

SOLOMON RESOURCES LIMITED
CONSOLIDATED BALANCE SHEET
(Unaudited)

	October 31,	July 31,
	2007	2007
ASSETS		
CURRENT		
Cash and cash equivalents (note 5)	\$ 1,547,293	\$ 2,434,080
Receivables	120,351	48,202
Prepaid expenses	8,302	90,206
Assets held for sale	878,000	908,000
	2,553,946	3,480,488
Property and Equipment	2,553	2,553
Investments (notes 1 and 3)	2,625,627	875,035
Tenement Bond	256,376	265,136
Investment in and expenditures on Resource Properties	2,529,010	1,499,350
	\$ 7,967,512	\$ 6,122,562
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 372,120	\$ 129,623
Provision for Rehabilitation of Tenements	396,856	410,416
	768,976	540,039
Shareholders' Equity (schedule)		
Share capital (Note)	26,162,381	26,162,381
Contributed surplus	710,238	710,238
Accumulated other comprehensive income	1,663,191	-
Deficit accumulated in the exploration stage	(21,337,274)	(18,305,663)
	7,198,536	5,582,523
	\$ 7,967,512	\$ 6,122,562

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

APPROVED ON BEHALF OF THE BOARD:

"Lawrence J. Nagy" (signed)

Director

"Ronald K. Netolitzky" (signed)

Director

SOLOMON RESOURCES LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Unaudited)

	Three Months Ended	
	October 31, 2007	
	2007	2006
Revenues		
Interest	\$ 22,567	\$ 4,930
Oil, and gas, net	1,917	1,953
	<u>24,484</u>	<u>6,883</u>
General and Administrative Expenses		
Office and miscellaneous	27,617	32,153
Professional fees	68,285	77,394
Rent and administrative services	9,000	7,500
Promotion and shareholder costs	54,424	12,343
Stock exchange fees	-	1,243
Transfer agent fees	1,536	840
	<u>160,862</u>	<u>131,473</u>
LOSS BEFORE OTHER ITEMS	<u>(136,378)</u>	<u>(124,590)</u>
OTHER ITEMS		
Write down of investment	-	(117,824)
Gain on sale of investment	24,075	175,553
Recovery of expenditures on resource properties	114,000	114,000
Loss on exchange	(48,875)	(4,739)
	<u>89,200</u>	<u>166,990</u>
NET INCOME (LOSS) FOR THE PERIOD	<u>(47,178)</u>	<u>42,400</u>
Reclassification on realization of gain on sale of investment	(7,200)	-
Revaluation of investment to fair value	1,224,203	-
	<u>1,217,003</u>	<u>-</u>
COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 1,169,825</u>	<u>\$ 42,400</u>
COMPREHENSIVE INCOME PER SHARE	<u>\$0.02</u>	<u>\$0.00</u>
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	<u>54,260,398</u>	<u>44,160,836</u>

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

SOLOMON RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER EQUITY
(Unaudited)

	Share Number	Share Capital Amount	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance July 31, 2007	54,260,938	26,162,381	710,238	-	(21,290,096)	5,582,523
Adjustment to opening balance change in accounting policy (Note 1)		-	-	446,188	-	446,188
Reclassification on realization of gain on sale of investment		-	-	(7,200)	-	(7,200)
Revaluation of investment to fair value at end of period		-	-	1,224,203	-	1,224,203
Net loss for period		-	-	-	(47,178)	(47,178)
Balance October 31, 2007	54,260,938	\$ 2,6162,381	\$ 710,238	\$ 1,663,191	\$(21,337,274)	\$ 7,198,536

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

SOLOMON REOSURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN CASH
(Unaudited)

	Three Months Ended	
	October 31, 2007	
	2007	2006
OPERATING ACTIVITIES		
Net income for the period	\$ (47,178)	\$ 42,400
Items not involving cash		
Write-down of investment	-	117,824
Stock based compensation	-	6,000
(Recover of) Write-off of investment and		
Expenditures on resource properties	(114,000)	(114,000)
Gain on sale of investments	(24,075)	(175,553)
Operating Cash Outflow	(185,253)	(123,329)
Changes in Non-Cash Working Capital		
Accounts payable and accrued liabilities	242,497	12,639
Prepaid expenses	81,904	8,742
Accounts receivable	(72,149)	9,817
Assets held for sale	30,000	-
	282,252	31,198
Cash (used) provided by operations	96,999	(92,131)
INVESTING ACTIVITIES		
Proceeds on sale investments	50,674	208,285
Tenement provision	(4,800)	-
Expenditures on resource properties (net)	(1,029,660)	(177,747)
Cash provided by Investing Activities	(983,786)	30,538
Inflow (Outflow) of Cash and Cash equivalents	(886,787)	(61,593)
CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD	2,434,080	302,857
CASH AND CASH EQUIVALENTS END OF PERIOD	\$ 1,547,293	\$ 241,264
Non cash items		
Investments received for property payments	\$114,000	\$338,000
Supplemental Information		
Income tax paid	\$0	\$0
Interest paid	\$0	\$0

SOLOMON RESOURCES LIMITED

Notes to Financial Statements

October 31, 2007

unaudited

1. Basis of Presentation And Summary of Significant Accounting Policies-Continued

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 three months ended October 31, 2007 are not necessarily indicative of the result that may be expected for the full year ending July 31, 2008.

