOLOMON MINES LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Note	30 September 2013 Unaudited \$	30 September 2012 Unaudited \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was received from:			
Interest		4,044	11,106
Lease		-	21,390
Withholding Tax on Interest		-	28,120
		-----	-----
		4,044	60,616
Cash was applied to:			
Payments to suppliers		180,858	495,629
Withholding-tax on Interest		971	3,225
		-----	-----
		181,829	498,854
Net cash flow - Operating activities	10	(177,785)	(438,238)
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was received from:			
Sale of Property Plant and Equipment		1,323	5,879
		-----	-----
		1,323	5,879
Cash was applied to:			
Exploration Expenditure		2,634	599,978
		-----	-----
		2,634	599,978
Net cash flow - Investing activities		(1,311)	(594,099)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was received from Issue of Shares		-	510,072
Cash was applied to Share Raising expenses		-	(26,504)
		-----	-----
Net cash flow - Financing activities		-	483,568
		-----	-----
Net decrease in cash and cash equivalents		(179,096)	(548,769)
Cash and cash equivalents at Beginning of Period		314,333	1,402,197
Effects of exchange rate changes on cash and cash equivalents		(20,656)	(2,506)
		-----	-----
Cash at End of Period		114,581	850,922
		=====	=====
Represented by:			
Cash at Bank	5	114,581	350,922
Short Term Bank deposits	5	-	500,000
		-----	-----
Cash at End of Period	5	114,581	850,922
		=====	=====

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

KING SOLOMON MINES LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

1. GENERAL INFORMATION

These financial statements are presented in Australian Dollars being the Group's presentation currency unless otherwise noted.

King Solomon Mines Limited ('the Company') and its subsidiary (together 'the Group') were incorporated for the purpose of exploring and developing gold, copper and other metallic deposits in China and are profit oriented entities.

The Company is a limited liability company incorporated on 28 January 2003 and domiciled in New Zealand. The address of its registered office is 242 Marine Parade, Otaki Beach, Otaki, 5512.

These condensed consolidated financial statements were approved by the Board of Directors on 6 December 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half yearly financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing activities of the Group as the full financial report. Accordingly, this report should be read in conjunction with the Annual Financial Report of King Solomon Mines Limited for the year ended 31 March 2013.

The principal accounting policies applied in the preparation of these condensed consolidated financial statements of the Group are consistent with those of the previous financial year except as described below.

- NZ IAS 1 Amendment – Presentation of Items in Other Comprehensive Income. An amendment to NZ IAS 1 required that items of other comprehensive income that would be reclassified to profit and loss in future if certain conditions were met be presented separately from those that would never be reclassified to profit and loss. This resulted in a change in the presentation of the Group's statement of other comprehensive income.

Basis of preparation

The Directors had assessed the Group's business and estimated that it would be difficult to obtain additional capital to fund further exploration and /or development expenditure last year. Accordingly, the Group had no realistic alternative but to sell core assets. The situation has not changed in the current six month period. Management continues to seek the sale of the Sonid North gold project and other assets. The Group plans to use the current funds and the funds from the sale of assets to secure new exploration projects and consider other options. Consequently, the Group is not deemed to be a going concern and the financial statements continue to be prepared on a realisation basis.

The condensed consolidated financial statements of the Group have been prepared in accordance with IAS 34 and NZ IAS 34 which deal with Interim Financial Reporting, and follow Generally Accepted Accounting Practice in New Zealand.

The condensed consolidated financial statements have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993, and should be read in conjunction with the annual financial statements for the year ended 31 March 2013, which have been prepared in accordance with NZ IFRS and IFRS.

KING SOLOMON MINES LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing the financial statements on a realisation basis, the Group and Company have made estimates of the net realisable value of their assets.

In particular, the net realisable value of property, plant and equipment was determined by reference to relevant market prices less estimated selling costs (if any). Exploration and evaluation assets and property held for resale were determined based on the Directors' best estimates of realisable value (see note 6).

