

SOLITARIO EXPLORATION & ROYALTY CORP.  
Form DEF 14A  
April 28, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934  
(Amendment No. )

Filed by the Registrant  [X]

Filed by a Party other than the Registrant  [ ]

Check the appropriate box:

- [ ] Preliminary Proxy Statement  
 [ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))  
 [X] Definitive Proxy Statement  
 [ ] Definitive Additional Materials  
 [ ] Soliciting Material Pursuant to Sub Section 240.14a-12

SOLITARIO EXPLORATION & ROYALTY CORP.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11  
(set forth the amount on which the filing fee is calculated and state how it was determined):

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- (1) Amount previously paid:  
(2) Form, Schedule or Registration Statement No.  
(3) Filing Party:  
(4) Date Filed:

SOLITARIO EXPLORATION & ROYALTY CORP.  
Notice of Annual Meeting of Shareholders

To the Shareholders:

The Annual Meeting of the Shareholders of Solitario Exploration & Royalty Corp. ("Solitario" or the "Company") will be held at 4251 Kipling Street, Suite 390, Wheat Ridge, CO 80033, on Tuesday, June 16, 2009 at 10:00 a.m., Mountain Daylight Time (the "Annual Meeting"), for the following purposes:

1. To elect five directors to serve until the next annual meeting of Shareholders or until their successors are elected and qualified; and
2. To ratify the appointment of Ehrhardt Keefe Steiner & Hottman PC, as Solitario's independent registered public accounting firm for fiscal year 2009; and
3. To transact such other business as may properly come before the meeting and all adjournments thereof.

The Board of Directors has fixed the close of business on April 27, 2009 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Annual Meeting. The approximate date of the mailing of this Proxy Statement and the enclosed form of proxy is May 5, 2009. A complete list of stockholders will be available for examination at the Annual Meeting and at our offices at 4251 Kipling Street, Suite 390, Wheat Ridge, CO 80033, for a period of ten days prior to the Annual Meeting.

Your attention is directed to the accompanying Proxy Statement. To constitute a quorum for the conduct of business at the Annual Meeting, it is necessary that holders of a majority of all outstanding shares entitled to vote at the meeting be present in person or be represented by proxy. To assure representation at the Annual Meeting, you are urged to date and sign the enclosed proxy and return it promptly in the enclosed envelope.

By Order of the Board of Directors

/s/James R. Maronick  
Secretary

April 27, 2009  
Wheat Ridge, Colorado

PROXY STATEMENT

Annual Meeting of Shareholders

This Proxy Statement (the "2008 Proxy Statement") is furnished in connection with the solicitation by the Board of Directors (the "Board") of Solitario Exploration & Royalty Corp., a Colorado corporation, ("Solitario" or the "Company"), of proxies in the accompanying form for use at the Annual Meeting of Shareholders to be held on Tuesday, June 16, 2009, and any adjournment or postponement of such meeting (the "Annual Meeting"). The Annual Meeting will be held at 10:00 a.m., Mountain Daylight Time, at 4251 Kipling Street, Suite 390, Wheat Ridge, CO 80033.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on Tuesday, June 16, 2009: This proxy statement and our 2008 Annual Report (which is not a part of the Company's proxy soliciting materials), including the Annual Report on Form 10-K for the year ended December 31, 2008, are available online at [www.solitarioxr.com](http://www.solitarioxr.com).

The 2008 Annual Report (which is not a part of the Company's proxy soliciting materials) is being mailed to the Company's shareholders with this Proxy Statement. Upon written request from any person solicited herein, addressed to the Corporate Secretary of Solitario at its principal offices at 4251 Kipling St. Suite 390, Wheat Ridge, Colorado 80033, Solitario will provide, at no cost, a copy of the Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") for the fiscal year ended December 31, 2008 (the "2008 10-K"), without exhibits. A copy of any or all of the exhibits to the 2008 10-K will be furnished for a fee, which will not exceed the Company's reasonable expenses in furnishing the exhibits.

Proxies are solicited so that each shareholder may have an opportunity to vote. These proxies will enable shareholders to vote on all matters that are scheduled to come before the meeting. When proxies are returned properly executed, the shares represented thereby will be voted in accordance with the shareholders' directions. Shareholders are urged to specify their choices by marking the appropriate boxes on the enclosed proxy card; if no choice has been specified, the shares will be voted as recommended by the Board. Means have been provided whereby a shareholder may withhold his vote for any Director. The proxy cards also confer discretionary authority to vote the shares authorized to be voted thereby on any matter that was not known on the date of the Proxy Statement but may properly be presented for action at the meeting.

You are asked to sign, date, and return the accompanying proxy card regardless of whether or not you plan to attend the meeting. The approximate date of the mailing of this Proxy Statement and the enclosed form of proxy is May 5, 2009. Any shareholder returning a proxy has the power to revoke it at any time before shares represented by the proxy are voted at the meeting. Any shares represented by an unrevoked proxy will be voted unless the shareholder attends the meeting and votes in person. A shareholder's right to revoke his or her proxy is not limited by or subject to compliance with a specified formal procedure, but written notice should be given to the Corporate Secretary of Solitario at or before the meeting.

The expense of printing and mailing proxy material will be borne by Solitario. In addition to the solicitation of proxies by mail, solicitation may be made by certain Directors, officers, and other employees of Solitario in person or by telephone or other means of electronic communication. No additional compensation will be paid for such solicitation.

Arrangements will also be made with brokerage firms and other custodians, nominees, and fiduciaries to forward proxy solicitation material to certain beneficial owners of Solitario's Common Stock and Solitario will reimburse such brokerage firms, custodians, nominees, fiduciaries for reasonable out-of-pocket expenses incurred by them in connection therewith.

#### Shares Outstanding

The holders of Solitario's \$.01 par value Common Shares (the "Common Stock") at the close of business on April 27, 2009, the record date, are entitled to vote at the Annual Meeting. On April 27, 2009 there were 29,750,242

shares of Common Stock outstanding. Each share of Common Stock entitles its holder to one vote. The presence in person or by proxy of holders of record of a majority of the outstanding shares of Common Stock is required to constitute a quorum for the transaction of business at the meeting. If a quorum is present at the meeting the five nominees for election as Directors who receive the greatest number of votes cast for election of directors at the meeting by the shares present in person or represented by proxy at the meeting and entitled to vote shall be elected Directors. Shares held by persons who abstain from voting on the election of Directors and broker non-votes will not be counted in the election. Shares held by persons abstaining will be counted in determining whether a quorum is present for the purpose of voting on the proposal but broker non-votes will not be counted for this purpose.

