Introduction

The following management discussion and analysis has been prepared as of November 20, 2006. It should be read in conjunction with the Company's audited financial statements for the year ended July 31, 2006. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and all numbers are reported in Canadian dollars.

This discussion contains forward-looking statements that involve inherent risks and uncertainties. The reader is cautioned that actual results may differ materially from those anticipated in the forward-looking statements.

Additional information relating to the Company can be found on SEDAR at www.sedar.com, and the Company's website www.solomonresources.ca.

Background

Solomon Resources Ltd is a junior mineral exploration company. Its assets consist of mineral properties, cash and investments. The Company funds its operations either through the sale of shares of the Company or through the sale of its investments. The mineral exploration business is very high-risk. The most significant risks for the Company are:

1) The chances of finding an economic ore body are extremely small.
2) The junior resource market, where the company raises funds, is extremely volatile and there is no guarantee that the Company will be able to raise funds as it requires them.
3) The political risk of working in jurisdictions outside of Canada.

Other risk factors include the establishment of undisputed title to mineral properties, environmental concerns and the obtaining of governmental permits and licences when required.

Overall performance

Success in the junior mining exploration business is measured by a company's ability to raise funds, secure properties of merit and, in a few rare cases, identifying an economic ore body on one of its properties. Not all of these factors are within management's control.

The ability to raise funds is in part dependent on the state of the junior resource stock market, which in turn is dependent on the economic climate, metal prices and perceptions as to which way the market is headed.

The ability to secure properties of merit is in large part dependent on management's contacts.

In the past two years Solomon has raised $2,200,000 from the sale of its shares and $780,000 from the sale of its investments.

The Company has interests in resource properties in Mongolia, Australia, Burkina Faso, Chile, the United States and Canada. Details of the agreements through which the Company is earning, or has earned its interest in its resource properties can be found in Note 6 to the audited financial statements.

The following is a summary of the Company's exploration activities in the past two years:

Exploration activities for the year ending July 31, 2006:

Mongolia

As of July 31, 2006 Solomon Resources Limited held the right to earn a minimum 80% interest in each various properties in Mongolia through its Option agreement signed in April of 2005 with Gallant Minerals Ltd. The properties include a variety of gold and copper-gold projects throughout Mongolia at various stages of development. The number of projects subject to the Solomon-Gallant agreement was reduced in the year ended July 31, 2006 to a total of ten and included: Bayantsagaan, Chandmani, Bayan Undur, Khan Bogd, Oyut Ovoo, and Zos Uul; and an additional four under option to Asia Gold Corp., including: Tsakhir, Tost T1, Narug Uul and Bor Khairkhan.

Work completed prior to July 31, 2006 was focused on the Bayansagaan and Chandmani projects.

At its Bayansagaan gold project, Solomon drilled 12 diamond drill holes for a total of 2,222.7 metres. Results confirmed the presence of significant gold mineralization in Bayansagaan Zone and also identified a large halo zone of associated low grade gold mineralization. Hole BT-07 intersected 10.8m of 6.29 g/t gold within a broader zone of 54m of 1.04 g/t gold. The new Sujegtei gold zone to the north, drilled to test a linear magnetic anomaly, produced an interval of 1.07 g/t gold over 20.9m in hole BT-08. Additional holes completed in December 2005 on the Sujegtei zone encountered coring problems and failed to provide any definitive confirmation of the results from hole BT-08.

Solomon field crews undertook an extensive prospecting, rock and geochemical sampling and geological mapping program on its Chandmani gold-copper project located within the Lake District, in northwest Mongolia. The 54-day field program included detailed 1:10,000 satellite image mapping, regional 1:50,000, and 1:25,000 scale geological mapping, detailed 1:10,000 and 1:5,000 scale geological mapping and the collection of 128 rock grab samples, 98 continuous chip samples, 182 reconnaissance stream samples and 189 contour and grid located soil samples.

