SmytheRatcliffe
CHARTERED ACCOUNTANTS

SOLOMON RESOURCES LIMITED

Consolidated Financial Statements
July 31, 2002 and 2001

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AUDITORS' REPORT

TO THE SHAREHOLDERS OF SOLOMON RESOURCES LIMITED

We have audited the consolidated balance sheets of Solomon Resources Limited as at July 31, 2002 and 2001 and the consolidated statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at July 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Smythe Ratcliffe"

Chartered Accountants

Vancouver, British Columbia
November 8, 2002

SOLOMON RESOURCES LIMITED
Consolidated Balance Sheets
July 31

	2002	2001
Assets (note 4)		
Current		
Cash and term deposits	$593,602	$357,423
Accounts receivable	78,975	16,595
Prepaid expenses	6,000	6,000
	678,577	380,018
Property and Equipment	2	2
Investments (note 5)	318,328	346,428
Tenement Bond (note 3)	889,284	822,912
Investment in and Expenditures on Resources Properties (note 6)	2,309,202	2,725,243
	$4,195,393	$4,274,603
Liabilities		
Current		
Accounts payable and accrued liabilities	$138,995	$33,117
Provision for Rehabilitation of Tenements (note 3)	881,066	822,912
	1,020,061	856,029
Shareholders' Equity		
Capital Stock (note 7)	19,734,494	19,734,494
Deficit	(16,559,162)	(16,315,920)
	3,175,332	3,418,574
	$4,195,393	$4,274,603

Approved on behalf of the Board:

“Lawrence J. Nagy”
.... Director
Lawrence J. Nagy

“Ronald K. Netolitzky”
.... Director
Ronald K. Netolitzky

See notes to consolidated financial statements.

SOLOMON RESOURCES LIMITED
Consolidated Statements of Operations and Deficit
Years Ended July 31

	2002	2001
Revenues		
Interest	$46,822	$65,605
Oil and gas, net	14,237	25,158
	61,059	90,763
Expenses		
Office and miscellaneous	106,752	24,300
Management fees	106,499	72,000
Professional fees	92,909	101,580
Wages and benefits	31,719	0
Rent and administrative services	24,000	24,000
Travel, promotion and shareholders' information	16,048	59,441
Stock exchange fees	8,005	4,815
Transfer agent fees	4,220	4,928
	390,152	291,064
Loss from Operations	(329,093)	(200,301)
Other Items		
Gain on sale of properties	69,353	0
Tenement rehabilitation recovery (costs)	29,804	(856,980)
Gain on sale of investments	23,904	11,227
Other income	10,872	22,789
Write-off of investment in and expenditures on resource properties	0	(3,047,406)
Write-down of investments	(19,700)	(300,488)
Foreign exchange loss	(28,382)	(64,199)
	85,851	(4,235,057)
Net Loss for Year	(243,242)	(4,435,358)
Deficit, Beginning of Year	(16,315,920)	(11,880,562)
Deficit, End of Year	$(16,559,162)	$(16,315,920)
Loss Per Share	$ (0.01)	$ (0.16)
Weighted Average Number of Shares Outstanding	28,684,280	28,596,609

See notes to consolidated financial statements.

SOLOMON RESOURCES LIMITED
Consolidated Statements of Cash Flows
Years Ended July 31

	2002	2001
Operating Activities		
Net loss	$(243,242)	$ (4,435,358)
Items not involving cash		
Write-down of investments	19,700	300,488
Write-off of investment in and expenditures on resource properties	0	3,047,406
Gain on sale of investments	(23,904)	(11,227)
Gain on sale of properties	(69,353)	0
Operating Cash Flow	(316,799)	(1,098,691)
Changes in Non-Cash Working Capital		
Accounts payable and accrued liabilities	105,878	(47,183)
Prepaid expenses	0	3,000
Tenement Bond	(8,218)	0
Accounts receivable	(62,380)	(3,464
	35,280	(47,647)
Cash Used in Operating Activities	(281,519)	(1,146,338)
Investing Activities		
Proceeds on sale of properties	689,949	0
Proceeds on sale of investments	32,304	21,327
Expenditures on resource properties	(204,555)	(920,998)
Cash Used in Investing Activities	517,698	(899,671)
Outflow of Cash and Term Deposits	236,179	(2,046,009)
Cash and Term Deposits, Beginning of Year	357,423	2,403,432
Cash and Term Deposits, End of Year	$593,602	$357,423
Supplemental Information		
Income tax paid	$0	$0
Interest paid	$0	$0

See notes to consolidated financial statements.

