

# **SOLOMON RESOURCES LIMITED**

**An Exploration Stage Company**

**Condensed Consolidated Interim Financial Statements**

**Three months ended October 31, 2013 and October 31, 2012**

**Unaudited**

**Expressed in Canadian Dollars**

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## **Table of contents**

Notice of no auditor review	2
Condensed consolidated statements of interim financial position	3
Condensed consolidated statements of interim comprehensive income	4
Condensed consolidated statements of changes in equity	5
Condensed consolidated statements of interim cash flows	6
Notes to the condensed consolidated interim financial statements:	7 - 16
1. Nature of operations	7
2. Going concern assumption	7
3. Basis of preparation	7
4. Significant accounting policies	8
5. Financial instruments risk management	8
6. Capital management	9
7. Equipment	9
8. Reclamation deposits	9
9. Mineral property interests	9
10. Share capital	11
11. Income taxes	14
12. Related party transactions	15
13. Commitments	15
14. Supplemental disclosure with respect to cash flows	15
15. Segmented information	16
16. Subsequent events	16

# **SOLOMON RESOURCES LTD.**

## **An Exploration Stage Company**

**Suite 704 - 595 Howe Street, Vancouver, British Columbia V6C 2T5, Canada**  
**Web Site: [www.solomonresources.ca](http://www.solomonresources.ca)**

### **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.

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# SOLOMON RESOURCES LIMITED

(an exploration stage company)

## Condensed Consolidated Statement of Financial Position (Expressed in Canadian Dollars)

	Oct 31, 2013	July 31, 2013
<b>Assets</b>		
Cash	\$ 35,677	37,403
Receivables	1,851	1,288
<b>Total current assets</b>	<b>37,528</b>	<b>38,691</b>
Mineral Property interests (note 9)	1	1
<b>Total non-current assets</b>	<b>1</b>	<b>1</b>
<b>Total assets</b>	<b>\$ 37,529</b>	<b>38,692</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 140,372	277,219
Due to related parties	\$ 38,316	130,682
<b>Total liabilities</b>	<b>\$ 178,688</b>	<b>407,901</b>
<b>Equity</b>		
Share Capital (note 10)	\$ 30,358,067	30,281,800
Reserves	1,327,794	1,327,794
Accumulated Deficit	(31,827,020)	(31,978,803)
<b>Total equity</b>	<b>(141,159)</b>	<b>(369,209)</b>
<b>Total equity and liabilities</b>	<b>\$ 37,529</b>	<b>38,692</b>
Going concern (note 2)		
Commitments (note 13)		
Subsequent events (note 16)		

The notes form an integral part of these condensed consolidated interim financial statements

**Approved on behalf of the Board:**

*"Lawrence (Larry) Nagy"*  
Lawrence (Larry) Nagy, Director

*"David Stone"*  
David Stone, Director

# SOLOMON RESOURCES LIMITED

(an exploration stage company)

Condensed Consolidated Statements of Interim Comprehensive Gain (Loss)

(Expressed in Canadian Dollars)

	Three months ended October 31	
	2013	2012
<b>General and Administrative Expenses</b>		
Management fees	\$ 25,801	\$ 40,536
Travel, promotion and shareholder costs	200	9,246
Professional fees	19,676	20,873
Office and miscellaneous	1,717	18,700
Rent	-	9,000
Stock exchange fees	(500)	720
Transfer agent fees	663	490
Total general and administrative expenses	47,558	99,565
<b>Other items</b>		
Oil and gas royalties	2,602	1,724
Recovery of expenditures on mineral properties	-	5,179
Loss on disposal of equipment	-	(230)
Gain on settlement of debt	196,739	-
Total other items	199,340	6,673
<b>Gain (Loss) before income taxes</b>	151,783	(92,892)
Income tax recovery / (expense) (note 11)		
Current	-	-
Future income tax recovery	-	-
<b>Comprehensive gain (loss) for the quarter</b>	<b>\$ 151,783</b>	<b>\$ (92,892)</b>
Gain (loss) per share - basic and diluted	0.003	(0.003)
Weighted average number of shares outstanding (basic and diluted)	49,780,325	29,469,015

The notes form an integral part of these condensed consolidated interim financial statements.

