

**SOLOMON RESOURCES LIMITED**  
**October 31, 2013**

**Form 51-102 F1: MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FIRST  
QUARTER OF FISCAL YEAR 2014**

**Introduction**

The following management's discussion and analysis ("MDA") has been prepared as of December 19, 2013. It is an update of the annual MDA prepared as of November 26, 2013 and filed on SEDAR on November 27, 2013. It should be read in conjunction with the Company's unaudited, interim financial statements for the quarter ended October 31, 2013. The financial statements have been prepared in accordance with International Financial Reporting Standards and all numbers are reported in Canadian dollars.

This discussion may contain forward-looking statements that involve inherent risks and uncertainties. The reader is cautioned that actual results may differ materially from those anticipated in the forward-looking statements. The interim financial statements have not been audited.

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company website at [www.solomonresources.ca](http://www.solomonresources.ca).

**Exploration Activities from November 27, 2013 to Present:**

Complete historical details regarding the Company's exploration properties may be found in the November 26, 2013 Annual MDA that accompanied the Annual Financial Statements filed on SEDAR on November 27, 2013.

There has been no exploration activity during this period.

The Company's business model is that of a Project Generator. To build shareholder value, the Company intends to acquire highly prospective mineral tenures in stable jurisdictions with the objective of adding value through grassroots exploration and target refinement and then seeking option or joint venture partners through to production. The Company has assembled an exploration team with a wealth of intellectual capital and experience in world-wide mineral exploration and development.

The Company is actively seeking new opportunities.

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**Financial information**

**Selected financial information for the quarter and the same quarter in the previous fiscal year**

	<b>2013</b>	<b>2012</b>	<b>Comment</b>
Total Revenue	\$ 2,602	1,724	1
General and administrative expenses			
Total general and administrative expenses	\$ 47,558	99,565	
Management fees	\$ 25,801	40,536	2
Office and miscellaneous	\$ 1,717	18,700	3
Professional fees	\$ 19,676	20,873	4
Rent	\$ -	9,000	5
Other income and expense items			
Gain on settlement of liabilities	\$ 196,739	-	6
Net gain (loss) for the period	\$ 151,783	(92,892)	
Net gain (loss) per share (basic and fully diluted)	\$ 0.003	(0.003)	
Weighted average shares in issue - number of shares	49,780,325	29,469,015	
Share capital at end of period			
Shares in issue - number of shares	53,934,992	41,313,972	7
Options and warrants - number of options and warrants	20,482,600	20,592,334	8
Fully diluted share capital at end of period	74,417,592	61,906,306	
Other cash flows			
Proceeds on issue of shares	\$ -	397,249	9
Cash spent on mineral property interests	\$ -	(155,777)	10
Other balance sheet items			
Total assets	\$ 37,529	561,689	11
Working capital	\$ (141,160)	145,304	12

Notes:

- 1) Revenue consists of gas royalties.
- 2) There were no discontinued operations or extraordinary items in the periods under review.

**Comments**

Quarterly results can vary significantly depending on whether the Company has realized any gain on sale of its investment, abandoned any properties or granted any stock options. The following comments deal with the significant changes between the first quarter of fiscal 2014 ("FY2014 Q1") and the comparative quarter of the previous year ("FY2013 Q1").

1. Revenue comprises oil and gas royalty receipts. The royalty interests were sold after October 31, 2013.
2. Readers are referred to the section on transactions with related parties for details on management fees.
3. The Company vacated its offices in April 2013 and thus curtailed many of its overhead expenditures.
4. Professional fees for FY2014 Q1 include approximately \$10,000 in fees that were incurred in the final quarter of FY2013 but only brought to account in the quarter under review. Other fees

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primarily relate to legal costs regarding the settlement of liabilities through the issue of shares. Professional fees in FY2013 Q1 related to (a) advisory fees in respect to winding up the Company's Australian subsidiary and (b) legal fees relating to outstanding debts.

5. The Company vacated its offices in April 2013 and thus incurred no rent in FY2014 Q1.
6. During FY2014 Q1 liabilities amounting to \$281,051 were settled through the issue of shares with a fair value of \$84,315, leading to a gain of \$196,739.
7. Between October 31, 2012 and October 31, 2013 an additional 12,621,020 common shares were issued: 6,000,000 related to the acquisition of mineral property interests in Rwanda and 1,000,000 (in FY2013) and 5,621,020 related to the settlement of liabilities.
8. Between October 31, 2012 and October 31, 2013 1,100,000 new share purchase options were granted and 75,000 share purchase options expired. No new share purchase warrants were issued and 1,134,734 share purchase warrants expired unexercised.
9. There were no issues of common shares for cash in FY2014 Q1
10. During FY2014 Q1 the Company did not incur any expenditure on mineral properties.
11. Total assets at October 31, 2013 were comprised almost entirely of cash in bank accounts and reflect the inactivity of the Company during the quarter. At October 31, 2012 the Company had a more normal spread of assets, principally its bank accounts and its mineral property interests in Rwanda and the Yukon Territory.
12. The negative working capital position of the Company at October 31, 2013 reflects the value of creditors that were unpaid at that time, net of cash in the bank. Subsequent to October 31, 2013 a part of the payables were settled from proceeds received from the sale of the Company's interest in an oil and gas royalty stream.