1. NATURE OF OPERATIONS

The Company was incorporated under the Laws of British Columbia. Its principal business activity is the exploration for and development of natural resource properties either directly or indirectly through its investments.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

These consolidated financial statements include the accounts of Solomon Resources Limited and its wholly-owned subsidiaries, Valhalla Minerals U.S. Incorporated (a Delaware corporation), Thor Gold Alaska Inc. (an Alaskan corporation) and Solomon (Australia) Pty. Ltd. ("Australia Pty") (an Australian corporation). All significant inter-company balances and transactions are eliminated.

(b) Investments

The Company's investments in securities with quoted market values are accounted for on the cost basis. When there is a permanent impairment in the value of these investments, their carrying values are written-down to quoted market value.

(c) Deferred expenditures

The Company is in the exploration stage with respect to its investment in resource properties, and accordingly, follows the practice of capitalizing all costs relating to the acquisition of, exploration for and development of resource properties, net of all incidental revenues received. At such time as production commences, these costs will be charged to operations on a unit-of-production method based on estimated recoverable reserves. When there is little prospect of further work on a property being carried out by the Company, the costs of that property are charged to operations.

(d) Oil and gas properties

Substantially all oil and gas exploration and production activities are conducted through joint ventures, and accordingly, these financial statements reflect only the Company's proportionate share of assets, liabilities, revenues and expenses of the joint ventures.

(e) Income taxes

Income taxes are calculated using the asset and liability method. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax assets or liabilities. Future income tax assets or liabilities are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. A valuation allowance is provided to reduce the asset to the net amount management estimates to be reasonable to carry as a future income tax asset.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Foreign currency translation

Foreign currency balances, including those of foreign subsidiaries, are expressed in Canadian dollars on the following basis:

(i) Monetary assets and liabilities at the rate of exchange in effect as at the balance sheet date;

(ii) Fixed assets at the historical exchange rates; and,

(iii) Revenues and expenses at the average rate of exchange for the year.

Gains and losses arising from this translation of foreign currency are included in net loss for the year.

(g) Loss per share

Loss per share computations are based on the weighted average number of common shares outstanding during the year. Diluted loss per share compilations have not been presented as the effects would be anti-dilutive.

(h) Flow-through common shares

The Company finances a portion of its acquisition, exploration and development costs by the issuance of flow-through common shares. Income tax deductions relating to these expenditures are claimable only by the investors. Proceeds from flow-through share issuances are credited to capital stock.

(i) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and would impact future results of operations and cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments

The Company's financial instruments include cash and term deposits, accounts receivable, investments and accounts payable and accrued liabilities. It is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The Company is exposed to currency risk to the extent that the Company's subsidiary's operations are denominated in a foreign currency. In the opinion of management, the carrying amount of these financial instruments approximate their fair market values except that the Company's investments are accounted for as described in note 2(b). The market values of these investments are disclosed in note 5.

3. TENEMENT BOND

The Company holds a tenement bond to ensure the Company has adequate resources to finance any future rehabilitation costs. A provision has been made to reflect estimated costs for rehabilitation of claims.

4. GOING CONCERN

The Company's ability to continue as a going concern is dependent upon additional financing being obtained in order to complete the exploration and development of the Company’s properties, and realize on its assets and discharge its liabilities in the normal course of business.

5. INVESTMENTS

	2002		2001	
	Number of Shares	Amount	Number of Shares	Amount
Viceroy Resource Corporation (market value $250,488; 2001 - $156,666)	1,043,700	156,555	1,043,700	$156,555
Canico Resource Corp. (market value - $250,268; 2001 - $187,500)	131,720	51,306	131,720	51,306
Orezone Resources Ltd. (market value $222,000; 2001 - $75,000)	555,000	66,600	625,000	75,000
Skeena Resources Ltd. (market value $43,867; 2001 - $112,800)	626,667	43,867	626,667	63,567
	2,357,087	$318,328	2,427,087	$346,428

During the year ended July 31, 2002, the Company's shares of Canico Resource Corp. ("Canico") (formerly Oliver Gold Corporation) were consolidated at a ratio of 9.3 to 1. The shares have been adjusted to reflect post-consolidation numbers.

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES

	Burkina Faso	Independence	Mount Monger	San Ramon	Red Nor	Other	Total
	(note 6(a))	(note 6(b))	(note 6(c))	(note 6(d))	(note 6(e))		
Balance July 31, 2000	$2,940,967	$1	$1,790,683	$0	$0	$0	$4,731,651
Expenditures during year							
Field costs and personnel	45,990	52,325	335,038	0	0	8,125	441,478
Property acquisition	0	0	761,520	0	0	0	761,520
Receipt of option payment	0	0	(162,000)	0	0	0	(162,000)
	2,986,957	52,326	2,725,241	0	0	8,125	5,772,649
Write-off of expenditures	(2,986,956)	(52,325)	0	0	0	(8,125)	(3,047,406)
Balance, July 31, 2001	1	1	2,725,241	0	0	0	2,725,243
Expenditures during year							
Field costs and personnel	0	0	0	100,968	0	0	100,968
Property acquisition	0	0	0	61,541	42,046	0	103,587
Dispositions	0	0	(620,596)	0	0	0	(620,596)
	1	1	2,104,645	162,509	42,046	0	2,309,202
Write-off of expenditures	0	0	0	0	0	0	0
Balance, July 31, 2002	$1	$1	$2,104,645	$162,509	$42,046	$0	$2,309,202

