

Introduction

The following management discussion and analysis has been prepared as of November 2, 2007. It should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2007. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and all numbers are reported in Canadian dollars, unless otherwise stated.

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 Limited is a Tier I junior mineral exploration company listed on the TSX-V Exchange, symbol SRB. 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 remote.
- 2) The junior resource market, where the Company raises funds, is volatile and there is no guarantee that the Company will be able to raise funds as it requires them.
- 3) The political risk associated with 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 and identify and secure properties of merit.

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 research and expertise.

In the past two years, the Company has raised \$4 million from the sale of its shares and \$1 million from the sale of its investments.

The Company has interests in resource properties in Mongolia, Australia, Burkina Faso, 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 consolidated financial statements.

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 various properties in Mongolia through its Option agreement signed in April of 2005 with Gallant Minerals Ltd.

The Company returned the Onon gold project to partner Gallant in early 2006 based on negative results from four holes drilled in October 2005. At the Bayantsagaan gold project, the Company drilled 12 diamond drill holes for a total of 2,222.7 metres late in 2005. In June 2006, the Company's field crews identified significant copper-gold mineralization at the KY (Kharvchig Yargait) skarn prospect on the Chandman Property. Crews began detailed regional and detailed geological mapping, stream, soil and rock sampling work, identifying the adjacent KY gold-copper porphyry prospect and VMS targets in the area. Satellite imaging work was contracted out on the Bosso Khar and Khan Bogd properties.

In January 2006, the Company formed the 100% owned Mongolian subsidiary SRM XXX (Solomon Resources Mongolia), enabling it to acquire and explore projects in Mongolia exclusive of the Gallant agreement.

Through SRM XXX, the Company was granted five uranium mineral exploration licenses in April 2006 including:

- Airag 1: Dornogovi Province, 1,444 hectare uranium prospect;
- Airag 2: Dornogovi Province, 6,433 hectares uranium prospect;
- Airag 3: Dornogovi Province, 1,764 hectares uranium prospect;
- Matad 1: Dornod Province, 1,722 hectares uranium and coal prospect; and
- Matad 2: Dornod Province, 11,355 hectares uranium prospect.

The Company expanded its capacity to conduct uranium exploration in Mongolia with the acquisition of a Pico GRS-2, 4-litre auto-gamma spectrometer.

The Company completed grid controlled, truck-mounted auto-gamma spectrometer surveys of all the Airag 1, 2 & 3 properties.

The Company 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.

Western Australia

The Company's 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 the Company's holdings included the Glandore South Project; Lucky Bay Deposit, Emu Dam Project, South Monger Project and the Monger Newcrest JV.

The Glandore South property is a 20%-80% Solomon-Harmony South KAL Mines Joint Venture. No work was conducted on the property up to July 31, 2006.

Solomon (Australia) Pty. Ltd. executed the Final Agreement for the sale of its Randall's Gold Project in Western Australia, to Integra Mining Ltd. The Randalls Gold Project was part of the Company's Kalgoorlie Southeast Project comprising 19 tenements. The completion of the transaction provided Solomon with 6,967,485 shares of Integra stock (ASX: IGR), and the replacement of Solomon's environmental bonds of A\$998,000 in cash.

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. The Company elected to not participate in the JV expenditures and has been diluted to a 20% interest.

The Company continued to hold the Emu Dam Property and the Monger South Property, although the tenement holdings were reduced in mid-2006. The Company compiled all available data on both project areas. The Company's 100% owned Lucky Bay gold deposit remained undeveloped.

British Columbia, Canada

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 the Company's 100% owned Tatsa copper-gold property in 2006. The Tatsa property hosts a large reconnaissance Cu soil anomaly outlined by the Company's 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.

The Company 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. The Company withdrew from the Letter of Intent in February 2006.

Alaska

The Company acquired the Sleitat Mountain tin-silver deposit in southwest Alaska by staking in June 2005. In August 2005, the Company 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

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

Exploration activities for the year ending July 31, 2007:

Mongolia

In March 2007, the Company gave formal notice to Gallant terminating its participation under the terms of the agreement with Gallant and subsequently all residual interest in properties subject to the sub-agreement with Asia Gold Corp. (“Asia Gold”; now: South Gobi Energy Resources Ltd.; “South Gobi”). In consideration of legislative changes in Mongolia, the Company considered the terms of the agreement as untenable and terminated the agreement prior to making the second anniversary payment. The Company is no longer participating in or earning an interest in, amongst other properties, the: Bayantsagaan property; Chandman property; or Tsakhir property.

Work completed prior to March 2007 was focused on the Bayansagaan and Chandmani projects.