**Summary of quarterly results for the last eight quarters**

<b>FY 2014</b>		<b>Q1</b>
Revenues	\$	2,602
Comprehensive income (loss)	\$	151,783
Comprehensive income (loss) per share	\$	0.003

<b>FY 2013</b>		<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Revenues	\$	1,724	1,852	5,164	1,270
Comprehensive loss	\$	(92,891)	(228,174)	(900,088)	249,123
Comprehensive income (loss) per share	\$	-	(0.01)	(0.01)	-

<b>FY 2012</b>		<b>Q2</b>	<b>Q3</b>	<b>Q4</b>
Revenues	\$	580	6,422	4,026
Comprehensive loss	\$	(155,653)	(1,940,738)	(395,500)
Comprehensive income (loss) per share	\$	(0.01)	(0.07)	(0.01)

**Liquidity and capital resources**

During FY2014 Q1 5,621,020 new common shares were issued to settle liabilities with a value of \$281,051. The fair value of the new shares for accounting purposes were \$84,315 and the Company recorded a gain of \$196,739. No new shares were issued for cash.

By comparison, during FY2013 Q1 the Company issued 14,644,000 units to subscribers, each unit comprising one common share and one share purchase warrant exercisable for two years at \$0.10.

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Finder's fees were paid by way of \$25,480 in cash and 509,600 finder warrants exercisable at \$0.10 for two years, with a calculated value of \$8,970. 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.

The Company's working capital position (deficit) was as follows:

October 31, 2013	(\$141,160)
July 31, 2013	(\$369,210)
October 31, 2012	\$145,304

As of the date of this discussion the following table presents the Company's outstanding share data:

			Number of shares
At	December 19, 2013	In issue	53,934,992
	Dilution:	Options	3,485,000
		Warrants	15,153,600
<b>December 19, 2013 Fully diluted</b>			<b>72,573,592</b>

**Share options**

Options outstanding:		December 19, 2013	
	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>

**Share purchase warrants**

Warrants outstanding: December 19, 2013

Under certain conditions the expiry date may be accelerated.

	Expiry Date	Exercise Price	Number of Warrants
	September 24, 2014	\$ 0.10	6,564,000
	October 31, 2014	\$ 0.10	8,589,600
Total			<b>15,153,600</b>

The Company's exploration and overhead expenditures for the next twelve months, and the programs it expects to develop for mineral property interests that it intends to secure, will be dependent on the Company having sufficient working capital to cover such expenditures. This will require that the Company raises significant new share capital in the coming months.

### **Off balance-sheet arrangements**

There are currently no off balance sheet arrangements and no new information to report since the annual management's discussion and analysis.

### **Transactions with related parties**

Dave Stone, a director and the Chief Executive Officer, provided management services to the Company through his private company, Minefill Services Inc, at the rate of \$5,000 per month. Total charges in the quarter were \$20,000 of which \$5,000 related to a previously unbilled amount brought forward from the year ended July 31, 2013.

Paul Maarschalk, a director, the Secretary and the Chief Financial Officer, provided accounting and administrative services to the Company at the rate of \$680 per day. Total charges in the quarter were \$5,801.

During the quarter, as part of a general settlement of liabilities through the issue of shares, 2,791,761 new common shares were issued to directors and officers, the estate of a former director, a relative of a former director and a law firm of which a director is a partner. The deemed value of the shares for the purposes of the settlement was \$0.05 per share, being the minimum permitted by the TSX Venture Exchange; the fair value of the shares for accounting purposes was \$0.015 per share, being the market price of the shares on the day the shares were issued.

Apart from the above there were no transactions with related parties in the quarter.

### **Financial instruments and other instruments**

The Company's financial instruments include cash, receivables and payables.

The Company's cash of \$35,677 at October 31, 2013 consisted of Canadian dollar denominated checking accounts, with small amounts carried in United States dollar checking accounts. The Company had no active bank accounts or cash in any other currency.

Receivables at October 31, 2013 comprised refundable GST credits.

Payables at October 31, 2013 include \$38,316 payable to related parties and nil in respect to mineral properties. Payables of \$140,372 owing to non-related parties are normal course business items.

### **Material transactions subsequent to October 31, 2013**

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.