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by The King Solomon Mines Limited Board which is responsible for making strategic decisions.

As at 30 September 2013, the Group is organised into one main business segment; the activity of exploring and developing gold, copper and other metallic deposits. As there is only one main segment as at 30 September 2013 the disclosures on the face of the Condensed Consolidated Statement of Comprehensive Income and the Statement of Financial Position represent the Group's one business segment.

Geographical Information:

The Group operates its business of exploration in China with the bulk of the administrative functions being performed in New Zealand and Australia.

This is demonstrated by the geographical breakdown of material assets shown in total on the Statement of Financial Position:

	New Zealand Unaudited \$	China Unaudited \$	Consolidated Unaudited \$
30 September 2012			
Property Plant and Equipment	6,296	286,856	293,152
Exploration and Evaluation Assets	-	950,000	950,000
Total Non Current Assets	<u>6,296</u>	<u>1,236,856</u>	<u>1,243,152</u>
	New Zealand Audited \$	China Audited \$	Consolidated Audited \$
31 March 2013			
Property for Resale	-	275,339	275,339
Motor Vehicles for Sale	-	107,075	107,075
Other Plant and Equipment for Sale	3,351	14,877	18,228
Exploration and Evaluation Assets	-	995,332	995,332
	<u>3,351</u>	<u>1,392,623</u>	<u>1,395,974</u>

KING SOLOMON MINES LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

30 September 2013	New Zealand Unaudited \$	China Unaudited \$	Consolidated Unaudited \$
Property for Resale	-	262,045	262,045
Motor Vehicles for Sale	-	101,524	101,524
Other Plant and Equipment for Sale	1,726	12,756	14,482
Exploration and Evaluation Assets	-	1,056,898	1,056,898
Total Non Current Assets	1,726	1,433,223	1,434,949

5. CASH AND CASH EQUIVALENTS

	30 September 2013 Unaudited \$	31 March 2013 Audited \$	30 September 2012 Unaudited \$
Cash	182	266	460
Cash at Bank	114,399	164,067	350,462
Short Term Bank Deposits	-	150,000	500,000
	114,581	314,333	850,922

6. EXPLORATION AND EVALUATION INCOME AND EXPENDITURE

The results of drilling at all tenements have not been as encouraging as hoped. All current drilling programmes have ceased since 31 March 2013 and the Group intends to sell the Sonid North gold project in its current state and consider options for the other tenements. The Directors have impaired the carrying value of the tenements based on the Directors' best estimate of the likely sales price of each tenement. There is no active market in China for these tenements.

The capitalised exploration and evaluation expenditure carried forward has been determined as follows:

	30 September 2013 Unaudited 6 Months \$	31 March 2013 Audited 12 Months \$	30 September 2012 Unaudited 6 Months \$
<u>Exploration phase:</u>			
Opening Balance	995,332	5,611,354	5,611,354
Foreign Exchange on Opening Balance	141,399	12,282	(1,757)
Expenditure incurred during the Period	-	1,469,023	968,547
Expenditure written off during the Period (Refer note 3)	(79,833)	(6,097,327)	(5,628,144)
Closing Balance	1,056,898	995,332	950,000

The exploration and evaluation expenditure has been allocated across the following prospects:

KING SOLOMON MINES LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	30 September 2013 Unaudited 6 Months \$	31 March 2013 Audited 12 Months \$	30 September 2012 Unaudited 6 Months \$
Prospect			
Sonid North	839,795	735,332	650,000
Naogaoshandu	80,000	130,000	100,000
Marmot	57,103	50,000	100,000
Bu Dun Hua	80,000	80,000	100,000
Total Exploration and Evaluation Expenditure	<u>1,056,898</u>	<u>995,332</u>	<u>950,000</u>

Operating Leases:

Inner Mongolia Plate Mining Limited in its capacity as lessor has granted leases for the mining of Iron Ore over its exploration licences and received the following income:

