



Solomon Gold plc

2 December 2009

Announcement to London Stock Exchange

Solomon Gold to Acquire two Gold explorers in Queensland, Australia

Highlights

- Solomon Gold to acquire two gold exploration companies in Queensland, Australia for 86.8M shares, and \$AUD1M in cash and \$AUD1M in convertible notes.
- Implementation of strategic plan to diversify into integrated gold explorer, developer and miner
- Existing drilling data indicates high grade vein and disseminated gold resource targets at Mt Perry, south east Queensland; and Carlin style disseminated gold resource targets at Rannes in Central Queensland
- Drilling programs to commence immediately for 10,000 metres over the next 12 months at the Mt Perry Goldfield and Rannes
- Key 1million ounce target at Chinaman's Creek system, Mt Perry in a 5x3km mineralised area with zones over 1g/t gold in surface soil samples and 18g/t in rock chip samples
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- Mt Perry project host to over 60 historic gold mines and diggings, adjacent to the Mt Rawdon 120,000 oz pa gold mine (Lihir Gold)
- Rannes project hosts six targets with 1m oz Au resource potential
- Additional high priority targets at Police Camp Creek and Mt Cooper
- Rannes centred on a 200km long province with geological similarities to the Carlin, Nevada, USA trend.
- Niagara prospect at Clermont central Queensland located adjacent to the Miclere Goldfield.
- A\$4.5m cash reserves for exploration programs in Queensland and Fauro Island (100% Solomon Gold) prior to the acquisitions



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In line with its previously indicated diversification strategy, the Board of Solomon Gold plc is pleased to announce that it has agreed in principle to acquire two separate Australian gold exploration companies:

- 100% of the share capital of Acapulco Mining Pty Ltd. (Acapulco) with its key gold projects over the Mt Perry Goldfield in Queensland, and;
- 100% of the share capital of Central Minerals Pty Ltd. (Central) with its key gold projects over a newly defined 200km Carlin style trend on the eastern margin of the southern Bowen Basin in central Queensland.

The acquisition of Acapulco and Central by Solomon Gold will complement the company's existing exploration project with Newmont for giant porphyry gold copper projects on Guadalcanal and its 100% owned Fauro Island project in the Solomon Islands.

The Acapulco and Central projects have yielded recent and significant gold discoveries from drilling in a low risk environment adjacent to existing gold mining operations in Queensland. The projects at Mt Perry provide the opportunity to define deposits in excess of several million ounces of gold in strongly mineralised intrusive related porphyry systems. At Rannes, Solomon Gold believes there is potential for the discovery of several million ounces of gold in low temperature gold mineralising systems similar to the world renowned Carlin and Battle Mountain trends in Nevada, USA. Central and Acapulco geologists have recognised new common structural controls to mineralisation in both the Rannes and Mt Perry project areas, as a persistent north-north-west fracture system. Structural and geological similarities and management synergies between both projects are expected to assist in the efficient exploration of both areas.

Both Acapulco and Central hold granted exploration permits in Queensland which are in good standing. Whilst native title claims exist in respect of some of the tenement areas under Australian law, there do not appear to be any current or material impediments to exploration being progressed on the project areas.

Further maps and plans depicting the descriptions of the prospects in Acapulco and central may be found on the Solomon Gold website www.solomongold.com

Effect of the Acapulco Mining acquisition Consideration

The Acapulco transaction will see Solomon Gold acquire 100% of the share capital of Acapulco Mining Pty Ltd (ACN: 067 983 582) for a consideration of 49.6 million Solomon Gold shares. Acapulco has spent approximately A\$ 3million at Mt Perry to date. Messrs Mather and Wenck are interested directors in Acapulco and Mr Mather is a shareholder in Acapulco and abstained from the decision to acquire Acapulco. Interests associated with Mr Mather, the Managing Director of Solomon Gold, hold 20.03 % of Acapulco and on completion would be entitled to a further 9,938,075 Solomon Gold shares.

The Acapulco shareholders have agreed to a six (6) month voluntary escrow on their consideration shares in Solomon Gold subject to certain carve outs in the event takeover offers are received for the company during the escrow period.