These statements should be read in conjunction with the July 31, 2007 annual financial statements, including the accounting policies and notes thereto, included in the Annual Report for the year ended July 31, 2007. 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, 2007.

Adoption Of New Accounting Standards At August 1, 2007

i) Financial Instruments- Recognition and Measurement (Section 3855)

This standard sets out criteria for the recognition and measurement of financial instruments for fiscal years beginning on or after October 1, 2006. This standard requires all financial instruments within its scope, including derivatives, to be included on a Company's balance sheet and measured either at fair value or, in certain circumstances when fair value may not be considered most relevant, at cost or amortized cost. Changes in fair value are to be recognized in the statements of operations and comprehensive income.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item. As such, any of the Company's outstanding financial assets and liabilities at the effective date of adoption are recognized and measured in accordance with the new requirements as if these requirements had always been in effect. Any changes to the fair values of assets and liabilities prior to October 1, 2006 are recognized by adjusting opening deficit or opening accumulated other comprehensive income.

All financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets, or other financial liabilities. Initial and subsequent measurement and recognition of changes in the value of financial instruments depends on their initial classification.

SOLOMON RESOURCES LIMITED

Notes to Financial Statements

October 31, 2007

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ii) Comprehensive Income (Section 1530)

Comprehensive income is the change in shareholders' equity during a period from transaction and other events from non-owner sources. This standard requires certain gains and losses that would otherwise be recorded as part of the net earnings to be presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. This standard requires the presentation of comprehensive income and its components in a separate financial statement that is displayed with the same prominence as the other financial statements.

Accordingly, the Company now reports a statement of comprehensive income (loss) and includes the account "accumulated other comprehensive income" in the shareholders' equity section of the consolidated balance sheet.

The adoption of Sections 3855 and 1530 impacts how the Company records its investments which are now classified as a financial instrument "available for sale" and thus has to be reported at fair value.

The adjustment to opening balance to recognize this was \$446,188, any further unrealized gains or losses in the three months ended October 31, 2007 are reported in the current period.

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

The Company was incorporated 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 \$21,451,274 million as at October 31, 2007. 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 additional financings being obtained in order to complete the exploration and development of the Company's properties, and realize its assets and discharged its liabilities in the normal course of business.

SOLOMON RESOURCES LIMITED

Notes to Financial Statements

October 31, 2007

unaudited

3. Investments

	October 31, 2007		July 31, 2007	
	Number of shares	Market Value	Number of shares	Market Value
Integra Mining Ltd.	5,047,485	1,905,627	5,047,485	\$916,623
Brett Resources Inc.	600,000	720,000	400,000	392,000
Prospector Cons. Resources Ltd.	-	-	90,000	12,600
		<u>\$2,625,627</u>		<u>\$1,321,223</u>

Subsequent to October 31, 2007 the Company sold 3,000,000 shares of Integra Mining Ltd., for CDN \$1,234,250.

4. INVESTMENT AND EXPENDITURES ON RESOURCE PROPERTIES

	Burkina Faso		Mongolia SRM		Bowron Basin Coal		BC COL		EYAP Ontario		Nook/Rook		Total
	Faso	Metla	SRM	Sleitat	Coal	COL	Ontario	Nook/Rook	Nook/Rook	Nook/Rook	Nook/Rook	Nook/Rook	Total
Balance July 31, 2007	\$1	\$1	\$735,511	\$1	\$109,639	\$504,304	135,255	\$14,638	\$1,499,350				
Additions	-	-	247,373	-	32	777,182	3,461	1,612	1,029,660				
Balance October 31, 2007	\$1	\$1	\$982,884	\$1	\$109,671	\$1,281,486	\$138,716	\$16,250	\$2,529,010				

5. CAPITAL STOCK

(a) Authorized

unlimited Common shares without par value

(b) Issued

	Number of shares	Amount
Balance, July 31, 2007 and October 31, 2007	54,260,398	26,162,381

In the year ended July 31, 2007 the Company completed two separate flow through financings for gross proceeds of \$1,453,273 and \$700,000 respectively. As at October 31, 2007 approximately \$1,340,000 of the first flow through financing had been spent on qualifying expenditures.

SOLOMON RESOURCES LIMITED

Notes to Financial Statements

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(c) Stock Options

As at October 31, 2007, the following options were outstanding:

Expiry Date	Exercise Price	Number of shares
March 3, 2010	\$0.36	100,000
June 5, 2010	\$0.40	50,000
June 27, 2010	\$0.35	250,000
November 3, 2010	\$0.25	20,000
November 18, 2010	\$0.31	150,000
January 13, 2011	\$0.36	1,020,000
April 20, 2011	\$0.36	350,000
April 5, 2012	\$0.36	760,000
		2,700,000

(d) Share purchase warrants

As at October 31, 2007, the following warrants were outstanding:

Expiry Date	Exercise Price	Number of warrants
December 29, 2008	\$0.50	2,101,606
February 28, 2008/2009	0.55/0.75	1,166,666
July 5, 2009	\$0.50	3,363,016
		6,631,288