	30 September 2013 Unaudited \$	31 March 2013 Audited \$	30 September 2012 Unaudited \$
Prospect			
Marmot	-	21,437	21,390
Total Lease Income	<u>-</u>	<u>21,437</u>	<u>21,390</u>

7. SHARE CAPITAL

Issued Share Capital

Issued share capital is represented by:

	30 September 2013 Unaudited			31 March 2012 Audited			30 September 2012 Unaudited		
	Number of Shares	Issue Price \$	Average Issue Price \$/Share	Number of Shares	Issue Price \$	Average Issue Price \$/Share	Number of Shares	Issue Price \$	Average Issue Price \$/Share
Opening Balance	223,139,260	17,506,982	0.08	166,287,552	16,992,950	0.10	166,287,552	16,603,068	0.10
Shares Issued	-	-		56,851,708	941,436		30,913,452	510,072	
Capital Raising Costs	-	-		-	(37,522)		-	(34,175)	
Options Expired Reclassification	-	-		-	(389,882)		-	389,882	
Closing Balance	<u>223,139,260</u>	<u>17,506,982</u>	0.08	<u>223,139,260</u>	<u>17,506,982</u>	0.08	<u>166,287,552</u>	<u>17,468,847</u>	0.10

All shares are fully paid and rank equally with regard to voting rights and distribution of profit.

All shares have no par value, are fully paid and rank equally with regard to voting rights and distribution of profit.

Share Options

Options are currently issued to directors, one employee and Dayton Way Financial Pty Ltd. Options exercisable as at balance date are as follows:

KING SOLOMON MINES LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	Expiry date	30 September 2013 Unaudited		31 March 2013 Audited		30 September 2012 Unaudited		
		Average exercise price in \$A per share	Options	Average exercise price in \$A per share	Options	Average exercise price in \$A per share	Options	
At 1 April	29 July 2014	*	0.10	3,100,000	0.10	3,100,000	0.10	3,100,000
At 1 April	25 March 2016	*	0.12	165,000	0.12	500,000	0.12	500,000
At 1 April	29 July 2016	*	0.12	1,963,000	0.12	2,900,000	0.12	2,900,000
At 1 April	3 March 2014	*	0.05	1,000,000	-	-	-	-
Granted	3 March 2014	*	-	-	0.05	1,000,000	-	-
Granted	4 October 2014	*	-	-	0.03	1,800,000	-	-
Lapsed	4 October 2014	*	-	-	0.03	(1,800,000)	-	-
Lapsed	29 July 2014	*	0.12	(1,100,000)	-	-	-	-
Lapsed	25 March 2016	*	0.12	(165,000)	0.12	(335,000)	-	-
Lapsed	29 July 2016	*	0.12	(363,000)	0.12	(937,000)	-	-
Exercised			-	-	-	-	-	-
Forfeited			-	-	-	-	-	-
			<u>0.09</u>	<u>4,600,000</u>	<u>0.12</u>	<u>6,228,000</u>	<u>0.11</u>	<u>6,500,000</u>

* No participation in future dividends until exercised

8. INVESTMENT IN SUBSIDIARIES

Name of Subsidiary	Principal Activity	Equity Holding		
		30 September 2013 Unaudited	31 March 2013 Audited	30 September 2012 Unaudited
Inner Mongolia Plate Mining Co Limited	Exploration	90%	90%	90%

On 8 March 2006, King Solomon Mines Limited and Inner Mongolia Ao Meng Xin Economic and Trade Co. Limited signed an agreement to form Inner Mongolia Plate Mining Co Limited, a sino foreign equity joint venture of which King Solomon Mines Limited owns 90% and Inner Mongolia Ao Meng Xin Economic and Trade Co. Limited holds 10% in trust for King Solomon Mines Limited due to Chinese regulatory requirements.

As King Solomon Mines Limited effectively owns 100% of this subsidiary and retains all the risks and rewards of ownership, the Group has not accounted for any minority interest. Inner Mongolia Plate Mining Co Limited has a balance date of 31 December in line with Chinese regulatory requirements.