In September and October of 2006, the Company completed magnetometer and IP/Resistivity geophysical surveys and preliminary geochemical soil and silt sample surveys at Bayantsagaan. At the Chandman gold-copper project located in northwest Mongolia, the Company’s field crews continued its extensive geological program focused on the KY (Kharvchig Yargait) copper-gold skarn and gold-copper porphyry areas. Soil sampling and geological mapping were also conducted on the Chandmani and Yembu Tolgoi prospects on the Chandman property.

The Company continued to be active in Mongolia under its 100% owned subsidiary SRM LLC, exploring for uranium on its Airag and Matad Properties and reviewing and acquiring new uranium properties.

The Company completed grid controlled, truck-mounted auto-gamma spectrometer surveys of Matad 1 & 2 properties in August 2006. Some follow up geological mapping and sampling was completed of all the Airag and Matad properties in the fall of 2006, including test pitting for coal on Matad 1.

On November 8, 2006, the Company negotiated a Letter of Intent (LOI) to acquire a 100% interest in the Zamtiin Gol uranium property from Erdenyn Erel LLC, a private Mongolian company. The 39,165 hectare Zamtiin Gol property is located in Arhangai Province in west central Mongolia, more than 550 kilometres west of Ulaanbaatar. The company completed preliminary truck-mounted auto-gamma spectrometer survey of the property in 2006. In May and June, 2006, Solomon Field crews were active completing detailed geological, spectrometer, and total magnetic geophysical surveys of the target areas of the Zamtiin Gol property. This was followed up by a widely-spaced, 418 sample soil auger survey focused on the spectrometer anomaly areas in June.

The Company, through SRM LLC, was granted three additional licences in July 2007, including:

- Dornogobi 1: Donorgobi Province, Mongolia, 17,992 hectare uranium prospect;
- Dornogobi 2: Donorgobi Province, Mongolia, 39,793 hectare uranium prospect;
- Uvurkhangai: Uvurkhangai Province, Mongolia, 62,705 hectare uranium prospect.

Preliminary reconnaissance spectrometer surveys were conducted of Dornogobi 1 and 2 in late July, 2007, and a 2,200m diamond drilling programme commenced November 12, 2007.

British Columbia, Canada

On December 12, 2006, the Company optioned the COL copper-gold porphyry property in the Hogem Batholith area located in north central BC. The company has the right to earn a 100% interest in the property by expending \$2.2 million and paying \$1.175 million to the owners over 5 years.

The Company has also staked an additional 32 claims (the Magnet West and Magnet East properties) adjoining to the COL property along the northwest/southeast trend of a regional airborne magnetic anomaly. A large summer program of ground geology, geochemistry, 1,447 line-kilometre airborne magnetic and electromagnetic geophysical surveys and up to 2,500 metres of drilling commenced in mid-June 2007. Field crews completed geological mapping, prospecting and sampling and building access roads and drill pads.

The Company staked the seven Nook & Rook claims totaling 3,129 hectares in the Cariboo Mining District of central British Columbia in April of 2007. The claims are held 100% by Solomon over volcanic and sedimentary rocks of the Slide Mountain Terrane where historical records indicate potential for the discovery of a volcanic massive sulphide (VMS) copper-lead-zinc deposit. The Company's field crews were active on the property in June and July 2007 completing geological mapping and geochemical soil and stream sediment surveys.

The Company contracted Moose Mountain Geological Services to prepare a technical report on the Bowron Basin Coal Project. While this work is ongoing, it included the compilation of all historic data and the generation of a model to assist in defining the deposit. No work was completed on the leases. The Company elected to continue holding the property and made all payments on its lease in June, 2007.

The Company was not active on its Tatsa gold-copper property in British Columbia in the year ending July 31, 2007.

Ontario, Canada

In August, 2006, the Company 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. The Company completed a small HLEM electromagnetic survey of the main polymetallic massive sulphide zone in preparation for a planned winter drilling program. Discussions and liaison with the North Caribou Lake First Nation was initiated, but an agreement or terms of reference for a Letter of Intent were not reached and the drill program was delayed. Discussions with the NCLFN council were ongoing throughout the year.

Alaska

Brett Resources Ltd. continues to hold under option the Sleitat Mountain tin-silver deposit in southwest Alaska. Brett was not active on the Sleitat Property in the year ending July 31, 2007.

Western Australia

The Company holds a variety of large tenement holdings in the Kalgoorlie area of Western Australia. Drilling was conducted in late 2006 on the Glandore South property, a 20%-80% Solomon-Harmony South KAL Mines Joint Venture. The Company maintained its 100% ownership of the Emu Dam, Monger South and Lucky Bay tenement holdings.

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). 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. The Company elected to not participate in the JV expenditures and has been diluted to a 20% interest.