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Effect of the Central Minerals acquisition Consideration

The Central transaction will see Solomon Gold Plc acquire 100% of the share capital of Central Minerals Pty Ltd (ACN: 125 394 132) in return for a consideration of 37.2 million Solomon Gold shares.

Central is 79% owned by ASX listed D'Aguilar Gold Ltd.(D'Aguilar). Mr Mather and Mr Moller, directors of Solomon Gold, are also directors of Central and D'Aguilar. Messrs Mather and Moller abstained from the decision to acquire Central. As a result of the Central transaction, Mr Mather and associated interests will become entitled to a further 558,000 shares in Solomon Gold.

Solomon Gold has also agreed to pay \$AUD 2m to D'Aguilar to purchase all of the debts owed by Central to D'Aguilar. These currently amount to \$AUD 2,281,862. Solomon Gold will pay \$AUD 1m cash on completion of this acquisition with the balance of \$AUD1m to be paid pursuant to a 12 month 10% coupon bearing convertible note. The note is convertible at the holders' election at market price at the time of conversion.

The acquisition of Central is subject to the approval of the shareholders of D'Aguilar at a general meeting. The independent non-conflicted directors of D'Aguilar have recommended the sale subject to not receiving a higher offer and have granted Solomon Gold a right to match any other offer received. In addition, D'Aguilar has agreed to pay a 1% cash break fee in the event the agreement is not ratified by D'Aguilar shareholders.

After completion of the acquisition of Central D'Aguilar will be entitled to a further 29,388,000 shares in Solomon Gold and will hold 32,943,557 (17.05%) of Solomon Gold. Mr Mather and his associated interests will hold a total of 30,780,936 shares (15.93%) as a result of both the Acapulco and Central transactions completing. After the acquisitions of Acapulco and Central, Solomon Gold will have 193,170,075 shares on issue.

The transactions have been reviewed and assessed by an Independent Geological Consultant, and the independent Directors, having consulted with the Company's NOMAD (RFC Corporate Finance), have determined that the terms of the transactions are fair and reasonable in so far as the Company's shareholders are concerned and consequently have approved the transactions.

Solomon Gold currently (prior to the acquisitions) has \$AUD 4.5m in cash to be applied to its Queensland exploration activities and the 100% owned Fauro project in the northern Solomons over the next 12 months. It is expected that year round drilling conditions and relatively easy access arrangements combined with local knowledge, management and relatively cheap exploration costs will enable the delivery of regular exploration updates from these projects in addition to the ongoing results from the Solomon Islands projects

Rannes Project (Central)

Central holds exploration licences covering 3,670 km² over a strike length of 200km on the eastern margin of the Permian Triassic Bowen Basin in central Queensland, approximately 200km south west of the Central Queensland port of Rockhampton. The project is based on the recognition by Central geologists of broad zones of low



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temperature gold bearing fragmented and silicified rocks at the sheared base of the Bowen Basin limestone and volcanic rich sediments on its eastern margin.

The mineralisation is characterised by similar geochemical and structural features to those found in the prolific gold mining trends at Carlin and Battle Mountain in Nevada USA.

The central Queensland district has recorded historical production of gold in excess of 10 million ounces, principally at the Mt. Morgan volcanogenic deposit to the north east (8m oz) and the Cracow epithermal vein deposit (2m oz) to the south and there is potential for similar endowment in this area.

In the Central project areas at Rannes and north and south of the central zone by approximately 100 km in each direction, into the more recent exploration licence application areas, Central geologists are using sensitive geochemical and geophysical interpretation techniques to detect silver, mercury, thallium and antimony anomalies to indicate the presence of concealed gold targets prior to drilling. The 1 million ounce, 100k oz pa Cracow mine, 120km south of Rannes is thought to exemplify high grade low temperature vein targets which have developed underneath the Rannes mineralised zones. Several of the ore bodies at Cracow do not outcrop and are distinguishable only by geophysical signatures, similar in style to those evident on the Central tenements.

Five prospects (Crunchie, Homestead, Kauffmans, Cracklin Rosie and Porcupine Pie) in the Rannes Central area have been subject to first pass drilling by Central and previous explorers with potentially economic intersections in all five.