## 1. ELECTION OF DIRECTORS

The Board currently consists of five Directors. The Directors elected at the Annual Meeting will serve until the next Annual Meeting of Shareholders and until their successors are elected and qualified. Unless the vote is withheld by the shareholder, the proxies solicited by the Board will be voted for the re-election of all the current Directors. The five nominees who receive the most votes will be elected. If a shareholder does not vote for a nominee or indicates to "withhold" authority to vote for a nominee on the proxy card, that shareholder's vote will not count either for or against the nominee. Solitario's current nominees for election as Directors are:

Name	Age	
Brian Labadie	56	Mr. Labadie has been a director of Solitario since June 2006 and Chairman since March of 2009. He is an independent mining industry consultant. He also was a director of Crown Resources Corporation ("Crown") from June of 2002 until August 2006 upon completion of Crown merger with Kinross Gold Corporation, ("Crown-Kinross merger"). Mr. Labadie has over thirty years experience in the mining industry including ten years with Miramar Mining Corporation from November 1996 to September 2006 as the Executive Vice President, COO. Prior to that, Mr. Labadie spent nine years with Echo Bay Mines, Ltd. as Vice President of Operations. Mr. Labadie holds a Bachelor of Science degree in geological engineering from the University of Toronto.
Chairman (1)(2)		
Mark E. Jones, III, Vice-chairman	69	Mr. Jones has been a director of Solitario since August 1993 and served as Chairman until June 2006. Mr. Jones was also a director of Crown since it commenced operations in February 1989 until August 2006, when Crown was acquired by Kinross. Mr. Jones was a founding partner of Jones, Loyd & Webster, Inc., a Houston-based corporate finance and investment banking firm that specialized in oilfield equipment financing. Mr. Jones also serves as Chairman of Brazauro Resources (BZO/V), a gold exploration company based in Houston, Texas which is traded on the TSX Venture exchange in Canada. Mr. Jones attended the University of Texas.
John Hainey (1)(2)	76	Mr. Hainey has been a director of Solitario since 1999. He is a retired mining engineer and spent the last ten years of his career, before his retirement in 1998, as a mining analyst in the Canadian investment industry with Dundee Securities Corporation (formerly Eagle & Partners), Yorkton Securities Inc., Loewen, Ondaatje, McCutcheon & Company and Canaccord Capital Corporation. Prior to 1988, Mr. Hainey spent over 30 years working in the mining industry, both in Canada and abroad, which covered engineering, operations, consulting and business development and included 17 years with BP Resources Canada Ltd. Mr. Hainey is a member of the Association of Professional Engineers of Ontario and of the Canadian Institute of Mining and Metallurgy. He is also a Chartered Engineer (U.K.) and a Fellow of the Institute of Materials, Minerals and Mining

(U.K.). He holds an A.C.S.M. (Hons.) in Mining Engineering from the Camborne School of Mines in England.

Leonard Harris 81 Mr. Harris has been a director of Solitario since June 1998. Prior to his retirement from Newmont Mining Corporation, Mr. Harris gained over 50 years experience in the mining industry including serving as General Manager of Minera Yanacocha, South America's largest gold mine, and Vice President and General Manager of Newmont Latin America. Mr. Harris has over 20 years experience in managing mining operations in Latin America that include base metal and gold deposits, underground and open pit mines, gold and base metal processing plants and smelting and refining operations. Mr. Harris currently serves on the boards of Alamos Gold Inc., Aztec Metals Corp., Canarc Resources, Cardero Resources Corp., Endeavour Silver Corp., Indico Resources Ltd., IMA Exploration Inc., Golden Arrow Resource Corp., Pediment Gold Corp., and Sulliden Exploration Inc. He is a 1949 graduate metallurgist of The Mount Morgan School of Mines (Australia).

(1)(2)

Christopher E. Herald 55 Mr. Herald has been a director of Solitario since August 1992. He has also served as Chief Executive Officer since June 1999 and President since August 1993. Mr. Herald also served as a director of Crown since April 1989, as Chief Executive Officer of Crown since June of 1999, President of Crown from November 1990 until August 2006, when he resigned from such positions upon completion of the Crown-Kinross merger, and was Executive Vice President of Crown from January 1990 to November 1990. Prior to joining Crown, Mr. Herald was a Senior Geologist with Echo Bay Mines and Anaconda Minerals. Mr. Herald has served as a director of TNR Gold Corp. (TNR/V), a minerals exploration company since 1998. Mr. Herald also serves as the Chairman of the Denver Gold Group, a non-profit industry trade group that organizes the preeminent gold mining industry institutional conferences in the United States and Europe. Mr. Herald received a M.S. in Geology from the Colorado School of Mines and a B.S. in Geology from the University of Notre Dame.

1. The Board has determined this Director/Nominee to be an independent member of the Board in accordance with the standards of independence as determined by the listing standards of the NYSE Amex Equities ("NYSE-Amex").
2. Member of the Audit, Compensation and Nominating Committees

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL OF THE NOMINEES LISTED ABOVE.

It is intended that votes will be cast pursuant to the enclosed proxy for the election of Directors from the foregoing nominees. If any nominee shall not be a candidate for election as a Director at the meeting, it is intended that votes will be cast pursuant to the enclosed proxy for such substitute nominees as may be nominated by the existing Directors. No circumstances are presently known which would render any nominee named herein unavailable.

#### Meetings of Board of Directors

During the fiscal year ended December 31, 2008, there were five meetings of the Board. Each of the incumbent Directors attended all of the meetings of the Board held while they served as a Director, except Mr. Jones and Mr. Harris each missed one Board meeting. Each of the incumbent Directors attended all meetings held by committees of the Board on which they served during 2008, except that Brian Labadie and Leonard Harris each missed one Audit

Committee meeting. All of the references to meetings exclude actions taken by written consent. Board members are not required to attend annual meetings of shareholders. Mr. Herald attended the annual meeting of shareholders held on June 12, 2008.

#### Nominating and Corporate Development Committee

In June of 2006, the Board approved the charter for and formed the Nominating and Corporate Development Committee of the Board (the "Nominating Committee"), a current copy of which is available on the Company website at [www.solitarioxr.com](http://www.solitarioxr.com). The members of the Nominating Committee are all independent members of the Board in accordance with the definition of the NYSE-Amex listing standards. The nominating committee did not hold a meeting during 2008. There were no director nominations proposed during 2008.

The primary purposes of the Nominating Committee are to (a) identify individuals qualified to become Board members, and select or recommend director nominees; (b) develop and recommend to the Board corporate governance principles applicable to the Corporation; (c) lead the Board in its review of the Board's performance; and (d) recommend to the Board director nominees for each committee.

Pursuant to Section 2.11 of our Bylaws, candidates for election as directors at any meeting of shareholders may be made (a) by, or at the direction of, a majority of the members of the Board or (b) by any shareholder entitled to vote at such a meeting. The Board makes no distinction in evaluating candidates who come to their attention directly or who are nominated by any shareholder. The Nominating Committee does not have specific minimum qualifications that a candidate must possess for consideration. In order to qualify for consideration at a shareholder meeting, shareholder nominations must be in writing addressed to the Secretary of Solitario Exploration & Royalty Corp. not less than 60 days nor more than 90 days prior to the date of a scheduled shareholders' meeting; provided, however, that if less than 70 days notice or prior public disclosure of the scheduled date of such a meeting is given or made, notice of a shareholder nomination must be delivered or received not later than the close of business on the 10<sup>th</sup> day following the earlier of the day on which such notice of the date of the scheduled meeting was mailed or the day on which such public disclosure was made.