KING SOLOMON MINES LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

9. EARNINGS PER SHARE

	30 September 2013 Unaudited \$	30 September 2012 Unaudited \$
Loss from continuing operations attributable to equity holders of the Company	(317,930)	(6,008,953)
Weighted average number of ordinary shares on issue	223,139,260	170,848,553
Basic earnings per share from continuing operations(\$ per share)	(0.00)	(0.04)
Diluted earnings per share	(0.00)	(0.04)

Diluted losses per share have not been calculated as the effect of including the share options would be anti-dilutive. Hence the diluted earnings per share for prior periods is the same as the basic earnings per share.

10. RECONCILIATION OF FINANCIAL PERFORMANCE AND OPERATING CASH FLOW

	30 September 2013 Unaudited \$	30 September 2012 Unaudited \$
Loss for Period	(317,930)	(6,008,953)
Non Cash Items		
Amortisation	-	30
Depreciation	26,053	10,050
(Gain) / Loss on Sale	(993)	1,693
Write down of Property for resale	48,933	-
Write Off of Exploration Expenditure	79,833	5,628,144
Share Options	10,224	54,220
Foreign Exchange	(62,195)	(6,596)
Movement in Working Capital		
Other Receivables - Related Parties	(293)	260
Other Receivables - Tax on Interest	(971)	24,904
Other Receivables - Other	20,488	(18,399)
Prepayments	(5,250)	9,543
Accounts Payable - Related Parties	(6,479)	(42,404)
Accounts Payable - Other	28,162	251,515
Items classified as Investing Activities		
Increase in Accounts Payable for Exploration	2,633	(334,574)
Items classified as Financing Activities		
Increase in Accounts Payable for Financing	-	(7,671)
Net Cash used in Operating Activities	<u>(177,785)</u>	<u>(438,238)</u>

KING SOLOMON MINES LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

11. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

The Company and Group lease property in New Zealand and China. They have no non cancellable operating leases.

As recorded in note 7, the Company currently has 4,600,000 options issued to executive directors and an employee. Options are being expensed in the periods in which the options vest. There is a further \$18,859 to be expensed in future periods at 30 September 2013 (30 September 2012: \$133,808).

The Group had no other commitments at 30 September 2013 (30 September 2012: \$8,041). The Group had no contingent liabilities at 30 September 2013 (30 September 2012: \$397,243).

12. TRANSACTIONS WITH RELATED PARTIES

King Solomon Mines Limited provided funds to Inner Mongolia Plate Mining Limited, a subsidiary of King Solomon Mines Limited, as share capital and advances.

Payment for consulting fees and reimbursement of expenses was made to Stephen McPhail (Director and Shareholder) and Bodhi Svaha Holdings Limited being a company in which Stephen McPhail has an interest.

Payment of consulting fees, reimbursement of expenses and funding for Inner Mongolia Plate Mining Limited was made to Fu La (Director and Shareholder) and to Inner Mongolia Ao Meng Xin Economic and Trade Co. Limited being a company in which Fu La has an interest.

Payment of director fees and expenses were made to John Quinn (Director and Shareholder) and to Widespread Limited (Shareholder) for Chris Castle (Director).

Payment for wages and reimbursement of expenses was made to Anna Di (Shareholder).

Payment for accounting fees was made to Michael Wilcox (Shareholder).