# SOLOMON RESOURCES LIMITED

(an exploration stage company)

## Statement of Changes to Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of shares	Capital stock (note 10)	Subscriptions received	Reserves	Accumulated deficit	Total equity
<b>At July 31, 2012</b>	<b>26,669,972</b>	<b>\$ 29,472,747</b>	<b>\$ 300,000</b>	<b>\$ 1,284,284</b>	<b>\$ (31,006,773)</b>	<b>50,258</b>
<b>For the three months to October 31, 2012</b>						
Net (loss) for the period					(92,892)	(92,892)
Share issuances						
Private placement	14,644,000	732,200	(300,000)	-	-	432,200
Share issuance costs		(49,675)		8,970		(40,705)
<b>At October 31, 2012</b>	<b>41,313,972</b>	<b>\$ 30,155,272</b>	<b>-</b>	<b>1,293,254</b>	<b>(31,099,665)</b>	<b>348,861</b>
<b>For the nine months to July 31, 2013</b>						
Net (loss) for the period					(879,138)	(879,138)
Share issuances						
Shares issued for mineral property interests	6,000,000	120,000	-	-	-	120,000
Shares issued for liabilities	1,000,000	15,000	-	-	-	15,000
Share issuance costs		(8,472)				(8,472)
Share based payments		-	-	34,540	-	34,540
<b>At July 31, 2013</b>	<b>48,313,972</b>	<b>\$ 30,281,800</b>	<b>-</b>	<b>1,327,794</b>	<b>(31,978,803)</b>	<b>(369,209)</b>
<b>For the three months to October 31, 2013</b>						
Net gain for the period		-	-	-	151,783	151,783
Shares issuances						
Shares issued for liabilities	5,621,020	84,315	-	-	-	84,315
Share issue costs		(8,049)	-	-	-	(8,049)
<b>At October 31, 2013</b>	<b>53,934,992</b>	<b>\$ 30,358,067</b>	<b>-</b>	<b>1,327,794</b>	<b>(31,827,020)</b>	<b>(141,159)</b>

# SOLOMON RESOURCES LIMITED

(an exploration stage company)

## Condensed Consolidated Statements of Cash Flows (Expressed in Canadian Dollars)

	Three months ended October 31	
	2013	2012
<b>Operating activities</b>		
Net gain (loss) for the period	\$ 151,783	(92,893)
Items not affecting cash		
Amortization (capitalised)	-	2,105
Loss on disposal of equipment	-	230
Gain on settlement of debt	(196,739)	-
<b>Operating cash flows</b>	<b>(44,956)</b>	<b>(90,558)</b>
Changes in non-cash working capital		
Reclamation deposit	-	10,000
Receivables	(563)	(17,184)
Deposits	-	26,776
Prepaid expenses	-	16,922
Accounts payable and accrued liabilities	(136,847)	22,591
Adjusted for payables settled with the issue of shares	162,598	-
Due to related parties	(92,366)	(184,593)
Adjusted for related party debt settled with the issue of shares	118,457	-
	51,279	(125,488)
<b>Cash from (used in) operating activities</b>	<b>6,323</b>	<b>(216,046)</b>
<b>Financing activities</b>		
Cash proceeds (net of costs) on issue of new shares	(8,049)	397,249
<b>Cash provided by financing activities</b>	<b>(8,049)</b>	<b>397,249</b>
<b>Investing activities</b>		
Cash expended on mineral properties	-	(155,777)
Proceeds on disposal of equipment	-	5,541
Acquisition of equipment	-	(25,264)
<b>Cash from (used in) investing activities</b>	<b>-</b>	<b>(175,500)</b>
<b>Inflow / (Outflow) of cash</b>	<b>(1,726)</b>	<b>5,703</b>
<b>Cash</b>		
<b>Beginning of the period</b>	37,403	281,261
<b>End of period</b>	<b>\$ 35,677</b>	<b>286,964</b>

Supplemental disclosure with respect to cash flows - note 14.

The notes form an integral part of these condensed consolidated interim financial statements.

## **SOLOMON RESOURCES LIMITED**

**(An Exploration Stage Company)**

**Notes to Condensed Consolidated Financial Statements for the three months ended October 31, 2013 and October 31, 2012 (unaudited)**

**Canadian dollars**

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### **1. NATURE OF OPERATIONS**

Solomon Resources Limited (the "Company") was incorporated on August 1, 1989 under the laws of British Columbia. The Company is in the business of exploring and developing mineral property interests. The Company has not earned significant revenues from its mineral property interests and is considered to be in the exploration stage. The Company's corporate head office is at Suite 704 - 595 Howe Street, Vancouver, British Columbia V6C 2T5, Canada.

### **2. GOING CONCERN ASSUMPTION**

The Company's financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize assets and discharge its liabilities in the normal course of business for the foreseeable future.

