

SOLOMON RESOURCES LTD.

Financial Statements

(Unaudited)

April 30, 2011

SOLOMON RESOURCES LTD.

P O Box 938

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

For further information please contact:

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SOLOMON RESOURCES LIMITED
(An Exploration Stage Company)
Consolidated Balance Sheets
(Unaudited)

	April 30	July 31
	2011	2010
ASSETS		
Current		
Cash and cash equivalents	\$ 739,705	\$ 573,353
Reclamation deposit	18,000	18,000
Tenement bond	12,462	11,164
Receivables	104,136	37,326
Prepaid expenses	6,800	78,360
	881,103	718,203
Reclamation Deposit	10,000	10,000
Equipment	43,018	23,224
Mineral Property Interests (Note 3)	1,174,912	1,176,543
	\$ 2,109,033	\$ 1,927,970
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 72,582	\$ 190,484
	72,582	190,484
Shareholders' Equity (schedule)		
Share capital (Note 4)	29,018,011	27,754,111
Contributed surplus	1,233,350	1,010,935
Deficit accumulated in the exploration stage	(28,214,910)	(27,027,560)
	2,036,451	1,737,486
	\$ 2,109,033	\$ 1,927,970

The accompanying notes form an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD:

"Randall S Rogers" (signed)

Director

"Ronald K. Netolitzky" (signed)

Director

SOLOMON RESOURCES LIMITED**(An Exploration Stage Company)****Consolidated Statements of Operations****(Unaudited)****Three and nine months ended April 30****Three Months Ended****April 30****2011****2010****Nine Months Ended****April 30****2011****2010****General and Administrative Expenses**

Office and miscellaneous	\$	35,018	17,749	60,239	\$	43,243
Professional fees		14,408	9,206	72,867		58,888
Management fees		69,191	65,757	200,231		160,121
Stock based compensation		-	-	109,793		16,986
Amortisation		9,409	5,789	23,655		17,367
Rent		4,817	4,580	14,607		13,711
Travel, promotion and shareholder costs		2,795	44,608	97,134		57,555
Stock exchange fees		5,200	5,750	9,731		18,233
Transfer agent fees		870	1,367	9,826		13,111

141,708

154,806

598,083

399,215

LOSS BEFORE OTHER ITEMS

\$

(141,708)

(154,806)

(598,083)

(399,215)

Other Items

Oil, and gas, net	\$	3,398	3,938	9,824	\$	12,039
Interest, net		2,091	-	5,383		62
Gain / (loss) on sale of investments (net)		-	40,388	-		32,038
Write off of expenditures on resource properties		(2,144)	(7,627)	(604,036)		(232,492)
Recovery of expenditures on resource properties		-	-	-		3,833
Gain / (loss) on exchange		(562)	(33,392)	(438)		9,184

2,783

3,307

(589,267)

(175,336)

LOSS BEFORE INCOME TAXES

\$

(138,925)

(151,499)

(1,187,350)

(574,551)

Income Tax Recovery (Expense)

Current		-	-	-		-
Future		-	-	-		-

NET LOSS FOR THE PERIOD

\$

(138,925)

(151,499)

(1,187,350)

(574,551)

Net Loss Per Share

\$

(0.01)

(0.01)

(0.05)

(0.06)

Weighted Average Number of Shares Outstanding**22,809,805**

10,595,962

21,760,980

9,615,570

The accompanying notes form an integral part of these financial statements.

SOLOMON RESOURCES LIMITED**(An Exploration Stage Company)****Statement of Changes to Shareholders' Equity in the nine months ended April 30, 2011****(Unaudited)**

	Capital Stock		Contributed Surplus	Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance July 31, 2010	16,311,695	\$ 27,754,111	\$ 1,010,935	\$ (27,027,560)	\$ 1,737,486
Shares issued for cash	6,498,110	\$ 1,490,065			\$ 1,490,065
Share issue costs (cash based)		\$ (113,543)			\$ (113,543)
Warrants issued as finders' fees		\$ (112,622)	112,622		\$ -
Stock based compensation		\$	109,793		\$ 109,793
Net (loss) for the period		\$		(1,187,350)	\$ (1,187,350)
Balance April 30, 2011	22,809,805	\$ 29,018,011	\$ 1,233,350	\$ (28,214,910)	\$ 2,036,451

The accompanying notes form an integral part of these financial statements.

