

Introduction

The following management discussion and analysis has been prepared as of November 25, 2009. It should be read in conjunction with the Company's audited consolidated financial statements for the year ended July 31, 2009. 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 junior mineral exploration company listed on Tier I of the TSX Venture 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.

Executive summary

This has been a year of significant change for the Company including acquisition of new projects, abandonment of non-core or non-performing projects, consolidation of share capital and changes to management.

Success as a junior resource issuer is measured in part by an issuer's ability to raise capital to fund the acquisition and exploration of mineral properties of merit. That ability to raise capital is to an extent dependant on ambient economic conditions, the state of junior capital markets, commodity prices, the availability of suitable projects and investor confidence in management's ability.

In the past two years the Company has raised approximately \$ 800,000 from the issue of share capital and approximately \$ 3,500,000 from the sale of investments.

The Company engages in a continual process of SWOT analysis: carefully assessing strengths, weaknesses, opportunities and threats to support exploration activities. The company strives through internal economies and careful shepherding of capital to ensure that financial resources are primarily applied to exploration and that overhead costs are minimized.

Solomon has viable exploration interests in British Columbia, the Yukon Territory, Alaska and Mongolia.

The Company will be focussing our efforts in the near term on our gold exploration projects in Western Canada. Plans for the 2010 field season include continuation of the diamond drill program at the Cry Lake Gold Project in British Columbia; preliminary geological, geochemical and geophysical exploration at the 10 Mile Creek Gold Project southwest of Dawson City in the Yukon Territory; and an evaluation of the results of the 2009 exploration program at the Bonanza-Sitka Gold Project in coastal British Columbia which to date has returned significant grades from trenching with assay results and may offer prospective diamond drill targets at depth.

Under current conditions the Company believes that exploration carries enough risk without the burden of additional country or political risk and we are actively seeking a joint venture partner for our Mongolian tenures, and awaiting resolution of an expropriation dispute recently decided in the Mongolian courts.

We will continue to develop and assess exploration projects in other jurisdictions or for other commodities as a hedge against longer term economic recovery.

Exploration activities for the years ended July 31st, 2008 and 2009 and for the period from August 1st, 2009 to date, by jurisdiction:

Canada: British Columbia

For the year ended July 31st, 2008:

Col - Magnet Property

The Company optioned the Col-Magnet Property on December 12th, 2006 from Indata Resources Ltd. and Nation River Resources Ltd. and during this period acquired additional prospective ground to the east and west of the option area.

In 2008, the Company completed 1,043 metres of diamond drilling in eight drill holes on five discrete targets:

1. The VG Target near the original Campbell trench area which had reported copper values of 4.88% and gold values of 2.4 grams/tonne in historical rock samples; this area was also identified in the 2007 program as an EM geophysical anomaly;
2. The Sleeper Copper-Molybdenum North Pluton, which had been identified by 2007 program soil geochemistry as containing 854 parts per million copper, and 25 parts per million molybdenum;
3. The East Tackla Site which targeted a 2007 electro-magnetic geophysical anomaly as well as soil geochemistry values of 2089 parts per million copper;
4. The Sleeper Pluton, also a 2007 program EM geophysical anomaly;
5. The East Ridge, identified by the airborne survey as a magnetic high, and localized copper-gold soil anomalous values of 412 parts per million copper and 23 parts per billion gold.

The best intersection in the 2008 diamond drill program was from the VG showing where DDH-2008-1 intersected 0.43 % copper and 0.51 grams/tonne gold from 17.0 metres to 47.0 metres depth (a 30 metre intersection.) This mineralization was found within highly potassic altered dykes hosted in biotite-hornblende monzonite with of bornite, pyrite and minor chalcopyrite. DDH 2008-1 is located approximately 1 kilometre from the "A Zone" along a separate sub-parallel structural trend.

Tatsa and Nook and Rook Properties

The Company abandoned the Tatsa and Nook & Rook mineral tenures in British Columbia as having limited exploration potential under current market conditions.

Bowron Coal Project

The Bowron Coal Project was a 100% owned Solomon asset with a historical resource of bituminous B/C non-metallurgical (high ash) coal with a heat rating of 8000 btu/lb. During the year the Company engaged in discussions with several prospective joint venture partners to further develop this project.

For the year ended July 31st, 2009:

Bonanza-Sitka Gold Property

On March 26th, 2009 Solomon entered into an option agreement with Cazador Resources Ltd. of Peachland, British Columbia to acquire a 60%, or if it so elects, a 100% interest in the Bonanza-Sitka Property located forty kilometers northeast of Port Hardy, British Columbia.

The Bonanza Property covers a contiguous area of 2422 hectares which includes the original Cazador-owned tenures and additional mineral claims recently acquired under the area of influence of the option agreement. To acquire a 60% interest in the property, Solomon will be required to pay \$160,000 and issue 350,000 shares to Cazador over three years. Solomon can acquire the remaining 40% interest by paying a \$100,000 and issuing 150,000 shares to Cazador by the end of the fourth year. If Solomon fully exercises the option, Cazador shall be granted a 2.5% net smelter returns royalty on the property. Should the property be placed into commercial production, Solomon can purchase the royalty from Cazador until the fifth anniversary of the commencement of commercial production for \$1,500,000. If Solomon only acquires a 60% interest in the property, it shall form a joint venture with Cazador for the further exploration of the property. Solomon would be the operator of the joint venture. The issuance of the shares will be subject to TSX Venture Exchange approval.

The Bonanza-Sitka Property is located east of the Queen Charlotte Strait on the Central Coast of British Columbia. The property is situated on the north side of Mt. Bullock between Drury Inlet and Lee Lake, forty kilometres northeast of Port Hardy and forty-three kilometres north of Port McNeill. The property has been logged in recent years, and the network of logging roads is readily accessible from a barge landing at Creasy Bay.

The Bonanza-Sitka Property is underlain by the Jurassic-Cretaceous Coast Plutonic Complex, and includes a northwesterly trending roof pendant of metavolcanic greenstone and phyllic to thinly laminated graphitic to calcareous argillite and quartzite. Gold mineralization was first reported by local prospectors on the north slope of Mount Bullock as early as 1945, and the Bonanza-Sitka Property was explored briefly by Cominco Limited in 1980 and American Bullion Minerals Limited in 1987.

The primary gold mineralization identified to date is located in a single quartz vein shear within an argillite sequence, which contains massive to disseminated pyrite, galena, chalcopyrite, sphalerite and bornite. Gold appears to correlate with the more intense silica flooding within mineralized quartz veinlets, veins and boudinage with disseminated to massive sulphides; higher gold values are typically associated to correspondingly higher values of lead and zinc. The vein has been exposed by trenching over a strike length of 280 meters, and mean width of 1.55 meters with an average grade of 3.39 grams per tonne gold. Selected samples of sulphide rich material collected by previous operators have reported assays as high as 77.40 grams per tonne gold.

Cominco constructed a small grid and conducted magnetometer and VLF-EM geophysical surveys prior to drilling seven diamond drill holes in 1981 from three separate collars to test the continuity of the vein structure. The results of that drilling included a 0.3 meter intersection in DDH-81-1 of 3.77 grams per tonne gold. American Bullion resampled a portion of the Cominco drill core in 1987 and reported a one meter intersection in DDH-81-7 from 37.0 to 38.0 meters depth of 3.23 grams per tonne gold not previously reported by Cominco.

American Bullion conducted further magnetometer and VLF-EM surveys, and identified a linear magnetic low and coincident VLF-EM conductor coincident with the known vein structure and traced the anomalies 1.7 kilometers along strike beyond the known mineralization. No further drilling was conducted but American Bullion concluded that given the degree of flexure exhibited by the vein, Cominco's drill holes may not have been deep enough to intersect the vein system.

The auriferous shear-hosted quartz veins occur in the same sedimentary and volcanic pendant which hosts the better known Nugget Queen/Bobmac occurrence seven kilometers to the northwest of Bonanza-Sitka.

The Solomon Resources tenures cover the northwesterly and southeasterly strike extension of the known gold mineralization, including the untested electromagnetic anomaly previously identified by American Bullion.

Given that the Nugget Queen/Bobmac occurrence to the northwest comprises eight discontinuous auriferous veins in a comparable geological setting, the focus of the 2009 exploration program was to explore the extension of the primary vein structure to determine if comparable multiple vein systems are present within the Bonanza-Sitka Property.

The 2009 field program extended over eight weeks and included geological mapping with particular emphasis on the structural control of the mineralization. The mineralized showings and trenches from earlier operators were re-opened and sampled and thirty kilometers of new grid lines were established to facilitate soil geochemical sampling and a VLF-EM geophysical survey. A total of 468 soil and silt samples were collected, as well as 68 rock chip samples.

