

SOLOMON RESOURCES LIMITED

An Exploration Stage Company

Condensed Consolidated Interim Financial Statements

Three and Six months ended January 31, 2013 and January 31, 2012

Unaudited

Expressed in Canadian Dollars

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SOLOMON RESOURCES LTD.

An Exploration Stage Company

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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 condensed consolidated 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 Interim Financial Position

(unaudited - expressed in Canadian Dollars)

	Note	January 31, 2013	July 31, 2012
Assets			
Cash		\$ 7,712	281,261
Reclamation deposit	5	-	10,000
Receivables		31,483	18,966
Deposits		12,644	47,980
Prepaid expenses		12,905	30,737
Total current assets		64,744	388,944
Equipment	6	21,054	5,771
Mineral Property interests	7	430,157	30,374
Total non-current assets		451,211	36,145
Total assets		\$ 515,955	425,089
Liabilities			
Accounts payable and accrued liabilities		\$ 206,023	68,702
Due to related parties		160,545	306,129
Total liabilities		366,568	374,831
Equity			
Share Capital	8	30,149,432	29,472,747
Subscriptions received		-	300,000
Reserves		1,327,794	1,284,284
Accumulated Deficit		(31,327,839)	(31,006,773)
Total equity		149,387	50,258
Total equity and liabilities		\$ 515,955	425,089
Going concern	2		
Commitments	15		
Subsequent events	16		

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

Approved on behalf of the Board:

"Steve Vaughan"

Steve Vaughan, Director

"David Stone"

David Stone, Director

SOLOMON RESOURCES LIMITED

(an exploration stage company)

**Condensed Consolidated Statements of Interim Comprehensive Income
(unaudited - expressed in Canadian Dollars)**

	Six months ended January 31		Three months ended January 31	
	2013	2012	2013	2012
General and Administrative Expenses				
Management fees	\$ 70,865	\$ 64,134	\$ 30,329	\$ 33,516
Share based payments	34,540	45,543	34,540	45,543
Travel, promotion and shareholder costs	29,267	18,525	19,301	7,876
Professional fees	131,607	52,120	110,734	31,082
Property investigation	-	9,439	-	1,135
Office and miscellaneous	34,321	23,421	15,621	12,588
Rent	18,000	18,447	9,000	9,000
Property maintenance	2,805	10,541	2,805	3,510
Transfer agent fees	7,625	7,964	7,135	6,981
Amortization, less amortization capitalised	-	20,422	-	12,842
Total general and administrative expenses	329,031	270,556	229,466	164,073
Other items				
Oil and gas royalties	3,576	1,253	1,852	580
Interest received	-	-	-	(5)
Write off of expenditures on mineral properties	-	-	-	-
Recovery of expenditures on mineral properties	4,619	27,868	(560)	-
Loss on disposal of equipment	(230)	-	(0)	-
Premium on issue of flow through shares	-	8,000	-	8,000
Flow through share financing costs	-	(102)	-	(102)
Gain / (loss) on exchange	-	207	-	(52)
Total other items	7,965	37,226	1,292	8,421
Loss before income taxes	(321,066)	(233,330)	(228,174)	(155,652)
Income tax recovery / (Expense)	Note 9			
Current	-	-	-	-
Future income tax recovery	-	-	-	-
Comprehensive loss for the period	\$ (321,066)	\$ (233,330)	\$ (228,174)	\$ (155,652)
Loss per share - basic and diluted	(0.01)	(0.01)	(0.01)	(0.01)
Weighted average number of shares outstanding (basic and diluted)	35,391,494	24,692,415	41,313,972	22,809,805

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

SOLOMON RESOURCES LIMITED

(an exploration stage company)

Statement of Interim Changes to Shareholders' Equity

(unaudited - expressed in Canadian Dollars)

