

SOLOMON RESOURCES LTD.

Financial Statements (unaudited)

October 31, 2004

SOLOMON RESOURCES LTD.

Suite 900 - 475 Howe Street

Vancouver, B.C., CANADA V6C 2B3

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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 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:

Lawrence Nagy, CEO

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SOLOMON RESOURCES LIMITED
Consolidated Balance Sheets
Expressed in Canadian Dollars
Unaudited

	October 31	July 31
	2004	2004
Assets		
Current		
Cash	\$134,802	\$313,975
Accounts receivable	68,513	63,255
Prepaid expenses	13,000	11,000
	216,315	388,230
Property and Equipment	1	1
Investments (note 3)	43,867	88,867
Tenement Bond	1,359,825	1,359,825
Investment in and Expenditures on Resources Properties (notes 4)	2,672,843	2,849,434
	\$4,292,851	\$4,686,357
Liabilities		
Current		
Accounts payable and accrued liabilities	\$18,779	\$111,475
Provision for Rehabilitation of Tenements	954,548	954,548
	973,327	1,066,023
Shareholders' Equity		
Capital Stock (note 5)	20,191,349	20,191,349
Deficit	(16,871,825)	(16,571,015)
	3,319,524	3,620,334
	\$4,292,851	\$4,686,357

Approved on behalf of the Board:

"Lawrence J. Nagy"
..... Director
Lawrence J. Nagy

"Ronald K. Netolitzky"
..... Director
Ronald K. Netolitzky

SOLOMON RESOURCES LIMITED
Consolidated Statements of Operations and Deficit
Expressed in Canadian Dollars
Unaudited

For the three Months Ended
October 31,

	2004	2003
Revenues		
Interest	\$15,165	\$11,534
Oil and gas, net	5,182	2,156
	20,347	13,690
Expenses		
Office and miscellaneous	56,177	28,648
Management fees	18,000	15,000
Professional fees	26,915	21,134
Rent and administrative services	7,500	9,000
Travel, promotion and shareholders' information	9,645	12,249
Stock exchange fees	100	1,990
Transfer agent fees	1,107	793
	119,444	88,814
Loss from Operations	(99,097)	(75,124)
Other Items		
Gain on sale of investments	112,480	279,681
Write-off of investment in and expenditures on resource properties	(314,193)	(5,995)
	(201,713)	273,686
Net Income (Loss) for Period	(300,810)	198,562
Deficit, Beginning of Period	16,571,015	16,825,868
Deficit, End of Period	\$16,871,825	\$16,627,306
Income (Loss) Per Share	\$(0.01)	\$0.01
Weighted Average Number of Shares Outstanding	31,187,531	29,634,197

SOLOMON RESOURCES LIMITED
Consolidated Statements of Cash Flows
Expressed in Canadian Dollars
Unaudited

Three months ended
October 31,

	2004	2003
Operating Activities		
Net income (loss)	\$(300,810)	\$198,562
Items not involving cash		
Write-off of investment in and expenditures on resource properties	314,193	5,995
Gain on sale of investments	(112,480)	(279,861)
Operating Cash Outflow	(99,097)	(75,304)
Changes in Non-Cash Working Capital		
Accounts payable and accrued liabilities	(92,696)	3,103
Prepaid expenses	(2,000)	(4,000)
Accounts receivable	(5,258)	4,178
	(99,954)	3,281
Cash used in Operating activities	(199,051)	(72,023)
Financing Activities		
Proceeds from common shares issued	0	40,000
Investing Activities		
Proceeds on sale of investments	157,480	311,835
Expenditures on resource properties	(137,602)	(75,370)
Cash provided by Investing Activities	19,878	236,465
Inflow (Outflow) of Cash and Cash equivalents	(179,173)	204,442
Cash and cash equivalents, Beginning of Period	313,975	555,770
Cash and cash equivalents, End of Period	\$134,802	\$760,212
Supplemental Information		
Income tax paid	\$0	\$0
Interest paid	\$0	\$0

SOLOMON RESOURCES LTD.

Notes to Financial Statements

October 31, 2004
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 three months ended October 31, 2004 are not necessarily indicative of the result that may be expected for the full year ending July 31, 2005.

These statements should be read in conjunction with the July 31, 2004 annual financial statements, including the accounting policies and notes thereto, included in the Annual Report for the year ended July 31, 2004. These financial statements reflect the same significant accounting policies as those described in the notes to the audited financial statements of Solomon Resources Ltd. for the year ended July 31, 2004.

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 reported net income (losses) of \$254,853, \$(266,706) and \$(243,242) for the years ended July 31, 2004, 2003 and 2002, respectively, and has an accumulated deficit of approximately 16.9 million as at October 31, 2004. These recurring 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.

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Notes to Financial Statements

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3. Investments

	October 31, 2004			July 31, 2004		
	Number of shares	Market Value	Cost	Number of shares	Market Value	Cost
Quest Capital Corporation	0	0	0	100,000	147,000	45,000
Skeena Resources Ltd.	626,667	137,867	43,867	626,667	188,000	43,867
NovaGold Resources Ltd. (formerly SpectrumGold Inc.)	18,123	115,446	\$0	13,424	87,793	0
Viceroy Exploratoion Ltd.	54,370	119,614	\$0	54,370	58,720	0
		\$372,927	\$43,867		\$481,513	\$88,867

4. INVESTMENT AND EXPENDITURES ON RESOURCE PROPETIES

	Burkina Faso	Independence	Kalgoorlie Southeast Project	Annie	Metla	Other	Total
Balance July 31, 2004	\$1	\$1	\$2,302,890	\$293,108	\$202,285	\$51,149	\$2,849,434
Additions	6,831	0	0	15,540	105,078	10,153	137,602
Wrtie-offs	(6,831)	0	0	0	(307,362)	0	(314,193)
Balance October 31, 2004	\$1	\$1	\$2,302,890	\$308,648	\$1	\$61,302	\$2,672,843

5. CAPITAL STOCK

(a) Authorized
100,000,000 Common shares without par value

(b) Issued

	Number of shares	Amount
Balance, July 31, 2004 and October 31, 2004	31,187,531	\$20,191,349

(c) Stock Options

As at October 31, 2004, the following options were outstanding:

Expiry Date	Exercise Price	Number of shares October 31, 2004	July 31, 2004
March 30, 2006	\$0.20	250,000	250,000
June 6, 2007	\$0.30	200,000	200,000
November 12, 2007	\$0.15	1,000,000	1,000,000

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Notes to Financial Statements

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(d) Share purchase warrants

As at October 31, 2004, the following warrants were outstanding;

Expiry Date	Price	October 31, 2004	July 31, 2004
December 4, 2003 and December 4, 2004	\$0.20/\$0.30	3,333,330	333,333
June 25, 2005	\$0.25	1,000,000	1,000,000
June 25, 2005	\$0.30	19,500	19,500