

**SOLOMON RESOURCES LIMITED**  
**January 31, 2014**

**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 March 27, 2014. It is an update of the interim MDA prepared as of November 27, 2013 and filed on SEDAR on November 27, 2013 and the interim MDA prepared on December 19, 2013 and filed on SEDAR on December 20, 2013. It should be read in conjunction with the Company's unaudited, interim financial statements for the period ended January 31, 2014. 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 December 20, 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 current 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 in South Africa and on March 21, 2014, the Company and Helio Resource Corp ("Helio") entered into a Letter Agreement, whereby Solomon can earn up to a 60% interest in Helio's Damara Gold and Tin Project (DGP) in Namibia.

Subject to TSX Venture Exchange (the "Exchange") approval, the principal terms of the two-stage agreement are as follows:

- Solomon can acquire an initial 51% interest (Stage 1) by issuing an aggregate 15,000,000 common shares and completing \$1,500,000 in exploration expenditures over a 3 year period
- Solomon can acquire an additional 9% interest (Stage 2) by issuing an additional 5,000,000 common shares and completing a further \$1,500,000 in exploration expenditures in year 4.

The DGP Property is comprised of 2 exploration licenses covering 722km<sup>2</sup> located in Namibia, South Africa.

The Company is currently seeking approval on the transaction and working on financing opportunities to provide working capital and fund the anticipated exploration expenditures as described under the Letter Agreement.

**Financial information**

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

<b>Three months ended January 31</b>	<b>2014</b>	<b>2013</b>	<b>Comment</b>
Total Revenue	\$ 1,313	1,852	1
General and administrative expenses			
Total general and administrative expenses	\$ 55,807	229,465	
Management fees	\$ 24,223	30,329	2
Travel, Promotion and shareholder costs	\$ 4,098	19,301	3
Office and misc	8,305	15,621	
Share based payments	-	34,540	
Property Maintenance	-	2805	
Professional fees	\$ 10,817	110,734	4
Rent	\$ -	9,000	5
Other income and expense items			
Gain on settlement of liabilities	\$ -	-	6
Net gain (loss) for the period	\$ 1,755	(228,174)	
Net gain (loss) per share (basic and fully diluted)	\$ 0.000	(0.01)	
Weighted average shares in issue - number of shares	51,857,659	41,313,972	
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	18,638,600	21,456,333	8
Fully diluted share capital at end of period	72,573,592	62,770,305	
Other cash flows			
Proceeds on issue of shares	\$ -	-	9
Cash spent on mineral property interests	\$ -	(245,550)	10
Other balance sheet items			
Total assets	\$ 19,604	551,955	11
Working capital	\$ (139,405)	(301,824)	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 second quarter of fiscal 2014 ("FY2014 Q2") and the comparative quarter of the previous year ("FY2013 Q2").

1. Revenue comprises oil and gas royalty receipts. The royalty interests were sold on November 19, 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 Q2 include approximately \$9,821 in fees primarily relate to legal costs regarding the sale of the Company's royalty interest and annual general meeting. 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 Q2.
6. There were no issues of common shares for cash in FY2014 Q2.
7. During FY2014 Q2 the Company did not incur any expenditure on mineral properties.
8. Total assets at January 31, 2014 were comprised almost entirely of cash in bank accounts and reflect the inactivity of the Company during the quarter. At January 31, 2013 the Company had a more normal spread of assets, principally its bank accounts and its mineral property interests in Rwanda and the Yukon Territory.
9. The negative working capital position of the Company at January 31, 2014 reflects the value of creditors that were unpaid at that time, net of cash in the bank. On November 19, 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.

**Results of operations**

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

<b>FY 2014</b>		Q1	Q2		
Revenues	\$	2,602	\$	1,313	
Comprehensive income (loss)	\$	151,783	\$	1,755	
Comprehensive income (loss) per share	\$	0.00	\$	0.00	
<b>FY 2013</b>		Q1	Q2	Q3	Q4
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>				Q3	Q4
Revenues	\$			6,422	4,026
Comprehensive loss	\$			(1,940,738)	(395,500)
Comprehensive income (loss) per share	\$			(0.07)	(0.01)

**Liquidity and capital resources**

During FY2014Q2 and FY2013Q2 no new shares were issued for cash.

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

January 31, 2014	(\$139,405)
July 31, 2013	(\$369,210)
January 31, 2013	(\$301,824)

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

<b>Shares in issue and fully diluted:</b>		<b>March 24, 2014</b>	
			Number of shares
At	March 24, 2014	In issue	53,934,992
	Dilution:	Options	3,485,000
		Warrants	15,153,600
		<b>March 24, 2014 Fully diluted</b>	<b>72,573,592</b>

**Share options**

Options outstanding:		March 24, 2014	
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: March 24, 2014

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 \$15,000.

Paul Maarschalk, a former director, Secretary and Chief Financial Officer, provided accounting and administrative services to the Company at the rate of \$680 per day. Total charges in the quarter were \$9,223. Mr. Maarschalk resigned his positions on January 29, 2014.

Terese Gieselman, provided management services to the Company through her private company, Minco Corporate Management Inc. at a rate of \$75 per hour. Total charges in the quarter were \$1,313.

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 \$17,824 at January 31, 2014 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 January 31, 2014 comprised refundable GST credits.

Payables at January 31, 2014 include \$44,062 payable to related parties and nil in respect to mineral properties. Payables of \$114,947 owing to non-related parties are normal course business items.