



# Solomon Gold plc

22 December 2009

## Announcement to London Stock Exchange

### Execution of Acquisition Agreement for Acapulco Mining Pty Ltd

Further to its announcement of 2 December 2009, the Board of Solomon Gold Plc (“Solomon Gold” or “Company”) is pleased to advise that it has now executed the definitive agreement for the acquisition of 100% of the share capital of Acapulco Mining Pty Ltd (Acapulco).

This represents the realisation of the Company’s first step towards becoming a diversified gold explorer, developer and miner in the South West Pacific.

As previously announced, Acapulco holds extensive exploration tenements and applications covering 1,344 km<sup>2</sup> over the historic Mt Perry and Normanby Goldfields in Queensland. It is expected that Mt Perry will attract the bulk of the exploration focus in Acapulco from Solomon Gold.

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 20km long 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 successful first pass reconnaissance drilling programs 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 1 million 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’s 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, 13km 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.



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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.

The size and strength of this gold system as well as its structural setting, which is very similar to that of Mt Rawdon, is believed by Solomon Gold to point to a similar gold endowment at Chinaman's Creek. Mt Rawdon has approximately 2 million ounces in total mined gold and current resources.

## Central Minerals Pty Ltd

The Board of the Company is in the process of finalising its agreement to acquire 100% of the share capital of Central Minerals Pty Ltd (Central) also the subject of the announcement made on 2 December 2009. As previously noted, by virtue of ASX-listed D'Aguilar Gold Limited being Central's largest shareholder, completion of this particular acquisition will proceed once the relevant regulatory and shareholder approvals have been obtained.

The market will be kept informed of the progress being made on these matters.

Central's main project is the Rannes Project in Central Queensland. Central holds tenure over a 200km zone of gold prospective targets on the Eastern edge of Queensland's Bowen Basin. The Carlin trend in Nevada USA is one of the most prolific gold belts in the World, and Solomon Gold has recognised potential for similar styles of mineralisation at Rannes. Preliminary drilling has already returned encouraging results.

## About Solomon Gold

Solomon Gold listed on the London AIM exchange in early 2006 following a £5m IPO raising. Following the acquisition of Acapulco, Solomon Gold has 155,970,075 shares on issue and the Board and management hold approximately 22.5%.

Since inception, Solomon Gold and its subsidiary, Australian Resource Management (ARM) Pty Ltd have expended approximately A\$20m on the search for a giant gold copper porphyry system. The Company currently holds tenement interests over 612km<sup>2</sup> land covering highly prospective terrane on the southwest Pacific rim of fire, a region known for very large copper porphyry deposits, such as Grasberg, Lihir, Bougainville, Ok Tedi and Batu Hijau in Indonesia. In 2001, the South Pacific Applied Geoscience Commission 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.



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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 5<sup>th</sup> 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 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 Honiara, 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.



# Solomon Gold plc

By order of the Board  
Karl Schlobohm  
Company Secretary

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