



## Press Cutting

*'Speculative BUY'*

Solomon Gold Plc 27 Jun 11

### Drilling delivers another Rannes resource upgrade

Solomon Gold continues to actively drill at its Rannes gold project where it is targeting a two million ounce inferred resource. Drilling has been successful at Crunchie and Kauffmans-Homestead prospects, leading to a further resource upgrade. Exploration activities at Fauro Island and Mt Perry are also delivering encouraging results.

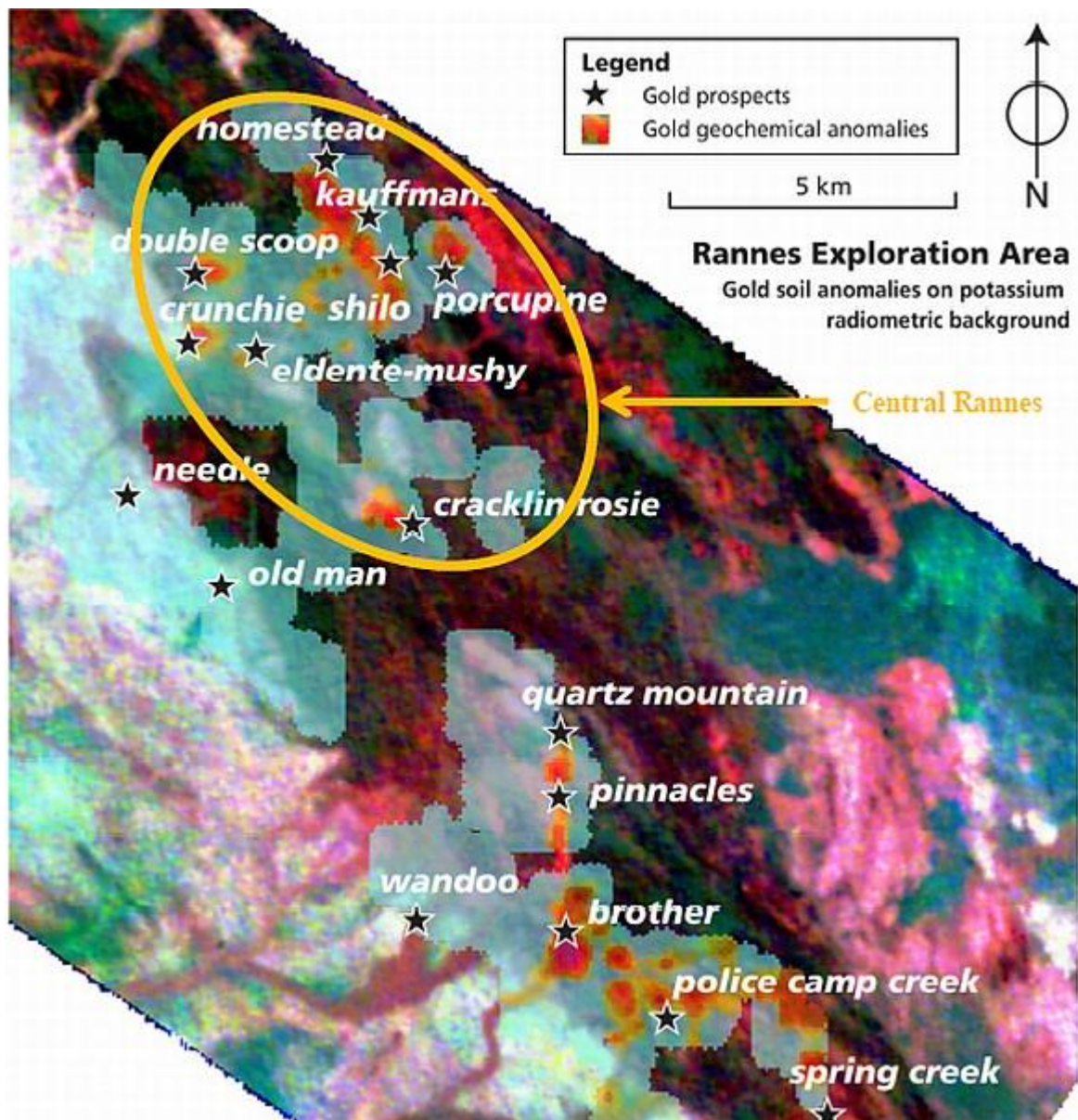


