

SOLOMON RESOURCES LTD.

Financial Statements

(Unaudited)

April 30, 2010

SOLOMON RESOURCES LTD.

Unit 3 – 2860 Smith Drive

Armstrong, B.C., CANADA V0E 1B1

Phone: (250) 546-4772 Fax: (250) 546-6656 Web Site: 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.

For further information please contact:

Randall S Rogers, CEO

Phone: (250) 546-4772

Fax: (250) 546-6656

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

	April 30	July 31
	2010	2009
ASSETS		
Current		
Cash and cash equivalents	\$ 675,890	\$ 120,078
Reclamation bonds	10,000	10,720
Receivables	126,600	188,328
Prepaid expenses	15,672	22,480
	828,162	341,606
Property and Equipment	29,013	45,300
Marketable Securities (Note 3)	-	156,953
Other Investments	154,000	-
Mineral Property Interests (Note 4)	2,337,091	1,840,442
	\$ 3,348,266	\$ 2,384,301
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 246,302	\$ 134,537
Directors' loans (Note 5)	-	100,000
	246,302	234,537
Shareholders' Equity (schedule)		
Share capital (Note 6)	27,475,943	25,941,179
Subscriptions received	-	25,000
Contributed surplus	770,424	753,438
Accumulated other comprehensive income	-	(47,678)
Deficit accumulated in the exploration stage	(25,144,403)	(24,522,175)
	3,101,964	2,149,764
	\$ 3,348,266	\$ 2,384,301

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****Nine Months Ended
April 30****2010**

2009

2010

2009

Revenues

Interest, net	\$	-	-	62	\$	928
Oil, and gas, net		3,938	-	12,039		10,713
		3,938	-	12,102		11,641

General and Administrative Expenses

Office and miscellaneous		17,749	23,230	43,243		80,467
Professional fees		9,206	34,285	58,888		120,503
Management fees		65,757	91,753	160,121		261,089
Stock based compensation		-	-	16,986		20,400
Amortisation		5,789	2,774	17,367		8,320
Rent and administrative services		4,580	6,078	13,711		18,051
Travel, promotion and shareholder costs		44,608	11,575	57,555		29,008
Stock exchange fees		5,750	6,125	18,233		15,704
Transfer agent fees		1,367	1,487	13,111		8,760
		154,806	177,307	399,215		562,302

LOSS BEFORE OTHER ITEMS**(150,868)** (177,307) **(387,114)** (550,661)**Other Items**

Gain / (loss) on sale of investments (net)		40,388	(24,396)	32,038		(88,754)
Write off of expenditures on resource properties		(7,627)	(1,260,671)	(232,492)		(1,280,411)
Recovery of expenditures on resource properties		-	55,379	3,833		550,378
Deemed cost of bonus shares issued in lieu of interest		-	-	-		(100,000)
Part XII.6 tax on unspent flow through funds		-	-	-		(28,676)
Gain / (loss) on exchange		(33,392)	(1,618)	9,184		6,748
		(631)	(1,231,306)	(187,437)		(940,715)

LOSS BEFORE INCOME TAXES**(151,498)** (1,408,613) **(574,550)** (1,491,376)**Income Tax Payable**

- - - -

NET LOSS FOR THE PERIOD\$ **(151,498)** (1,408,613) **(574,550)** (1,491,376)**Net Loss Per Share****(0.01)** (0.23) **(0.06)** (0.26)**Weighted Average Number of Shares Outstanding****10,595,962** 6,220,165 **9,615,570** 5,752,551

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, 2010

(Unaudited)

	Capital Stock		Contributed Surplus	Sub - scriptions Received	Accumulated Other Comprehensive Income / (Loss)	Deficit	Total Shareholders' Equity
	Shares	Amount					
Balance July 31, 2009	6,270,160	\$ 25,941,179	753,438	25,000	(47,678)	(24,522,175)	2,149,764
Subscriptions closed	100,000	25,000		(25,000)			-
Issue of shares for interest in resource properties	600,000	150,000					150,000
Issue of shares - private placements	1,415,000	353,750					353,750
Issue of shares - flow through private placements	4,571,424	1,109,500					1,109,500
Capital raising costs		(103,486)					(103,486)
Stock based compensation			16,986				16,986
Reclassification on realization of loss on sale of investments					47,678	(47,678)	-
Revaluation of investments to fair value at end of period					-		-
Net (loss) for the period						(574,550)	(574,550)
Balance April 30, 2010	12,956,584	\$ 27,475,943	\$ 770,424	\$ -	\$ -	\$ (25,144,403)	\$ 3,101,964