Surface soil, stream and rock sampling have already identified a further thirteen gold targets, of which five (Soggy-Hogget Hill, Mt Cooper and Brother-Police Camp Creek) are considered to be high order and located close to the drilled prospects referred to above. Police Camp Creek is four kilometres long and defined by high order soil anomalism. Mt Cooper , located in the north west of the Rannes Central area, is 7km long, open ended and defined by a strong silver anomaly in soils. Mt Cooper is located in Bowen basin sediments and is considered to represent the upper level expression of a gold system at depth.

Key drill intersections on the Rannes Central targets are set out below:

Prospect	Hole no	Intersection (m)	Gold g/t	Silver g/t	From depth (m)
Crunchie	14	32	1.84	41	surface
	15	68	1.01	73	10
	24	36	1.11	77	40
	27	30	1.37	81	46
	35	32	1.39	103	surface
			12	1.89	NA
Homestead		12	1.56	NA	NA
	43	30	2.4	33	32
	including	14	4.46	54	32
	44	16	1.18	12.5	70
Kauffmans	6	40	1.69	25	26
	36	18	1.69	7	10



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	and	14	3.7	29	82
	3	8	6.23	5.9	4
Porcupine Pie	Previous explorer NA	59	1.49	NA	117
	Previous explorer NA	128	1.15	NA	56
	Previous explorer NA	66	1.67	NA	76
	Previous explorer NA	86	1.36	NA	6
Cracklin Rosie	NA	16	2.35	NA	NA
	NA	2	9.95	NA	NA

The best understood target is Crunchie where potentially economic mineralisation has now been intersected in drilling in an area 200m wide and 300 m long and up to 68m thick. The mineralised zone is open down dip and in both directions along strike. Immediate drilling programs are planned to test the best prospects at Rannes including extending the zone of gold mineralisation at Crunchie. High grade rock chip samples have been recovered from additional prospects not yet drill tested In particular Brother (15g/t Au) on a trend of gold anomalies 4km long stretching from the Brother prospect to the Police Camp Creek prospect to the south east.

Mt Perry Project (Acapulco)

Acapulco holds extensive exploration tenements and applications covering 1,344 km² over the historic Mt Perry and Normanby Goldfields in Queensland. There are significantly more targets and greater prospectivity at Mt Perry than at Normanby and accordingly Mt Perry will attract the bulk of the exploration focus in Acapulco from Solomon Gold.

The Mt Perry Goldfield in south east Queensland, 4 hours drive from the capital Brisbane, is host to more than 60 named historic mines and workings; and numerous other unnamed diggings, It lies adjacent to Lihir Gold's 120,000 oz pa Mt Rawdon Gold Mine and on the intersection of two major geological fault structures in south east Queensland, the Mt Perry and Darling Lineaments. Several high grade vein style and lower grade high tonnage porphyry style gold targets have already been identified by mapping sampling, geophysics and exploration drilling.

Prospect	Style	targets	Best intersection	drill	Grade (g/t Au)
Chinaman's Creek	Disseminated bulk and shear high sulphide	Gold silver	14 m 54 m		4.6 1.62
Nickos	Bulk, intrusive related breccia high sulphide	gold	0-66, 66m 0 -46, 46		0.92 1.79
Dingles	Bulk intrusive porphyry style, high sulphide	gold	27 – 62, 37m		1.03
Augustine	High grade shoot, high sulphide	gold	6m 4m 2m 6 m		7.14 14.4 18.7 5.2



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Regans	Low grade disseminated bulk high sulphide	Gold silver	28 m 10 m 34 m	.97 .93 .93
New Moonta, Red Hill	High grade vein	Copper gold silver	4 m 2 m	5.8 5.9 g/t Au 679 g/t Ag 9.6% Cu 1.5% Pb and 2.0 % Zn
Bania	Bulk, intrusive porphyry style low sulphide	gold	0 – 52, 52 m	1.63

Best drill intercepts to date at Mt Perry

The mineralised target zones at Mt Perry extend over a 20km north-easterly corridor from Augustine West in the south west to the New Moonta mines in the north-east. Copper-molybdenum porphyries with gold and zinc anomalous halos lie in the south of the project area and merge with the strongly mineralised Chinaman's Creek-Reids Creek-Spring Creek target immediately to the north. In the northern part of the project area, gold mineralisation is characteristically low in sulphide minerals and similar in style to gold rich intrusives of north-west America. Sulphide mineralised breccias with variable gold silver base metals and occurrences of uranium characterise the Augustine to New Moonta trend.