Solomon Gold remains in a downtrend since printing a high of 50p in September 2010. Should the current decline continue, firm support is offered at the 10p level. The RSI is deeply oversold, thus we would expect buyers to emerge in the near term.



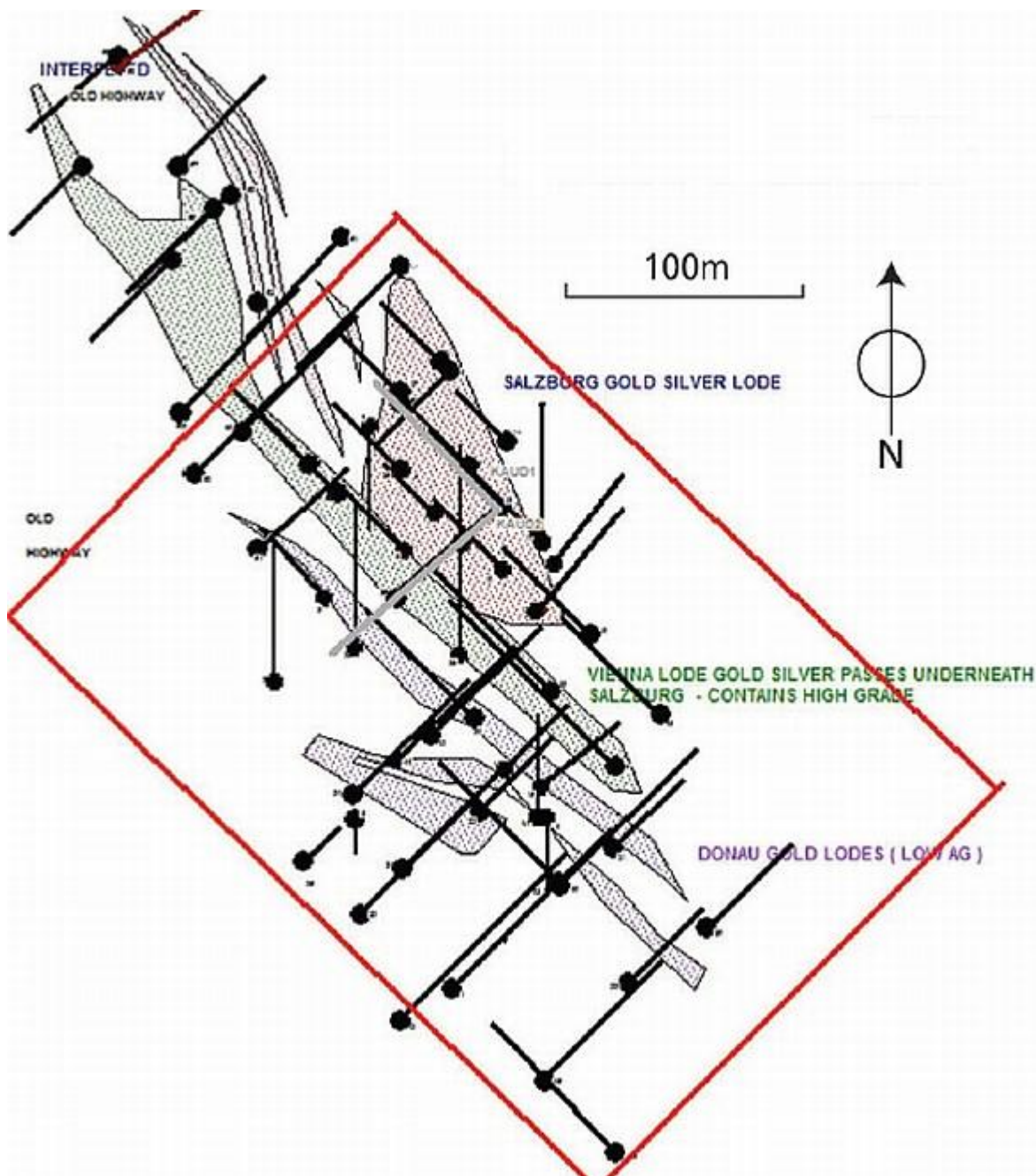
With reference to the weekly chart, the technically important 200 week moving average is currently being tested. We would expect prices to hold at current levels and a rebound in price to follow. The upside target is pointed towards the 39 week moving average at 27.52p over the broader term.