Such shareholder's notice shall set forth (a) as to each person whom the shareholder proposes to nominate for election or re-election as a director and as to the shareholder giving the notice (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of stock of the Company which are beneficially owned by such person of the date of such shareholder notice and (iv) any other information relating to such person that is required to be disclosed in solicitations of proxies with respect to nominees for election as directors, pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, and (b) as to the shareholder giving the notice (i) the name and address, as they appear on the Company's books, of such shareholder and any other shareholders known by such shareholder to be supporting such nominees and (ii) the class and number of shares of stock of the Company which are beneficially owned by such shareholder on the date of such shareholder notice and by any other shareholders known by such shareholder to be supporting such nominees on the date of such shareholder notice.

The Board may reject any shareholder nomination not timely made in accordance with the requirements of Section 2.11 of Solitario's Bylaws. Furthermore, if the Board determines that the information provided in a shareholder's notice does not satisfy the informational requirements of Section 2.11 of the Bylaws in any material respect, the Secretary will promptly notify such shareholder of the deficiency in the notice. The shareholder will then have an opportunity to cure the deficiency by providing additional information to the Secretary within such period of time, not to exceed 5 days from the date such deficiency notice is given to the shareholder, as the Board shall reasonably determine. If the deficiency is not cured within such time period, or if the Board reasonably determines that the additional information provided by the shareholder, together with information previously provided, does not satisfy the requirements of Section 2.11 of the Company's Bylaws in any material respect, then the Board may reject such shareholder's nomination. The Secretary of the Company shall notify a shareholder in writing whether his or her

nomination has been made in accordance with the time and information requirements of the Company's Bylaws. Notwithstanding the procedure set forth above, if the Board does not make a determination as to the validity of any shareholder nominations, the presiding officer of the meeting of the shareholders shall determine and declare at the meeting whether a nomination was made in accordance with the terms of the Company's Bylaws and shall accept or reject the nomination accordingly.

#### Audit Committee

The Audit Committee consists of Mr. Hainey, Mr. Harris and Mr. Labadie, each of whom is independent in accordance with the definition of the NYSE-Amex listing standards. The Board has determined that Mr. Hainey is an audit committee financial expert as defined by the SEC. Following the election of Directors at the Annual meeting, the Board expects to reappoint Mr. Harris, Mr. Hainey and Mr. Labadie to the Audit Committee to serve until the next annual meeting. The Audit Committee acts under a written charter adopted and approved by the Board on July 26, 2006, a current copy of which is available on the Company website at [www.solitarioxr.com](http://www.solitarioxr.com). The Audit Committee reviews Solitario's financial reporting process on behalf of the Board. Management has the primary responsibility for the financial statements and the reporting processes, including the system of internal controls. The audit committee met four times during the year ended December 31, 2008.

#### Audit Committee Report

In performing its duties the Audit Committee reviewed and discussed the audited financial statements contained in the 2008 Annual Report on Form 10-K with management and Solitario's independent registered public accountant, Ehrhardt Keefe Steiner & Hottman PC ("Ehrhardt"). The Audit Committee met with Ehrhardt, and discussed all issues deemed to be significant by Ehrhardt, including any matters required by Rule 2-07 of Regulation S-X, "Communication with Audit Committees" and Statement of Auditing Standard No. 61, as amended, ("Communications with Audit Committees") and without management present, discussed and reviewed the results of the independent auditor's examination of the financial statements. In addition, in accordance with Independence Standards Board Standard No. 1, "Independence Discussions with Audit Committees" as amended or supplemented, the Audit Committee discussed with Ehrhardt its independence from Solitario and its management, and has received the written disclosures and letter from Ehrhardt that stated it is independent of Solitario within the meaning of US securities laws.

In reliance on the reviews and discussions outlined above, the Audit Committee recommended to the Board that Solitario include the audited financial statements in its Annual Report under Form 10-K for the year ended December 31, 2008 which was filed with the SEC on March 13, 2009.

AUDIT COMMITTEE  
John Hainey, Chairman  
Leonard Harris  
Brian Labadie

#### Compensation Committee

On June 27, 2006, the Board approved the charter for and formed the Compensation and Management Development Committee (the "Compensation Committee"). A current copy of the Compensation Committee charter is available on the Company website at [www.solitarioxr.com](http://www.solitarioxr.com). Mr. Labadie, Mr. Hainey and Mr. Harris are the members of the Compensation Committee. The Compensation Committee met once during 2008.

The primary purposes of the Compensation Committee are to a) review from time to time and approve the overall management evaluation and compensation policies of Solitario; b) review and approve goals and objectives relevant to the compensation of the executive officers, including the chief executive officer, of Solitario and evaluate

the performance of Solitario's executive officers; c) set the compensation of the executive officers of Solitario, in light of the Compensation Committee's review; d) review, approve and periodically evaluate Solitario's compensation and other benefit plans, including incentive compensation and equity-based plans and programs for non-employee directors, executive officers and senior management, and make recommendations as necessary; e) review and approve any amendments and modifications to any such plan or program requiring approval of the Board, subject to applicable regulatory and shareholder approval requirements; f) review and approve the granting of options, restricted stock, stock appreciation rights and other equity-based grants to Solitario's non-employee directors, executive officers and senior management consistent with the Corporation's incentive compensation plans and programs and compensation and retention strategy, subject to ratification by the Board; g) review and approve plans of the Company for management development and senior managerial succession; h) oversee compliance with the applicable compensation reporting requirements of the Securities and Exchange Commission and i) conduct an annual performance self-evaluation of the Committee and prepare an annual report thereon to the Board. The Compensation Committee has not engaged compensation consultants but has the authority to do so under the Compensation Committee charter.

The scope and authority of the Compensation Committee, including the role of executive officers and compensation consultants in determining or recommending the amount and form of compensation and the ability of the Compensation Committee to delegate authority, are more fully described in the Compensation Discussion and Analysis section of this proxy as well as the Compensation Committee charter.

#### Compensation Committee Interlocks and Insider Participation

Mr. Labadie, Mr. Hainey and Mr. Harris are the members of the Compensation Committee and are independent in accordance with the definition of the NYSE-Amex listing standards. No member of the Compensation Committee is currently or has ever been an officer or employee of Solitario or had a relationship required to be disclosed with Solitario pursuant to Item 404 of the SEC's regulation S-K. As discussed in "Certain Relationships and Related Transactions," Mr. Labadie was a member of the Board of Directors of Crown and Solitario from June 26, 2006 until August 31, 2006, when he resigned as a director of Crown upon completion of the Crown-Kinross merger. Mr. Labadie had no interest in any transactions between Crown and Solitario, other than his position as a director of both companies.

