



Solomon Gold plc

26 November 2008

Announcement to London Stock Exchange

Solomon Gold Finalises Proposed Terms for Agreement with Newmont on Guadalcanal Projects

The Solomon Gold plc (Solomon Gold or the Company) is pleased to advise that the Company has signed a term sheet outlining the principal terms of a proposed agreement with Newmont Ventures Limited (Newmont) a wholly owned subsidiary of Newmont Mining Corporation, (NYSE: NEM) in respect of Solomon Gold's copper gold exploration projects on the island of Guadalcanal, Solomon Islands.

Under the terms of the proposed agreement, Newmont will be able to earn up to an 80% interest in five exploration licences (Koloula PL 02/05, Central PL03/05, Mbetilonga PL04/05, Sutakiki PL05/05, and Kuma PL08/05).

The term sheet signed by both Solomon Gold and Newmont confirms that no binding agreement would be constituted until the execution of a definitive agreement by both parties and the completion of due diligence by Newmont within 60 days.

The principle terms provide that Newmont may earn a 51% interest by expending US \$6 million within 3 years (Stage 1 earn-in), and may elect to expend a further US\$6 million (total US\$12 million) to earn a further 19% to a total 70% over a further 2 year period (Stage 2 earn-in). Solomon Gold will act as manager for the first year of the program and Newmont may elect to manage the program thereafter. Newmont currently proposes to second at least one of its geoscientists experienced in porphyry projects discovery and assessment in the South Pacific, to the project.

Solomon Gold may elect after Newmont has earned 70% within 5 years to accept a Newmont funding option which provides for Newmont to earn a further 10% to total 80% by funding Solomon Gold to mining. Solomon Gold would in that case be obligated to repay its 20% share of all of Newmont's costs from the 70% earn point at the end of year 5, plus interest.

If either Solomon Gold's or Newmont's interest is reduced below 10% interest in the project, then that party shall revert to a 0.5% net smelter return royalty on production within the project.

Alternatively in the event that Newmont does not elect to progress to Stage 2 of the earn-in, the parties will contribute pro-rata to a minimum \$1m per annum budgets or dilute on a pro rata basis. Management of the project will be subject to agreed fees.

Solomon Gold continues to hold its prospecting licence application on Fauro Island and Nickel exploration tenements on eastern Guadalcanal and Ngella in the Floridas and Makira Island.

The Solomon Gold board considers Newmont's interest in Guadalcanal Island as a significant demonstration of support for the prospectivity of Solomon Gold's projects on Guadalcanal Island.

Newmont is one of the worlds leading gold project development and operating companies, with considerable experience in the south west Pacific and Indonesia.

About Solomon Gold

Solomon Gold holds an extensive tenement position on the main Island of Guadalcanal, Solomon Islands, for minerals exploration, focusing on copper and gold rich porphyry systems and high-grade epithermal gold mineralisation. The Company listed on AIM on 10 February 2006 after a £5m capital raising.

Solomon Gold believes the area, located on the southwest Pacific Rim, to host potential for the discovery of copper gold porphyry systems similar to other large ore bodies in the region such as Ok Tedi, Grasberg and Bougainville, which each contain mined and current resources in excess of 40m oz of gold equivalent as gold and copper. The Company is staffed by an active team of expatriate and Solomon Island geologists and field hands, supported by integrated logistics support services.

In late 2007 the Company announced an intersection of 32m @ 9.45 g/t gold from 108m in drill hole SK011 at Sutakiki in the centre of the broadly mineralised intrusive system. In December 2007 Solomon Gold raised a further £3.5m to continue working on the Guadalcanal projects.

It is the current intention of Solomon Gold to explore for porphyry copper gold deposits with overprinted high-grade epithermal gold mineralisation and ultimately bring one or more into production. Solomon Gold has access to the required exploration, development and financing skills to achieve this goal.

The high-grade gold mineralisation encountered in the recent drilling at Sutakiki is characteristic of high-grade gold deposits related to mineralised transform structures in Papua New Guinea and the Indonesian archipelago.

The company recently completed a 2000 line km airborne electromagnetic VTEM survey, the results of which are not yet available.

Qualified Person

Information in this report relating to the exploration results is based on data reviewed by Mr Nicholas Mather (B.Sc. Hons Geol.), the Chief Executive Officer of the Company. Mr Mather is a Fellow of the Australasian Institute of Mining and Metallurgy who has in excess of 25 years experience in mineral exploration and is a Qualified Person under the AIM Rules. Mr Mather consents to the inclusion of the information in the form and context in which it appears.

By order of the Board
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