The most prospective trench from previous programs on the claims (Trench D) was re-opened along a twenty meter strike length. The geology of this particular showing is structurally complex, with evidence of duplex structures and at least two phases of mineralization. A massive amorphous quartz vein dominates the strike of the showing, which is hosted in argillite. The upper contact of the quartz vein shows evidence of being re-worked with later phases of fluid inclusions. The quartz has been re-crystallised, with crystals rimmed by sphalerite, magnetite and pyrrhotite. The surface is heavily hematized. While sampling by earlier operators consisted primarily of grab samples, the 2009 Solomon program included channel samples along the strike of the trench at two metre intervals. Five channels were cut, with the hope of establishing a representative grade of the showing. One kilogram samples representative of thirty centimeter intervals were submitted for ICP-AES and gold

geochemical screen analysis. Any results over 1000 parts per billion were re-analyzed using Fire Assay with Atomic Absorption finish.

Cry Lake Gold Project

On July 7th, 2009 Solomon entered into an agreement to buy Avasca Inc., a private British Columbia corporation, for \$154,000. Avasca's sole asset was an option to acquire a 51% interest in the Cry Lake (formerly 'Nizi Creek') Property in the Liard Mining Division, British Columbia from Kaminak Gold Corporation of Vancouver, British Columbia. The property is subject to a 2% underlying net smelter return royalty in favour of a third party.

The option is exercisable by Solomon issuing 400,000 units to Kaminak in four tranches of 100,000 each over a period of three years and carrying out exploration of \$2,000,000 (of which the first \$50,000 is a firm commitment) by December 31, 2011. Each unit consists of one common share of Solomon and one share purchase warrant to purchase a further common share for one year at the market price of Solomon's shares at the time of the Exchange approval or, for the second, third and fourth tranches, at the market price of the time of issuance if that price is higher than the market price at the time of Exchange approval. Upon exercise of the option, Solomon and Kaminak will form a joint venture with Solomon as operator. If Kaminak's interest is reduced to 5%, it will be converted to a 1% net smelter return royalty and, if Solomon's interest is reduced to 5%, it will be converted to a 2% net smelter return royalty.

The Cry Lake Property is located 80 kilometers northeast of Dease Lake, British Columbia. The property lies within the Sylvester Allochthon, a set of thrust-bounded terranes which host gold-bearing epithermal type veins associated with felsic volcanic rocks.

Gold mineralization on the Cry Lake Property is associated with shears, faults and fractures within the poorly understood and highly metamorphosed Rapid River tectonite. The seven mineralized zones identified to date extending over a northwesterly-elongated area two kilometers long and one kilometer wide, are the Zinc Lake Zone, Discovery Vein / Surprise Vein, Grizzly Ridge Vein, H Zone, Gully A Zone and B Zone. A new mineralized zone known as the Hill Zone was identified by British Columbia Geological Survey Branch in 1997.

Two distinct styles of mineralization have developed within an intermediate to felsic volcanic sequence in a structural regime of strike-slip and related faulting: sulphide-poor gold-silver-quartz veins and stockworks associated with pervasive silicification and sulphide-rich iron carbonate-sphalerite-galena veins associated with pervasive carbonate alteration.

The gold and silver-bearing quartz veins and stockworks consist of microcrystalline to very fine-grained white to grey quartz and carbon, commonly with white subhedral to euhedral barite, finely disseminated pyrite and minor iron carbonate. Gold and silver occur as electrum, which forms tiny grains intergrown with the sulphides and sulphosalts, or included within them. Significant gold

mineralization is consistently associated with discrete zones of quartz-carbon-pyrite-barite-carbonate silicification rather than pervasive quartz flooding.

Channel samples of the Discovery Vein by earlier operators returned the following selected high-grade values: 27.09 grams per tonne (g/t) gold and 1220.6 g/t silver over 2.0 meters; 15.09 g/t gold and 1073.2 g/t silver over 3.5 meters and 8.91 g/t gold and 596.6 g/t silver over 1.0 meter (British Columbia Geological Branch Assessment Report 22840). Limited shallow drilling by earlier operators, including Madrona Mining Limited in the mid 1990's, confirmed the surface assays but to date no deeper drilling has been conducted. A program of geological and structural mapping and petrographic studies conducted in 2007 by Romios Gold Resources Inc. suggested that the known stockwork mineralization may represent the upper portion of a larger vein system at depth, and a series of diamond drill targets was proposed but never tested.

The Discovery Vein represents the best exploration target to date identified on the Cry Lake Property, with assay values up to 41.0 g/t gold although more typical channel samples returned 1.5 to 30.0 g/t gold and 190 to 1200 g/t silver over widths of 1.0 to 2.0 meters.

The geological setting in which the Cry Lake Property is located is highly correlative with that of the Yukon-Tanana Terrane and recent work by the British Columbia Geological Survey suggests that potential exists for further epithermal and intrusion related gold discoveries in adjacent portions of the Cry Lake Map Sheet.

Solomon's initial 2009 field program was designed to complete the geological and structural mapping initiated in 2007 and undertake preliminary diamond drilling to test the Discovery Vein at depth. Further surface exploration will be conducted along strike extensions of the known mineralization of the Cry Lake Property to identify prospective targets for epithermal and intrusion-related gold-silver polymetallic veins and to investigate the potential for syngenetic massive sulphide occurrences associated with pyrite-garnet-bearing exhalative metachert horizons.

Col - Magnet Property

Given the mixed results of the exploration program to date and depressed market conditions it was determined that the cost of maintaining the option payments due to Indata Resources Ltd. and Nation River Resources Ltd. was not warranted and the option was accordingly abandoned on December 5th, 2009. The mineral tenures subject of the option agreement were returned to Indata Resources Ltd. and Nation River Resources Ltd. while Solomon retained a number of mineral tenures peripheral to the option ground.

There was no exploration conducted on the surviving Solomon tenures in this period.

Bowron Coal Project

Despite several initial expressions of interest from third parties, declining market conditions precluded the sale or joint venture of the Bowron Coal Project and the lease was allowed to lapse on June 28th, 2009.

Subsequent to August 1st, 2009:

Bonanza-Sitka Gold Property

The first batch of assay results from the trenching program at Bonanza-Sitka has been received. Significant grades were found along the upper contact, with up to 37.0 grams per tonne gold and 60 grams per tonne silver over one 30 centimeter width. The average width of mineralization in Trench D was 2.10 meters and in samples assayed to date the average grade was observed to be 4.34 grams per tonne gold and 11.28 grams per tonne silver, including one interval of 12.7 grams per tonne gold and 31.37 grams per tonne silver over 60 centimeters.

Solomon awaits the remainder of the trench assay results as well as soil geochemical results. The soil geochemical program will assist in the identification of mineralization along strike, and, assay results pending, facilitate the delineation of future drill targets.

Cry Lake Gold Project

Solomon completed the acquisition of Avasca Inc. and mobilized a field crew to the Cry Lake Property in mid-August of 2009. The 2009 exploration program continued to October 9th, 2009 and comprised diamond drilling, geological mapping and sampling of an extended soil geochemical grid.

Two diamond drill holes were completed to test the Discovery/Surprise Vein at depth. Drill Hole DDH-CL09-01 was drilled to a depth of 185 meters at -47 degree dip and 215 degree azimuth and DDH-CL09-02 was drilled from the same collar at -60 degree dip and 215 degree azimuth and completed to a depth of 231 meters. The core was processed and logged by Solomon geologists in Dease Lake and assay splits sent to Acme - Global Discovery Labs of Vancouver, British Columbia for gold analysis. Selected samples were also been taken for petrographic examination and whole rock analysis.

The diamond drill program was complicated by extreme weather conditions and the crew from Atlas Drilling Inc. performed exceptionally well under difficult circumstances. Solomon plans to undertake a significantly larger drill program on the Cry Lake Property in 2010.

Canada: Yukon Territory

For the year ended July 31st, 2009:

Solomon continued to evaluate a number of prospective exploration targets in the Yukon Territory, focussing on precious metal prospects in the Aishihik-Kluane District and the evolving White Gold/60 Mile River area south of Dawson City.

Subsequent to August 1st, 2009:

Ten Mile Creek Gold Project

On September 22nd, 2009 Solomon was granted an option by Radius Gold Inc. (TSX-V.RDU) to acquire a 51% interest in the Ten Mile Creek Property in the Dawson Mining District of the Yukon Territory.

The terms of the option agreement include:

- Issue of 500,000 shares common shares of Solomon upon signing and TSX approval of the transaction.
- Cash payment of \$100,000 and issue of 100,000 common shares of Solomon on May 21st, 2010, and work commitment of \$350,000 during the 2010 exploration season;
- Cash payment of \$150,000 and issue of 150,000 common shares of Solomon on May 21st, 2011, and work commitment of \$650,000 during the 2011 exploration season;
- Cash payment of \$250,000 and issue of 250,000 common shares of Solomon on May 21st, 2012, and work commitment of \$1,500,000 during the 2012 exploration season.