#### Compensation Committee Report

The Compensation Committee has reviewed and discussed the section entitled "Compensation Discussion and Analysis" with management and based on such review and discussions has recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement for filing with the SEC.

#### COMPENSATION COMMITTEE

Brian Labadie, Chairman

Leonard Harris

John Hainey

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires Solitario's Directors and executive officers, and persons who own more than ten percent of a registered class of Solitario's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of Common Stock and other equity securities of Solitario. Officers, Directors, greater than ten percent shareholders are required by SEC regulation to furnish Solitario with copies of all Section 16(a) forms they file. To Solitario's knowledge, based solely on review of the copies of such reports furnished to Solitario and written representations that no other reports were required, during the fiscal year ended December 31, 2008, the following failed to meet Section 16(a) filing requirements applicable to officers, Directors, and greater than ten percent beneficial owners: Leonard Harris filed one report late covering one



transaction.

### Shareholder Communications

Solitario endeavors to keep all shareholders well informed as to financial performance of the Company, primarily by means of its annual and quarterly reports and by press releases. The Board and management of Solitario are receptive to shareholder feedback in any form. It is Solitario's policy to receive and respond promptly to shareholder inquiries while being guided by legal requirements as well as the Company's policies with respect to confidentiality and disclosure requirements. Shareholders wishing to send communications to the Board should write to either the Chairman of the Board or to the Secretary of the Company at the following address: Solitario Exploration & Royalty Corp., 4251 Kipling St., Suite 390, Wheat Ridge, CO 80033. All such communication shall state the type and amount of the Company's securities held by the shareholder and shall clearly state the communication is intended to be shared with or directed only to the Board, or if applicable, with a specific committee of the Board or specified individual shareholders. The Chairman of the Board or the Secretary of the Company, as applicable, will forward such communication to the members of the Board or specific committee of the Board or specified individual shareholders.

### Indemnification of Directors

Our Articles of Incorporation authorize our Board to the fullest extent permitted by Colorado law as now or hereafter in effect, to indemnify any Director of Solitario. The Board shall be entitled to determine the terms of such indemnification, including advance of expenses, and to give effect thereto through the adoption of Bylaws, approval of agreements, or by any other manner approved by the Board. Any amendment to or repeal of the authorization of indemnification contained in our Articles of Incorporation shall not adversely affect any right of a Director of Solitario thereunder with respect to any right to indemnification that arises prior to such amendment.

### Code of Ethics

Solitario adopted the Solitario Resources Corporation Code of Business Conduct and Ethics including its Code of Ethics applicable to the principal executive officer and the principal financial and accounting officer of Solitario (the "Code of Ethics") on June 27, 2006, a copy of which may be found on our website at [www.solitarioxr.com](http://www.solitarioxr.com) and on SEDAR at [www.sedar.com](http://www.sedar.com). Any person who wishes to receive a copy of the Code of Ethics may do so at no charge by written request to Investor Relations, Solitario Resources, 4251 Kipling St, Suite 390, Wheat Ridge, CO 80033.

## 2. COMPENSATION PLANS

### Plans subject to shareholder approval

The Solitario Resources Corporation 2006 Stock Option Incentive Plan (the "2006 Option Plan") was approved by shareholders and became effective June 27, 2006, the shareholders approved certain modifications to the 2006 Option Plan on June 14, 2007, which became The Solitario Resources Corporation 2006 Stock Option Incentive Plan (as amended), (the "2006 Plan"). Under the 2006 Plan, up to 2,800,000 shares may be issued pursuant to options granted by the Board under the 2006 Plan to directors, officers, employees and consultants with an exercise price that is not less than the market price of Solitario's common stock on the date of grant. Under the terms of the 2006 Plan, the total number of outstanding options from all plans may not exceed 2,800,000. The 2006 Plan defines the market price as the closing market price in Canadian dollars on the Toronto Stock Exchange (the "TSX") on the date of the granting of such option by the Board.

Equity Compensation Plan Information as of December 31, 2008

Plan category

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights Cdn\$	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
2006 Plan	(a)	(b)	(c)
Equity compensation plans approved by security holders	2,135,000	\$3.28	614,250
Equity compensation plans not approved by security holders	-	N/A	-
Total	2,135,000	\$3.28	614,250

The total number of Solitario shares of common stock available for issue from the exercise of all outstanding options from the 2006 Plan as of April 27, 2009 is 2,135,000 shares, which represents 7.2% of the 29,750,242 shares of Solitario common stock outstanding on that date.

### 3. EXECUTIVE AND DIRECTOR COMPENSATION

#### Compensation of Directors

Other than options granted pursuant to the 2006 Plan, our Directors do not receive any other compensation in their capacities as Directors. No options were granted to our Directors during 2008. See "Certain Relationships and Related Compensation" below regarding Mr. Jones' consulting agreement.

#### Executive Officers

The following biographies describe the business experience of our executive officers (the "Named Executive Officers"):

Christopher E. Herald See Directors biographies above.

Walter H. Hunt (58) has been Chief Operating Officer of Solitario since June of 2008 and Vice President - Operations and President - South American Operations of Solitario since June 1999. He also served as Vice President - Peru Operations from July 1994 until June 1999. Mr. Hunt was also Vice President - Operations of Crown from 1994 until completion of the Crown - Kinross merger in August of 2006. Mr. Hunt has over 20 years of exploration, development and operational experience with Anaconda Minerals, Noranda and Echo Bay Mines where he served as Superintendent, Technical Services and Chief Geologist at Echo Bay's Kettle River Operations. Mr. Hunt received his M.S. degree in Geology from the Colorado School of Mines and a B.S. degree from Furman University.

James R. Maronick (53) has served as Chief Financial Officer, Secretary and Treasurer of Solitario since 1999 and was Chief Financial Officer of Crown from June 1999 until completion of the Crown - Kinross merger in August of 2006. Prior to that, Mr. Maronick served as Vice President - Finance and Secretary/Treasurer of Consolidated Nevada Gold Fields Corporation from November 1994 to September 1997. Mr. Maronick graduated with honors from the University of Notre Dame in 1977 with a BA in accounting and received his Masters degree in Finance with highest honors from the University of Denver in 1986.

### 4. COMPENSATION DISCUSSION AND ANALYSIS

The following discussion provides information regarding the compensation program for Solitario's Named Executive Officers for 2008.

Objectives of the Corporation's Compensation Program

The Compensation Committee has responsibility for approving the compensation program for Solitario's Named Executive Officers and acts according to a charter that has been approved by the Board and is available on the Company website at [www.solitarioxr.com](http://www.solitarioxr.com). The compensation program is designed to attract, retain and reward our executives who contribute to Solitario's long-term success. This in turn will build value for Solitario and its shareholders. The program is based upon three fundamental principles:

A substantial portion of Solitario's Named Executive Officer compensation should be performance and equity-based to achieve alignment with shareholder interests.