	Number of shares	Capital stock (note 8)	Subscriptions received	Reserves	Accumulated deficit	Total equity
At July 31, 2011	24,669,972	\$ 29,348,425	\$ -	\$ 1,237,575	\$(28,437,204)	\$ 2,148,796
For the six months to January 31, 2012						
Net (loss) for the period		-	-	-	(233,330)	(233,330)
Shares issued for cash	2,000,000	155,000	-	-	-	155,000
Flow through share liability		(8,000)	-	-	-	(8,000)
Share issue costs		(22,678)	-	1,166	-	(21,512)
Share based payments		-	-	45,543	-	45,543
At January 31, 2012	26,669,972	\$ 29,472,747	\$ -	\$ 1,284,284	\$(28,670,534)	\$ 2,086,497
For the six months to July 31, 2012						
Net (loss) for the period		-	-	-	(2,336,239)	(2,336,239)
Share subscriptions received		-	300,000	-	-	300,000
At July 31, 2012	26,669,972	\$ 29,472,747	\$ 300,000	\$ 1,284,284	\$(31,006,773)	\$ 50,258
For the six months to January 31, 2013						
Net (loss) for the period		-	-	-	(321,066)	(321,066)
Shares issued for cash	14,644,000	732,200	(300,000)	-	-	432,200
Share issue costs		(55,515)	-	8,970	-	(46,545)
Share based payments		-	-	34,540	-	34,540
At January 31, 2013	41,313,972	\$ 30,149,432	\$ -	\$ 1,327,794	\$(31,327,839)	\$ 149,387

SOLOMON RESOURCES LIMITED**(an exploration stage company)****Condensed Consolidated Statements of Interim Cash Flows
(unaudited - expressed in Canadian Dollars)**

	Six months ended January 31	
	2013	2012
Operating activities		
Net loss for the period	\$ (321,066)	(233,330)
Items not affecting cash		
Amortization	-	25,686
Share based payments	34,540	45,543
Loss on disposal of equipment	230	-
Operating cash flows	(286,296)	(162,101)
Changes in non-cash working capital		
Reclamation deposit	10,000	-
Tenement bond	-	(23)
Receivables	(12,517)	16,032
Deposits	35,336	-
Prepaid expenses	17,832	35,433
Accounts payable and accrued liabilities	137,321	23,217
Due to related parties	(145,584)	-
	42,388	74,659
Cash from (used in) operating activities	(243,908)	(87,442)
Financing activities		
Cash proceeds (net) on issue of new shares	391,409	125,487
Cash provided by financing activities	391,409	125,487
Investing activities		
Cash expended on mineral properties	(401,327)	(232,448)
Proceeds on disposal of equipment	5,541	-
Acquisition of equipment	(25,264)	(3,836)
Cash from (used in) investing activities	(421,050)	(236,284)
Inflow / (Outflow) of cash	(273,549)	(198,239)
Cash		
Beginning of period	281,261	263,179
End of period	\$ 7,712	64,940

Supplemental disclosure with respect to cash flows - note 10.

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

SOLOMON RESOURCES LIMITED

(An Exploration Stage Company)

Notes to the Condensed Consolidated Interim Financial Statements for the three and six months ended January 31, 2013 and January 31, 2012 (Unaudited – expressed in Canadian dollars)

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 process of exploring and developing its mineral property interests and has not determined whether the properties contain economically recoverable reserves of ore. The Company has not earned significant revenues from its mineral property interests and is considered to be in the exploration stage. The Company’s head office is at 2701B Highway 6, Box 938, Vernon, BC, 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 its 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 current exploration projects will result in future profitable mining operations or a sale of any projects. The Company currently has no significant source of revenue, and has significant cash requirements to meet its administrative overhead, pay its debts and liabilities, and maintain its 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 explore mineral property interests. There is no assurance that these plans will be successful.

The Company reported comprehensive losses of \$228,174 and \$155,653 for the three months ended January 31, 2013 and 2012, respectively, and \$321,066 and \$233,330 for the six months ended January 31, 2013 and 2012, respectively, and has an accumulated deficit in the exploration stage of \$31,327,839 as at January 31, 2013 (July 31, 2012 - \$31,006,773). Although the Company has been successful at raising funds in the past through the issuance of share capital, it is uncertain whether it will be able to continue this financing due to uncertain economic conditions.