Radius holds an option to acquire the Ten Mile Creek Property from a third party subject to a 1.0% net smelter returns royalty in favour of that party and a 1.5% net smelter returns royalty in favour of Teck Resources Limited. The Radius option is exercisable by making payments of \$375,000, of which the last \$100,000 can be satisfied by issuing 400,000 shares of Radius, and advance royalty payments of \$10,000 per year to the optionor. The 1.0% NSR royalty may be reduced to 0.5% by a payment of \$500,000 or to 0.25% by a payment of \$1,000,000 to the optionor. On completion of the earn-in a 51/49 joint venture will be formed between Solomon Resources Limited and Radius Gold Inc. The joint venture would share all costs related to the project on a pro rated basis.

Ten Mile Creek is located 75 kilometers south of Dawson City, Yukon Territory and is an active placer gold mining camp with significant historical production.

The Ten Mile Creek Property was staked by Teck Resources Limited in 1998 during the same project in which Teck staked the area now covered by Underworld Resources Ltd.'s White Gold Property to

the southeast. Teck worked intermittently on both properties and identified a number of promising targets but in 2000 they changed their exploration focus and dropped all their gold programs in the Dawson area. Teck explored the Ten Mile Creek Property from 1998 to 2000 with geological mapping, soil and rock sampling and limited trenching.

Teck's program delineated five distinct mineralized zones each of which appears to occur in Mesozoic quartz monzonite intrusive bodies intruded by dykes of porphyritic rhyolite of probable late Cretaceous age. The gold mineralization appears spatially related to the contact of the intrusive bodies with high grade metamorphic rocks. Two of these zones were subject of preliminary investigation by Teck in 2000, and the remaining three zones remain unexplored.

Jual Vein System

The Jual Vein System is characterized by numerous northwesterly trending, flat to moderately dipping quartz veins, stockworks and fault zones with gold values ranging from 8 to 16 grams per tonne (g/t) gold. Strong northwest-trending gold-in-soil geochemical anomalies with values up to 670 parts per billion gold cover an area measuring 1.4 kilometers by 0.6 kilometers. Trenching of peripheral and lower-order gold-in-soil anomalies yielded results of 1.6 g/t gold over 25 meters (including 11.1 g/t gold over three meters) and 1.0 g/t gold over 19 meters (including 8.5 g/t over 1.5 meters).

Cupid Zone

This zone is located three kilometers to the west of Jual and contains mineralized float to 3.5 g/t gold. Quartz and altered intrusive boulders, with disseminated sulphide were uncovered over a 600-meter by 500-meter area near Twenty Mile Creek. Galena is the most common sulphide, with minor pyrite. The Jual vein system and the Cupid zone may be connected on the basis of gold-anomalous stream sediment and reconnaissance soil geochemistry with values up to 70 parts per billion gold.

Ten Grid

Located 4.5 kilometers southeast of the Cupid Zone, the Ten Grid Zone is an open-ended, 1.6-kilometre-long gold/arsenic soil anomaly with values up to 255 parts per billion gold and 1,280 parts per million arsenic. The anomaly covers the contact between a metasedimentary unit and an intrusion. The strong correlation between gold and arsenic on the anomaly suggests that the style of mineralization here is distinct from that exposed in the Jual vein system.

Ten West

Located 2 kilometers southwest of the Ten Grid Zone, the Ten West Zone is characterized by quartz vein float with values up to 3.76 g/t gold. Preliminary soil geochemical surveys have identified anomalies up 150 parts per billion gold and 220 parts per million arsenic; the gold/arsenic signature and presence of arsenopyrite suggest a similarity and possible continuity between the Ten grid and Ten West zones.

Galena Creek-Five Mile

Located at the south end of the property this zone comprises sheeted quartz veins with values up to 3.98 g/t gold, quartz stringers carrying 5.36 g/t gold, anomalous reconnaissance soil and stream sediments geochemical values.

The property subject of the Solomon – Radius option agreement includes the RDU 1-258 Claims, nine Jual Claims, thirty-two Ten Claims and thirteen Val Claims all located under the Yukon Quartz Mining Act.

Solomon geologists are compiling historical data to facilitate an exploration program for the summer field season of 2010.

Canada: Ontario

For the year ended July 31st, 2008:

Eyapamikama Lake Volcanogenic Massive Sulphide Project

Solomon acquired an option on the Eyapamikama Lake VMS Project in August of 2006 from Northern Dynasty Minerals Ltd. and Energold Minerals Inc. for the right to acquire a 60% interest in this property in the Patricia Mining division in Northwest Ontario. 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 planned drill program was delayed.

Discussions with the band resumed in October of 2007, and the Company submitted Letters of Intent to both the band council and the Eyapamikama Trappers outlining terms that had been discussed and agreed upon to allow the drilling to commence. Repeated attempts to arrange a meeting with council and the trappers to finalize the agreement were unsuccessful. The Company terminated its option agreement with Energold Minerals Inc and Northern Dynasty Minerals Ltd. on April 1st, 2008.

For the year ended July 31st, 2009:

Goldcreek Archean Lode Gold / Volcanogenic Massive Sulphide Project

On September 22nd, 2008 the Company signed a Letter of Intent with Mengold Resources Inc (MNI: TSX-V) to earn up to a 50% interest in the Goldcreek Archean Lode Gold / Volcanogenic Massive Sulphide Project located approximately 70 kilometres west of Thunder Bay, in the Shebandowan area of Northwestern Ontario. The 90 contiguous claims cover 17,248 hectares in Conacher, Duckworth, Horne, Laurie and Sackville Townships.

The Company can earn up to a 50% interest in the Property by conducting an exploration program over three years totalling \$ 5,400,000, making a \$100,000 cash payment to Mengold Resources Inc. and issuing common shares of the Company to Mengold worth \$ 375,000 over three years (the initial \$50,000 tranche has been satisfied by the issuance of 385,000 shares at a deemed value of \$ 0.13 per share).

The Company was named the Operator of the Project for the three years of the earn-in period throughout which Mengold will be retained as Project Manager. At the conclusion of the earn-in period, a joint venture for the future development of the property was to be formed with Mengold as the Operator and consideration given to forming a new company with proportionate ownership by the Company and Mengold to advance the project. As part of the terms of the Letter of Intent, Mengold commissioned a National Instrument 43-101 Technical Report by Caracle Creek International Consulting Inc. issued jointly to the Company and Mengold.

The Goldcreek Property is located 14 kilometres east-southeast of Inco's Shebandowan Mine which has reported historical production of 2.6 million tonnes grading 2.25% nickel, 1.0% copper and 2.68 grams/tonne platinum group elements in mafic to ultramafic rocks.

The Goldcreek Property is located in the Shebandowan Greenstone belt of the Wawa Subprovince of the Superior Province of the Canadian Shield. The Shebandowan Greenstone Belt comprises neo-Archean intracratonic supracrustal rocks of ultramafic, mafic, intermediate and felsic metavolcanic composition with banded-iron formations and metasedimentary rocks which have been locally intruded by peridotites, gabbros, feldspar porphyries and quartz-feldspar porphyries. Diabase dykes and lamprophyre dykes cut all the units. Regional greenschist facies metamorphism has developed chloritic and quartz sericitic schists within the felsic volcanics and tuffs. Metamorphic halos associated to intrusive have resulted in upper greenschist to lower amphibolite facies locally. Structurally the area comprises a broad syncline trending east-northeasterly with steep but variable dips. A major regional fault, the Crayfish Creek Fault, bisects the area in an east-southeast direction.

Recent work suggests that magmatic hydrothermal processes related to late stage mantle-derived plutons play a role in the genesis of lode gold deposits in the Shebandowan Belt. Mineralization is associated with these intrusions and easterly trending regional deformation structures up to ten kilometres distant. Segments or splays of the regional faults that depart from the regional strike of these zones by 20° to 40° as seen on the Mengold property as well as upright anticlines or domes related to the folding appear to be especially favourable structures

The Goldcreek property is highly prospective for lode gold in Neo-Archean quartz-carbonate veins and volcanogenic massive sulphides. Bonanza grade gold mineralization has been confirmed by the Company's due diligence examination and Mengold has found strong gold, copper, and zinc soil geochemical anomalies across a 5 kilometre by 1.5 kilometre grid in the "Center Zone" of the property that together with geological and geophysical evidence suggest potential for volcanogenic massive sulphide mineralization. Mengold has expended approximately \$4,200,000 to date and has identified three discrete mineralized zones with drill ready targets.