Several conditions cast doubt on the validity of this assumption. The business of mining exploration involves a high degree of risk and there is no assurance that planned exploration projects will result in future profitable mining operations. The Company currently has no material assets, no sources of revenue, and has significant cash requirements to meet its administrative overhead, pay its debts, and develop its planned mineral interests. The ability of the Company to continue as a going concern and meet its commitments as they become due, including the acquisition, exploration and development of mineral properties, is dependent on the Company's ability to obtain the necessary financing. Management is planning to raise additional capital to finance operations and continue to procure mineral property interests. There is no assurance that these plans will be successful.

The Company reported a comprehensive gain of \$151,783 for the three months ended October 31, 2013 compared to a comprehensive loss of \$92,892 for the three months ended October 31, 2012, and has an accumulated deficit in the exploration stage of \$31,827,020 as at October 31, 2013 (July 31, 2013 - \$31,978,803). Although the Company has been successful at raising funds in the past through the issuance of share capital and the sale of assets, it is uncertain whether it will be able to continue this financing due to unpredictable economic conditions.

### **3. BASIS OF PREPARATION**

These condensed financial statements are stated in Canadian dollars, which is the Company's functional and reporting currency.

These condensed financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") using accounting policies consistent with International Financial Reporting Standards ("IFRS").

The standards and interpretations within IFRS are subject to change and accordingly the accounting policies for the annual period that are relevant to these condensed consolidated financial statements will be finalized only when the financial statements are prepared for the year ending July 31, 2014.

## **SOLOMON RESOURCES LIMITED**

**(An Exploration Stage Company)**

### **Notes to Condensed Consolidated Financial Statements for the three months ended October 31, 2013 and October 31, 2012 (unaudited)**

#### **Canadian dollars**

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The condensed consolidated financial statements include the accounts of the Company and its wholly-owned integrated subsidiaries, Avasca Inc. (a dormant British Columbia company), Valhalla Minerals U.S. Incorporated (a dormant Delaware corporation). All significant intercompany balances and transactions have been eliminated.

#### **4. SIGNIFICANT ACCOUNTING POLICIES**

There have been no changes to the accounting policies used by the Company since the date of the last audited annual consolidated financial statements.

#### **5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT**

Financial instruments are agreements between two parties that result in promises to pay or receive cash or equity instruments. The Company classifies its financial instruments as follows: cash is classified as FVTPL, receivables (excluding HST) are classified as loans and receivables, accounts payable and accrued liabilities and amounts due to related parties are classified as other financial liabilities. The carrying values of receivables, accounts payable and accrued liabilities, and amounts due to related parties approximate their fair values due to their short term to maturity.

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash is held in Canadian financial institutions with strong credit ratings. The Company does not have any asset-backed commercial paper. The Company has minimal credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquid funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. During the three months ended October 31, 2013, the Company entered into shares-for-debt agreements to settle liabilities of \$281,051. At October 31, 2013, the Company has cash of \$35,677 (July 2013 - \$37,403), which is not sufficient to meet its short-term business requirements. At October 31, 2013, the Company has accounts payable and accrued liabilities of \$140,372 (July 31, 2013 - \$277,219) and amounts due to related parties of \$38,316 (July 31, 2013 - \$130,682). Accounts payable and accrued liabilities have maturities of 30 days or less. Amounts due to related parties have no specified terms of payment.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on capital. The Company is not currently exposed to any material market risks.

## SOLOMON RESOURCES LIMITED

(An Exploration Stage Company)

Notes to Condensed Consolidated Financial Statements for the three months ended October 31, 2013 and October 31, 2012 (unaudited)

Canadian dollars

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### 6. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will continue this method of financing due to the current difficult market conditions. In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. Management reviews the capital structure on a regular basis to ensure that the above objectives are met. The Company's capital is not subject to any externally imposed capital requirements. There have been no changes to the Company's approach to capital management during the period ended October 31, 2013.

### 7. EQUIPMENT

The Company disposed of all its equipment during the year ended July 31, 2013. Pending commencement of exploration activities the Company has not yet acquired any other equipment.

### 8. RECLAMATION DEPOSIT

The reclamation deposit in respect of a previously relinquished option to a mineral property interest in Canada in the amount of \$10,000 was redeemed during the three months ended October 31, 2012. The Company does not currently hold any reclamation deposits.