3. CURRENCY AND BASIS OF PREPARATION

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

These condensed consolidated interim 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 accounting policies have been selected to be consistent with IFRS as is expected to be effective on July 31, 2013. 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 annual IFRS financial statements are prepared for the year ending July 31, 2013.

SOLOMON RESOURCES LIMITED

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements for the three and six months ended January 31, 2013 and January 31, 2012 (Unaudited – expressed in Canadian dollars)

Comparative figures in the statements of financial position, and the notes thereto, are provided for July 31, 2012, being the most recent year-end. Comparative figures in the income statements are provided for the three and six months ended January 31, 2012.

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

4. SIGNIFICANT ACCOUNTING POLICIES

Only those accounting policy notes that have changed or expanded materially since the date of the last annual report are recorded in interim financial reports.

There have been no changes in accounting policies since the date of the last annual report.

5. RECLAMATION DEPOSIT

The Company's reclamation deposit of \$10,000, in respect of a previously relinquished option to a mineral property interest in British Columbia, was refunded to the Company during the six months ended January 31, 2013 (2012 – Nil).

6. EQUIPMENT

		Cost	Accumulated depreciation	Net book value
At July 31, 2012	\$	90,964	(85,193)	5,771
Additions		25,264		25,264
Disposals		(90,964)	85,193	(5,771)
Depreciation for the period			(4,210)	(4,210)
At January 31, 2013	\$	25,264	(4,210)	21,054

SOLOMON RESOURCES LIMITED**(An Exploration Stage Company)****Notes to Condensed Consolidated Interim Financial Statements for the three and six months ended January 31, 2013 and January 31, 2012 (Unaudited – expressed in Canadian dollars)****7. MINERAL PROPERTY INTERESTS**

	Ten Mile Creek	South West Yukon	Rurembo Rwanda	Other Properties	Total
	Note (a)	Note (b)	Note (c)	Note (d)	
Balance, July 31, 2012	\$ 8,381	3	21,988	2	30,374
Expenditures during the period					
Personnel	-	-	235,312	-	235,312
Travel and accommodation	-	-	87,464	-	87,464
Field costs	-	-	39,176	-	39,176
Administration	-	-	46,212	-	46,212
Write-down of expenditures	(8,381)	-	-	-	(8,381)
Balance, January 31, 2013	\$ -	3	430,152	2	430,157

(a) Ten Mile Creek

The Company's interest in the Ten Mile Creek option agreement was abandoned and written off during the year ended July 31, 2012. The Company's camp on the property earned modest revenue for the Company during the year ended July 31, 2012 and the revenue was netted off against the cost of the camp. During the quarter ended October 31, 2012 the camp was demobilized and the remaining value was written off.

(b) South West Yukon

During the year ended July 31, 2012 the Company relinquished and wrote off several claim groups in the South West Yukon. The Company continued to hold the Pacer, Outpost and Rosie claim groups but, with no plans for further work on the properties, their values were written down to \$1 each during the year ended July 31, 2012. Subsequent to January 31, 2013 the Company transferred these claims to the Chief Executive Officer in settlement of a debt owing by the Company to him (see Note 16, Subsequent Events).

(c) Rurembo Prospecting License, Republic of Rwanda

In July 2012, the Company signed a letter of intent ("LOI") with a group of private Canadian investors to acquire a 100% interest in the Rurembo Prospecting License in the Republic of Rwanda. An agreement was signed in October 2012 that confirmed and formalized the LOI.

SOLOMON RESOURCES LIMITED

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements for the three and six months ended January 31, 2013 and January 31, 2012 (Unaudited – expressed in Canadian dollars)

During the six months ended January 31, 2013, the Company capitalized \$408,164 (2012 – nil) in field, personnel, travel, administration and camp costs on the property. Included in deposits is \$28,649 (July 2012 \$43,650) in prepaid advances that are to be applied to future exploration on this project.