Results from the company's recent drill programme have enabled a further upgrade of the joint ore reserve code (JORC) mineral resources for Central Rannes. The programme has delivered a 34% upgrade to the resource, taking the inferred mineral resource component up to 14.18 million tonnes of ore showing 1.14 grams of gold per tonne (g/t). The following figure shows a soil survey of the Rannes tenement and its prospects.



The upgraded JORC mineral resource estimate number contains the equivalent of 543,858 ounces of gold. The Central Rannes project zone contains a number of prospects and has a strike length of approximately 1.5 kilometres. The company has been focussed on the Kauffmans-Homestead and Crunchie sites. **We are of the opinion that exploration of the region is proving the Rannes tenement to be highly prospective.**

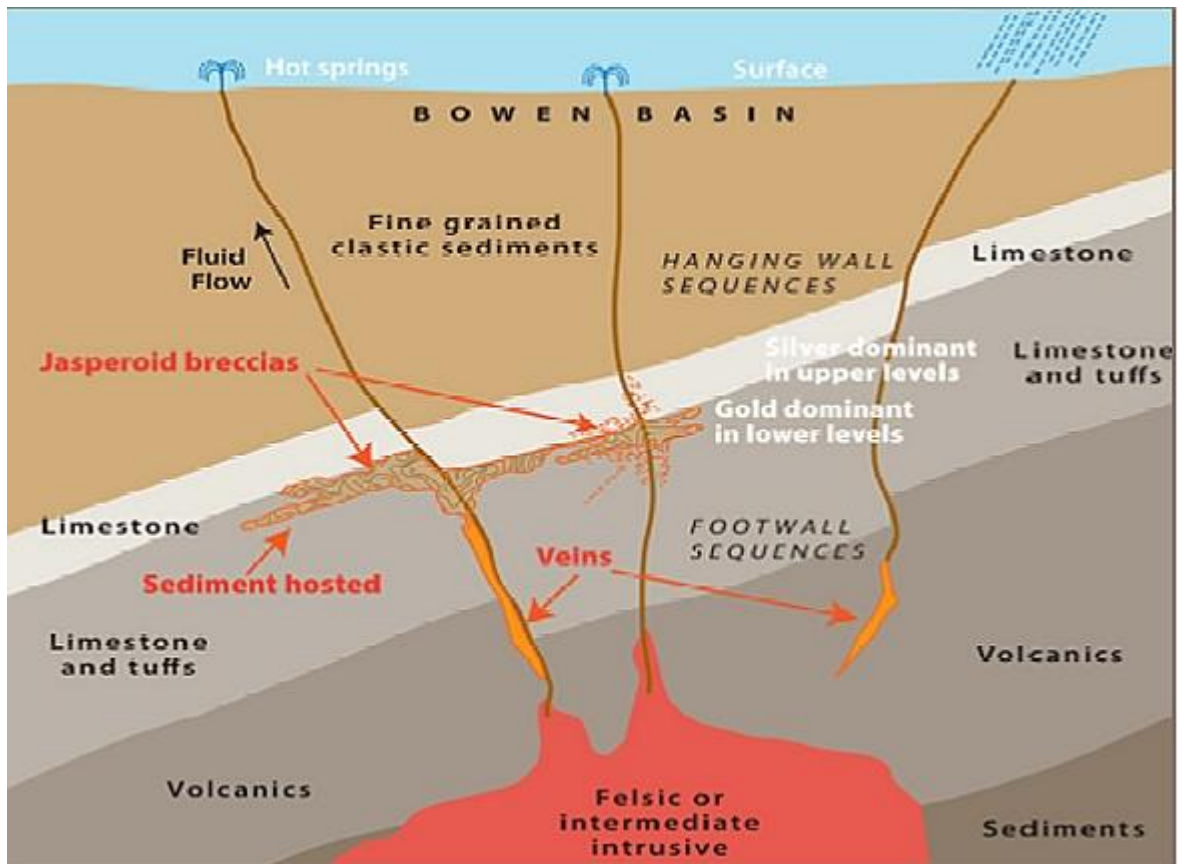
The Kauffmans prospect now shows a mineralisation that is wide and near the surface. The following figure shows drilling on the Kauffman prospect.