SOLOMON RESOURCES LIMITED
(An Exploration Stage Company)
Consolidated Statements of Cash flows
(Unaudited)

	Three Months Ended		Nine Months Ended	
	April 30		April 30	
	2011	2010	2011	2010
OPERATING ACTIVITIES				
Net loss for the period	\$ (138,925)	\$ (151,498)	\$ (1,187,350)	\$ (574,551)
Items not involving cash				
Amortisation	9,409	5,789	23,655	17,367
Stock based compensation	-	-	109,793	16,986
Write off of expenditures on resource properties	2,144	7,627	604,036	232,492
Unrealized foreign exchange loss (gain)	-	33,392	-	(9,184)
(Gain) / loss on sale of investments	-	(40,388)	-	(32,038)
Operating cash flow	(127,372)	(145,078)	(449,866)	(348,928)
Changes in non-cash working capital				
Accounts payable and accrued liabilities	(8,179)	86,668	(117,902)	111,764
Prepaid expenses	11,130	2,500	71,560	6,808
Accounts receivable	(55,688)	(2,509)	(66,810)	61,729
	(52,737)	86,659	(113,152)	180,301
Cash from (used in) operating activities	(180,109)	(58,419)	(563,018)	(168,627)
FINANCING ACTIVITIES				
Cash proceeds (net) on issue of shares	-	653,181	1,376,522	1,359,764
Repayment of loans from directors	-	-	-	(100,000)
Cash provided by financing activities	-	653,181	1,376,522	1,259,764
INVESTING ACTIVITIES				
Proceeds on sale of investments (net)	-	42,460	-	198,175
Other investments made	-	-	-	(154,000)
(Additional) / Recovery of reclamation deposits and bonds	(535)	-	(1,298)	720
Purchase of equipment	(17,728)	-	(43,450)	(1,079)
Cash expenditures on resource properties	(68,993)	(61,023)	(602,405)	(579,141)
Cash provided by (used in) investing activities	(87,256)	(18,563)	(647,153)	(535,325)
Inflow / (Outflow) of cash and cash equivalents	(267,365)	576,199	166,351	555,812
Cash and cash equivalents:				
- beginning of period	1,007,070	99,692	573,353	120,077
- end of period	\$ 739,705	\$ 675,891	\$ 739,705	\$ 675,889
Cash and cash equivalents consist of:				
Balances in bank accounts	\$ 39,705	675,891	39,705	675,889
GIC's	\$ 700,000	-	700,000	-
Supplemental Information				
Income tax paid	\$ -	\$ -	\$ -	\$ -
Interest paid	\$ -	\$ -	\$ -	\$ -
Shares issued for interest in resource properties	\$ -	\$ -	\$ -	\$ 150,000
Mineral property interest expenditures included in accounts payable	\$ 26,729	-	\$ 26,729	-

The accompanying notes form an integral part of these financial statements.

SOLOMON RESOURCES LIMITED

(An Exploration Stage Company)

Notes to Financial Statements

April 30, 2011

Unaudited

1. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and accordingly do not include all disclosure required for annual financial statements.

In the opinion of management, all adjustments (consisting of normal recurring accruals) considered for a fair presentation have been included. Operating results for the nine and three months ended April 30, 2011 are not necessarily indicative of the result that may be expected for the full year ending July 31, 2011.

These statements should be read in conjunction with the July 31, 2010 annual financial statements, including the accounting policies and notes thereto, included in the Annual Report for the year ended July 31, 2010. These financial statements reflect the same significant accounting policies as those described in the notes to the audited financial statements of Solomon Resources Limited for the year ended July 31, 2010.

Adoption of New Accounting Standards at August 1, 2010

- (a) Change in accounting policy

Business Combinations

In January 2009, the Canadian Institute of Chartered Accountants (“CICA”) issued Handbook Section 1582, “Business Combinations”, Section 1601, “Consolidated Financial Statements”, and Section 1602, “Non-Controlling Interests”. These sections replace the former Section 1581, “Business Combinations”, and Section 1600, “Consolidated Financial Statements”, and establish a new section for accounting for a non-controlling interest in a subsidiary.