The primary focus of work was on the KY (Kharvchig Yargait) copper-gold skarn and gold-copper porphyry area following the identification of significant skarn mineralization by Solomon geologists Batmunkh Enkhnasan and Myagmar Luvsantseren in June 2006. Three skarn bodies were identified at the KY prospect including KY Skarn 1 that returned values of up to 1.65% copper and 1.71 g/t gold over a width of 32 metres (samples 52232-38). Gold-copper porphyry associated mineralization was also identified in the KY area. Minor follow-up geochemical soil sample work was done on the Chandman and Yembuu Tolgoi gold prospects in an effort to better define vein zones that host mineralization. A program of property wide regional geochemical stream sediment sampling was also undertaken to assist in identification of new areas of mineralization. Results of multi-element analysis are not yet available.

Solomon optioned four of its southern Mongolian copper-gold projects to Asia Gold Corp. in September 2005, including the Tsakhir, Bor Khairkhan, Nurag Uul and Toste T1 properties. Asia Gold subsequently announced the discovery of significant copper porphyry mineralization from trenches on the Tsakhir copper-gold property, including a 54m continuous chip sample that assayed 0.72% copper and 0.13 g/t gold. In April 2006, Asia Gold conducted regional ground magnetics and Induced Polarization surveys of the Tsakhir and its adjoining Khongor properties. Asia Gold geologists also conducted detailed mapping of the Tsakhir property June through July 2006.

Solomon applied for and acquired the Airag 1, 2 & 3 and Matad 1 & 2 uranium prospects in 2006 in central and eastern Mongolia. Based on detection of small, interpreted uranium anomalies by detailed truck mounted spectrometer surveys completed on all five properties, only the Airag 3 and Matad 2 are considered to warrant future work.

Remote sensing interpretation and follow-up geological investigations were made in March 2006 and May 2006 respectively at the Bosoo Khar and Khan Bogd prospects in Mongolia. Bosoo Khar was subsequently returned to Gallant.

Solomon crews conducted reviews and field examinations of numerous copper-gold, gold and uranium prospects in Mongolia that were submitted for possible option or joint venture in the year ended July 31, 2006.

Solomon returned the Onon gold project to partner Gallant based on negative results from four holes drilled in October 2005. Solomon completed ground magnetics and gradient-array induced polarization/resistivity surveys over a 20 km^2 area at Onon project in August and September of 2005.

Western Australia

The Solomon projects in the Kalgoorlie area of Western Australia include a variety of land holdings that prior to 2004 were referred to simply as the Kalgoorlie Southeast Project, or KSP. At the close of the 2005 fiscal year Solomon's holdings included the Glandore South Project; Lucky Bay Deposit, Emu Dam Project, South Monger Project and the Monger Newcrest JV. Solomon sold outright 100% of its interests in the 19 tenements that comprised the Randalls Gold Project, including all the Maxwell's, Santa and Rumbles mine areas, to Integra Mining Ltd. of Australia in March 2005.

The Glandore South property is a 20%-80% Solomon-Harmony South KAL Mines Joint Venture. Work on the Glandore South property is planned for late in 2006.

Joint venture partner Newcrest Mining Ltd. of Australia is continuing to explore the Monger Newcrest JV property (formerly part of the KSP known as the Mount Monger project). Newcrest completed four RC (reverse circulation) drill holes in December 2005 on the Herald and Timber Reserve prospects, producing moderate results, including 68 metres grading 0.68 g/t gold (NCRC022). A total of 85 RAB (rotary air blast) holes were also drilled on the JV property from July to September 2006, producing numerous significant results including 17 metres of 929 ppm gold (NCMRB0819) in area of the Timber Reserve prospect. Solomon elected to not participate in the JV expenditures and has been diluted to a 20% interest.

Solomon continues to hold the Emu Dam Property and the Monger South Property, although the tenement holdings were reduced in mid-2006. Solomon has been compiling all available data on both project areas. Solomon's 100% owned Lucky Bay gold deposit remains undeveloped to date.

British Columbia

On June 28, 2006, the Company was granted four coal licences totalling 4,056 hectares by the province of British Columbia for the Bowron Basin Coal Project located roughly 50 kilometres east of Prince George in the Cariboo Mining Division. The Bowron Basin hosts three major seams of thermal grade, high volatile bituminous coal based on over 26,075 metres of drilling in 95 drill holes and over 300 metres of underground decline work completed between 1962 and 1980. The Company also located eight mineral claims totalling 3,760 hectares coincident with the above coal licences. Except for data compilation and community liaison efforts, the Company did no significant work on either the Bowron coal licences or the mineral claims prior to July 31, 2006.