Mineralisation at Kauffman's occurs across a zone of over 500 metres by 80 metres. Drilling has identified a continuous multiple vein gold system. Deeper and higher grade intersections, up to 10.35g/t gold, found across various holes are thought to be single continuous veins and indicate the potential to be bulk style gold mineralised deposits.

The Kauffman deposit is open at depth, with the company already initiating a deeper drill programme to further test the veining system. **We are of the opinion this programme will allow future upgrades to the Rannes resource to be declared.**

The excitement surrounding the Rannes tenement is its similar geological characteristics to the Carlin and Battle Mountain gold trends in Nevada. These two trends have a combine resource estimate and production of 200 million ounces of gold. For Members interest the following figure shows a Carlin style gold mineralisation.



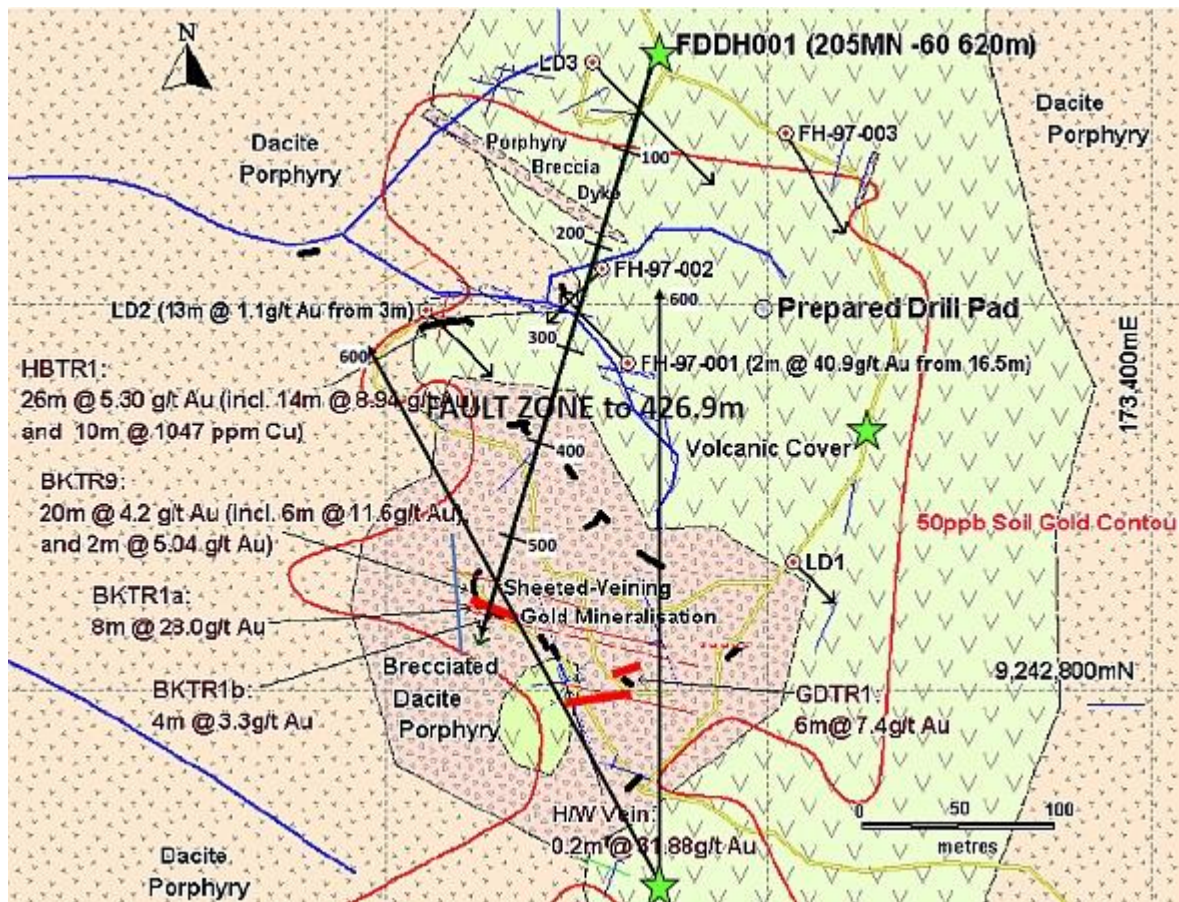
The drilling continues to extend the potential resource for Crunchie both in direction and depth. The Crunchie prospect is particularly high in silver with a contained estimate of eight million ounces.

