

SOLOMON RESOURCES LIMITED

PRESIDENTS REPORT

On behalf of the Board of Directors, it is my pleasure to report on your Company's activities this past year and to present the audited financial statements for the year ending July 31, 2004.

It is apparent to most investors that market conditions have improved dramatically in 2004 and with the steady upward trend in the price of gold, I am confident the 2005 will be a pivotal year for your Company. Success at one or more of the planned exploration projects for 2005, should significantly enhance shareholder value.

During 2004, your Company completed exploration programmes on its 100% owned Annie Project in Chile and its optioned Metla Project in North Central BC.

The 3 hole, 1,020m diamond drilling program on the Annie Project tested an intense cluster of gravity, IP conductivity and magnetic anomalies that are spatially associated with the favourable La Negra Formation and adjacent Copiapo Batholith. The drilling confirmed the presence of significant iron-oxide-copper-gold ("IOCG") style mineralization and wide spread zones of associated alteration. The best intersection reported was 19m (134.3m – 153.3m) grading 0.28 g/t Au and 0.608% Cu in hole SC04-02.

The results at Annie are considered very encouraging and Solomon has since acquired the Barros Luco property adding 14km of additional claims (3.375 ha) on trend over highly prospective ground to the south of our drilling. It is anticipated that future work here will include ground magnetic and IP geophysical surveys and diamond drilling of one or more IOGG style targets.

In North America, your Company acquired an option on the Metla gold-silver project located approximately 150km south of Altin BC. The project is comprised of five separate mineral properties totalling 13,425 ha and acquired early in 2004 through option, Letter of Intent and staking.

The Metla property is located about 100km northwest of Telegraph Creek, BC and was first discovered by Cominco prospectors in 1957 who reported a mineralized, brecciated, feldspar dike which assayed 0.32 oz/ton Au. Prospecting upstream, was hampered by the Metla icefield.

Subsequent work by Cominco in the late 1980's identified a 600m by 120m corridor from which 339 glacial float boulders were collected and analyzed. The 339 samples averaged 4.47 g/t Au (0.13 oz/ton Au). Work by others in 1991, including several diamond drill holes, failed to locate the source area of the gold bearing boulders. In 2004, Solomon field crews collected 342 rock samples, 1,106 soil samples and 55 silt samples from the Metla claims. Numerous sulphide rich, breccia zones were sampled but the assay results suggest that the source area of the anomalous grade glacial boulder train, lies upstream, possibly still beneath the receding glacier. The results of this past summers work are disappointing and it is likely that Solomon not continue with the option on the Metla project.

In West Australia, the Kalgoorlie Southeast Project (KSP) and the Newcrest-KSP JV Project comprise a total land holding of 639 sq. km located within the famous Norseman-Wiluna Greenstone Belt, which hosts twelve world class (+3.3 million oz) gold deposits.

On the Newcrest-KSP JV Project, Newcrest Mining Ltd. of Australia has spent about A\$800,000 in 2004 exploring the 90 “brown-field” tenements (approximately 464 km²) it holds under joint venture agreement.

The remaining 33 tenements of the KSP (approximately 175 km²), covering the past producing gold resource areas, remain 100% Solomon. The KSP will be the focus of a 2,500m diamond drilling program planned by Solomon for 2005. It is the Board’s view that these 100% owned, core assets of the Company need to be recognized and appreciated by the market. This can be achieved by the resumption of exploration and definition drilling to expand known mineralized zones at Santa Deep, Maxwells and Lucky Bay. This new data will increase the confidence level for potential joint venture partners or contract miners prepared to resume gold production at KSP.

Harmony Gold Pty. Ltd. of Australia is continuing with its exploration program on Solomon’s 1,600 ha Glandore property located at the extreme northwest end of the KSP properties.

In central Africa, Orezone Resources Ltd. has completed its first round of exploration drilling on the Bombore Project on Burkina Faso (45% Solomon; 55% Channel Resources Ltd.) and is planning further drilling in early 2005.

Management continues to seek exploration opportunities in foreign countries and is currently reviewing gold and uranium exploration possibilities in Mongolia and northern China.

To fund exploration activities in Chile and North America, equity positions held by Solomon were substantially reduced in 2004. However \$200,000 was raised through the sale of “Flow-through Shares” in July 2004 to fund the Metla program. The remaining equity positions held by Solomon include: Viceroy Exploration Ltd (54,370 shares); Skeena Resources Ltd (626,667 shares); and Novagold Resources Inc. (13,424 shares). Solomon also continues to receive a minimal monthly royalty in producing oil and gas wells in Alberta.

The Board and Management wish to thank you for your support and confidence in our projects as we strive to enhance shareholder value in your Company.

ON BEHALF OF THE BOARD OF DIRECTORS OF SOLOMON RESOURCES

Larry J. Nagy, President.