Acapulco has conducted extensive airborne magnetic and electromagnetic surveys and detailed soil and rock chip sampling and mapping programs over the area. This has been followed up by drilling programs conducting first pass reconnaissance drilling on numerous targets.

Following the acquisition of Acapulco, Solomon Gold will prioritise resource definition drilling programmes. Drilling rigs are already on the property and will be allocated for immediate drilling at the highest priority targets, principally at the Chinaman's Creek zone.

Chinaman's Creek –1m oz target

Solomon Gold has identified potential for the definition of more than 1m ounces of gold in the Chinaman's Creek system which extends in a number of parallel mineralised shear and reef systems over a 5x3 km zone. Upper Chinaman Creek consists of at least three sub-parallel gold bearing structures, the BB, Welcome and Spring Creek zones which are characterised by variable veining, silicification and pyritisation that appear to be related to porphyry dykes that trend from the Mt Rawdon Mine area, 13 km to the south-east on the Rawdon Fault. Numerous outcrops and historic workings have yielded high grade gold assays of up to 181 g/t (6 ounces per tonne), while soil gold anomalies remain open at the > 100 ppb level, with frequent zones above 1g/t gold.

The mineralisation has induced an electromagnetic response which is widest and strongest in an area with poorer outcrop close to the Mt Perry fault to the south-east. The geophysics has assisted in defining the targeted mineralized zone.



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The size and strength of this gold system as well as its structural setting, which is very similar to that of Mt Rawdon, may point to a similar gold endowment. Mt Rawdon has approximately 2 million ounces in total mined gold and current resources.

Queensland gold mining history and Solomon Gold strategy for Queensland

Solomon Gold believes that the acquisition of Acapulco and Central will augment the gold exploration projects on Guadalcanal (in joint venture with Newmont), and the Fauro Island project in Solomon Islands near the PNG border south of Bougainville. The Queensland projects represent relatively low political risk exploration and, in the case of Mt Perry, are adjacent to a currently producing mine development owned by Lihir Gold. Mt Rawdon has been operational for over 10 years producing gold at a rate of over 100,000 ounces per annum and represents a current and historic resource inventory of more than 2 million ounces. The projects are located in areas easily accessible from the regional Queensland centres of Gympie, Bundaberg and Townsville. Eastern Queensland has been host to some of Australia's most significant gold mining operations in the past, including the Mt Morgan mine which produced 8m ounces in Central Queensland up to 1970. Some of the more important operations and mining centres are set out below

Mine	Size	style	operator	status
Mt Rawdon	2m oz	volcanogenic	Placer/ Equigold/Lihir	Current 120kozpa
Mt Morgan	8m ounces 1m oz tailings	Volcanogenic	Mt Morgan Mining , Norton Goldfields	Tailings retreatment
Cracow	2m oz	Epithermal veins	Newcrest Mining	Current 110kozpa
Pajingo	4 m ozs	Epithermal veins	Newmont	Mined by Newmont
Charters Towers	6m oz	Veins		Current Citigold
Ravenswood	4m oz	Veins Breccias		Current
Gympie	4 m oz	Veins	Gympie Gold	Care and maintainance
Red Dome	1m oz	porphyry		Current, Kagara
Kidston	4m oz	Breccia pipe	Placer	Mined out

The projects offer additional strategic advantages in relatively low sovereign risk theatres. The expected total drilling costs are historically approximately one third of those experienced in Solomon Islands. Development capital costs are also expected to be relatively low. Easy access and a local culture and regulatory infrastructure supportive of mine development is expected to lead to the delivery of drilling results year round. These are all factors in the selection by Solomon Gold of these synergistic Queensland projects as an exploration focus to augment the Solomons projects.