Magnetic interpretation and further soil sampling have identified numerous targets adjacent to both Kauffman and Crunchie prospects and are yet to be explored by the company. These new targets augment those including Kauffman and Crunchie that have already been identified as prospects and include Porcupine Pie, Cracklin Rosie and Shilo.

Drill programmes are also underway at Brother, Police Camp and Spring Creek prospects, where significant mineralisation has been defined. Early exploration is being carried out on the Old Man and Needle prospects to define the extent of the mineralisation at both prospects.

The resource at Central Rannes will most likely be mined by way of open pits, subject to the findings of the feasibility study on the project.

The Fauro Island gold and copper project in the Solomon Islands has also enjoyed success with its current drilling results continuing to intersect copper and gold mineralisation. The focus of the programme has been on the Meriguna prospect, depicted in the following figure.

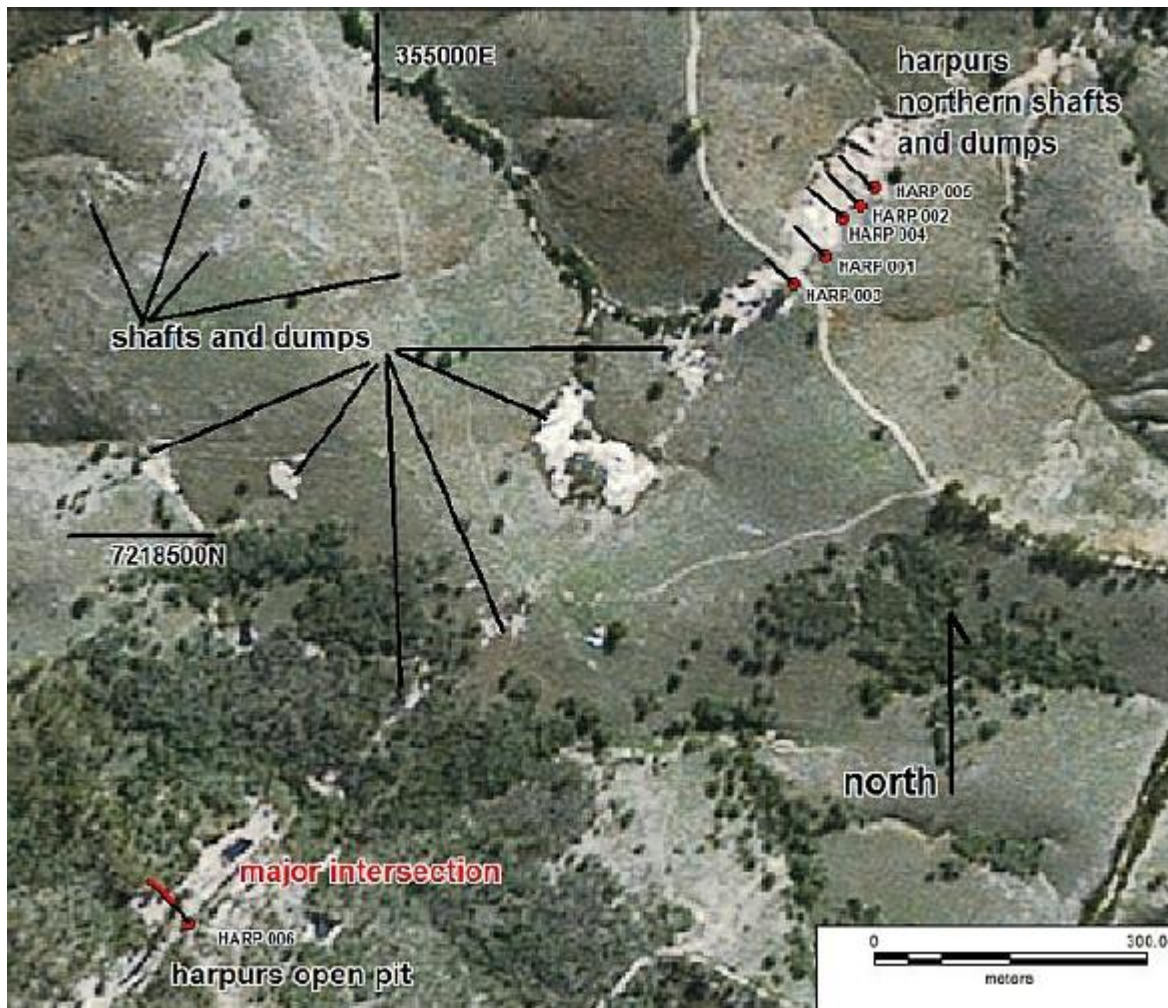


Three holes drilled on the Meriguna prospect (identified by the iridescent green stars) have intersected significant mineralised seams. The best of the intersects was 36 metres showing 1.03g/t gold from 28 metres deep, including a sweet spot of four metres showing 6.75g/t gold (FDDH001). **The seam thickness is significant as is the sweet spot.**

