



Solomon Gold plc

17 December 2008

Announcement to London Stock Exchange

Solomon Gold plc secures commitment of £221,915 under Convertible Note Issue and £89,544 as Secured Loan Funds

Solomon Gold Plc (Solomon) has entered into an agreement with Samuel Holdings Pty Ltd (Samuel), for the placement on or before 30 January 2009 of 22,191,500 convertible notes (Notes) each with a face value of 1 pence for gross proceeds of £221,915 (Commitment), with the funds being required to meet the general working capital requirements of the Company.

The Notes provide for conversion into Solomon shares at any time during the term of the Notes at 80% of the 30 day volume weighted average price for Solomon shares or 1 pence, whichever is the higher value. (Accordingly, higher share and conversion prices will mean the issue of fewer shares on conversion of the Notes)

Under the Commitment Samuel is required to cause or procure subscriptions for the convertible notes with funds being received on or before 30 January 2009. Samuel has advised Solomon that its present intention is to offer participation in the Notes issue to investors in the most recent Solomon share placement, to the extent this can be achieved without the need to issue a prospectus.

The Notes will mature 12 months from their issue and carry a coupon rate of ten percent (10%).

Under the terms of issue Solomon will retain a right exercisable during the second half of the term of the Notes to redeem them for cash at 1.5 pence per Note. A condition of Solomon exercising this redemption right is that it will be required to issue the Note Holders a total of 9,510,643 options with an exercise price of 3.5 pence per share expiring 2 years after the Note redemption.

Samuel Holdings has also advanced an amount of £89,544 (A\$200,000) secured over the assets of Australian Resource Management (ARM) Pty Ltd a wholly owned subsidiary of Solomon Gold plc. The loan attracts interest at the rate of 10% per annum and matures in 6 months time. It may be repayable in Notes of the same series as described above or cash at the holder's election. The Company expects to discharge the loan from the proceeds of sale of real estate in Honiara, Solomon Islands in the near future.

Samuel is a company associated with Solomon's Managing Director, Nicholas Mather and as such the proposed Notes issue is a related party transaction. As required by the AIM Rules the Directors of Solomon (with the exception of Nicholas Mather) consider, having consulted with Solomon's nominated adviser, RFC Corporate Finance Ltd, that the terms of the Note issue are fair and reasonable insofar as Solomon's shareholders are concerned.



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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 was admitted to AIM on 10 February 2006 after a £5m capital raising. Solomon Gold has identified approximately 30km² of mineralisation indicative of significant porphyry copper gold and epithermal gold mineralisation systems. Solomon Gold believes the area, located on the southwest Pacific Rim, to host potential for the discovery of a world-class copper gold porphyry system similar to other large ore bodies in the region such as Ok Tedi, Grasberg and Bougainville which host 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 define a world class porphyry copper gold deposit with an overprinted high grade epithermal gold deposit and ultimately see it brought 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.

On 26 November 2008 the Company signed a terms 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 (Koloula PL 02/05, Central PL03/05, Mbetilonga PL04/05, Sutakiki PL05/05, and Kuma PL08/05). The terms sheet is subject to completion of a binding agreement and satisfactory due diligence by Newmont by 26 January 2009. Details of the terms sheet for proposed agreement are set out in the 26 November 2008 announcement by Solomon Gold plc.

The principle terms provide that Newmont may earn up to a 70% interest by expending US \$12 million within 5 years in a two stage 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.



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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 world's leading gold project development and operating companies, with considerable experience in the south west Pacific and Indonesia.

Solomon Gold continues to hold a 100% interest in the gold project on Fauro Island near Bougainville and nickel exploration tenements on Ngella Island in the Florida's Group north of Honiara and on eastern Guadalcanal.

By order of the Board
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