The Company and Mengold geological staff compiled exploration data from previous work and a diamond drill program commenced on November 4th, 2008 and was concluded on December 12th, 2008. A total of 13 drill holes comprising 2,212 meters were completed in this period.

Drilling for the 2008 field season was conducted with a CS-10 diamond drill and exploration crews were based out of a temporary camp established on the property. A temporary bridge was erected to facilitate access to the Central Zone.

Eight holes totalling 1212 meters were drilled in the "I" Zone in the vicinity of that had been stripped and sampled during previous exploration. The dykes and or structures were generally intersected at depth where anticipated, but continuity at depth proved to be problematic and the drilling results will be re-evaluated against known structural and geological information prior to further investigation of the "I" Zone being conducted. The I zone, where eight holes were drilled, returned the best gold results from the campaign. Holes GC08-11 and 12, which were targeting the syenite dikes, returned 6.8 grams per tonne (g/t) gold over 4.3 metres and 1.47 g/t gold over 12.5 metres, respectively.

Five drill holes totalling 1,000 meters were completed in the Central Zone. The first four holes were drilled in the western part of the zone in "Grid A" and one hole was drilled in "Grid B" located in the eastern part of the Zone. Targets were selected using the ground and airborne geophysical data as well as preliminary humus geochemical soil survey data. The preliminary drilling results coincided well with the known geophysical anomalies, suggesting the presence of sulphide rich zones. No significant gold or base metal values were intersected. Hole GC08-19, which targeted a zinc geochem anomaly, intersected a 20-centimetre-wide veinlet containing semi-massive-to-massive pyrite with some sphalerite blebs. This hole is located near the western end of a copper and zinc geochemical soil anomaly coincident with VTEM and ground geophysical targets.

The majority of the sulphide mineralization encountered consisted of pyrrhotite and/or pyrite with traces of sphalerite, chalcopyrite and galena varying from disseminated to massive. Some of the semi-massive-to-massive sulphide lenses were located on VTEM signatures that can be traced for more than five kilometres.

To satisfy the terms of the joint venture earn-in by Solomon Resources, an additional \$1.15-million of exploration expenditures was required to be spent on the Goldcreek property by Solomon prior to Sept. 25, 2009.

Subsequent to August 1st, 2009:

Goldcreek Archean Lode Gold / Volcanogenic Massive Sulphide Project

The Company continued efforts to amend the agreement between Solomon and Mengold Resources Inc. to include more favourable terms commensurate with the results of the 2008 field program and depressed market conditions. No field work was completed in the 2009 field season and as we were unable to reach a revised agreement with Mengold Solomon concluded its involvement in the Goldcreek Project as of September 22nd, 2009 and wrote off expenditure to date of \$817,277.

Mongolia

For the year ended July 31, 2008:

Baruunbayan Uranium Project

The Company's Baruunbayan Property comprises 248,300 hectares and is located within the Ooshiin Govi Basin at the south-western end of the Unegt Depression, a broad basin approximately 100 kilometres in length and 60 kilometres in width. It extends from the Solomon tenures in the southwest to the Cogegobi XXK tenures in the northeast. Cogegobi (an Areva subsidiary) announced a significant discovery in late 2007 of previously unknown bulk tonnage low grade uranium mineralization. Cogegobi committed to an aggressive 85,000 metre drill program in 2008 and is constructing an *in-situ* recovery pilot plant on their holdings.

During the year ended July 31, 2008, the Company, through its 100% owned Mongolian subsidiary SRM XXK, was granted 2 additional licences, including:

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

The Company launched a large regional geological and geophysical survey of the Dornogobi 3 & 4 properties. The fieldwork 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 2,300 metres of diamond drilling. The work program targeted 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 basins located on the Baruunbayan property.

A total of 587 samples including field duplicates, blanks and standards were prepared and initially analyzed by XRF at Actlabs Asia in Ulaanbaatar and then Delayed Neutron Count by Actlabs in Ontario, Canada. Selected samples were sent to ALS-Chemex in Vancouver for trace element analysis for 48 elements including U by HF-HNO₃-HClO₄ acid digestion, HCl leach, and a combination of ICP-MS and ICP-AES.

The 2007 Mongolian drill program was contracted to Falcon Drilling Mongolia LLC who provided two skid-mounted drill rigs (F2000 and BBS-56 series.) The drill program extended from November 10th to December 12th, 2007.

Seven drill holes comprising 585.05 metres were completed at the Ail Prospect, on the Baruunbayan Property, exploring for basal uranium mineralization in Cretaceous coarse conglomerate and fine grained sedimentary rocks as well as structurally controlled and stratabound uranium mineralization in Jurassic clastic sedimentary rocks. Two shallow low grade uranium intersections were encountered but found to be limited to surficial material and fracture fill and no further work was carried out this year on the Ail Prospect.

Nine widely spaced scout holes comprising 1563.75 metres were drilled in the Basin Area of the Baruunbayan Property exploring for sediment-hosted "tabular" or "roll-front" type uranium mineralization. Five holes totalling 1139.3 metres were completed in the Ooshiin Govi Basin, three holes totalling 318.0 metres were completed in the Bumbat Basin and one hole of 106.45 metres was drilled in the Shine Us basin. Assay results from the Bumbat and Shine Us basins did not return any significant uranium intersects but one hole drilled in the Ooshin Govi Basin (DDH-BB-08) intersected a three metre reduction zone containing uranium mineralization with grades comparable to that reported by Areva subsidiary Cogegobi in their program in the north-eastern portion of the Basin.

A small horst block isolates the Ooshiin Govi from the main trend of the Unegt Depression. Drilling in 2007 confirmed that the Ooshiin Govi Basin is transected by reactivated tectonic faults striking generally north-easterly. Thick lacustrine sediments have accumulated in the south-eastern and more deeply seated edge of the Basin, while coarse alluvial and proluvial sediments accumulated at the uplifted north-western edge of the Basin.

Historical uranium exploration in the Unegt Depression has been focussed on the proluvial and alluvial sedimentary rocks of the Cretaceous Sainshand Formation. Fossil and stratigraphic evidence suggest that the Cretaceous basins of southeast Mongolia were bounded by the syndepositional Totoshan and Saikhandulaan uplifts and later covered by Upper Cretaceous and Palaeocene sedimentary rocks.

Environmental baseline work was completed by Eco-Trade LLC on the Company's Baruunbayan property in the late fall of 2007. The environmental contractor documented unrehabilitated trenches and other surface impacts from historical Soviet exploration near the Tsagaan Tsav village and surveyed fourteen wells within the Solomon licence area. Water samples were collected and geochemical analyses conducted by Actlabs in Ontario.

In advance of the 2008 field season Solomon personnel collated reports and data from previous exploration in the Unegt, Zuunbayan and Sainshand Depressions in Dornogobi Aimag. The Company's geologists and geophysicists reviewed geological reports from oil exploration from 1930 to 1970, regional geological mapping from 1960 to 2003, hydrogeological exploration from 1940 to 1990, copper-molybdenum-gypsum exploration from 1980 to 1985 and Soviet-era uranium exploration from 1980 to 1985.

On March 19th, 2008, field work resumed on the Baruunbayan Property including 1700 line-kilometres of ground geophysics, detailed geological mapping and alpha cup surveys.

On April 3, 2008 diamond drilling resumed on the Baruunbayan Property with the first collar of the 2008 drill program located 400 metres south-southeast of hole DDH-BB-8 from the 2007 drilling which returned assays of 0.02% U₃O₈ over 3 metres in highly reduced sedimentary rocks of the Upper Cretaceous Bayanshiree Formation.

The Company's President Randy Rogers, director Bill Lindqvist and consultant Frank Hassard, P. Eng. conducted a due diligence review of the field program and drilling campaign in May of 2008.

Three drill holes completed in the 2008 campaign returned encouraging down hole spectrometric anomalies:

- DDH-BB-14 returned three down hole gamma spikes between 207.3 metres to 209.85 metres (2.55 metre interval) ranging from 140-250 cps TC, and the anomalous section was observed to be within permeable unconsolidated conglomerate of the Upper Cretaceous Bayanshiree Formation.
- DDH-BB-17 returned a continuous series of elevated down hole gamma readings from 129.8 metres to 255.25 metres (125.45 metre interval) ranging from 20 cps TC to 200 cps TC and is the most strongly anomalous hole encountered to date with regard to spectrometric readings. DDH-BB-17 ended in fine to medium grained sandstone of the Lower Cretaceous Khukhteeg Formation.
- DDH-BB-20, completed June 2, 2008, returned down hole gamma readings of 200 counts per second (cps) in an isolated spike at 186.0 metres depth; another isolated spike at 195.0 metres depth of 120 cps, another isolated spike at 203.0 metres depth of 150 cps, and a significant reading of 410 cps from 213.5 metres to 215 metres (a 1.5 metre interval) in moderate yellowish brown, yellowish gray fine grained sandstone.