### 9. MINERAL PROPERTY INTERESTS

	10 Mile Creek	SW Yukon	Rwanda	Other	Total
	Note (a)	Note (b)	Note (c)	Note (d)	
<b>Balance, July 31, 2012</b>	\$ 8,381	3	21,988	2	30,374
Expenditures					
Personnel	-	-	290,394	-	290,394
Travel and accommodation	-	-	92,068	-	92,068
Field costs	-	-	42,138	-	42,138
Administration	-	-	48,343	-	48,343
Option costs	-	-	120,000	-	120,000
Disposals	-	(3)	-	-	(3)
Impairment	(8,381)	-	(614,931)	(1)	(623,313)
<b>Balance, July 31, 2013</b>	\$ -	-	-	1	1
Expenditures	-	-	-	-	-
<b>Balance, October 31, 2013</b>	\$ -	-	-	1	1

## **SOLOMON RESOURCES LIMITED**

**(An Exploration Stage Company)**

**Notes to Condensed Consolidated Financial Statements for the three months ended October 31, 2013 and October 31, 2012 (unaudited)**

**Canadian dollars**

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During the three months ended October 31, 2013 the Company was not actively working on any mineral property interests. The following notes apply to the comparative period:

(a) Ten Mile Creek, Yukon Territory

During the year ended July 31, 2013 a camp owned by the Company at the Ten Mile Creek property was demobilized and the remaining value was written off.

(c) South West Yukon

During the year ended July 31, 2013 three claim groups in south west Yukon whose value had been written down to \$3 were disposed of in terms of a debt settlement with a former director; the Company recorded a gain on disposal of mineral properties in the amount of \$19,997.

(d) Rurembo Prospecting License, Republic of Rwanda

In July 2012, the Company signed a letter of intent with a group of private Canadian investors and secured an option to acquire a 100% interest in the Rurembo Prospecting License in the Republic of Rwanda. During the year ended July 31, 2013, the Company capitalized \$592,943 in personnel, travel, administration, and camp and option costs. Following the abandonment of the option agreement the Company wrote off its investment on the property during the year ended July 31, 2013.

(e) Other Properties

(i) Sleitat Mountain, Alaska

During the year ended July 31, 2013, the Company sold its 20% interest in the Sleitat Mountain tin-tungsten-silver deposit near Dillingham, southwest Alaska, for proceeds of \$60,000 and recorded a gain on disposal of mineral properties in the amount of \$59,999.

(ii) Quirk Creek, Alberta

The Company held a petroleum and gas interest in the Quirk Creek region of Alberta from which it received a royalty during the three months ended October 31, 2013 of \$2,602 (2012 - \$1,724). Subsequent to October 31, 2013, the Company sold its interest for \$56,250 (note 16).

### **Environmental issues**

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. The Company may also be held liable should environmental problems be discovered that were caused by former owners and operators of its properties and properties in which it has previously had an interest. The Company conducts its mineral exploration activities in compliance with applicable environmental protection legislation.

## SOLOMON RESOURCES LIMITED

(An Exploration Stage Company)

### Notes to Condensed Consolidated Financial Statements for the three months ended October 31, 2013 and October 31, 2012 (unaudited)

Canadian dollars

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The Company is not aware of any existing environmental problems related to any of its current or former properties that may result in material liability to the Company. As at October 31, 2013, the Company has no known obligations in respect to any of its former properties.

#### Realization of assets

The investment in and expenditures on mineral properties comprise a significant portion of the Company's assets. Realization of the Company's investment in these assets is dependent upon the establishment of legal ownership, the attainment of successful production from the properties or from the proceeds of their disposal. Resource exploration and development is highly speculative and involves inherent risks. While the rewards if an ore body is discovered can be substantial, few properties that are explored are ultimately developed into producing mines. There can be no assurance that current exploration programs will result in the discovery of economically viable quantities of ore. The amounts shown for acquisition costs and deferred exploration expenditures represent costs incurred to date and do not necessarily reflect present or future values. These costs will be depleted over the useful lives of the properties upon commencement of commercial production or written off if the properties are abandoned or the claims allowed to lapse.

#### Title to mineral property interests

Although the Company takes steps to verify the title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and title may be affected by undetected defects.