This is accomplished in two ways; first, through the award of stock options in an amount and at a price that encourages our Named Executive Officers to promote the long-term growth and performance of Solitario in terms of the value of the Company which is ultimately reflected in the price of our stock as quoted on the TSX and the NYSE-Amex. Second, this is also reflected in terms of cash compensation in the form of cash bonuses. These bonuses are entirely set by the Compensation Committee, in their sole discretion, in a range of zero to 100% of base salary. The extent to which bonuses are paid depends entirely on the extent to which the Solitario has met its exploration, budget and shareholder goals, set by the Committee. The Compensation Committee did not authorize the payment of any bonuses for the performance of the Named Executive Officers during 2008. The Compensation Committee authorized the payment to each of the Named Executive Officers a bonus equal to 10% of their annual salary which was paid in March 2008 for the performance of the Named Executive Officers during 2007.

Solitario's compensation program for Named Executive Officers should enable the Company to compete for the best executive talent available.

The Compensation Committee believes shareholders are best served when the Company can attract and retain the highest caliber executives appropriate for a firm of our size and complexity. This is done with competitive and fair compensation packages. Our Named Executive Officers have served Solitario for many years, however they only became employees of Solitario on September 1, 2006 and the compensation was primarily based upon their existing compensation from Crown. Prior to September 1, 2006, Solitario's Named Executive Officers were employees of Crown and Solitario was provided management services from Crown pursuant to the Management Services Agreement, discussed below under "Certain Relationships and Related Transactions." The Compensation Committee also reviewed published compensation surveys and the published compensation packages of our peer companies (the "Peer Group Companies") for which Solitario competes for executive talent. These Peer Group Companies included the following companies:

Atna Resources Inc.	New Gold Inc.
International Royalty Corporation	Pacific Rim Mining Corporation
Great Basin Gold Corporation	

These reviews were not used to create specific benchmarks applicable to our Named Executive Officer compensation levels. These reviews were used to inform the members of the compensation committee of current standards in the industry as such standards may relate, in their independent judgment, to appropriate modifications to Solitario's existing compensation levels in setting new compensation levels. The differences in Solitario's activities, which are more narrowly defined to exploration, compared to the peers and the difference in the number of total employees of Solitario, which currently has approximately 25 employees world-wide, compared to the peer companies, does not lend itself to effective use of specific benchmarks based upon the peer companies.

During 2008, no change was made to the compensation set during 2006 and paid during 2006 and 2007.

Solitario's compensation program for Named Executive Officers should be fair to the executive, the Company and all its employees and perceived as such, both internally and externally.

The Compensation Committee strives to create a compensation program that promotes good corporate practice, encourages our Named Executive Officers to perform at a high level and promotes teamwork among our employees. The Compensation Committee takes these goals into consideration by comparison of executive pay in relation to all other Solitario salary costs for internal consistency, and by comparison to both Peer Group Companies and industry salaries for external consistency. In addition, the compensation program is meant to enhance shareholder value and the Compensation Committee strives to provide transparency and full disclosure to all interested parties.

### Key Elements of Executive Compensation

#### Base Salary

The Compensation Committee provides base salary that is commensurate with their review of our Peer Group Companies, listed above. The Compensation Committee fixed the Base Salary for 2006 (which commenced on September 1, 2006, when all of the Named Executive Officers became employees of Solitario) during its meeting in the summer of 2006. For the base salary to be paid in 2009 no peer group review was completed and the base salary was not adjusted from the amount fixed by the Compensation Committee at its meeting in the fall of 2006. Increases or decreases in base salary are dependent on the Compensation Committee's evaluation of each individual Named Executive Officer performance, the effect of any peer group review, and the performance of the entire Company relative to the goals and objectives of the Company discussed above. No Named Executive Officers have minimum base salary payments pursuant to any employment or other agreements. The Compensation Committee has authority from the Board to set the base salary at any amount it believes is appropriate.

#### Bonuses

The Compensation Committee provided that no bonuses in addition to annualized base salary would be paid for 2008 performance, based upon an analysis of the financial condition of the minerals industry and the Company during the year then ended. The Compensation Committee provides bonuses, in their sole discretion, based upon their evaluation of the individual Named Executive Officer in light of the following parameters:

- (i) Targeted bonuses based upon operational goals and parameters; and
- (ii) The desire, discussed above, to provide a substantial portion of compensation based on performance; and
- (iii) The performance of the company relative to the company goals including share price performance.
- (iv) The financial strength and prospects for the smaller (junior) exploration mining industry.

In establishing its goals for any particular year, the Compensation Committee strives to ensure that the goals provide both an incentive and an attainable goal that provides shareholders with the opportunity for return on their investment while minimizing corporate and shareholder risk to the extent possible. Although certain targets and goals related to potential property acquisitions and/or potential merger or acquisition activities, if any, are confidential, the Compensation Committee has structured these types of goals to be reasonable and obtainable by our Named Executive Officers, without undue risk to the assets of Solitario. Due to the nature of Solitario's corporate activities relating exclusively to early-stage exploration of mineral properties, the goals for Solitario's named executives are not

specifically related to traditional financial metrics, such as revenue growth, earnings or earnings per share. The targets and goals are more subjective and generally include the negotiation and signing of joint ventures on our existing properties, exploration activities and success, both on our own and through joint ventures, acquisition of additional exploration properties, training and retaining employees, maintaining adequate liquidity to fund future exploration activities, financial reporting and disclosure, and shareholder return. The Compensation Committee also evaluates the financial strength and prospects for the junior exploration segment of the mining industry. The Compensation Committee reviews the annual goals with the named executives at or near the start of each year. The evaluation of the performance of our Named Executive Officers, relative to the goals outlined herein, has been and is expected to continue to be at the discretion of the Compensation Committee.

## Equity

The only equity compensation our Named Executive Officers receive is in the form of stock options pursuant to the 2006 Plan, priced at the current market value of our publicly traded stock (as defined) in the 2006 Plan. The Compensation Committee believes that a substantial portion of our Named Executive Officers compensation should be performance based. The Compensation Committee also believes that our compensation policies should be fair to our shareholders, and be focused on our long-term viability. The Compensation Committee believes the granting of stock options from the 2006 Plan aligns the interests of the Named Executive Officers and our shareholders and provides the incentive to manage the Company from the perspective of an owner of the Company. In addition, the Compensation Committee believes the vesting terms of the stock options granted from the 2006 Plan, discussed below, provides that a significant portion of the compensation will be received at a future date, which provides a tempered longer-term incentive for our Named Executive Officers as well as an incentive for them to remain with the Company.