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(a) Burkina Faso - West Africa

During the year ended July 31, 2000, the Company entered into an agreement with Placer Dome Exploration (Africa Eurasia) Limited ("Placer Dome") granting Placer Dome the right to acquire all of the Company's 45% interest in the Burkina Faso property for a total of US $2,750,000 payable as follows:

(i) US $250,000 on or before the agreement date (committed and done);
(ii) US $250,000 on or before the 1st anniversary date (optional);
(iii) US $250,000 on or before the 2nd anniversary date (optional); and
(iv) US $2,000,000 on or before the 3rd anniversary date (optional).

During the year ended July 31, 2001, Placer Dome terminated its agreement with the Company and the Company retained its 45% interest in the Burkina Faso property. The Company decided not to participate in expenditures on this property further and accordingly wrote down the property's carrying value to $1.

During the year ended July 31, 2002, the Company and Channel Resources Limited granted Orezone Resources Inc. ("Orezone") an exclusive 60-day option to acquire an interest in the Bombore Permit in Burkina Faso and to acquire Channel Mining (Barbados) Company Ltd. ("Channel Barbados").

According to the agreement, Orezone will make a cash payment of US $10,000 to Channel and complete its due diligence on the property.

Subsequent to the year ended July 31, 2002 Orezone exercised this option and delivered a Heads of Agreement ("HOA") to Channel and the Company.

According to the HOA, Orezone will earn a 50% interest in the claims by:

(i) Expending a minimum of CDN $300,000 on an exploration program within one year of the date of the HOA with the objective of identifying additional resources that can be incorporated into a Feasibility Study; and

(ii) Expending an additional CDN $1,700,000 on the exploration program.

After having earned the 50% interest, or in conjunction with earning the 50% interest, Orezone may earn an additional 20% beneficial interest (collectively the "Earned Interest") by completing a Bankable Feasibility Study.

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(a) Burkina Faso - West Africa (Continued)

Orezone has the first right of refusal to purchase the Bombore interests of the Company and Channel and upon earning the Earned Interest, Channel and the Company shall have a first right of refusal to purchase the Earned Interest from Orezone.

On submittal to Channel of the Bankable Feasibility Study, Orezone shall buy out the remaining interest of Channel and the Company on the following terms:

(i) Orezone will make a payment to Channel of US $550,000 within 90 days of submission of the Bankable Feasibility Study to Channel;

(ii) Orezone will make a payment to the Company of US $450,000 within 90 days of submission of the Bankable Feasibility Study to the Company; and

(iii) Orezone will grant to the Company and Channel a total 1% net smelter return on ounces produced to be divided pro-rata between the Company and Channel.

In the event that the Bankable Feasibility Study has not been accepted by a financial institution, or it does not recommend development of a mining project at that time, or the internal rate of return is not acceptable to Orezone, Orezone has the right to proceed with the buy out from Channel on the terms set out in the previous paragraph or at Orezone's sole discretion it may postpone the buy out.

(b) Independence Mine - Alaska

On November 14, 1991, Thor Gold Alaska Inc. ("Thor Gold") entered into a Joint Venture Agreement with Alaska Hardrock Inc. ("AHI") for the purposes of mining the Independence workings.

In April 1992, the Joint Venture commenced mining operations at Independence. Work ceased at Independence in October, 1992 as operations were not economical at the time, and accordingly, the carrying value was written down to $12,000.

By Agreement dated January 12, 1996, the Joint Venture between Thor Gold and AHI was terminated. Thor Gold received the Enserch mill and a 15 year lease on the Lucky Shot and Coleman Properties received by AHI pursuant to the distribution of the Joint Venture's assets. Thor Gold is to pay AHI for the lease an amount equal to 5% of the net profits from the mining claims. Further, Thor Gold agreed to expend a minimum of U.S. $50,000 per year on the operation and exploration of the mining interest in the Lucky Shot Area, commencing January 1, 1996.

In addition, as part of the termination and settlement agreement, Thor Gold loaned Scott Eubanks, the beneficial owner of 100 AHI shares, U.S. $40,000 by way of a promissory note to purchase an additional 160 AHI shares.