The Rurembo property is currently the Company's only active project.

(d) Other Properties

(i) Sleitat Mountain, Alaska

The Company owns a 20% interest in the Sleitat Mountain Tin-Tungsten-Silver deposit near Dillingham, southwest Alaska. An 80% interest in the property is held by Osisko Mining Corp. The Company is responsible for 20% of any exploration or development expenditures incurred. Should the Company not participate in the expenditures, its interest in the property will be diluted in accordance with industry practice. If the Company's interest is diluted to less than a 10% participating interest, it will retain only a 1% NSR on subsequent production of any metals from the property. The property is not being actively explored and expenditures on the maintenance of the Company's interest in the property are therefore charged to property maintenance as incurred.

(ii) COL-Magnet Copper-Gold Property, British Columbia

Between December 2006 and May 2007, the Company acquired by on-line staking certain mineral claims in the Omineca Mining Division in north-central British Columbia.

No exploration work is planned for the immediate future and these properties have been written down to a nominal value.

Environmental

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.

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 January 31, 2013, the Company has no property restitution provisions.

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

SOLOMON RESOURCES LIMITED

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements for the three and six months ended January 31, 2013 and January 31, 2012 (Unaudited – expressed in Canadian dollars)

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 has taken 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.

8. SHARE CAPITAL

(a) Authorized - Unlimited common shares without par value

(b) Issued

	January 31, 2013	
	Number of shares	Capital stock
Common shares without par value	41,313,972	\$ 30,149,432

	July 31, 2012	
	Number of shares	Capital stock
Common shares without par value	26,669,972	\$ 29,472,747

During the six months ended January 31, 2013 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.

During the six months ended January 31, 2012 2,000,000 new shares were issued as a consequence of two private placements for gross cash proceeds of \$155,000. \$8,000 was credited to income as the

SOLOMON RESOURCES LIMITED**(An Exploration Stage Company)****Notes to Condensed Consolidated Interim Financial Statements for the three and six months ended January 31, 2013 and January 31, 2012 (Unaudited – expressed in Canadian dollars)**

premium at which flow through shares were issued. Share issuance costs of \$22,679 were charged to share capital.

(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.

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 in the period was as follows:

	Number of Options Outstanding	Exercise Price	Weighted Average Exercise Price
Balance July 31, 2011	1,924,000	\$ 0.165 to \$ 3.60	\$0.43
Granted	705,000	\$ 0.10	\$ 0.10
Expired / Cancelled	(369,000)	\$ 0.165 to \$ 3.60	\$ 0.62
Balance July 31, 2012	2,260,000	\$ 0.10 to \$ 3.60	\$ 0.30
Granted	1,300,000	\$0.10	\$0.10
Expired	(20,000)	\$3.60	\$3.60
Balance, January 31, 2013	3,540,000	\$ 0.10 to \$ 2.50	\$ 0.18

As at January 31, 2013, the following options were outstanding:

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Notes to Condensed Consolidated Interim Financial Statements for the three and six months ended January 31, 2013 and January 31, 2012 (Unaudited – expressed in Canadian dollars)

Expiry Date	Exercise Price	Number of shares
October 2, 2013	\$ 2.500	55,000
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		3,540,000

(d) Share purchase warrants

Share purchase warrants activity in the quarter was as follows:

Share purchase warrants activity was as follows:

	Number of Warrants Outstanding	Exercise Price	Weighted Average Exercise Price
Balance, July 31, 2011	14,772,946	\$ 0.15 to \$ 0.40	\$ 0.29
Issued	2,060,000	\$ 0.10 to \$ 0.15	\$ 0.10
Exercised	0		
Expired	(13,854,213)	\$ 0.15 to \$ 0.40	\$ 0.31
Balance, July 31, 2012	2,978,733	\$ 0.10 to \$ 0.30	\$ 0.17
Issued	15,153,600	\$ 0.10	\$ 0.10
Exercised	0		
Expired	(216,000)	\$ 0.10 to \$ 0.15	\$ 0.146
Balance, January 31, 2013	17,916,333	\$ 0.10 to \$ 0.30	\$ 0.11