No work was done on Solomon's 100% owned Tatsa copper-gold property in 2006. The Tatsa property hosts a large reconnaissance Cu soil anomaly outlined by Solomon field crews in 2004 and a carbonated shear zone hosted gold zone that was tested by Chevron in 1987 and assayed 1.73 g/t over 9.67 metres in drill core.

Solomon funded partner Eagle Plains Resources Ltd. in October of 2005 to complete a small reconnaissance geochemical survey of the Hall Lake property located in the Cranbrook area. Solomon withdrew from the Letter of Intent in February 2006.

Alaska

Solomon Resources acquired the Sleitat Mountain tin-silver deposit in southwest Alaska by staking in June 2005. In August 2005 Solomon granted Brett Resources Ltd. of Vancouver the option to acquire an 80% interest in the property. In June 2006, Brett completed a 5 hole confirmation and step out drill program at Sleitat. Results were positive providing an increased level of confidence in the historical Cominco drill data and expanding the known dimensions of the Main greisen zone. Based on the 1990 and 2006 drilling, the Main Zone grades between 0.2-0.3% tin and better than 6 grams silver per ton for a minimum of 100 metre width that is open east and west of its known 250 metre strike extent and below the deepest 150 metre intercept.

Chile

Solomon was not active in Chile in the year ended July 31, 2006, but continues to maintain its Santa Candelaria II 1/5 copper-gold property in Region III.

Exploration activities August 1, 2006 to present:

Solomon Resources Limited continued to be active after July 31, 2006 with work ongoing on projects in Mongolia and Ontario.

Mongolia

At its Bayansagaan gold project, Solomon crews completed a small test program of soil and stream sediment sampling program along the southwest projected extension of the Sujegtei zone and south of the Bayantsagaan zone. The need for further soil geochemical work on the property is supported by encouraging gold in soil anomalies along the Sujegtei zone fault. Results from multi-element analysis are still pending. A combined 33.8 kilometre Real-time Differential GPS, total field magnetic and Gradient IP/Resistivity survey was also completed in October 2006. Results are currently being processed by SJ Geophysics Ltd. of Vancouver.

Crews conducted follow-up geological mapping and sampling work at the Chandmani copper-gold property in September 2006.

Asia Gold Corp. fulfilled the requirements of its option of the Tsaikhir , Tost T1, Borkhairkhan and Narug Uul properties in September, 2006. Asia Gold has work plans in place for 2007 that include drilling multiple targets on the Tsakhir property.

Solomon continued to reduce the number of projects held under the Solomon-Gallant option agreement, dropping Oyut Ovoo and Zos Uul in September, 2006.

Ontario, Canada

In August, 2006, Solomon signed a Letter of Intent with Northern Dynasty Minerals Ltd. and Energold Minerals Inc. for the right to acquire a 60% interest in the Eyapamikama Lake (formerly 'Arseno Lake') zinc-lead-silver property in the Patricia Mining division in Northwest Ontario. Solomon completed a small HLEM electromagnetic survey of the main polymetallic massive sulphide zone in preparation for a planned winter drilling program. Consultation and liaison with the North Caribou Lake First Nation is currently being undertaken.

British Columbia

In August of 2006, the Company engaged Moose Mountain Technical Services of Fernie, BC and with their assistance has begun developing a strategy to assess the potential of the Bowron Basin coal deposit.

Selected annual information

	2006	2005	2004
Total Revenue	$69,728	$87,710	$86,958
Other Items	$184,596	$(439,069)	$627,204
Net income (loss)	$(726,192)	$(1,008,456)	$254,853
Net income (loss) per share	$(0.02)	$(0.03)	$0.01
Total assets	$5,692,959	$5,879,741	$4,686,357
Working capital	$319,989	$280,832	$276,775

Notes:

1) The total revenue consists of gas royalties and interest income.
2) There were no discontinued operations or extraordinary items in the years under review. Other items include gain on sale of investments, foreign exchange loss, resource property write-downs and gain on sale of properties.
3) The basic and diluted income (loss) per share numbers were the same in each of the years under review.
4) The Company had no long-term financial liabilities for the years under review.
5) The Company has no history of declaring dividends.

The significance of these numbers is discussed under "results of operations" and "liquidity and capital resources".