The amount of all individual grants and the grant date of the Options are determined each year at the summer meeting of the Compensation Committee at the discretion of the Compensation Committee, usually after the completion of the annual meeting of shareholders. All grants are as of the date of the approval by the Compensation Committee (or the full Board, if requested by the Compensation Committee) at the market value on the date of grant. All grants from the 2006 Plan vest 25% on the date of grant and the remaining options vest at 25% per year on the anniversary of the grant over a three-year period

### Allocation between the Key Elements of Compensation

The Compensation Committee has complete discretion in allocating total compensation between the key elements of compensation discussed above. Each of the individual components of compensation is evaluated by the Compensation Committee independently and each component is not evaluated based upon the other components. The Compensation Committee has not developed a set formula (such as fair value of equity compensation to equal 50% of base salary) to allocate the elements of compensation to each individual Named Executive Officer.

### Employment Agreements

None of our Named Executive Officers have ongoing employment agreements other than individual Change in Control Severance Benefits Agreements, discussed below.

### Change in Control Agreements

The Compensation Committee and Solitario consider it essential to the best interest of its stockholders to foster the continuous employment of key management personnel. In this regard, the Compensation Committee and Board recognize that, as is the case with many publicly held corporations and their subsidiaries, the possibility of a change in control may exist and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its

stockholders.

Accordingly, on March 14, 2007, the Compensation Committee approved separate Change in Control Severance Benefits Agreements (the "CIC") for Mr. Herald, Mr. Maronick and Mr. Hunt, our Named Executive Officers. Each CIC provides for the payment of severance benefits if the employment of one of the Named Executive Officers is terminated for a period of three years following the last day of the month in which a Change in Control of Solitario occurs (as defined in the CIC) equal to 2.5 times the base salary of the Named Executive Officer. In addition any unvested stock options held by the Named Executive Officer will vest upon the Change in Control. The CIC provides an additional gross up for any taxes due as a result of Excise Tax, as defined by Section 4999 of the Internal Revenue Service Code of 1986 (the "Code").

Generally, the CIC defines a "Change in Control" as (i) a person acquiring more than 50% of the outstanding stock of the Company, (ii) the shareholders of the Company approving a merger or acquisition whereby more than 50% of the outstanding shares held prior to the vote will be held by a new person or corporation, (iii) the shareholders of the Company approving the sale or disposition of substantially all of the company's assets or (iv) the shareholders of the Company approving a plan of liquidation or dissolution of the Company.

The Change in Control benefits are to be paid after a change in control if the Named Executive Officer terminates his employment for "good reason," or is terminated by the Corporation, other than for "cause." "Good reason" is generally defined as a reduction in the compensation, level of responsibility or forced relocation, among other things. "Cause" is generally defined in the CIC as the conviction of a felony, gross and willful failure to perform assigned duties, and dishonest conduct that is intentional and materially injurious to the Company.

#### Tax Implications of Executive Compensation

Under Section 162(m) of the Code, the Company generally receives a tax deduction for compensation on payments which total less than \$1,000,000 paid to our Named Executive Officers, unless that compensation is performance based. The total non-performance based compensation for any of our Named Executive Officers did not exceed \$1,000,000 during 2008, nor do we anticipate it will exceed \$1,000,000 for the foreseeable future.

#### Stock Ownership Guidelines

Solitario has not established formal stock ownership guidelines for our Named Executive Officers. The Company's Insider Trading Policy prohibits the Named Executive Officers, as well as other insiders, who may have access to material inside information, from purchasing, selling, entering into short sale transactions, engaging in hedging or offsetting transactions regarding Solitario's common stock during periods where such persons have access to material inside information.

#### Role of the Chief Executive Officer in Compensation Decisions

The Chief Executive Officer annually reviews the performance of all other Named Executive Officers. The performance of the Chief Executive Officer is reviewed by the Chairman of the Compensation Committee. The conclusions and recommendations, which include salary, bonus and equity grants, if any, are presented to the Compensation Committee, which has absolute discretion in modifying or applying any of the recommendations for the Named Executive Officers. The Compensation Committee presents its conclusions and recommendations to the Board for their input and review.

## 5. SUMMARY COMPENSATION TABLE

The following table provides summary information regarding compensation earned by our Named Executive Officers for the fiscal years ended December 31, 2008, December 31, 2007 and December 31, 2006:

Name and Principal Position	Year	Salary (\$)(1)	Bonus(2) (\$)	Stock Awards (\$)	Option Award (3) (\$)	Non-equity incentive plan compensation	Change in pension value and non-qualified deferred compensation earnings (\$)	All Other Compensation (\$)(4)	Total (\$)
Mr. Herald, CEO	2008	210,000	21,000	-	-	-	-	14,588	245,588
	2007	210,000	21,000	-	184,730	-	-	14,692	430,692
	2006	65,624	-	-	498,100	-	-	7,479	571,203
Mr. Maronick, CFO	2008	150,000	15,000	-	-	-	-	12,006	177,006
	2007	150,000	15,000	-	97,226	-	-	10,125	272,351
	2006	46,250	-	-	306,523	-	-	-	352,773
Mr. Hunt, COO	2008	150,000	15,000	-	-	-	-	12,225	177,225
	2007	150,000	15,000	-	97,226	-	-	14,419	276,645
	2006	118,333	-	-	306,523	-	-	-	424,956

(1) Mr. Herald and Mr. Maronick were employees of Crown prior to August 31, 2006. Their services to Solitario prior to that date were provided pursuant to the Management Services Agreement between Solitario and Crown discussed below under "Certain Relationships and Related Transactions."

(2) Bonus payment paid during 2008 and 2007, respectively, for bonus awarded during 2007 and 2006. No bonus awarded during 2008 for any named executive.

(3) No option awards were granted to Mr. Herald, Mr. Maronick or Mr. Hunt during 2008.

(4) Mr. Herald, Mr. Maronick and Mr. Hunt each received a 401(K) match of the amounts listed during 2008, 2007 and 2006, respectively.

## 6. 2008 GRANTS OF PLAN BASED AWARDS

No option awards were granted to Named Executive Officers during the year ended December 31, 2008:

## 7. OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END

At December 31, 2008

Name	Option Awards					Stock Awards			
	Number of securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised	Option Exercise Price (Cdn\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not	Market Value of Shares or Units of Stock That Have Not	Equity Incentive Plan Awards: Number of Unearned Shares, Units	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares,

		Options (#)				Vested (#)	Vested (\$)	or Other Rights That Have Not Vested (#)	Units or Other Rights That Have Not Vested (\$)
Christopher E Herald, CEO	243,750(1) 47,500(2)	81,250 47,500	- -	\$2.77 \$4.53	6/27/11 9/27/12	- -	- -	- -	- -
James R. Maronick, CFO	150,000(1) 25,000(2)	50,000 25,000	- -	\$2.77 \$4.53	6/27/11 9/27/12	- -	- -	- -	- -
Walter H Hunt, COO	150,000(1) 25,000(2)	50,000 25,000	- -	\$2.77 \$4.53	6/27/11 9/27/12	- -	- -	- -	- -

(1) Options were granted on 6/27/06 and vested 25% on date of grant and 25% on each anniversary date for the next three years.

(2) Options were granted on 9/27/07 and vested 25% on date of grant and 25% on each anniversary date for the next three years.