The first two phases of the 2008 drill program were designed to follow-up encouraging results reported in the 2007 campaign and included twenty-two drill holes totalling 4894.2 metres. Down-hole gamma surveys were conducted on all drill holes and 892 samples were shipped to ALS-Chemex in North Vancouver, Canada for assay. A period of civil unrest leading up to and following the Mongolian general elections caused a corresponding slowdown in the normal operations of the Mongolian government bureaucracy and the Company endured a substantial delay in processing the assay samples through the various agencies which regulate international exports.

Zamtiin Gol Uranium Project

The Company's Zamtiin Gol Project is located in Arkhangai Province in central Mongolia, approximately 690 kilometres west of the capital city of Ulaanbaatar. The Company acquired a 100% interest in the Zamtiin Gol Property subject to a 0.5% Net Smelter Return royalty provided for in the Letter of Intent between the Company and Erdenyn Erel LLC dated November 8th, 2006. The Company may purchase the 0.5% NSR for \$250,000 at any time during the 12 months after start-up should the property be placed into production.

The northern part of the Zamtiin Gol area is underlain by Upper Proterozoic medium grained biotite and biotite-hornblende granite which forms an elevated northern highland above lower rounded hills to the south comprised of Proterozoic coarse grained biotite-hornblende granite-porphry.

The Zamtiin Gol Project area includes a number of airborne spectrometric anomalies, first identified by Soviet workers in 1984, which rank amongst the strongest in central Mongolia.

The Company conducted 1:50,000 scale geological mapping and truck mounted spectrometer surveys over the southern portion of the project area in 2007, and a limited program of grid auger soil sampling. Five discrete spectrometric anomalies were outlined with values ranging from 1200 to 4200 Counts per Second (cps) and twelve distinct soil geochemical anomalies were identified with values up to 0.11 % U₃O₈. The four highest anomalies were centered over the intrusive margins and colluvium flanks of the Solongo granitic complex.

The 2008 program was directed at selected spectrometric and soil anomalies and included geological mapping at a scale of 1:25,000 along with 512 line-kilometre ground spectrometric and magnetometer survey on traverse lines spaced 200 metres apart. A uranium soil anomaly measuring approximately 2 kilometres by 2 kilometres was outlined in the central part of the survey area surrounded by higher potassium and thorium buffers

Airag Uranium Project

The Airag Uranium Project includes a number of discrete licence areas located near the town of Airag, in Dornogobi Province, approximately 370 kilometres south-southeast of Ulaanbaatar. In 2007, Solomon crews conducted field exploration for Soviet-era spectrometric anomalies and found one anomalous area underlain by calcrete with coarse chalcedonic quartz fragments to have spectrometer readings from 1000-1100 counts per second and 10-12 parts per million equivalent uranium. Two historical trenches were excavated and anomalous gamma-ray spectrometric readings observed.

Uvurkhangai Uranium Project

The Uvurkhangai Uranium Project was located in Uvurkhangai Province 110 kilometres south of the town of Arvaikheer, and approximately 540 kilometres southwest of the Mongolian capital city of Ulaanbaatar. The region was geologically mapped at a scale of 1:200,000 in the early 1980's and a Soviet airborne geophysical survey was completed in 1981 with survey lines spaced 2 kilometres apart. The report of this airborne survey was never submitted to the Government of Mongolia. Denison Mines is believed to have undertaken some diamond drill testing of the Soviet anomalies and the results of this exploration are not known. The Uvurkhangai area has good potential for sandstone hosted uranium mineralization and the Company has proposed systematic truck-mounted spectrometric surveys to be followed with auger soil geochemical sampling where warranted.

For the year ended July 31, 2009:

During the year the Company wrote down the value of its investment in Mongolia by \$1,621,500 as a consequence of the dropping of several licences, detailed below.

Baruunbayan Uranium Project

Following the drill program, the Company's field crews returned to the Mongolian capital city of Ulaanbaatar to compile the data gathered in the 2008 exploration program and no further exploration has been conducted on this project.

The drilling at Baruunbaayan returned anomalous uranium values in several of the drill holes completed to date. Sample intervals were selected based on alteration and downhole gamma spectrometry, and Solomon field geologists have determined in discussions with geologists from Areva subsidiary Cogegobi LLC that uranium values identified during the drilling campaign at the adjacent Dulaan Uul property do not necessarily report in anomalous spectrometer readings. Accordingly, Solomon geologists selected an additional suite of samples which displayed negligible spectrometer signature but compelling alteration characteristics for further analysis.

Drill hole A7 intersected 1.5 m @ 0.01 % U_3O_8 between 4.5 and 6.0 meters depth.

Drill hole B-8 intersected 3.0 meters of 0.02% U_3O_8 from 124.2 to 127.2 meters depth and displayed elevated V, Se, Ag, Cd, Cu, and P which fit well with the geochemical modeling of rollfront type sandstone hosted uranium mineralization. One highly anomalous 0.5 meter intersection of 0.21% U_3O_8 in drill hole B-8 was found on re analysis by Delayed Neutron Activation to have been corrupted with extremely high Strontium values which compromised the original X-ray Diffraction Analysis.

Drill hole B-15 intersected 0.27 meters of 0.01% U_3O_8 from 109.05-109.32 meters depth.

Drill hole B-20 intersected 0.7 meters of 0.01% U_3O_8 from 216.6-217.3 meters depth.

One sample collected from drill hole B-11 (30-31m) ran 1.0 meter in excess of 1% Strontium (off scale value for ICP analyses) and four contiguous samples collected from 176.25-179.9 meters of hole B-17 contain elevated Strontium ranging 569 ppm to 950 ppm.

Solomon has entered into litigation against the Mongolian Cadastral Office for the expropriation of a portion of its Baruunbaayan exploration licences and the court case continued in Ulaanbaatar Administrative Court during this period. The Company applied for certain additional licences adjacent to the disputed ground, and while the licence applications were accepted, licence fees paid and the title gazetted to Solomon, the Cadastral Office has refused to surrender the title documents to these tenures. Accordingly the failure of the Cadastral Office to provide clear title has been added to the ongoing cause of action in the Mongolian courts.

The Company sold a small portion of the Baruunbaayan tenures for \$US 50,000 to Mongolian corporation Coal LLC during this period.

Zamtiin Gol Uranium Project

Preliminary modelling indicated a clear zonation of uranium, potassium and thorium. Our investigation to date has determined that the target area which carries highly anomalous uranium soil geochemical values is covered by glacial sediments and our ongoing exploration will be adapted to this environment. Market conditions and an increasingly unfavourable investment environment in Mongolia throughout this period led the Company to abandon the Zamtiin Gol Uranium Project.

Airag Uranium Project

Market conditions and an increasingly unfavourable investment environment in Mongolia throughout this period led the Company to abandon in entirety the exploration licences for the Airag Uranium Project.

Uvurkhangai Uranium Project

Market conditions and an increasingly unfavourable investment environment in Mongolia throughout this period led the Company to abandon in entirety the exploration licences for the Uvurkhangai Uranium Project.

August 1st, 2009 to date:

Baruunbayan Uranium Project

Solomon continued to seek a purchaser or joint venture partner for the Baruunbaayan Project during this period. The Company was actively engaged in discussions with potential purchasers of our Mongolian subsidiary and pursued a claim in Ulaanbaatar Administrative Court for the expropriation of certain of our Baruunbaayan Uranium Project licences by the Mongolian Cadastral Office.

On October 10th, 2009 Judge S. Munkhjargal of the Administrative Court of Ulaanbaatar ruled that the Mongolian Cadastral office clearly violated the rights of Solomon in not dealing with the various licence applications according to law. In particular, Judge Munkhjargal ruled that the various orders issued by the Cadastral Office and MRPAM attempting to cancel Solomon's licence applications and restore those of Cogegobi were illegal. The court ordered the Mineral Resource Authority of Mongolia and the Cadastral Office to settle the applications of Solomon Resources Mongolia and Cogegobi according to the Mongolian law. As of this writing the applications have not yet been issued to Solomon.

Re-registration of Exploration Licences: The New Mongolia Nuclear Energy Law

On July 16th, 2009, the Mongolian Parliament passed new legislation to regulate the exploration, and development of uranium and other radioactive materials. The new law came into effect on August 15th, 2009 and gives the Mongolian government the right to take ownership without payment of not less than 51% of the shares of a project or joint venture if the uranium mineralization was discovered by state funded exploration, and not less than 34% if state funding was not used to find the mineralization. The law also gives the State Administrative Authority the responsibility to implement and enforce state policy on the exploration and development of deposits of radioactive minerals and nuclear energy, including the power to grant, suspend or revoke any licences granted pursuant to the

Nuclear Energy Law. The *Nuclear Energy Law* mandates that licences be obtained to conduct exploration for and production of radioactive minerals.

