

SOLOMON RESOURCES LTD.

Financial Statements (unaudited)

January 31, 2005

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

	January 31	July 31
	2005	2004
Assets		
Current		
Cash	\$139,201	\$313,975
Accounts receivable	49,912	63,255
Prepaid expenses	15,815	11,000
	204,928	388,230
Property and Equipment	1	1
Investments (note 3)	35,887	88,867
Tenement Bond	1,359,825	1,359,825
Investment in and Expenditures on Resources Properties (notes 4)	2,669,959	2,849,434
	\$4,270,600	\$4,686,357
Liabilities		
Current		
Accounts payable and accrued liabilities	\$17,594	\$111,475
Provision for Rehabilitation of Tenements	954,548	954,548
	972,142	1,066,023
Shareholders' Equity		
Capital Stock (note 5)	20,191,349	20,191,349
Contributed Surplus	24,000	-
Deficit	(16,916,891)	(16,571,015)
	3,298,458	3,620,334
	\$4,270,600	\$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

	Three months ended January 31		Six months ended January 31	
	2005	2004	2005	2004
Revenues				
Interest	\$15,183	\$11,705	\$30,348	\$23,239
Oil and gas, net	3,060	7,429	8,242	9,585
	18,243	19,134	38,590	32,824
Expenses				
Office and miscellaneous	20,654	18,492	76,831	147,140
Management fees	36,000	36,000	54,000	51,000
Stock based compensation	24,000	-	24,000	-
Professional fees	41,892	42,072	68,797	63,206
Rent and administrative services	7,500	8,500	15,000	17,500
Travel, promotion and shareholders' information	13,380	14,408	23,025	26,657
Stock exchange fees	4,695	3,490	4,795	5,480
Transfer agent fees	4,543	4,379	5,650	5,172
	152,654	127,341	272,098	216,155
Loss from Operations	(134,411)	(108,207)	(233,508)	(183,331)
Other Items				
Gain on sale of investments	160,426	117,409	272,906	397,090
Write-off of investment in and expenditures on resource properties	(71,081)	(131,268)	(385,274)	(137,263)
	89,345	(13,859)	(112,368)	259,827
Net Income (Loss) for Period	(45,066)	(122,066)	(345,876)	76,496
Deficit, Beginning of Period	16,871,825	16,627,306	16,571,015	16,825,868
Deficit, End of Period	\$16,916,891	\$16,749,372	\$16,916,891	\$16,749,372
Income (Loss) Per Share	\$(0.00)	\$(0.00)	\$(0.01)	\$0.00
Weighted Average Number of Shares Outstanding				
	31,871,531	29,743,086	31,871,531	29,655,308

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

	Three months ended January 31		Six months ended January 31	
	2005	2004	2005	2004
Operating Activities				
Net income (loss)	\$(45,066)	\$(122,066)	\$(345,876)	\$76,496
Items not involving cash				
Write-off of investment in and expenditures on resource properties	71,081	131,268	385,274	137,263
Gain on sale of investments	(160,426)	(117,409)	(272,906)	(397,090)
Stock based compensation	24,000	0	24,000	0
Operating Cash Outflow	(110,411)	(108,207)	(209,508)	(183,331)
Changes in Non-Cash Working Capital				
Accounts payable and accrued liabilities	(1,185)	(53,853)	(93,881)	(50,750)
Prepaid expenses	(2,815)	(1,000)	(4,815)	(5,000)
Accounts receivable	18,601	6,222	13,343	10,400
	14,601	(48,631)	(85,353)	(45,350)
Cash used in Operating activities	(95,810)	(156,838)	(294,861)	(228,681)
Financing Activities				
Proceeds from common shares issued	0	29,667	0	69,667
Investing Activities				
Proceeds on sale of investments	168,406	175,779	325,886	487,614
Expenditures on resource properties	(68,197)	(121,577)	(205,799)	(196,947)
Cash provided by Investing Activities	100,209	54,202	120,087	290,667
Inflow (Outflow) of Cash and Cash equivalents	4,399	(72,969)	(174,774)	131,653
Cash and cash equivalents, Beginning of Period	134,802	760,212	313,975	555,770
Cash and cash equivalents, End of Period	\$139,201	\$687,423	\$139,201	\$687,423
Non Cash Items				
Shares used for property option payment	0	12,500	0	12,500
Supplemental Information				
Income tax paid	\$0	\$0	\$0	\$0
Interest paid	\$0	\$0	\$0	\$0

SOLOMON RESOURCES LTD.

Notes to Financial Statements

January 31, 2005
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 six months ended January 31, 2005 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 January 31, 2005. 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. (See subsequent events).

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Notes to Financial Statements

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3. Investments

	January 31, 2005			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.	512,667	\$256,333	\$35,887	626,667	\$188,000	\$43,867
NovaGold Resources Ltd. (formerly SpectrumGold Inc.)	0	\$0	\$0	13,424	\$87,793	\$0
Viceroy Exploratoion Ltd.	49,370	\$118,488	\$0	54,370	\$58,720	\$0
		\$374,821	\$35,887		\$481,513	\$88,867

4. INVESTMENT AND EXPENDITURES ON RESOURCE PROPETIES

	Burkina Faso	Kalgoorlie Southeast Project	Annie	Metla	Other	Total
Balance July 31, 2004	\$1	\$2,302,890	\$293,108	\$202,285	\$51,150	\$2,849,434
Additions	6,831	46065	27,894	110,204	14,805	205,799
Write-offs	(6,831)	0	0	(312,488)	(65,995)	(385,274)
Balance January 31, 2005	\$1	\$2,348,955	\$321,002	\$1	\$0	\$2,669,959

5. CAPITAL STOCK

(a) Authorized
Unlimited Common shares without par value

(b) Issued

	Number of shares	Amount
Balance, July 31, 2004 and January 31, 2005	31,187,531	\$20,191,349

(c) Stock Options

As at January 31, 2005, the following options were outstanding:

Expiry Date	Exercise Price	Number of shares January 31, 2005	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
December 20, 2009	\$0.17	200,000	0

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Notes to Financial Statements

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(d) Share purchase warrants

As at January 31, 2005, the following warrants were outstanding;

Expiry Date	Price	January 31, 2005	July 31, 2004
December 4, 2003 and December 4, 2004	\$0.20/\$0.30	0	333,333
June 25, 2005	\$0.25	1,000,000	1,000,000
June 25, 2005	\$0.30	19,500	19,500

6. SUBSEQUENT EVENTS

Subsequent to January 31, 2005 the Company:

- i) Completed a private placement of six million units at \$0.20 per unit for gross proceeds of \$1.2 million.
- ii) Signed a memorandum of agreement to acquire up to an 80% interest in a package of gold and base metal projects in Mongolia.
- iii) Granted 1.1 million stock options at an exercise price of \$0.36