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(b) Independence Mine - Alaska (Continued)

On June 5, 1996, Thor Gold entered into a mining services contract with S.E. Enterprises to perform contract mining of the Independence workings.

At July 31, 1997, the Company decided not to continue developing this property further and accordingly wrote down the property's carrying value to $1. Since 1997 the Company has been performing reclamation work on the property.

(c) Mount Monger Gold Project, Australia

During the year ended July 31, 2000, the Company entered into an agreement with General Gold Resources, N.L. ("General Gold"), an Australian Stock Exchange listed company, whereby the Company has the right to earn a 70% interest in General Gold's Mount Monger Gold Project located in Western Australia.

During the year ended July 31, 2001, the Company entered into a new agreement with General Gold, thereby superceding the above agreement. Under the new agreement, the Company can earn a 100% interest in the Mount Monger Gold Project on the following terms:

(i) payment of A $592,000 (done);

(ii) issuance of 1,000,000 fully paid common shares of the Company (done); and

(iii) replacement of environmental tenement rehabilitation bonds with the Department of Mines and Energy totalling A $1,058,000 ($822,912 Cdn.) (done).

The Mount Monger project has been assessed with tenement rehabilitation costs by the Department of Mines and Energy in the amount of the tenement bonds above. The Company does not believe the tenement bonds are fully recoverable, and accordingly, a full provision has been made in the accounts of the Company.

During the year ended July 31, 2001, the Company, through Australia Pty, entered into a joint venture agreement with Goldfields Exploration ("Goldfields") for exploration of the Kalgoorlie area with exception of a small area around the Mount Monger mining centre. In order to participate in the joint venture, Goldfields must:

(i) pay a A $200,000 ($162,000 Cdn.) cash option fee (received);

(ii) expend a A $2,500,000 in exploration costs in the first year; and

(iii) expend a total of A $6,000,000 in four years to earn a 65% equity in the joint venture.

The Mount Monger Mill and associated plant is excluded from this agreement.

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(c) Mount Monger Gold Project, Australia (Continued)

During the year ended July 31, 2002, the Company through Australia Pty, entered into an option agreement with Dominion Gold Operations Pty Ltd. ("Dominion") whereby Dominion will have until December 31, 2001 to purchase the Mount Monger Mill for A $180,000 plus partial rehabilitation of the mill site. Dominion paid Australia Pty A $20,000 for this option.

In December 2001, Dominion completed the purchase of the Mount Monger Mill, removed it from the site and rehabilitated the area.

In April 2002, the Christmas Flats leases were sold to Aberdeen Mining Pty Ltd. for A $600,000.

In July 2002, the Company entered into an agreement through Australia Pty with Wilbro Mine Services, whereby Wilbro was granted upon payment of A $10,000 the right to extract gold from material in and around the CIP plant at Mount Monger. The proceeds from the sole of any gold are to be showed on the basis 10% to the Company and 90% to Wilbro.

In order to maintain current rights of tenure to exploration and mining tenements, the Company has the following discretionary exploration expenditure requirements up until the expiry of the leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable as follows:

(i) Not later than one year: A $2,511,350;
(ii) Later than one year but not later than two years: A $1,976,746;
(iii) Later than two years but not later than five years: A $2,499,469; and
(iv) Later than five years: A $4,463,489.

If the entity decides to relinquish certain leases and/or does not meet the obligations, assets recognized in the statements of financial position may require review to determine the appropriateness of carrying value. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(d) San Ramon - Chile

During the year ended July 31, 2002, American Canyon Mining Chile Ltda. ("ACM"), a private Chilean corporation, granted the Company the option to acquire at least an undivided 75% interest and up to an undivided 80% interest in the San Ramon Mining Project, Chile.

In order to maintain its rights under the option, the Company must abide by the following terms:

(i) Payment of US $40,000 to conduct a 90 day Due Diligence Review (done);

(ii) Reimburse ACM for expenditures incurred by ACM in respect to the claims to a maximum of US $15,000;

(iii) Spend US $500,000 on geological work on the claims and on the acquisition of the remaining claims within the following 12 months ("Year 1");

(iv) Payment to ACM of US $100,000 on August 30, 2002 provided that ACM has entered into the Formal Agreement by that date;

(v) Allot and issue to ACM 100,000 fully paid and non-assessable common shares and spend an additional US $1,000,000 on completion of Year 1; and

Should the Company wish to increase its option to earn an interest in the claims from 75% to 80% it will:

(vi) Lend to ACM US $100,000 on August 30, 2003.