Solomon Gold's long term business strategy is to develop into a middle order gold producer as 100% owner and operator, of highly prospective tenements in Fauro Island



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and eastern Queensland in addition to its interest in the Joint Venture with Newmont on Guadalcanal.

Solomon Gold operational advantages in Queensland

The Queensland geological exploration and operating framework is very familiar to Solomon Gold, Central and Acapulco management teams who have a detailed understanding of the prospectivity for porphyry gold and copper targets in these areas. In addition, there having been relatively little attention paid to the areas from other major companies recently, makes the planned exploration effort in Queensland very compelling. The continuing exploration activities within Acapulco and Central under Solomon ownership will be handled by the existing Solomon Gold, Central and Acapulco Management teams, and there will be no additional Directors appointed to the Solomon Gold Board as a result of this acquisition. Central and Acapulco run a fully operational field base at Gympie, 200km north of Brisbane. All the Acapulco and Central field projects are easily accessible by road from Brisbane and Gympie.

About Solomon Gold

Solomon Gold listed on the London AIM exchange in early 2006 following a £5m IPO raising. Following its recent share placement, Solomon Gold has 106.3m shares on issue and the Board and management hold approximately 23.7%.

Since inception, Solomon Gold and its subsidiary, Australian Resource Management (ARM) Pty Ltd have spent approximately A\$20m on the search for a giant gold copper porphyry system. The Company currently holds tenement interests over 612km² land covering highly prospective terrane on the southwest Pacific rim of fire, a region known for very large copper gold porphyry deposits, such as Grasberg, Lihir, Bougainville, Ok Tedi and Batu Hijau in Indonesia. The South Pacific Applied Geoscience Commission (SOPAC) in 2001 concluded "Solomon Islands is perhaps the most prospective Pacific island country for minerals after Papua New Guinea."

Solomon Gold's prior programs established an understanding of the geology of the area and the Company procured a substantial geological, geochemical and airborne magnetic database over the tenements. The data collected indicated a very strong potential for large porphyry copper gold deposits. The Company drilled 14,000 metres of core, resulting in its best intersection, in late 2007, of 32m@9.45g/t gold in drillhole SK11 in the Sutakiki Valley, 30km south east of Honiara.

As a result of the development of long term relationships with the local people on Guadalcanal, Solomon Gold enjoys unprecedented access to areas never previously explored. The Company established and maintains a fully operational base in Honiara, and separate field capabilities in central Guadalcanal.

On 5th March 2009, Solomon Gold announced its definitive Venture Agreement with Newmont Ventures Limited, a subsidiary of Newmont Mining Corporation (NYSE:NEM) ("Newmont"), under which Newmont can earn 51% of the project area by expending US\$6 million within three (3) years, and may elect to expend a further US\$6 million within a further two (2) years to earn a further 19% to reach 70%. Thereafter, Solomon Gold may elect to contribute its own funds on a pro rata basis, or elect for Newmont to



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debt fund the Solomon Gold share in the project to mining, for which Newmont would earn a further 10% interest in the Solomon Gold – Newmont Venture. Solomon Gold would in that case be obligated to repay its 20% share of all of Newmont's costs from the 70% earn point, plus interest.

Importantly, in the first year of the Venture, it has completed the acquisition of highly diagnostic Airborne EM data over the entire Guadalcanal Venture licence area, and is well advanced in the collection of a complete stream sediment Bulk Leach Extractable Gold data set, also over the entire licence area. Interpretation of this data, along with the detailed mapping and sampling of advanced prospects being prepared for drill testing in 2010 is well advanced.

The Solomon Gold Board considers Newmont's interest in Guadalcanal as a significant demonstration of support for the prospectivity of Solomon Gold's projects on Guadalcanal. 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 exploration licence on Fauro Island near Bougainville, and nickel exploration tenements on Ngella Island in the Florida's Group, north of Guadalcanal, and on eastern Guadalcanal.

The Solomon Islands Mining Act provides for an orderly regulatory environment under which to conduct exploration programs. Solomon Islands is governed by a Westminster style elected parliament and enjoys the assistance and support of a number of south west Pacific nations including Australia, through RAMSI, the Regional Assistance Mission to Solomon Islands.

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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Company Secretary

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