KING SOLOMON MINES LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

RELATED PARTY EXPENDITURE	30 September 2013 Unaudited \$	31 March 2013 Audited \$	30 September 2012 Unaudited \$
Directors			
Bruce Bell	-	4,331	2,341
Bodhi Svaha Holdings Ltd	44,108	239,493	85,248
Chris Castle	-	489	-
Fu La	17,942	80,867	50,272
Inner Mongolia Ao Meng Xin Economic and Trade Co. Limited	47,040	174,000	60,000
John Quinn	-	59,588	35,497
Selwyn Geosurveys Ltd	-	104,657	92,600
Stephen McPhail	796	9,751	8,138
Widespread Limited	17,590	40,348	20,126
Shareholders			
Di Anna	2,567	13,033	10,610
Michael Wilcox	14,244	26,031	17,536
	<u>144,287</u>	<u>752,588</u>	<u>382,368</u>
OWING TO RELATED PARTIES			
	30 September 2013 Unaudited \$	31 March 2013 Audited \$	30 September 2012 Unaudited \$
Directors			
Bodhi Svaha Holdings Ltd	6,323	9,542	14,199
Fu La	6,000	8,000	726
# Inner Mongolia Ao Meng Xin Economic and Trade Co. Limited	-	-	840,525
Selwyn Geosurveys Ltd	-	-	13,179
Stephen McPhail	-	-	6,907
Shareholder			
Di Anna	54	49	803
Michael Wilcox	8,299	9,564	8,113
	<u>20,676</u>	<u>27,155</u>	<u>884,452</u>

KING SOLOMON MINES LIMITED

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

OWING BY RELATED PARTIES	30 September 2013 Unaudited \$	31 March 2013 Audited \$	30 September 2012 Unaudited \$
Directors			
* Fu La	7,324	5,462	-
* Selwyn Geosurveys Ltd	-	1,607	1,600
Stephen McPhail	38	-	74
# Inner Mongolia Ao Meng Xin	-	-	840,525
	<u>7,362</u>	<u>7,069</u>	<u>842,199</u>

* These represent advances for exploration expenditure.

These represent funding advances to Inner Mongolia Plate Mining Co Limited through Inner Mongolia Ao Meng Xin Economic and Trade Co. Limited.

13. FEES TO AUDITORS

Fees payable to the auditors for the review of the financial statements for the six months to 30 September 2013 amounted to \$7,930 (30 September 2012: \$10,268).

14. SUBSEQUENT EVENTS

There are no subsequent events for this period.



Independent Review Report to the shareholders of King Solomon Mines Limited

Report on the Interim Financial Statements

We have reviewed the interim condensed financial statements (“financial statements”) of King Solomon Mines Limited (the “Company”) and the entity it controlled at 30 September 2013 (the “Group”) on pages 3 to 15, which comprise the statement of financial position as at 30 September 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Directors’ Responsibility for the Interim Financial Statements

The Company’s Directors are responsible for the preparation and presentation of the financial statements that present fairly the financial position of the Group as at 30 September 2013, and its financial performance and cash flows for the period ended on that date.

Our Responsibility

We are responsible for reviewing the financial statements presented by the Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the financial statements do not present fairly the matters to which they relate.

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the financial statements of the Group for the period ended 30 September 2013 in accordance with the Review Engagement Standards issued in New Zealand.

Other than in our capacity as assurance practitioners conducting this review, and auditors of the annual financial statements, we have no relationship with, or interests in, King Solomon Mines Limited.

Basis for Disclaimer of Opinion

As disclosed in the statement of accounting policies in note 2 and critical accounting estimates and judgements in note 3 to the financial statements, the financial statements for the period ended 30 September 2013 have been prepared on a realisation basis and include a number of material amounts based on Directors estimates of net realisable value. We were unable to undertake sufficient review procedures on these estimates of the carrying values of exploration and evaluation assets and property for resale held at 30 September 2013 which are stated in the balance sheet at \$1,056,898 and \$262,045 respectively. As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of exploration and evaluation assets, property for resale and the elements making up the statements of comprehensive income and statements of changes in equity.





Independent Review Report

King Solomon Mines Limited

Disclaimer of opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to express a conclusion on the accompanying consolidated interim financial information. Accordingly, we do not express an opinion on the financial statements on pages 3 to 15.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an accountants' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our review procedures, for this report or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Priyanka Hasleopas', is written over a faint, illegible printed name.

Chartered Accountants
6 December 2013

Wellington