#### 8. OPTION EXERCISES AND STOCK VESTED

The following table sets forth details of all exercises of stock options during the year ended December 31, 2008 by our Named Executive Officers on an aggregated basis. We had no stock awards outstanding and there were no stock awards vested during the year ended December 31, 2008.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)(1)	Number of Shares Acquired on Vesting (#)	Value Realized on vesting (\$)
James R. Maronick, CFO	50,000	182,651	-	-

(1) Amount represents the difference between the closing share price (market value as quoted on the TSX on the date of exercise) and the exercise price times the number of shares exercised using a Canadian to United States Dollar exchange rate of 0.98902 on the date of exercise.

#### 9. POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

As noted under "Compensation Discussion and Analysis" in this Proxy, the Company entered into certain change in control agreements on March 14, 2007 with the following Named Executive Officers: Christopher E. Herald, James R. Maronick and Walter H. Hunt. The terms of the change in control agreements are more fully described under "Change in Control Agreements" in the "Compensation Discussion and Analysis" section of this Proxy. Described below are the potential payments to each Named Executive Officer in the event of a change in control as defined in the applicable Change in Control Agreement (the "CIC").

Name



	Salary (\$)	Tax gross up	Total (\$)
	(1)	(2)	
Christopher E. Herald, CEO	525,000	-	525,000
James R. Maronick, CFO	375,000	-	375,000
Walter H. Hunt, COO	375,000	-	375,000

(1) Two and one half times base salary as of April 27, 2009. Paid as a lump sum payment.

(2) The change in control provides for a gross-up for taxes in the event the combined salary and all other compensation, triggered by a change in control, results in Excise Tax, as defined by Section 4999 of the Code. The CIC provide for additional cash compensation to pay for the Excise Tax, which is 20% of all compensation when the total payments, including the fair value from acceleration of vesting for unvested options, under the CIC exceed three times base salary. Accordingly, if the fair value of the acceleration of vesting for unvested options cause the total compensation to exceed three times base salary, then the Company will reimburse the Named Executive Officer an amount to offset the 20% Excise Tax. Until a change in control is triggered and additional compensation, if any, from acceleration of vesting of outstanding options is determined, the amount of tax gross up, if any, cannot be determined.

#### 10. INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS

None

#### 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

To our knowledge, as of April 27, 2009, no person beneficially owns, directly or indirectly, or exercises control or direction over, more than five percent of our issued and outstanding common stock with the exception of Sprott Asset Management Inc., Newmont Mining Corporation of Canada Limited ("Newmont") and Loeb Partners Corporation, which directly own 4,480,300, 2,700,000 and 1,623,228 shares, respectively, representing 15.1 percent, 9.1 percent and 5.5 percent, respectively, of our issued and outstanding common stock.

The following table sets forth, as of April 27, 2009, the beneficial ownership of our outstanding common stock by each of our shareholders owning more than five percent, our Directors, nominees for Director, each Named Executive Officer and all of our executive officers and Directors as a group. Unless otherwise indicated, the persons listed in the table below have sole voting and investment powers with respect to the shares indicated.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (6)	Percent of Class
John Hainey, Director	167,700	*
Leonard Harris, Director	(1) 199,000	*
Christopher E. Herald, CEO and Director	(1) 1,017,762	3.4%
Mark E. Jones, III, Director	(2) 503,000	1.7%
Brian Labadie, Director	(3) 187,810	*

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	(4)		
Walter H. Hunt, COO		564,962	1.9%
	(5)		
James R. Maronick, CFO		729,239	2.4%
	(5)		
All directors and executive officers as a group		3,369,473	10.8%
Sprott Asset Management Inc Suite 3450 South Tower Royal Bank Plaza Toronto, ON M5J 2J2		4,480,300	15.1%
Newmont Mining Corporation of Canada 20 Eglinton Ave West, Suite 1900 Toronto, Ontario M4R 1K8		2,700,000	9.1%
Loeb Partners Corporation 61 Broadway New York, NY 10006		1,623,228	5.5%

\* Indicates holdings of less than 1%.

- (1) Includes 134,000 shares that he has the right to acquire under options granted pursuant to the 2006 Plan.
- (2) Includes 420,000 shares that he has the right to acquire under options granted pursuant to the 2006 Plan.
- (3) Includes 195,000 shares that he has the right to acquire under options granted pursuant to the 2006 Plan.
- (4) Includes 164,000 shares that he has the right to acquire under options granted pursuant to the 2006 Plan.
- (5) Includes 250,000 shares that he has the right to acquire under options granted pursuant to the 2006 Plan.
- (6) Percentage determined by the holder's shares plus the holder's options, if any, divided by the total outstanding shares plus the holder's options, if any.

## 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

### Crown Resources Corporation

Crown provided management and technical services to Solitario under a management and technical services agreement originally signed in April 1994 and modified in April 1999, December 2000 and July 2002. The agreement was terminated on August 31, 2006 upon the completion of the Crown - Kinross merger. Under the modified agreement we were billed by Crown for services at 25% of Crown's corporate administrative costs for executive and technical salaries, benefits and expenses, 50% of Crown's corporate administrative costs for financial management and reporting salaries, benefits, expenses and 75% of Crown's corporate administrative costs for investor relations salaries, benefits and expenses. In addition, we reimbursed Crown for direct out-of-pocket expenses. These allocations were based upon the estimated time and expenses spent by Crown management and employees on both Crown activities and Solitario activities. Our management believed these allocations were reasonable and the allocations were periodically reviewed by our management and approved by independent Board members of both Crown and Solitario. Management service fees were billed monthly, due on receipt and are generally paid within thirty days. We did not incur any management service fees during 2008 or 2007. Our management service fees were \$232,000 for the year ended December 31, 2006.

Christopher E. Herald, and Mark E. Jones, III were directors of both Crown and Solitario until August 31, 2006 when they resigned as directors of Crown upon the completion of the Crown - Kinross merger. Brian Labadie was a

director of both Crown and Solitario from June 27, 2006 to August 31, 2006, when he resigned as director of Crown upon the completion of the Crown - Kinross merger. Christopher E. Herald, James R. Maronick and Walter H. Hunt were officers of both Crown and Solitario until August 31, 2006 when they resigned as officers of Crown upon the completion of the Crown - Kinross merger.

Mark Jones Consulting Agreement

On September 1, 2006, we entered into a consulting agreement with Mark E. Jones, III, a director and vice-chairman of our Board of Directors. The consulting agreement had a two-year term and terminated on August 31, 2008. Under the agreement, Mr. Jones advised the Company on matters of strategic direction, planning, and identification of corporate opportunities, when and as requested by the Solitario. In consideration for the services to be performed, Mr. Jones was paid a one time lump sum payment of \$160,000, plus he was entitled to receive pre-approved, documented expenses incurred in performance of the consulting services. We recognized \$53,000, \$80,000 and \$27,000, respectively, for consulting expense related to the agreement, included in general and administrative expense, for the years ended December 31, 2008, 2007 and 2006.