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 and Nine Months Ended April 30

Three Months Ended
April 30

Nine Months Ended
April 30

	2010	2009	2010	2009
OPERATING ACTIVITIES				
Net loss for the period	\$ (151,498)	\$ (1,408,613)	\$ (574,550)	\$ (1,491,376)
Items not involving cash				
Amortisation	5,789	2,774	17,367	8,320
Stock based compensation	-	-	16,986	20,400
Deemed cost of bonus shares issued in lieu of interest	-	-	-	100,000
Write off of expenditures on resource properties	7,627	1,260,671	232,492	1,280,411
Unrealized foreign exchange loss (gain)	33,392	(1,620)	(9,184)	(6,748)
Non cash recovery of expenditures previously written off on resource properties	-	(55,379)	-	(550,378)
(Gain) / loss on sale of investments	(40,388)	24,396	(32,038)	88,754
Operating cash flow	(145,079)	(177,771)	(348,927)	(550,617)
Changes in non-cash working capital				
Accounts payable and accrued liabilities	86,668	55,728	111,764	(202,573)
Prepaid expenses	2,500	8,559	6,808	16,883
Accounts receivable & GST receivable	(2,509)	(141,374)	61,729	(253,000)
	86,658	(77,088)	180,300	(438,690)
Cash from (used in) operating activities	(58,420)	(254,859)	(168,627)	(989,307)
INVESTING ACTIVITIES				
Proceeds on sale of investments (net)	42,460	604,739	198,175	1,060,173
Other investments made	-	-	(154,000)	-
Proceeds on sale of non-core properties in Mongolia	-	-	-	55,250
Cash proceeds (net) on issue of shares	653,181	-	1,359,764	277,812
Loan received from directors	-	-	-	500,000
Repayment of loans from directors	-	(400,000)	(100,000)	(400,000)
Recovery of sales taxes paid in Mongolia	-	137,225	-	137,225
Recovery of Mineral Exploration Tax Credit (British Columbia)	-	55,379	-	163,379
Recovery / reclassification of reclamation bonds	-	-	720	283,298
Purchase of equipment	-	(212)	(1,079)	(4,510)
Cash expenditures on resource properties	(61,023)	(77,031)	(579,141)	(1,214,350)
Cash provided by (used in) investing activities	634,618	320,100	724,438	858,277
Inflow / (Outflow) of cash and cash equivalents	576,198	65,241	555,811	(131,030)
Cash and cash equivalents:				
- beginning of period	99,692	89,881	120,078	286,151
- end of period	\$ 675,890	\$ 155,122	\$ 675,890	\$ 155,121
Cash and cash equivalents consist of:				
Balances in bank accounts	\$ 675,890	155,122	675,890	155,121
Supplemental Information				
Income tax paid	\$ -	\$ -	\$ -	\$ -
Interest paid	\$ -	\$ -	\$ -	\$ -
Investments received for property previously written off	\$ -	\$ -	\$ -	\$ 386,999
Bonus shares issued on directors' loans	\$ -	\$ -	\$ -	\$ 100,000
Shares issued for interest in resource properties	\$ -	\$ -	\$ 150,000	\$ 50,000

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

SOLOMON RESOURCES LIMITED

(An Exploration Stage Company)

Notes to Financial Statements

April 30, 2010

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, 2010 are not necessarily indicative of the result that may be expected for the full year ending July 31, 2010.

These statements should be read in conjunction with the July 31, 2009 annual financial statements, including the accounting policies and notes thereto, included in the Annual Report for the year ended July 31, 2009. 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, 2009.

Adoption of New Accounting Standards at August 1, 2009

(i) Goodwill and Intangible Assets

In February 2008, the CICA issued Section 3064, "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and Other Intangible Assets", and Section 3450, "Research and Development Costs". This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The new section is effective for the Company on August 1, 2009. The Company has determined that the adoption of this change will have no impact on the disclosure in its consolidated financial statements.

(ii) International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian generally accepted accounting principles with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own generally accepted accounting principles. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended July 31, 2011. While the Company has determined

SOLOMON RESOURCES LIMITED

(An Exploration Stage Company)

Notes to Financial Statements

April 30, 2010

Unaudited

that it will be ready for the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

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 \$25,144,403 as at April 30, 2010. 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.