Burkina Faso

The Company and partner Channel Resources Ltd. were formally advised by Orezone Resources Inc. that it had earned its 50% interest in the project having met and exercised the requirements its option agreement, having

spent US\$1.7 million before January 17, 2007. The Orezone expenditures were based on a late 2006 drilling program that focused on defining the several known higher grade horizons within the Bombore Permit.

Chile

The Company ceased operation in Chile in the year ended July 31, 2007, allowing its Santa Candelaria II 1/5 copper-gold property in Region III to revert to the state and dissolving its subsidiary company, Solomon Chile SRM.

Exploration activities August 1, 2007 to present:

The Company continued to be active after July 31, 2007 with work ongoing on projects in Mongolia, British Columbia and Ontario.

Mongolia

Since July 31, 2007, the Company, through its 100% owned Mongolian subsidiary SRM XXK, was granted 2 additional licences, including:

- Dornogobi 3: Donorgobi Province, Mongolia, 17,992 hectares uranium prospect.
- Dornogobi 4: Donorgobi Province, Mongolia, 39,793 hectares uranium prospect.

Upon receipt of the above licences, the Company, through SRM, launched a large regional and detailed geological and geophysical surveys of its new 190,000 hectare BaruunBayan Property (Dornogobi 3 & 4). The fieldwork has included over 1,850 line-kilometres of truck mounted auto-gamma spectrometer and magnetometer surveys, 1:25,000 to 1:5,000 geological surveys, rock and soil sampling and beginning in November, 2,300 metres of diamond drilling. The work program is targeting both basement source volcano-sedimentary tectonic hosted uranium deposits and more recent roll-front type or tabular, sediment hosted uranium deposits in a total of four Cretaceous lacustrine basins located on the BaruunBayan property.

The Company completed ground magnetometer geophysical surveys of the Airag 1 & 3 properties and a gravity survey of the Airag 2 property in October of 2007. At Uvurhangai 1, the Company completed regional reconnaissance geological survey work. No work was undertaken on the Zamtiin gol property.

British Columbia, Canada

On the COL-Magnet property, the late arrival of the drill in the first week of September delayed completion of the drilling until November, 2007. The Company completed a total of 14 holes totaling 2,568 metres. Assay results for the first 4 holes were released in October 4 and October 22 news releases and included a 100 meter intercept in Hole No 1 assaying 0.59% Cu and 0.18 g/t Au and a 100 metre intercept in Hole No 3 assaying 0.30% Cu and 0.15 g/t Au. Drill Hole 4 reported a 46.0 M intercept grading 0.60% Cu and 0.28 g/t Au. Results from the balance of the drill holes are "pending."

During the past quarter, the Company was not active on its Tatsa gold-copper, Nook & Rook copper-zinc-silver or Bowron coal properties in British Columbia.

Ontario, Canada

Discussion meetings with the North Caribou Lake First Nations failed to materialize until late fall of 2007. Solomon has submitted a Letter of Intent (LOI) to the families of the Eyapamikama Trappers and anticipates formal consultation with NCLFN will commence shortly. The planned drilling program is now tentatively scheduled to commence in early 2008.

Western Australia

The Company was not active on its properties in Western Australia in the year.

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Burkina Faso

No work was conducted by JV partner Orezone Resources Inc. on the Bombore Permit in the first quarter of the current fiscal year.

Selected annual information

	2007	2006	2005
Total Revenue	\$72,410	\$69,728	\$87,710
Other Items	\$(2,212,538)	\$184,596	\$(439,069)
Net income (loss)	\$(2,984,433)	\$(726,192)	\$(1,008,456)
Net income (loss) per share	\$(0.06)	\$(0.02)	\$(0.03)
Total assets	\$6,122,562	\$5,692,959	\$5,879,741
Working capital	\$3,350,865	\$319,989	\$280,832

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

	2007	2006
Net income (loss)	\$(2,984,433)	\$(726,192)
Gain on sale of investments	\$459,765	\$174,164
General and administrative costs	\$664,717	\$641,616
Stock option compensation	\$179,588	\$338,900
Foreign exchange (loss)	\$(45,473)	\$(36,638)
Resource property write-downs	\$1,933,522	\$49,601

In fiscal 2007, the Company had net loss of \$2,984,433 as compared to a net loss of \$726,192 for fiscal 2006. 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 2007 and 2006 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 \$792,425 and \$405,604 respectively and corresponding book gains of \$459,765 and \$174,164. 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