Further assay testing deeper down the FDDH001 hole has identified fresh mineralisation of two metres showing 1.15g/t gold from 121 metres deep and two metres showing 1.50g/t gold from 153 metres deep.

Fauro Island is proving through the early drill results to be a very prospective region.

At Mount Perry the company's gold and copper project in Queensland, drilling has also continued to throw-up encouraging results. Drilling at the old Harpurs Mine has intersected gold and copper mineralisation. The following figure is an aerial shot of the Mount Perry tenement showing the drill locations (HARP001, etc).



The best of the intercepts was HARP006 (bottom left on the above figure) with 14 metres showing 1.24g/t gold, 21.8g/t silver and 0.61% copper from 80 metres deep and 22 metres showing 2.4g/t gold, 27.2g/t silver and 0.64% copper including a sweet spot of eight metres showing 5.11g/t gold, 63.8g/t silver and 1.52% copper) from 104 metres deep. **The early results indicate the potential for Mount Perry to be a major gold-silver-copper deposit.** Further assays are pending.

The company had at 21 June 2011, US\$12 million in cash on hand.

The news flow in the coming months we believe will be positive for Solomon Gold and should act as a catalyst to reverse the current underperformance of the share price.

**We continue to hold the view that drilling should keep on creating future shareholder value. With this in mind we continue to recommend Solomon Gold Plc as a speculative buy for Members who do not currently have exposure to the stock.**