To obtain an exploration licence an applicant must conduct its activities in a transparent manner, have the financial resources to support exploration and reclamation, conduct responsible programs, and have demonstrated mining experience. Exploration licences will only be issued to applicants that meet the conditions set out in the *Nuclear Energy Law*, and agree to accept the state ownership of the required percentage of shares.

The Mongolian Parliament also passed enabling legislation regarding the re-registration of existing exploration and mining licences. Existing licence holders must apply to the State Administrative Authority by Nov. 15th, 2009 and comply with all of the conditions and requirements set out in the *Nuclear Energy Law*, including acceptance of the state's 51% 34% share participation in the licence holder. Any licences that are not reregistered as required by the November 15th deadline will automatically be suspended.

Solomon has now filed the requisite applications to re-register its existing exploration licences.

Recent Political Developments in Mongolia:

On October 28th, 2009 Mongolian Prime Minister S. Bayar announced to the Mongolian Parliament that due to reasons of health he was unable to continue in elected office and that his resignation was effective immediately. The Mongolian People's Revolutionary Party (MPRP) immediately nominated Minister of Foreign Affairs S. Batbold as the new Prime Minister and Batbold was sworn in on the following day.

It remains to be seen what impact the election of the new Prime Minister will have on the future of mining and exploration investment in Mongolia. There is a need for clarity and strong leadership in this turbulent time as a number of Mongolian mineral projects are on hold awaiting permits and development agreements.

Solomon believes that the Cadastral Office and the Mineral Resource Authority of Mongolia have an opportunity in the wake of Judge Munkhjargal's court order to demonstrate to western exploration and mining companies that these agencies are truly subject to the rule of law. Accountability and transparency under the rule of law are the cornerstone of the future of mineral sector development for the Mongolian people.

Mongolia remains a democracy in transition and the challenges to obtaining secure tenure and permitting remain a significant obstacle to junior exploration companies.

United States: Alaska

For the 24 months ended July 31, 2009:

Sleitat Tin Project

The Sleitat Property is located in south-western Alaska, 415 kilometres southwest of Anchorage. Sleitat is a tin-tungsten-silver occurrence within a multi-phased Tertiary granitic stock that intrudes a flysch sequence of Cretaceous Kuskokwim Group sandstones and shales. The stock is considered to be the south-western-most of a string of similarly isolated Tertiary granite hosted greisen tin deposits. Mineralization occurs as cassiterite in the granitic units and in the surrounding hornfels, with coarser grained cassiterite seen along veins within breccia zones. In 1989, the United States Bureau of Mines (USBM) evaluated the tin potential of the property, and inferred a resource of 25.9 million tons grading 0.22% - 0.37% tin, 0.04% tungsten, and 17 grammes/tonne silver (non-NI 43-101 compliant.)

The Company staked the Sleitat Tin Property in 2005 and granted an option to Brett Resources Limited (BBR: TSX-V) on July 23rd, 2005 to acquire an 80% interest in the property. Brett conducted a preliminary drill program in 2006 comprising five drill holes totalling 702.5 metres which twinned and largely confirmed Cominco's (a previous owner of the property) best hole and expanded the property's known tin-silver mineralization.

In July 2008, the Company received the final payment of 400,000 shares of Brett pursuant to the Option Agreement. Brett has now earned an 80% interest in the property by issuing a total of 1,000,000 shares to the Company, and the Company retains a 20% participating interest in the property.

Neither the Company nor Brett conducted any exploration during this period on the project.

The Sleitat Tin-Silver Property is considered to have good potential for the discovery of economic concentrations of moderate to high grade tin-silver mineralization.

Western Australia

For the 24 months ended July 31, 2009:

The Company did not carry out any exploration activity in Western Australia in this period.

The Company's wholly owned subsidiary Solomon (Australia) Pty. Ltd. executed the final agreement for the sale of the Company's Kalgoorlie Southeast Project in Western Australia to Integra Mining Ltd (IGR:ASX). The Kalgoorlie Southeast Project comprised four Exploration Licences, seventy-five Prospecting Licences, seventeen Mining Leases and nine Miscellaneous Licences all of which were the last remaining Australian tenements owned by the Company. The tenements were sold for Integra shares valued at A\$ 1,000,000 and the replacement of the Company's environmental bonds at a value of A\$ 280,000. The Company does not hold any other exploration tenements in Australia. The Company has undertaken a gradual liquidation of its investment in Integra shares to meet the

working capital needs of the Company and it is anticipated that the investment will be fully liquidated before July 31, 2010.

Burkina Faso

For the year ended July 31, 2008:

Orezone Resources Inc. continued to explore the Bombore Gold Project in Burkina Faso in West Africa, held under option from Channel Resources Ltd. and Solomon Resources Limited. Orezone received all of the assays from a 19,662-metre reverse circulation drill program conducted in 2008 and published an initial resource estimate on SEDAR. Further information was provided by Orezone at <http://www.orezone.com>.

For the year ended July 31st, 2009:

On August 7th, 2008 the Company reached an agreement with Channel Resources Ltd. and Orezone Resources Inc. whereby the Company and Channel sold their remaining interests in the Bombore Gold Project, Burkina Faso to Orezone.

The agreement terminated a previous Heads of Agreement entered into on August 12, 2002 and an Amending Agreement dated September 14, 2004, whereby Orezone was earning up to a 100% interest in Bombore, subject to a 1% net smelter return royalty shared by Channel (55%) and the Company (45%). Orezone had met the agreed expenditure requirements to earn a 50% interest in Bombore.

Consideration for the remaining interests in Bombore, including the net smelter return royalty, was 1,000,000 common shares in Orezone, shared by Channel (550,000 shares) and the Company (450,000 shares), which was subject to a four month restricted resale period. In bringing this transaction to account the Company recognized a recovery of expenditures of \$386,999, being the excess of the market value of the shares on the day they started trading over the carrying value of the property (\$1). In February 2009 the Company exchanged its shares in Orezone Resources for shares in IAMGOLD Corporation and Orezone Gold Corporation pursuant to a plan of arrangement under the *Canada Business Corporations Act* whereby IAMGOLD acquired all of the outstanding shares of Orezone Resources (see also notes 6 and 8 to the financial statements).

Exploration Outlook

This discussion of exploration focus for the 2010 field season 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.

For the foreseeable future, the Company will be re-focussing a great proportion of our exploration expenditures; we feel that under current conditions exploration carries enough risk without the burden

of additional country or political risk. We are actively seeking a joint venture partner for our Mongolian tenures, and awaiting resolution of the expropriation dispute recently decided in the Mongolian courts.

The Company has divested itself of non-core properties and will be focussing our efforts in the near term on gold projects in Western Canada. We will continue to develop and assess exploration projects in other jurisdictions or for other commodities as a hedge against longer term economic recovery, and currently have a number of projects under consideration. With the decline in available risk capital many viable exploration projects in Canada and abroad have been abandoned or shelved and we are seeing a tremendous increase in the number of quality exploration projects that are available for acquisition or joint venture. We have now entered a target-rich environment where projects that would not have been available to us earlier in the fiscal year are now actively seeking equity participation. The challenge remains the careful management of our financial resources and our ability to raise exploration capital while seeking out the best of these opportunities to position the company for the inevitable market recovery.

Plans are underway for the 2010 field season which will include the continuation of the diamond drill program at the Cry Lake Gold Project in north-western British Columbia. Consultation continues with First Nations interests in this area and we have made significant progress in advancing our exploration permits for 2010.

Solomon will undertake preliminary geological, geochemical and geophysical exploration during the 2010 field season at the 10 Mile Creek Gold Project southwest of Dawson City in the Yukon Territory. The staking rush prompted by promising drill results at Underworld Resources Ltd.'s White Gold Property has seen an influx of exploration capital into this camp, and recent work by the Yukon Geological Survey will likely encourage that trend to continue well into 2010. Solomon's Ten Mile Creek option is uniquely situated in an area with a known placer gold provenance and five mineralized zones have been identified to date.

The Company will evaluate the exploration results from the eight week exploration program at the Bonanza-Sitka Gold Project in coastal British Columbia which to date has returned significant grades from trenching with assay results of up to 37.0 grams per tonne gold and 60 grams per tonne silver over one 30 centimeter width. The average width of mineralization in one of the 2009 trenches was 2.10 meters with assay results averaging 4.34 grams per tonne gold and 11.28 grams per tonne silver, including one interval of 12.7 grams per tonne gold and 31.37 grams per tonne silver over 60 centimeters. There remains the prospect of extending this mineralization at depth, and a diamond drill program is being contemplated for the 2010 field season.