Results of operations

	2006	2005
Net income (loss)	$(762,192)	$(1,008,456)
Gain on sale of investments	$174,164	$321,876
General and administrative costs	$641,616	$512,587
Stock option compensation	$338,900	$215,750
Foreign exchange loss	$36,638	$30,676
Resource property write-downs	$49,601	$735,669

In fiscal 2006, the Company had net loss of $726,192 as compared to a net loss of $1,008,456 for fiscal 2005. The following discussion explains the variations in the key components of these numbers, but as with most junior exploration companies the results of operations are not the main factor in establishing the financial health of the company. Of far greater significance are the properties the company has, its working capital and how many shares it has outstanding.

In fiscal 2006 and 2005 the Company sold a significant amount of its investments in other resource issuers to finance its ongoing operations. This resulted in proceeds on sale of $405,604 and $374,856 respectively and corresponding book gains of $174,164 and $321,876. The book gains do not represent the actual gains on sale that the Company made as some of the investments had been written down to market value in prior years. The market value of the Company's remaining investments at July 31, 2006 is $1,321,768. This is unlikely to represent what the Company can expect to realize from these investments, for, as has been pointed out earlier, the junior resource stock market is very volatile.

The two major costs in general and administrative costs are professional fees, $541,244 (2005 - $378,579) and management fees, $164,500 (2005 – $114,000). These numbers include stock-based compensation which is a non cash item discussed below. The cash expenditures for professional fees were $261,843 (2005-$162,829) and management fees $105,000 (2005 - $$114,000). Professional fees include $63,691 paid to David Tupper for geological services, $58,046 paid to KAL exploration for the services of Keith Laskowski, US $28,050 paid to Bill Lindqvist, a director, for geological services $35,840 paid in legal fees, $22,165 paid in audit fees and $17,000 paid to 312467 BC Ltd for accounting and administrative fees. The management fees of $105,000 were paid to Tincup Enterprises Ltd for the services of Lawrence Nagy.

Travel, promotion and shareholders' information includes the expenses of certain directors and officers of the Company involved in promoting the Company, the costs of the Company's website and the cost of providing shareholders with information on the Company. The major portion of office and miscellaneous costs are administrative costs of the Company's Australian subsidiary.

Stock option compensation expense is a non-cash item that attempts to put a dollar value on the benefit being given on the granting of stock options. It is based on statistical models, taking into account the volatility of the stock, the risk free rate and the weighted average life of the options. Where the market is highly volatile and not very liquid the results may not be very meaningful. In fiscal 2006 the Company granted 1,740,000 stock options. The Company issued 1,600,000 stock options in 2005. The deemed value of those options vesting in the 2006 fiscal year was $338,900 (2005 - $215,750).

The Company writes off its mineral property costs and deferred exploration at such time as it either abandons the property or determines that there has been a permanent impairment in its value. The major expense in 2005 was as a result of writing off the Annie and Metla properties. In 2006 there were only minor write-offs.

Summary of quarterly results

Fiscal 2006	First quarter	Second quarter	Third quarter	Fourth quarter
Total revenues	$21,879	$18,249	$23,272	$6,328
Net income (loss)	$(80,665)	$(415,458)	$(143,034)	$(87,035)
Net income (loss) per share	$(0.00)	$(0.01)	$(0.00)	$(0.00)

Fiscal 2005	First quarter	Second quarter	Third quarter	Fourth quarter
Total revenues	$20,347	$18,243	$17,497	$31,623
Net income (loss)	$(300,810)	$(45,066)	$(307,739)	($354,841)
Net income (loss) per share	$(0.01)	$(0.00)	$($0.01)	(0.01)

Notes:

1) The total revenue consists of gas royalties and interest income.
2) There were no discontinued operations or extraordinary items in the periods under review.
3) The basic and diluted income (loss) per share numbers were the same in each of the periods under review.

Quarterly results can vary significantly depending on whether the Company has realized any gain on sale of its investments, abandoned any properties or granted any stock options. See "results of operations".

Liquidity and capital resources

With the exception of its small gas royalty, the Company has no revenue generating operations from which it can internally generate funds. It relies on the sale of its own shares or the sale of its investments to provide cash as needed. This situation is unlikely to change until such time as the Company secures a project on which it can develop a profitable mining operation.