The Company has early adopted CICA Handbook Section 1582, which replaces the previous business combinations standard. The new standard requires that all of the assets acquired and the liabilities assumed in a business combination be recorded at fair value, which was not the case under the previous standard. The new standard also requires that previously held ownership interests be re-measured to the acquisition date fair value, rather than being restated to cost. In addition, the new standard requires that all acquisition costs associated with the acquisition are expensed, rather than being capitalized as part of the acquisition, that contingent liabilities are recognized at fair value at the acquisition date and subsequently re-measured to fair value with changes

SOLOMON RESOURCES LIMITED

(An Exploration Stage Company)

Notes to Financial Statements

April 30, 2011

Unaudited

recognized in earnings, and that a bargain purchase is recognized in earnings rather than being allocated to non-monetary assets.

The Company also early adopted CICA Handbook Sections 1601 and 1602, which together replaced Section 1600. Section 1602 requires non-controlling interests to be presented within equity.

The adoption of the new sections has been completed on a prospective basis and has no impact on the Company's consolidated financial statements.

- (b) Future accounting change

International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board confirmed that the transition to IFRS from Canadian generally accepted accounting principles will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS financial statements commencing with its October 31, 2011 interim financial statements. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended July 31, 2011. The Company is currently evaluating the impact of the conversion on the Company's consolidated financial statements and is considering accounting policy choices available under IFRS.

2. Nature of Business and Ability to Continue as a Going Concern

The Company was incorporated on August 1, 1989 under the Laws of British Columbia. Its principal activity is the exploration for and development of natural resource properties either directly or indirectly through its investments.

The Company's financial statements have been presented on the basis that it will continue as a going-concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company has an accumulated deficit of \$28,214,910 as at April 30, 2011. These losses and the need for continued funding, discussed below, raise substantial doubt about the Company's ability to continue as a going-concern.

The Company's ability to continue as a going concern is dependent upon its continuing liquidity. This is likely to require additional financings in order to complete the exploration and development of the Company's properties, and to realize its assets and discharge its liabilities in the normal course of business. The Company's going concern is thus dependent on its ability to raise new capital when necessary.

SOLOMON RESOURCES LIMITED**(An Exploration Stage Company)****Notes to Financial Statements****April 30, 2011****Unaudited****3. Investment in and expenditures on resource properties – nine months to April 30, 2011**

	Balance Jul 31, 2010	Additional spending	Write offs / recoveries	Balance Apr 30, 2011
Mongolia SRM	\$ 1,000	14,560	(14,560)	\$ 1,000
Sleitat	\$ 1	-	-	\$ 1
Cry Lake	\$ 586,603	2,873	(589,476)	\$ -
Ten Mile Creek	\$ 583,937	503,231	-	\$ 1,087,168
Pacer	\$ 2,501	36,353	-	\$ 38,854
Rosie	\$ 2,501	40,715	-	\$ 43,216
Outpost	\$ -	1,823	-	\$ 1,823
SEK	\$ -	356	-	\$ 356
NIS	\$ -	356	-	\$ 356
Jenn	\$ -	1,069	-	\$ 1,069
Seamus	\$ -	1,069	-	\$ 1,069
	\$ 1,176,543	602,405	(604,036)	\$ 1,174,912

4. Capital Stock

(a) Authorized

Unlimited Common shares without par value

(b) Issued

	Number of shares	Amount
At July 31, 2010	16,311,695	\$27,754,111
At April 30, 2011	22,809,805	\$29,018,011

During the third quarter the Company did not issue any shares.

SOLOMON RESOURCES LIMITED**(An Exploration Stage Company)****Notes to Financial Statements****April 30, 2011****Unaudited**

(c) Stock Options

At April 30, 2011 the following options were outstanding:

Expiry Date	Exercise Price	Number of shares
April 5, 2012	\$ 3.600	42,000
January 8, 2013	\$ 3.600	20,000
October 2, 2013	\$ 2.500	82,000
December 1, 2014	\$ 0.265	570,000
February 3, 2015	\$ 0.350	100,000
February 3, 2015	\$ 0.500	100,000
December 17, 2015	\$ 0.165	810,000
Total		1,724,000

(d) Share purchase warrants

At April 30, 2011 the following warrants were outstanding. Under certain conditions the expiry date may be accelerated.

Expiry Date	Exercise Price	Number of Warrants
September 23, 2011	\$ 0.40	1,547,617
October 30, 2011	\$ 0.40	275,000
April 14, 2012	\$ 0.30	496,200
April 23, 2012	\$ 0.30	2,306,568
July 23, 2012	\$ 0.30	8,820,601
July 23, 2012	\$ 0.15 - 0.30	595,131
Total		14,041,117

Contingent warrants issuable: 773,188