If the Company does not complete (vi), it will continue to have the right to earn an undivided 75% interest in the claims by completing the expenditures described in (vii) below. If the Company elects to make such a loan ACM will have the right for 180 days from the date of advance to reduce the additional undivided 5% option interest in increments of 1% by paying to the Company US $20,000 per 1% interest, plus interest per annum at a rate equal to LIBOR plus 2% calculated from the date of advance. To the extent ACM fails to make such repayments, the Company's option will be increased up to 80%; and

(vii) Allot and issue to ACM an additional 200,000 fully paid and non-assessable common shares and incur a total of US $6,000,000 in expenditures (including those mentioned above) following the completion of Year 2 to earn the option.

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(d) San Ramon - Chile (Continued)

Subsequent to the year ended July 31, 2002, the following was amended in the agreement:

(i) The US $100,000 payment originally due on August 30, 2002 has been modified as a loan to ACM. This was paid subsequent to the year ended July 31, 2002. The interest the Company acquires in the project remains at the originally agreed upon 75%.

(ii) The US $100,000 loan to ACM originally due on August 30, 2003 is now due on June 30, 2003.

(iii) The original US $15,000 maximum reimbursement to ACM has been amended to monthly payments of US $7,500 beginning May 2002. Five payments totalling US $37,500 have been paid subsequent to the year-end.

Subsequent to the year ended July 31, 2002, the Company exercised its option to acquire a 75% interest in San Ramon after reviewing positive results from the 90-day due diligence review study and the Company announced that it intends to raise CDN $100,000 by private placements through the issuance of 666,667 shares at $0.15 per share. The fund will be used for exploration on the Company's San Ramon Property in Chile and working capital.

(e) Red and NOR - British Columbia

During the year ended July 31, 2002, the Company entered into a Joint Venture Agreement with Brett Resources Inc. for the purposes of exploring the Red and NOR Properties in north-central B.C.

According to the agreement, the Company can earn a 60% interest in either or both properties by meeting the obligations in the agreement and by paying Brett $100,000 over a 5½ year time frame. At July 31, 2002, $25,000 has been paid.

The obligation calls for a $25,000 work program (done) and a $10,000 payment on or before October 31, 2002. To acquire the 50% interest, the Company, at its option, would meet the terms of the agreement by making total payments of $250,000, issuing 150,000 common shares and expending a cumulative total of $1,775,000 on exploring the properties over a five and a half year period. The properties are subject to an underlying 2.5% net smelter return at production; half of this royalty may be bought out at any time for $1,500,000.

Subsequent to the year ended July 31, 2002, the Company relinquished both properties back to the original owner. The carrying value will be expensed in the 2003 fiscal year.

6. INVESTMENT IN AND EXPENDITURES ON RESOURCE PROPERTIES (Continued)

(f) Realization of assets

The investment in and expenditures on resource properties comprises a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon establishing legal ownership of the properties, the attainment of successful production from the properties or from the proceeds of their disposal.

7. CAPITAL STOCK

(a) Authorized
100,000,000 Common shares without par value
(b) Issued

	2002		2001	
	Number of Shares	Amount	Number of Shares	Amount
Balance, Beginning of year	28,684,280	$19,734,494	27,684,280	$19,614,494
Issued for Property acquisition	0	0	1,000,000	120,000
Balance, end of year	28,684,280	$19,734,494	28,684,280	$19,734,494

(c) Share purchase options outstanding are as follows:

	2002		2001	
	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Outstanding, beginning of year	1,470,000	$ 0.20	1,720,000	$ 0.20
Granted	200,000	$ 0.30	250,000	$ 0.20
Expired	(100,000)	$ 0.20	(500,000)	$ 0.20
Options outstanding, end of year	1,570,000	$ 0.20	1,470,000	$ 0.20

7. **CAPITAL STOCK** (Continued)

Expiry Date	Exercise Price	Number of Shares 2002	2001
October 23, 2002	$ 0.20	1,120,000	1,120,000
June 4, 2004	$ 0.20	0	100,000
March 30, 2006	$ 0.20	250,000	250,000
June 6, 2007	$ 0.30	200,000	0

(d) No share purchase warrants were outstanding as at July 31, 2002.

8. **INCOME TAX LOSSES**

	2002	**2001**
Future income tax assets at appropriate tax rates		
Canadian non-capital losses at 39% (2000 - 45%)	$659,100	$621,000
U.S. losses at 35% (2001 - 35%)	2,040,000	2,021,000
Australian losses at 30% (2001 - 34%)	124,000	487,500
Canadian resource pool deductions at 39% (2000 - 45%)	1,389,000	1,568,700
	4,212,100	4,698,200
Valuation allowance	(4,212,100)	(4,698,200)
	$0	$0

The Company's losses for Canadian tax purposes are approximately $1,690,000 (2001 - $1,380,000) which may be carried forward to apply against future income for Canadian tax purposes, expiry beginning 2003.

The Company's losses for U.S. tax purposes are approximately U.S. $3,770,000 (2001 - U.S. $3,767,000) which may be carried forward to apply against future income for U.S. tax purposes, expiring between 2004 and 2013.