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market value of the Company's remaining investments at July 31, 2007 is \$1,321,223. 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, \$403,227 (2006 - \$541,244) and management fees, \$159,986 (2006 - \$164,500). These numbers include stock-based compensation which is a non cash item discussed below. The cash expenditures for professional fees were \$355,645 (2006-\$261,843) and management fees \$108,000 (2006 - \$105,000). Professional fees include \$109,556 paid to David Tupper for geological services, US \$12,650 paid to Bill Lindqvist, a director, for geological services \$79,814 paid in legal fees, \$45,200 accrued in audit fees and \$21,250 paid to 312467 B.C. Ltd. for accounting and administrative fees. The management fees of \$108,000 were paid to Tincup Enterprises Ltd. for the management 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 interest 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 2007 the Company granted 760,000 stock options. The Company issued 1,740,000 stock options in 2006. The deemed value of those options vesting in the 2007 fiscal year was \$179,588 (2006 - \$338,900).

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 2007 was the writing off of the Mongolia/Gallant project -\$1,838,571. In 2006, there were only minor write-offs.

Summary of quarterly results

Fiscal 2007	First quarter	Second quarter	Third quarter	Fourth quarter
Total revenues	\$6,883	\$9,530	\$20,333	\$35,664
Net income (loss)	\$42,400	\$(1,914,852)	\$(48,863)	\$(1,063,118)
Net income (loss) per share	\$0.00	\$(0.04)	\$(0.00)	\$(0.02)

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)

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 2007, the Company raised \$3,330,329 net by the private placement of 9,899,562 units of the Company.

Of these funds \$2,153,273 was for flow-through units which is required to be spent on qualifying Canadian exploration expenditure. At July 31, 2007, approximately \$1.6 million of these funds remained to be spent.

In 2006, the Company raised \$674,100 by the private placement of 1,926,000 units of the Company at \$0.35 per unit. In addition the Company received \$180,000 from the exercise of 900,000 warrants and \$204,000 from the exercise of 1,250,000 stock options.

As discussed in “the results of operations” section the Company raised \$405,604 in 2006 and \$742,779 in 2007 through the sale of its investments in other resource companies.

At July 31, 2007, the market value of the Company’s remaining investments was \$1,321,223.

In 2007, the Company spent \$1,312,563 on acquiring and exploring mineral properties. The corresponding number in 2006 was \$1,601,104.

At July 31, 2007, the Company had no long-term debt or other commitments. Its working capital was \$3,350,865, of which it had \$2,434,080 in cash.

At July 31, 2007 the Company had 54,260,398 shares outstanding, 2,700,000 stock options outstanding, at a weighted average exercise price of \$0.36 and 7,594,878 warrants exercisable at exercise prices of \$0.50 to \$0.75.

Subsequent to the year end, the Company raised AUD \$1,450,810 (CAD \$1,234,250.00) from the sale of certain of its investments. A portion of these funds will be used to fund the drill program announced for Mongolia.

The Company has earn-in and maintenance obligations to retain its existing properties, and in addition has annual overhead costs of about \$700,000. It will be necessary for the Company to raise further funds through either the sale of investments or the sale of its own stock to fund ongoing operations.

Off balance-sheet arrangements

The Company has no off-balance sheet arrangements.

Disclosure controls and procedures

The Company has in place a system of disclosure controls and procedures designed to provide reasonable assurance that material information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, so as to permit timely decisions on public disclosure.

Management has evaluated the effectiveness of the Company's disclosure controls and procedure as of July 31, 2007 and concluded that material information is gathered and reported to senior management, so as to permit the required timely decisions on public disclosure.

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 2007 were \$108,000 as compared to \$105,000 for 2006.

Keith Laskowski, the former President, received through KAL Exploration Ltd. \$NIL for management and geological fees in 2007 (2006 - \$96,510).

Bill Lindqvist a director, received US \$12,650 for geological fees in 2007 (2006 - \$35,575).

Robert Evans, secretary and chief financial officer of the Company provides accounting and administrative services to the Company through his private company, 312469 B.C. Ltd. at the rate of \$400 per day. Total charges in 2007 were \$21,250 as compared to \$17,000 for 2006.

760,000 stock options exercisable at \$0.36 were granted to insiders in 2007.

No stock options were exercised by officers and directors in 2007.

The Company paid \$32,000 (2006 - \$30,000) 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 2007.

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.

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The Company's cash and cash equivalents of \$2,434,080 consist of cash in the Company's bank accounts of \$1,401,228 and term deposits cashable on twenty four hours notice of \$1,032,852.

Receivables and payables of \$48,202 and \$129,623 respectively are normal course business items that are usually settled within thirty days.

The investments of \$875,035 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, 2007 was \$1,321,223. A significant portion of the Company's investments at July 31, 2007, are denominated in Australian dollars and subject to risk of exchange fluctuations.