SOLOMON RESOURCES LIMITED**(An Exploration Stage Company)****Notes to Condensed Consolidated Interim Financial Statements for the three and six months ended January 31, 2013 and January 31, 2012 (Unaudited – expressed in Canadian dollars)**

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

Expiry Date	Exercise Price	Number of Warrants
June 08, 2013	\$ 0.30	918,733
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		17,916,333

9 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	483,000
Total	\$ 3,685,000

The tax losses above do not include approximately \$3,631,000 that may be applied against future taxable income in the US expiring in 2015 nor do they include significant unrecognised tax benefits and unused tax losses for which no deferred tax assets have been recognised.

The Company's tax position is calculated annually and readers are referred to the audited consolidated financial statements for the year ended July 31, 2012 for further details.

10 SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Three months ending January 31	2013	2012
Income tax paid	\$ 0	\$ 0
Interest paid	\$ 0	\$ 0

SOLOMON RESOURCES LIMITED**(An Exploration Stage Company)****Notes to Condensed Consolidated Interim Financial Statements for the three and six months ended January 31, 2013 and January 31, 2012 (Unaudited – expressed in Canadian dollars)**

Mineral property interest expenditures included in accounts payable	\$	39,582	\$	30,165
Recovery of expenditure on mineral property interests previously written off	\$	4,619	\$	0
Write-down of expenditures on mineral property interests	\$	0	\$	0

11 SEGMENTED INFORMATION

The Company's one reportable operating segment is the exploration of mineral properties. Geographical information is as follows:

	January 31, 2013		July 31, 2012	
ASSETS				
Canada	\$	5	\$	493,967
Rwanda		451,206		21,988
	\$	451,211	\$	515,955

12 CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration of its properties and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, it does not generate cash flows from operations. The Company's primary source of funds comes from the issuance of equity units. The Company does not use other sources of financing that require fixed payments of interest and principal due to lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company considers its capital under management to be all components 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, there can be no assurance that it will be successful in the future.

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.

SOLOMON RESOURCES LIMITED**(An Exploration Stage Company)****Notes to Condensed Consolidated Interim Financial Statements for the three and six months ended January 31, 2013 and January 31, 2012 (Unaudited – expressed in Canadian dollars)**

Management reviews the capital structure on a regular basis to ensure that the above-noted objectives are met. There have been no changes to the Company's approach to capital management during the period.

13. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Financial instruments and the risk management thereof are fully described in Note 5 to the Annual Financial Statements for the year ended July 31, 2012. Material issues are described below:

(a) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by forecasting the Company's cash flows required by operations and anticipated investing and financing activities and, where necessary, by withholding payments due to related parties. The Company has cash at January 31, 2013 in the amount of \$7,712 (July 31, 2012 - \$281,261). At January 31, 2013, the Company has current liabilities of \$366,568 (July 31, 2012 - \$374,831), made up of accounts payable and accrued liabilities which are due within 30 days. The Company does not have any derivative financial liabilities.

14. RELATED PARTY TRANSACTIONS AND BALANCES

For the six months ended January 31	2013	2012
Total fees paid to directors, officers and a relative of a director	\$ 188,541	\$ 132,559
Of which - fees expensed	\$ 70,865	\$ 64,133
- fees capitalised to mineral property interests	\$ 87,846	\$ 27,405
- fees paid as share based payments	\$ 29,830	\$ 41,021
Share purchase options issued to directors, officers and a relative of a director (exercisable at \$0.10 per share (2011 - \$0.10) and valid for five years from date of issue) - number of options	950,000	600,000
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)	\$ -

SOLOMON RESOURCES LIMITED**(An Exploration Stage Company)****Notes to Condensed Consolidated Interim Financial Statements for the three and six months ended January 31, 2013 and January 31, 2012 (Unaudited – expressed in Canadian dollars)**