When acquiring mineral properties the Company will occasionally issue its own stock to the vendor of the property as partial or full consideration for the property.

In 2006, the Company raised $674,100 by the private placement of 1,926,000 units of the Company at $0.35 per unit. Each unit consisted of a share and a half a non-transferable warrant exercisable at $0.35 to September 2006 or $0.50 to September 2007. In addition the Company received a $180,000 from the exercise of 900,000 warrants and $204,000 from the exercise of 1,250,000 stock options.

In 2005, the Company raised $1,200,000 by the private placement of 6,000,000 units of the Company at $0.20 per unit. Each unit consisted of a share and a half a non-transferable warrant exercisable at $0.30 to February 10, 2006. In addition the Company received a $153,750 from the exercise of 650,000 warrants and $30,000 from the exercise of 200,000 stock options.

As discussed in "the results of operations" section the Company raised $374,856 in 2005 and $405,604 in 2006 through the sale of its investments in other resource companies.

At July 31, 2006 the market value of the Company's remaining investments was $1,321,768.

In 2006 the Company spent $1,601,104 on acquiring and exploring mineral properties. The corresponding number in 2005 was $1,141,629.

At July 31, 2006 the Company had no long-term debt or other commitments. Its working capital was $319,989, and it had $302,857 in cash.

At July 31, 2006 Solomon had 44,160,838 shares outstanding, 2,140,000 stock options outstanding, at a weighted average exercise price of $0.36 and 41,115,000 warrants exercisable at weighted average exercise price of $0.35 exercisable up to September 2007.

Subsequent to the year end, the Company raised $256,000 from the sale of certain of its investments and received shares in two public companies through property option agreements.

The Company has significant earn-in and maintenance obligations to retain its existing properties, and in addition has annual overhead costs of about $600,000. It will be necessary for the Company to raise further funds through either the sale if investments or the sale of its own stock to fund ongoing operations.

Off balance-sheet arrangements

The Company has no off-balance sheet arrangements.

Transactions with related parties

Larry Nagy, President, director, and chief executive officer of the Company provides management and geological services to the Company through his private company, Tincup Wilderness Lodges Inc at the rate of $12,000 per month. Total charges in 2006 were $105,000 as compared to $114,000 for 2005.

Keith Laskowski, the former President, received through KAL Exploration Ltd. $96,510 for management and geological fees in 2006 (2005 - $0).

Bill Lindqvist a director, received US $35,575 for geological fees in 2006 (2005 - $0).

Robert Evans, secretary and chief financial officer of the Company provides accounting and administrative services to the Company through his private company, 312469 BC Ltd at the rate of $400 per day. Total charges in 2006 were $17,000 as compared to $17,000 for 2005.

Ron Netolitzky, a director of the Company, provided geological consulting services to the Company at the rate of $1,000 per month. Total charges in 2006 were $0 as compared to $4,000 for 2005.

1,250,000 stock options exercisable at $0.36 were granted to officers and directors in 2006.

1,250,000 stock options exercisable at between $0.15 and $0.20 were exercised by officers and directors in 2006.

The Company paid $30,000 (2005 - $31,247) for rent and secretarial services to Ascot Resources Ltd. a junior public exploration company of which Robert Evans is a director.

Apart from the above there were no transactions with related parties in fiscal 2006.

Fourth quarter

There were no significant events in the fourth quarter.

Proposed transactions

There are no proposed transactions at this time.

Changes in accounting policies including initial adoption

None

Financial instruments and other instruments

The Company's financial instruments include cash, receivables, investments and payables.

The Company's cash of $302,857 consist of cash in the Company's bank accounts of $302,857.

Receivables and payables of $31,648 and $32,304 respectively are normal course business items that are usually settled within thirty days.

The investments of $869,695 are the book value of the Company's investment in other junior resource companies. The book value is the original cost of the investment less any write-down to market where at the year-end the cost of the investment exceeded its market value. The market value of the Company's investments at July 31, 2006 was $1,321,768. Since the year-end the Company has sold its investment in Skeena Resources Ltd. for $249,950 and its investment in Maple Leaf Reforestation Ltd. for $6,377. The Company's investment in Integra Mining Ltd. which had a market value of $877,995 at year end is denominated in Australian dollars and is therefore subject to exchange rate fluctuations.