The Company's losses for Australian tax purposes are approximately A $500,000 (2001 - A $1,838,000) which may be carried forward to apply against future income for Australian tax purposes.

The Company also has resource tax pool deductions of approximately $3,562,000 (2001 - $3,486,000) which may be carried forward indefinitely to apply against future income for Canadian tax purposes.

The future benefit of these loss carry-forwards and the resource deductions have not been recorded in these consolidated financial statements as the Company estimates that these losses will not likely be realized.

9. RELATED PARTY TRANSACTIONS

During the year, the Company paid:

(a) office rent, travel, promotion and administrative fees of $28,479 (2001 - $31,997) to a company with common officers and a director.

(b) consulting and management fees of $175,354 (2001 - $217,500) to officers and directors.

(c) sold a portion of its Australian leases to a company with a common director for $508,680 (2001 - Nil).

SOLOMON RESOURCES LIMITED

QUARTERLY REPORT - JULY 31, 2002

1. ANALYSIS OF EXPENSES AND DEFERRED COSTS, YEAR TO DATE

Expenses
See Audited Consolidated Financial Statements for the years ended July 31, 2002 and 2001.

Deferred Expenditures
See Note 6 of the Audited Consolidated Financial Statements for the years ended July 31, 2002 and 2001.

2. RELATED PARTY TRANSACTIONS, YEAR TO DATE

Larry J. Nagy, Director - Management services	$98,000
Robert A. Evans, Secretary - Accounting and administration services	$12,000
Ronald K. Netolitzky, Director - Professional services	$13,000

3. SUMMARY OF SECURITIES ISSUED AND OPTIONS GRANTED DURING THE PERIOD

Securities Issued
None.

Options Granted
John Kocela was granted 200,000 options exercisable at $0.30 expiring June 6, 2007. The options are vested "under the investor relations formula".

4. SUMMARY OF SECURITIES AS AT END OF REPORTING PERIOD

Authorized Capital
100,000,000 common shares without par value

Number and Recorded Value for Shares Issued and Outstanding
28,684,280 common shares at a recorded value of $19,734,494.

Outstanding Options

Name of Optionee	Shares	Price	Expiry Date
Lawrence J. Nagy, Director	250,000	$0.20	October 23, 2002 (subsequently expired)
Michael G. Church, Director	200,000	$0.20	October 23, 2002 (subsequently expired
Ronald K. Netolitzky, Director	250,000	$0.20	October 23, 2002 (subsequently expired)

Name of Optionee	Shares	Price	Expiry Date
David M. Ransom, Director	250,000	$0.20	March 30, 2006
Robert A. Evans, Officer	200,000	$0.20	October 23, 2002 (subsequently expired)
Marla K. Mees	20,000	$0.20	October 23, 2002 (subsequently expired)
Bonnie L. Whelan	25,000	$0.20	October 23, 2002 (subsequently expired)
Richard H. Vogel	75,000	$0.20	October 23, 2002 (subsequently expired)
John A. Zbeetnoff	50,000	$0.20	October 23, 2002 (subsequently expired)
Preido Mines Ltd.	50,000	$0.20	October 23, 2002 (subsequently expired)
John Kocela	200,000	$0.30	June 06, 2007
	1,570,000		

Outstanding Warrants
None.

Shares in Escrow or Pooling Agreements
None

5. LIST OF DIRECTORS & OFFICERS

Directors

Michael G. Church, *Prince George, B.C.*
Larry J. Nagy, *Vancouver, B.C.*
Ronald K. Netolitzky, *Victoria, B.C.*
David M. Ransom, *Australia*

Officers

Larry J. Nagy, President & CEO
Robert A. Evans, Secretary/Treasurer & CFO

SOLOMON RESOURCES LIMITED
MANAGEMENT DISCUSSION - JULY 31, 2002

1. DESCRIPTION OF BUSINESS

Solomon Resources Limited is a mining exploration company. It carries on its activities by direct participation in projects and by investing in the shares of other mining exploration companies.

The Company's main areas of activity are:

1) San Ramon Property, Chile
2) Kalgoorlie Southeast Project, West Australia
3) Bombore Project, Burkina Faso

The arrangements by which the Company holds its interests in these properties is described in detail in Note 6 to the Consolidated Audited Financial Statements at July 31, 2002.

Solomon owns shares in four other mining companies.

i) 1,043,000 shares of Viceroy Resources Ltd. Market value $250,488 at July 31, 2002 (the Company subsequently sold 500,000 shares).

ii) 131,720 shares of Canico Resource Corp.. Market value $250,268 at July 31, 2002.

iii) 555,000 shares of Orezone Resources Ltd. Market value $222,000 at July 31, 2002.

iv) 626,667 shares of Skeena Resources Ltd. Market value $43,867 at July 31, 2002.