For the three months ended January 31	2013	2012
Total fees paid to directors, officers and a relative of a director	\$ 93,814	\$ 44,466
Of which - fees expensed	\$ 21,119	\$ 33,516
- fees capitalised to mineral property interests	\$ 42,865	\$ 10,950
- fees paid as share based payments	\$ 29,830	\$ 41,021
Share purchase options issued to directors, officers and a relative of a director (exercisable at \$0.10 per share (2011 - \$0.10) and valid for five years from date of issue) - number of options	950,000	600,000
As at January 31	2013	2012
Advances to directors	\$ -	\$ 5,000
Payable to directors, officers and a relative of a director	\$ 160,545	\$ 108,734

The amounts payable to directors, officers and a relative of a director at January 31, 2013 includes \$121,536 for services provided in the year ended July 31, 2012. The amount payable to a relative of a director was settled in the quarter ended October 31, 2012 by the transfer of office equipment to that person. The amount payable to the Chief Executive Officer was settled subsequent to January 31, 2013 (see note 16). The amount payable to the Chief Financial Officer is the subject of an agreement between the Company and the CFO whereby the CFO may, at his option, elect to receive payment in cash or, with the approval of the TSX Venture Exchange, in shares.

Service contracts between the Company and the Chief Executive Officer, the Chief Financial Officer and certain other parties provide for the payment of compensation to such parties in the event of early termination of such contracts by the Company or, in the event of a change of control, termination by the parties. More complete details are provided in the 2012 Circular issued prior to the Annual General Meeting.

15. COMMITMENTS

The Company is committed to monthly lease payments of \$3,000 for its premises. The rental payments schedule is as follows:

2013 – February to July	18,000
2014	36,000
2015	36,000
2016 – August 2015 to February 2016	21,000
	\$ 111,000

SOLOMON RESOURCES LIMITED

(An Exploration Stage Company)

Notes to Condensed Consolidated Interim Financial Statements for the three and six months ended January 31, 2013 and January 31, 2012 (Unaudited – expressed in Canadian dollars)

The lease agreement allows early termination by the Company, subject to the payment of three month's rent in lieu of notice plus an amount to cover landlord's improvements. Compensation payable by the Company for landlord's improvements would amount to \$42,000 if notice was to be provided between March 1, 2013 and February 28, 2014.

16. SUBSEQUENT EVENTS

Subsequent to January 31, 2013 the Company has:

- a) Issued 6,000,000 shares to the optionors of the prospecting license in respect to the Rurembo property in Rwanda, at a deemed price of \$0.05 per share, following the approval of the option agreement by the TSX Venture Exchange.
- b) Settled the debt of \$93,501 owing by the Company to the Chief Executive Officer by:
 - a. Transferring to the CEO certain exploration equipment and mineral claims in the Yukon Territory (all previously written off or written down to nominal value) and,
 - b. Agreeing to issue to the CEO 1,000,000 shares, at a deemed price of \$0.05 per share (subject to TSX Venture Exchange approval).
- c) Agreed to issue to Byron Capital Markets Ltd of Toronto, Ontario 500,000 fully paid and non-assessable common shares monthly, or such other lesser number as will equate to \$25,000 divided by the greater of (a) \$0.05, (b) the volume weighted average price of the Company's common shares during the previous month and (c) such other price as may be required by the Exchange. Subject to the approval of the Exchange the shares will be issued on the 15th of each of March, April and May 2013. Byron has been appointed by the Company to source capital for the Company's exploration programs in Rwanda, settlement of current liabilities and for general corporate overheads. If the Company, during the three month term of Byron's retainer or for the 12 months thereafter, enters into a transaction with a strategic investor introduced by Byron, the Company will pay Byron a further fee of 2% of the value of such transaction or 1.5% if the transaction is valued at greater than \$50 million.

On March 26th, 2013 the Company's President and Chief Executive Officer, Randy S. Rogers, passed away. At the date of these financial statements no replacement has been selected.