3. Marketable Securities

	April 30, 2010	
	Number of Shares	Market Value
Integra Mining Limited.	-	\$ -
Orezone Gold Corporation	-	\$ -
		<u>\$ -</u>
	July 31, 2009	
	Number of Shares	Market Value
Integra Mining Limited	706,745	\$ 151,520
Orezone Gold Corporation	10,250	\$ 5,433
		<u>\$ 156,953</u>

SOLOMON RESOURCES LIMITED**(An Exploration Stage Company)****Notes to Financial Statements****April 30, 2010****Unaudited**

During the quarter the Company sold its remaining shares in Integra Mining Ltd and Orezone Gold Corporation for net proceeds of \$42,460 (CAD).

4. Investment in and expenditures on resource properties – nine months to April 30, 2010

	Balance	Additional	Shares issued	Write offs /	Balance
		spending	for interest in	recoveries	
	July 31, 2009		property		April 30, 2010
Mongolia SRM	\$ 1,624,738	118,965	-	-	\$ 1,743,703
Sleitat	\$ 1	-	-	-	\$ 1
COL	\$ 1	-	-	(1)	\$ -
Bonanza (BC)	\$ 201,988	30,503	-	(232,491)	\$ -
Cry Lake (BC)	\$ 13,714	368,506	30,000	-	\$ 412,220
Ten Mile Creek (Yukon)	\$ -	61,167	120,000	-	\$ 181,167
Total	\$ 1,840,442	\$ 579,141	\$ 150,000	\$ (232,492)	\$ 2,337,091

5. Directors' loans

As announced in a news release on December 1, 2008 the Company obtained a short term loan of \$500,000 from two directors of the Company. Following the approval of the TSX Venture Exchange the directors were each issued 100,000 (post consolidation) common shares in the Company as a bonus for making the loan. The loan was interest free, secured by a pledge of the Company's shares in publicly traded companies, repayable within six months and was used for general corporate purposes. The loan was necessitated by the unfavourable conditions prevailing at the time in the capital markets. \$400,000 was repaid in the quarter ended April 30, 2009 and the balance was repaid in the quarter ended October 31, 2009.

SOLOMON RESOURCES LIMITED**(An Exploration Stage Company)****Notes to Financial Statements****April 30, 2010****Unaudited**

6. Capital Stock

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

	Number of shares	Amount
At July 31, 2009	6,270,160	\$ 25,941,179
At April 30, 2010	12,956,584	\$ 27,475,943

During the third quarter the Company issued 2,614,711 common shares for proceeds, net of capital raising costs, of \$653,181.

(c) Stock Options

On December 1, 2009 the Company issued 570,000 options to purchase common shares at \$0.265 for a five year period to directors, advisers and contract staff.

As at April 30, 2010, the following options were outstanding:

Expiry Date	Exercise Price	Number of shares
June 5, 2010	\$ 4.00	5,000
June 27, 2010	\$ 3.50	25,000
November 18, 2010	\$ 3.10	5,000
January 13, 2011	\$ 3.60	55,000
April 20, 2011	\$ 3.60	5,000
April 5, 2012	\$ 3.60	42,000
January 8, 2013	\$ 3.60	20,000
October 2, 2013	\$ 2.50	82,000
December 1, 2014	\$ 0.265	570,000
Total		809,000

SOLOMON RESOURCES LIMITED**(An Exploration Stage Company)****Notes to Financial Statements****April 30, 2010****Unaudited**

(d) Share purchase warrants

As at April 30, 2010, the following warrants were outstanding. Under certain conditions the exercise prices may change.

Expiry Date	Exercise Price	Number of Warrants
August 17, 2010	\$ 0.30	100,000
August 17, 2010	\$ 0.50	358,000
September 4, 2010	\$ 0.50	160,000
September 23, 2011	\$ 0.30 / 0.40 *	1,547,617
October 30, 2011	\$ 0.30 / 0.40 *	888,096
April 14, 2012	\$ 0.40 +	513,400
April 23, 2012	\$ 0.40 +	2,477,425
Total		6,044,538

* where two prices are shown, the first applies for the first 12 months, the second for the subsequent 12 months

+ Exercise price repriced to \$0.30 subsequent to April 30, 2010