#### 10. SHARE CAPITAL

- (a) Authorized - Unlimited common shares without par value
- (b) Issued

Common shares without par value	Number of shares	Capital stock
October 31, 2012	41,313,972	\$ 30,155,272
July 31, 2013	48,313,972	\$ 30,281,800
October 31, 2013	53,934,992	\$ 30,358,067

During the three months ended October 31, 2013 5,621,020 new common shares, with a fair value for accounting purposes of \$84,315, were issued to settle liabilities in the amount of \$281,051 leading to the Company recording a gain of \$196,739. Included in the settlement was the issue of 2,791,761 new common shares issued to directors and a former director, officers, a relative of a former director and a law firm of which a director is a partner.

**SOLOMON RESOURCES LIMITED****(An Exploration Stage Company)****Notes to Condensed Consolidated Financial Statements for the three months ended October 31, 2013 and October 31, 2012 (unaudited)****Canadian dollars**

During the nine months ended July 31, 2013 (a) 6,000,000 new common shares were issued pursuant to the Company's letter of intent in respect to the Rurembo property in Rwanda (see note 7(d)) with a deemed value for the purposes of the agreement of \$300,000 and a fair value for accounting purposes of \$120,000; and (b) 1,000,000 new common shares were issued pursuant to a debt settlement agreement with the former Chief Executive Officer with a deemed value of \$50,000 and a fair value of \$15,000.

During the three months ended October 31, 2012 14,644,000 new common shares were issued pursuant to a private placement that closed in two tranches (September 24 and October 31, 2012). Gross proceeds of \$732,200 were raised, of which \$300,000 had been received prior to July 31, 2012. The total legal, filing and brokerage cost of the issue, including the calculated value of finder warrants, was \$49,675.

**(c) Stock options**

The Company has an incentive stock option plan (the "Plan") that allows it to grant share purchase options to its employees, directors, consultants and management company employees. Under the terms of the Plan, the exercise price of each option will not be lower than the lowest exercise price permitted by the TSX-V (currently \$0.10). The Plan allows for a maximum of 10% of outstanding shares to be issued under the Plan. The Plan is subject to annual shareholder approval.

Options have a maximum term of five years and terminate up to 90 days following the date on which an optionee ceases to be an employee, director, consultant or management company employee, and up to 30 days following the date on which an optionee who is engaged to provide investor relations activities ceases to be engaged to provide such services. In the case of the death of an optionee, the options terminate at the earlier of 12 months after the date of death and the expiration of the option period. Vesting of options is determined by the Board of Directors at the time the options are granted. Options issued to consultants providing investor relations activities must vest in stages over twelve months with no more than one-quarter of the options vesting in any three-month period.

Stock option activity was as follows:

	Number of Options Outstanding	Exercise Price	Weighted Average Exercise Price
<b>Balance, July 31, 2012</b>	2,260,000	\$ 0.10 to \$ 3.60	\$ 0.25
Granted	1,300,000	\$ 0.10	\$ 0.10
Expired/Cancelled	(20,000)	\$ 3.60	\$ 3.60
<b>Balance, July 31, 2013</b>	3,540,000	\$ 0.10 to \$ 2.50	\$ 0.18
Granted	0	0	0
Expired	(55,000)	\$2.50	\$2.50
<b>Balance, October 31, 2013</b>	3,485,000	\$ 0.10 to \$ 0.265	\$ 0.14

**SOLOMON RESOURCES LIMITED****(An Exploration Stage Company)****Notes to Condensed Consolidated Financial Statements for the three months ended October 31, 2013 and October 31, 2012 (unaudited)****Canadian dollars**

The value of options awarded is calculated using the Black Scholes method and expensed in the period of the award.

As at October 31, 2013 the following share purchase options were outstanding:

Expiry Date	Exercise Price	Number of shares
December 1, 2014	\$ 0.265	520,000
December 17, 2015	\$ 0.165	760,000
July 1, 2016	\$ 0.170	200,000
December 16, 2016	\$ 0.100	705,000
May 3, 2017	\$ 0.100	200,000
December 13, 2017	\$ 0.100	1,100,000
Total		<b>3,485,000</b>

(d) Share purchase warrants

Share purchase warrants activity was as follows:

	Number of Warrants Outstanding	Exercise Price	Weighted Average Exercise Price
<b>Balance, July 31, 2012</b>	2,978,734	\$ 0.10 to \$ 0.30	\$ 0.17
Issued	15,153,600	\$ 0.10	\$ 0.10
Expired	(1,134,734)	\$ 0.10 to \$ 0.30	\$ 0.27
<b>Balance, July 31, 2013</b>	16,997,600	\$ 0.10	\$ 0.10
Issued	0	0	0
Expired	0	0	0
<b>Balance, October 31, 2013</b>	16,997,600	\$ 0.10	\$ 0.10