2. DISCUSSION OF OPERATIONS AND FINANCIAL CONDITIONS

Solomon's loss for the year ended July 31, 2002 was $243,242 or $0.01 per share. Income was $61,059, general and administrative expenses were $390,152. Income consists of a gas royalty on a property in Alberta, $14,237 and interest income on the Company's bank account balance and on the reclamation bonds held in Australia, $46,822. The major component of general and administrative costs was the running of the Company's offices in Australia. There were general office costs of approximately $90,000, included in the office and miscellaneous expense, professional fees of approximately $38,000 and wages of $32,000. Other significant general and administrative items were management fees of $98,000 paid to the Company's president, Larry Nagy. Professional fees of $13,000 paid to a director, Ronald Netolitzky for consulting fees and professional fees of $12,000 paid to the Company's secretary, Robert Evans, for accounting and administration fees. Rent and office secretarial services were $24,000 and are paid at the rate of $2,000 per month to a company with a common officer.

Deferred expenditures for the period net of recoveries were $204,505. They relate mainly to the acquisition and exploration of the San Ramon and Red/Nor projects.

In the year ended July 31, 2002 Solomon's major acquisition was the San Ramon option. The major dispositions were certain of the Australian projects as described in the financial statements.

The Company's material contracts are discussed in the President's Report.

The Company does have an investor relations contract with Mr. John Kocela. Mr. Kocela receives $2,500 per month for his services and was granted 200,000 stock options at $0.30. The contract may be terminated by either party with 30 days notice. Larry Nagy, the president of Solomon is also available to answer shareholder inquiries.

The Company is not involved in any legal proceedings, nor does it have any debt obligations. It's only significant contingent liabilities would be to the extent that the reclamation bonds in Australia are insufficient to cover the costs of restoring the Company's claims. This can't be quantified at this time. There have been no management changes in the period or special resolutions passed by the shareholders. There are no pending regulatory approvals nor is the Company in breach of any corporate or securities laws.

The Company's activities are discussed in the attached President's Report.

3. <u>SUBSEQUENT EVENTS</u>

The material subsequent events since July 31, 2002 are discussed in the President's Report, including the dropping of the Red/Nor project. Since then, the Company has announced a private placement (news release dated October 23, 2002) and sold 500,000 Viceroy shares to finance the upcoming drill program at San Ramon.

4. <u>FINANCINGS, PRINCIPAL PURPOSES AND MILESTONES</u>

Solomon's funds on hand are not committed to any specific project.

5. <u>LIQUIDITY AND SOLVENCY</u>

At July 31, 2002 Solomon had working capital of $539,582. The Company's general and administrative costs net of income are $25,000 per month. The internal sources of funding available to the Company are through the success of its ventures in Australia or Chile or through the sale of its investments. The future of the Company depends on making an economic success of its Australian or Chilean operations or raising new funds by the sale of shares and finding new projects. Raising funds by the sale of shares has been very difficult in the junior mining sector during the last few years.

PRESIDENT'S REVIEW

On behalf of the Board of Directors, it is my pleasure to report on your Company's activities this past year and to present the audited financial statements for the year ending July 31, 2002.

Market conditions for resource companies continued to be depressed. However, Solomon, through its joint venture partner, AurionGold, is conducting a very large and comprehensive exploration program on Solomon's 100% owned Kalgoorlie Southeast Project (KSP), 50 km east of Kalgoorlie, West Australia.

AurionGold have exceeded their first year commitment of A$2.5 million and can earn a 65% interest in the Kalgoorlie properties by spending a total of A$6.0 million by the end of year three of the option.

In Chile, Solomon has optioned the San Ramon, iron-oxide-copper-gold prospect from American Canyon Mining Co. and after completing a 90 day due diligence survey and confirming earlier geophysical and underground sampling results, your Company is about to begin a multi-hole RC drilling program at San Ramon.

A limited IP geophysical survey on the optioned Red and Nor properties in north-central British Columbia failed to identify targets that, in our opinion, warrant further exploration and the claims were returned to their owner.

KSP Project (100%)

Solomon's Kalgoorlie Southeast Project (KSP), located within the highly productive Yilgarn Gold Province of Western Australia, continues to be aggressively explored by joint venture partner AurionGold Limited ("AurionGold"), Australia's second largest gold producer. Gold production from mines within the KSP dates back to 1904, with recent production (1992 to 1997) totalling 240,000 ounces gold from 15 pits. Building upon successful exploration programs conducted by Solomon (August 1999 - May 2001), AurionGold and its predecessor, Goldfields Ltd. ("Goldfields"; May 2001 - December 2001), have been responsible for the discovery of several new zones of gold mineralization on the KSP.