Qualified Person

Randy Rogers, M.Sc., P.Geol. a "Qualified Person" for the purposes of National Instrument 43-101, *Standards for Disclosure for Mineral Projects* of the Canadian Securities Administrators, and the President and Chief Executive Officer of Solomon, has verified the data disclosed herein including sampling, analytical and test data and prepared or supervised the preparation of the information that

forms the basis of the disclosure contained herein.

QA/QC:

Solomon has implemented quality assurance and quality control measures in its exploration programs, including the following:

- All field and data analysis work is carried out under the supervision of qualified Solomon geologists and geophysicists in accordance with procedures developed to conform to current 'best practices' in mineral exploration.
- All spectrometric data (Total Count, uranium, thorium and potassium content fields) is converted to ACSSII format, and then checked for error using the minimum square method in preparation for plotting
- Analytical work has been conducted in certified labs, including Activation Laboratories Ltd. in Ontario, Canada, Actlabs Asia LLC in Ulaanbaatar, Mongolia (a subsidiary of Activation Laboratories Ltd. of Ancaster, Canada), ALS Chemex in North Vancouver, Canada, and Acme - Global Discovery Labs of Vancouver, British Columbia.
- In addition to internal checks and standards provided by the labs, Solomon includes blind standard, duplicate and blank samples. All analytical sample checks and standards are within reasonable limits of error.

Selected Annual Information

	2009	2008	2007
Total Revenue	\$ 11,623	20,473	20,434
General and administrative expenses	\$ (748,989)	(768,528)	(844,305)
Other Items (net)	\$ (2,062,547)	(63,479)	(2,160,562)
Net (loss) for the year	\$ (2,808,671)	(161,171)	(2,984,433)
Comprehensive (loss) for the year	\$ (2,998,530)	(480,615)	(2,984,433)
Gain (loss) on sale of investments	\$ (139,854)	1,232,722	459,765
Stock based compensation	\$ (20,400)	(22,800)	(179,588)
Gain (loss) on exchange	\$ 1,066	(84,314)	45,473
Weighted ave shares in issue	5,880,004	5,426,040	4,850,989
Options and warrants at year end	834,625	902,129	1,029,429
Net (loss) per share	\$ (0.51)	(0.03)	(0.60)
Fully diluted (loss) per share	\$ (0.45)	(0.03)	(0.49)
Total Assets	\$ 2,631,101	5,220,947	6,122,562
Working Capital	\$ 510,822	1,663,153	3,815,484
Cash proceeds on issue of shares	\$ 271,312	-	3,083,049
Proceeds on sale of investments	\$ 1,244,850	2,266,118	792,425
Cash expenditure on resource properties	\$ 2,014,590	3,828,660	1,312,563
Resource property write offs	\$ (2,598,162)	(2,120,785)	(1,933,522)

Summary of Quarterly Results

Fiscal 2009	Q1	Q2	Q3	Q4
Total revenues, including interest received	\$ 6,871	4,770	(18)	5,903
Net (loss)	\$ (32,011)	(50,752)	(2,613,419)	(112,490)
Net (loss) per share	\$ (0.10)	(0.01)	(0.38)	(0.01)
Fiscal 2008	Q1	Q2	Q3	Q4
Total revenues, including interest received	\$ 24,484	17,266	10,844	32,632
Net income (loss)	\$ (47,178)	443,068	338,086	(895,647)
Net income (loss) per share	\$ (0.00)	0.10	0.10	(0.20)

Notes:

1. Under selected annual information, revenue consists of gas royalties.
2. Under summary of quarterly results, revenue consists of gas royalties and interest income.
3. There were no discontinued operations or extraordinary items in the years under review.

4. Other items include net interest received or paid, gains or losses on sale of investments and assets held-for-sale, foreign exchange gains or losses, resource property write-downs and recoveries, and the deemed cost of bonus shares issued to directors in lieu of loan interest.
5. Net interest paid included in other items for 2009 consists of \$22,775, being the net of interest received on cash invested and Part XII.6 tax paid on unspent flow through funds.
6. The Company had no long-term financial liabilities during the years under review.
7. The Company has no history of declaring dividends.
8. Annual and 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.

The significance of these numbers and related developments since the year end are discussed below.

In fiscal 2009, the Company had a net loss of \$3,070,408 as compared to a net loss of \$161,671 for fiscal 2008. The following discussion explains the variations in the key components of such losses and the other numbers set out above. As with most junior exploration companies, however, 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.

The three major costs in general and administrative costs are professional fees, \$187,133 (2008 - \$229,436), management fees, \$321,358 (2008 - \$199,973) and travel, promotion and shareholders' information costs, \$56,376 (2008 - \$150,375).

Professional fees include \$54,932 in accounting, audit, legal and tax advisory fees in Australia, \$47,318 in audit and tax advisory fees and \$78,511 in legal fees in Canada, \$2,407 in geological consulting fees paid to Bill Lindqvist, an independent director and \$3,964 sundry consulting fees. Professional fees in Australia related to preparations for the winding up of the subsidiary (expected in 2010) and a consequent review of tax payable. Legal fees in Canada were in respect to a number of corporate initiatives, notably the consolidation of the Company's share capital and several property transactions, aimed at revitalizing and refocusing the Company's operations.

Management fees of \$321,358 (2008 - \$199,973) reflect in part the inclusion in this line of all management fees (in 2008 some were included in promotion costs) and also reflect the increased time spent by management in managing the Company's operations, notably in the consolidation of the Company's share capital and in the review of numerous potential property acquisitions. Included in management fees were fees paid to officers of the Company, being:

- \$100,950, including \$2,000 in stock based compensation, paid to Tincup Enterprises Ltd. for the management services of Lawrence Nagy, who resigned as Chief Executive Officer on June 9, 2009;

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- \$158,125, including \$4,000 in stock based compensation, (of which total \$31,894 was capitalized to the cost of exploration projects) paid to Longford Exploration Services Ltd. for the management services of Randy Rogers, Chief Operating Officer until June 9, 2009 on which date he was appointed Chief Executive Officer, and
 - \$84,483, including \$1,000 in stock based compensation, (of which total \$7,200 was capitalized to exploration projects) paid to Paul Maarschalk, Chief Financial Officer and Corporate Secretary, for accounting and administrative services.

Following the resignation of Lawrence Nagy as CEO, the Company has two officers, being Randy Rogers, CEO and Paul Maarschalk, CFO.

Travel, promotion and shareholders' information has been reduced as it no longer includes the expenses of certain directors and officers of the Company involved in promoting the Company. It continues to include the costs of the Company's website and the cost of providing shareholders with information on the Company.

Stock based compensation 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 2009 the Company granted stock options to purchase 102,000 shares. The Company issued stock options to purchase 20,000 shares in 2008. The deemed value of those options vesting in the 2008 fiscal year was \$20,400 (2008 - \$22,800).

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. In 2009 the major expenses were the writing off of the Goldcreek project (\$817,277), and the Bowron Basin coal project (\$138,063) and the writing off of certain licenses in Mongolia (\$1,621,500). The major expense in 2008 was the writing off of the COL-Magnet project (\$1,862,015). Further details may be found in the section on exploration properties.

Liquidity and Capital Resources

As with most companies in the resource sector, fiscal 2009 presented the Company with serious challenges in respect to financing its operations. In fiscal 2008, during a time of relatively strong prices on world stock markets, the Company sold a significant amount of its investments in other resource issuers to finance its ongoing operations, with proceeds on sale of \$2,266,118 and a corresponding book gain of \$1,232,722. The market value of the Company's remaining investments at July 31, 2008 was \$1,310,697. With the sharp decline in world stock market values in the latter half of calendar 2008 however the Company decided to limit its sales of investments as a means of financing its operations in the first nine months of fiscal 2009. At the same time the economic climate

was not conducive to raising large amounts of new equity. The Company therefore borrowed \$500,000 from two directors in December 2008 in order to finance its operations during the market downturn. The Company also raised \$277,812 in a small private placement in January 2009. With some recovery in the markets in the third and fourth quarters of the fiscal year the Company was able to sell some of its investments at improved prices, albeit still at a loss of \$139,854. The Company was thus able to finance its operations and all its commitments as well as repay 80% of the directors' loan prior to the fiscal year end. The balance of the loan was repaid subsequent to the year end.

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 shares to the vendor of the property as partial or full consideration for the property.