**SOLOMON RESOURCES LIMITED****(An Exploration Stage Company)****Notes to Condensed Consolidated Financial Statements for the three months ended October 31, 2013 and October 31, 2012 (unaudited)****Canadian dollars**

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As at October 31, 2013 the following share purchase warrants were outstanding. Under certain conditions the expiry date may be accelerated:

Expiry Date	Exercise Price	Number of Warrants
November 30, 2013	\$ 0.10	1,844,000
September 24, 2014	\$ 0.10	6,564,000
October 31, 2014	\$ 0.10	8,589,600
Total		<b>16,997,600</b>

**11. INCOME TAXES**

The Company has available losses that may be carried forward to apply against future years' income for income tax purposes. The approximate losses expire as follows:

Available to	Amount
2015	\$ 293,000
2026	559,000
2027	380,000
2028	5,000
2029	832,000
2030	492,000
2031	641,000
2032	564,000
2033	616,000
	<b>\$ 4,382,000</b>

The tax losses above do not include approximately \$3,565,000 in non-capital losses that may be applied against future taxable income in the United States expiring in 2015.

The Company's tax position is calculated annually and readers are referred to the audited consolidated financial statements for the year ended July 31, 2013 for further details.

**SOLOMON RESOURCES LIMITED****(An Exploration Stage Company)****Notes to Condensed Consolidated Financial Statements for the three months ended October 31, 2013 and October 31, 2012 (unaudited)**

Canadian dollars

**12. RELATED PARTY TRANSACTIONS AND BALANCES**

<b>For the three months ended October 31</b>	<b>2013</b>	<b>2012</b>
Total fees paid to directors, officers and a relative of a director	\$ 25,801	\$ 85,518
Of which - fees expensed	\$ 25,801	\$ 40,536
- fees capitalised to mineral property interests	\$ -	\$ 44,981
Number of shares issued to directors, former directors, a relative of a former director and a law firm of which a director is a partner in terms of a debt settlement at a deemed price of \$0.05 per share	2,791,761	-
Book value of debt settled with directors, former directors, a relative of a former director and a law firm of which a director is a partner	\$ 139,588	\$ -
Gain on settlement of debt settled with directors, former directors, a relative of a former director and a law firm of which a director is a partner	\$ 97,712	\$ -
Book value of office equipment sold to a relative of a director	\$ -	\$ 5,771
Book value of debt settled with a relative of a director	\$ -	\$ 5,541
Loss on disposal of equipment to a relative of a director	\$ -	\$ (230)
<b>As at October 31</b>	<b>2013</b>	<b>2012</b>
Advances to directors	\$ -	\$ 5,000
Payable to directors, officers and (in 2012) a relative of a director	\$ 38,317	\$ 121,536

There are no fixed terms of repayment or interest for amounts payable to officers and directors.

**13. COMMITMENTS**

The Company terminated its lease on an office during the year ended July 31, 2013 resulting in a penalty of \$48,000 for early termination. During the period ended October 31, 2013, a part of this penalty was settled in cash and the balance was settled through the issuance of shares (note 10 (b)).

**14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS**

<b>Three months ended October 31</b>	<b>2013</b>	<b>2012</b>
Shares issued for debt	5,621,020	Nil
Amortization of equipment included in mineral property interests	\$ -	2,105
Mineral property interest expenditures included in accounts payable	\$ -	18,576
Recovery of expenditure on mineral property interests previously written off	\$ -	5,179
Write-down of expenditures on mineral property interests	\$ -	-

**SOLOMON RESOURCES LIMITED****(An Exploration Stage Company)****Notes to Condensed Consolidated Financial Statements for the three months ended October 31, 2013 and October 31, 2012 (unaudited)****Canadian dollars**

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**15. SEGMENTED INFORMATION**

The Company currently has no material assets. Historically its one reportable operating industry segment has been the exploration of mineral properties. Geographical information is as follows:

	Oct 31, 2013	July 31, 2013	July 31, 2012
Mineral property interests			
Canada	\$ 1	\$ 1	\$ 539,701
Rwanda	\$ -	\$ -	\$ 21,988
	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 561,689</u>

**16. SUBSEQUENT EVENTS**

Subsequent to October 31, 2013:

- (a) The Company sold its oil and gas royalty interest in the Quirk Creek property for gross proceeds of \$56,250. The proceeds were used in part to settle Company indebtedness.
- (b) 1,844,000 share purchase warrants with an exercise price of \$0.10 expired unexercised.