Solomon first entered into an option agreement to acquire a 70% interest in the KSP from General Gold Resources NL ("General Gold") in August 1999. Solomon subsequently acquired a 100% interest in the KSP from General Gold in September 2000. In May 2001, Solomon entered into an Exploration Joint Venture Agreement with Goldfields, then Australia's fifth largest gold producer. Within months after Goldfields merged with Delta Gold and became AurionGold in December 2001, AurionGold became the takeover target of Placer Dome Inc ("Placer"). By October 31, 2002, Placer was successful in acquiring the majority of AurionGold's shares. Solomon directors will meet with Placer and AurionGold management in December 2002 to discuss future development plans for Solomon's KSP project.

<u>Maxwell's Deposit</u> is the most developed prospect on the KSP and is being assessed as a possible source of high-grade ore for AuionGold's Paddington Mill located near Kalgoorlie. In January 2002, Goldfields (now AurionGold) reported several high-grade drill intercepts from Maxwell's Deposit, including include 8 m @ 22.4 g/t gold, 7 m @ 18.02 g/t gold, 9 m @ 19.8 g/t gold and 5 m @ 23.65 g/t gold from the western pit wall. Similar high grade intercepts were previously reported from a deep diamond drilling hole completed by Solomon in 1999 beneath the <u>Santa Deeps</u> pit, located 4 km northeast of the Maxwell's pit. Solomon's drill hole intersected 20.8 metres grading 14.0 g/t gold including 6.3 metres grading 24.60 g/t gold. This zone is open-ended and remains to be delineated.

<u>Gards Find</u> is a new gold discovery where gold mineralization is hosted primarily by hematite-pyrite altered quartz monzonite porphyry. A 1.3 km by 600 m gold-in-soil anomaly was partially tested in April 2002 with five RC holes and one diamond drill hole. AurionGold is evaluating the results.

In May 2002, AurionGold reported intercepts of 6 m of 6.99 g/t gold including 2 m of 18.5 g/t gold from a single drill hole at the Horseshoe Prospect. Subsequent drilling identified a high grade but insufficient resource at Horseshoe prospect.

Based on interpretation of an airborne magnetic survey completed in September 2001, AurionGold identified three conceptual targets for gold mineralization. One of these targets, now called the Lucky Bay Prospect, reported a highly significant intercept of 13 m @ 6.2 g/t gold from air core hole GGRB116 completed in June 2002. Follow-up air core holes have reported intercepts of 24 m @ 13.8 g/t gold, 18 m @ 4.95 g/t gold and 20 m @ 9.94 g/t gold. To date, AurionGold has identified a small but significant supergene zone and is currently planning further drilling, including diamond drilling to test for primary mineralization at depth.

San Ramon Property, Chile (up to 80%)

In June 2002, Solomon announced that it had signed an option agreement with American Canyon Mining ("ACM") whereby Solomon could earn up to an undivided 80% interest in the San Ramon Mining Project ("San Ramon"), located 50 km west of Copiapo, in northern Chile. To earn its interest, Solomon must incur a total of US$6.0 million in expenditures within three years. Solomon has just completed a 90 day due diligence survey at San Ramon and will be commencing a multi-hole RC drilling program in late November 2002.

The San Ramon mineralization is an iron-oxide copper-gold (Fe-oxide-Cu-Au) style deposit with an unusually high (up to 0.5%) cobalt credit. As is typical of the many examples of Fe-oxide-Cu-Au deposits in Chile, San Ramon is associated with the Atacama Fault system. The largest of these deposits discovered to date in Chile is the Candelaria Mine (400 MT of 1.1% Cu, 0.25 g/t Au), located 35 kilometres southeast of San Ramon.

The numerous high-grade Cu-Au mineralized veins at San Ramon present a very exciting target. Management believes that the veins at surface could be manifestations of a larger disseminated system at depth. The limited IP and gravity geophysical surveys conducted by Solomon to date, suggest that this may indeed be the case. This theory will soon be tested with the upcoming RC drilling program.

Your Company continued to hold equity positions in Canico Gold Corp. (131,720 shares), Viceroy Resources Corporation (543,700 shares), Skeena Resources Limited (666,667 shares) and Orezone Resources Ltd. (625,000 shares). Solomon also continues to receive minimal monthly royalty revenues from minor interests in producing oil and gas wells in Alberta.

The Board and Management appreciate your interest, support and confidence in our projects, particularly our Australian projects where the continuing aggressive exploration and development program by our joint venture partner will hopefully generate a positive cash flow in the near future,

On behalf of the Board of Directors of
SOLOMON RESOURCES LIMITED

"Lawrence J. Nagy" President & CEO
November 14, 2002