In 2007, the Company raised \$3,083,049 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, in terms of Canadian tax laws are required to be spent on qualifying Canadian exploration expenditures by the end of the calendar year following the year in which they are raised. \$650,000 of these funds remained to be spent at July 31, 2008 and was fully spent prior to December 31, 2008. The Company did not raise any funds by way of private placements in 2008. In fiscal 2009 the Company raised \$277,812 by way of a private placement. Subsequent to July 31, 2009 the Company has raised by way of a private placement of common shares a further \$259,000 (of which \$154,000 was used to acquire Avasca Inc, a company with a 51% interest in the Cry Lake project) and has raised by way of a private placement of flow through shares a further \$511,500. The latter funds will be used on exploration expenditures planned for projects in British Columbia and the Yukon.

As indicated above, the Company raised \$869,945 (\$2,266,118 in 2008) through the sale of investments in other resource companies. At July 31, 2009, the market value of the Company's remaining investments was \$156,953 (2008 - \$1,310,697). Since July 31, 2009 the Company has sold further investments with net proceeds of approximately \$130,000. The remaining investments are in gold focused exploration or mining companies.

In 2009, the Company spent \$1,217,411 in cash and issued shares with a fair value of \$75,000 on acquiring and exploring mineral properties. \$188,266 was spent on the Company's properties in Mongolia, \$7,502 was spent on the Company's joint venture interest in Alaska and the balance (\$1,021,643) was spent in Canada. The corresponding expenditure in 2008 was \$3,828,660 (all in cash) of which \$2,419,506 was spent in Mongolia, \$801 was spent on a small joint venture interest in Taiwan and the balance (\$1,408,353) was spent in Canada. The Company's focus for the foreseeable future will be on properties in Canada, notably British Columbia and the Yukon.

At July 31, 2009, the Company had no long-term debt. Other commitments included a short-term debt obligation of \$100,000 payable to two directors (settled on October 5, 2009), lease payments for the Company's office in Armstrong BC of \$1,439 per month until February 2011 and payments to the former CEO of \$6,000 per month until June 2011 (see Related Parties section). Its net working capital was \$227,734 (2008 - \$1,663,153), and it held \$120,070 in cash (2008 - \$286,151).

At July 31, 2009, following the 10:1 share consolidation effected in June 2009, the Company had 6,270,160 shares outstanding (2008 - 54,260,398 pre-consolidation), stock options outstanding to purchase 279,000 shares (2008 - 239,000), at a weighted average exercise price of \$3.23 (2008 - \$3.60) and 555,625 warrants exercisable at an exercise price of \$1.00 (2008 - 663,129 warrants exercisable at exercise prices of \$5.00 to \$7.50). The warrants expire on January 8, 2010.

Subsequent to the year end, the Company issued 600,000 common shares in terms of two agreements for the acquisition of property interests in British Columbia and the Yukon and issued a further 3,471,713 common shares and raised \$770,500 through two private placements, one of which was for flow-through shares. As part of one property agreement the company issued warrants to acquire 100,000 common shares at \$0.29 prior to August 17, 2010. As a part of the private placements the Company issued warrants to acquire 2,953,713 non-flow-through shares at exercise prices ranging from \$0.30 to \$0.50, and with expiry dates between September 2010 and October 2011. The flow-through funds will be used to fund the Company's exploration programs in British Columbia and the Yukon.

In one of the private placements subsequent to the year end the Company agreed with one subscriber that it would not, without the consent of the subscriber, issue further flow-through shares at a price lower than \$0.21 per share and that it would not, without the consent of the subscriber, issue non-flow-through shares at a price lower than 85% of \$0.21 per share prior to May 23, 2010. This agreement may limit the Company's ability to raise equity finance during this time frame.

The Company has earn-in and maintenance obligations to retain its existing properties, in the form of both cash payments and share issues, and in addition has annual overhead costs of about \$700,000 (2008 - \$750,000). 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. At the date of this discussion document the Company has 10,341,873 shares in issue, outstanding options to purchase 279,000 common shares and outstanding warrants to purchase 3,509,338 common shares (of which 555,625 warrants will expire within the current fiscal quarter..

Off balance-sheet arrangements

The Company has no off-balance sheet arrangements.

Transactions with related parties

Larry Nagy, Chairman, Director, and Chief Executive Officer of the Company until June 9, 2009 provided management and geological services to the Company through his private company, Tincup Wilderness Lodges Inc. at the rate of \$12,000 per month or \$650 per day, whichever was the lesser. Total charges in 2009 were \$100,950, inclusive of stock based compensation of \$2,000 (2008 - \$102,000). Subsequent to his resignation as CEO, the Company has agreed to pay Mr. Nagy \$6,000 per month for 24 months in recognition of the changes made to his contract with the Company. Mr. Nagy has been retained as a technical adviser to the Company for the same period.

Randy Rogers, President, Chief Executive Officer since June 9, 2009 and formerly Chief Operating Officer of the Company, provides management and geological services to the Company through his private company, Longford Exploration Services Inc. at the rate of \$750 per day. Total charges in 2009 were \$158,125 inclusive of stock based compensation of \$4,000 (2008 - \$135,125).

Paul Maarschalk, Chief Financial Officer and Corporate Secretary provides accounting and administrative services to the Company at the rate of \$600 per day. Total charges in 2009 were \$84,483 including \$1,000 in stock based compensation (2008 - \$41,700, for five months).

Bill Lindqvist, a director, received \$2,407 for geological consulting fees in 2009 (2008 - \$10,929).

Stock options to purchase 75,000 shares at \$2.50 per share were granted to insiders in 2009 (2008 – 20,000 shares at \$3.60). No stock options were exercised by officers and directors in 2009 (2008 – nil). Messrs. Church and Ransom resigned as directors in April and June 2009 respectively. In terms of the rules of the stock option plan options expire 90 days following the resignation of a director. As a result the 40,000 options held by Mike Church expired before the year end and the 40,000 options held by Dave Ransom have expired subsequent to the year end.

As discussed elsewhere, two directors, Ron Netolitzky and Mike Church, each loaned the Company \$250,000 in December 2009. As approved by the TSX-Venture Exchange they were each issued with 1,000,000 bonus shares (which were consolidated to 100,000 shares in June 2009) in lieu of interest on the loans. The loans were otherwise interest free to the Company. The loans were secured by a pledge of the Company's investments up to a total of \$500,000. The loans were intended to be repaid within six months. Prior to the yearend \$400,000 was repaid and the balance was repaid on October 5, 2009.

Apart from the above, there were no transactions with related parties in fiscal 2009.

Financial instruments and other instruments

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

The Company's cash and cash equivalents of \$120,078 consist of cash in the Company's bank accounts of \$102,078 and a Government Investment Certificate of \$18,000. The latter is held by the

Company's bankers as a surety against an environmental bond on the COL property in British Columbia. Receivables and payables of \$188,328 and \$134,537 respectively are normal course business items that are usually settled within thirty days. The tenement bond of \$10,720 is a cashable bond held in Australia. The investments of \$156,953 are the market value of the Company's investment in other junior resource companies. A significant portion of the Company's investments at July 31, 2009, are denominated in Australian dollars and subject to risk of exchange fluctuations.

Subsequent to the year end

There have been no significant events subsequent to the year end that have not been discussed elsewhere in this document.

Proposed transactions

There are no proposed transactions at this time.

Changes in accounting policies including initial adoption

Capital Disclosures

The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1535, "Capital Disclosures", requires the disclosure of both qualitative and quantitative information that provides users of financial statements with information to evaluate the entity's objectives, policies and procedures for managing capital. The new section was adopted effective August 1, 2008. Note 7 to the consolidated financial statements provides further details.

Financial Instruments

CICA Handbook Section 3862, "Financial Instruments Disclosures", and Section 3863, "Financial Instruments Presentation", replace the existing Section 3861, "Financial Instruments Disclosure and Presentation". Section 3862 provides users with information to evaluate the significance of the financial instruments of the entity's financial position and performance, nature and extent of risks arising from financial instruments, and how the entity manages those risks. Section 3863 deals with the classification of financial instruments, related interests, dividends, losses and gains, and the circumstances in which financial assets and financial liabilities are offset. The new sections were adopted effective August 1, 2008. Note 3 to the consolidated financial statements provides further details.

Going Concern

The CICA amended Section 1400, "General Standards of Financial Statement Presentation", which requires management to assess an entity's ability to continue as a going concern. When management is aware of material uncertainties related to events or conditions that may cast doubt on

an entity's ability to continue as a going concern, those uncertainties must be disclosed. In assessing the appropriateness of the going concern assumption, the standard requires management to consider all available information about the future, which is at least, but not limited to, twelve months from the balance sheet date. The adoption did not have a material impact on the financial statements for any of the periods presented. The new section has been adopted effective August 1, 2008. The Company's accounting policies were already in accordance with the requirements of the amended section and there was no effect on the Company's financial statement disclosure, or on its consolidated financial position or results of operations.

Future accounting changes

International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with International Financial Reporting Standards ("IFRS") over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.