TNR Gold Corp.

As of December 31, 2008, we owned 1,000,000 shares of TNR that are classified as marketable equity securities held for sale and are recorded at their fair market value of \$33,000. During 2008, we recognized an asset impairment of \$107,000 for an other-than-temporary decline in the value of our TNR stock. The loss was previously included in unrecognized gain on marketable equity securities in other comprehensive income. Christopher E. Herald, our CEO, is a member of the Board of Directors of TNR.

Policy Regarding Related Party Transactions

The Company may enter into transactions with certain "related persons." Related persons include the Company's executive officers, directors, 5% or more beneficial owners of the Company's common stock, immediate family members of these persons and entities in which one of these persons has a direct or indirect material interest. These transactions are referred to as "related party transactions." All of the above related party transactions were approved according to the following related party transaction policy requirements:

- the transaction is approved by disinterested members of the Board;
  - the Audit Committee shall have approved or ratified such transaction and the terms of the transaction are comparable to that which could be attained in an arm's-length dealing with unrelated third parties; or
  - the transaction involves compensation approved by the Compensation Committee.
- The Related Party Transaction policy has been formally adopted by the Board.

13. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees

The following table summarizes the aggregate fees billed to Solitario by Ehrhardt Keefe Steiner & Hottman PC for the fiscal years ended December 31, 2008 and 2007.

	2008	2007
Audit Fees (1)	\$65,000	\$70,000
Audit related fees (2)	24,000	18,000
Tax fees	27,000	16,000
All other fees (3)	<u>59,000</u>	<u>-</u>
Total	<u>\$175,000</u>	<u>\$104,000</u>

- (1) Fees billed for audit services in 2008 and 2007 consisted of:  
Audit of our annual financial statements for 2008 and 2007, respectively.  
Consent and other services related to SEC filings.  
Represents fees billed related to reviews of our quarterly reports for 2008 and 2007, respectively.  
All other fees in 2008 includes fees billed related to the restatement of our 2006 and 2007 financial statements during the preparation of our 2008 Annual Report on Form 10-K.

On an annual basis the Audit Committee approves the proposed audit services and the fees related thereto by our independent auditors in advance of the year of service in accordance with the pre-approval policy adopted by the Audit Committee. The Audit Committee pre-approval policy requires that the Audit Committee determine that proposed services and related fees are required and reasonable under the circumstances. All of the fees billed to Solitario by Ehrhardt Keefe Steiner & Hottman PC during 2008 and 2007 were pre-approved by the audit committee pursuant to the Audit Committee pre-approval policy. The Audit Committee considered whether the provision of non-audit services is compatible with maintaining the principal accountant's independence and has determined that the provision is compatible.

#### 14. APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our shareholders are asked to ratify the selection of Ehrhardt Keefe Steiner & Hottman PC as our independent registered public accounting firm and to continue as such for fiscal year 2009. Representatives of Ehrhardt Keefe Steiner & Hottman PC are expected to be present at the Annual Meeting of Shareholders, to make a statement and to respond to appropriate questions.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE SELECTION OF EHRHARDT KEEFE STEINER & HOTTMAN PC AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

#### 15. INCORPORATION BY REFERENCE

The reports of the Compensation Committee, Audit Committee and Nominating Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or the Exchange Act of 1934, except to the extent we specifically incorporate this information by reference, and shall not otherwise be deemed filed under the Securities Act or the Exchange Act.

#### Directors, Executive Officers and Corporate Governance

The information with respect to Item 10, "Directors, Executive Officers and Corporate Governance" in the Solitario Exploration & Royalty Corp. 2008 Annual Report on Form 10-K filed on March 13, 2008 (the "2008 10-K") can be found under the following Section of this 2009 Proxy Statement:

1. "Election of Directors"
3. "Executive and Director Compensation"

#### Executive Compensation

The information with respect to Item 11, "Executive Compensation" in the 2009 10-K can be found under the following Sections of this 2009 Proxy Statement:

1. "Election of Directors"
3. "Executive and Director Compensation"
4. "Compensation Discussion and Analysis"

5. "Summary Compensation Table"
6. "2008 Grants of Plan Based Awards"
7. "Outstanding Equity Awards at Fiscal Year End"
8. "Option Exercises and Stock Vested"
9. "Potential Payments upon Termination or Change in Control"

#### Security Ownership of Certain Beneficial Owners and Management

The information with respect to Item 12, "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" in the 2008 10-K can be found under the following Section of this 2009 Proxy Statement:

2. "Compensation Plans"
11. "Security Ownership of Certain Beneficial Owners and Management"

#### Certain Relationships and Related Transactions, and Director Independence

The information with respect to Item 13, "Certain Relationships and Related Transactions, and Director Independence" in the 2008 10-K can be found under the following Section of this 2009 Proxy Statement:

1. "Election of Directors"
12. "Certain Relationships and Related Transactions"

#### Principal Accounting Fees and Services

The information with respect to Item 14, "Principal Accounting Fees and Services" in the 2008 10-K can be found under the following Section of this 2009 Proxy Statement:

13. "Principal Accounting Fees and Services"

#### 16. PROPOSALS OF SHAREHOLDERS

Shareholder proposals intended to be included in Solitario's Proxy Statement for the 2010 Annual Meeting of Shareholders must be received by Solitario prior to January 5, 2010 in order for the proposal to be considered for inclusion in the proxy statement and form of proxy relating to the 2010 annual meeting. If the date of next year's annual meeting is changed by more than 30 days from June 16, 2010, the deadline will be a reasonable time before we print and mail our proxy materials. However, we are not required to include in our proxy statement and form of proxy for the 2010 annual meeting any stockholder proposal that does not meet all of the requirements for inclusion established by the SEC in effect at the time the proposal is received. In order for any stockholder proposal that is not included in such proxy statement and form of proxy to be brought before the 2010 annual meeting, such proposal must be received by the Secretary of Solitario at our principal executive offices at 4251 Kipling Street, Suite 390, Wheat Ridge, CO 80033 not less than 60 days nor more than 90 days before the annual meeting; however, if less than 70 days' notice or public disclosure of the date of the 2010 meeting is given, the written notice must be delivered to the Corporate Secretary no later than the close of business on the 10<sup>th</sup> day after notice of the meeting was mailed or notice was publicly disclosed, whichever is earlier. The notice must contain certain information as to the proposal and the shareholder, including the share ownership of the shareholder and any financial interest in the proposal. If a timely proposal is received, the Board may exercise any discretionary authority granted by the proxies to be solicited on behalf of the Board in connection with such proposal at the 2010 annual meeting.

Under Solitario's Bylaws, shareholders seeking to propose business to be conducted at the 2010 Annual Meeting must give written notice to the Corporate Secretary of Solitario not less than 60 days nor more than 90 days before the

annual meeting; however, if less than 70 days' notice or public disclosure of the date of the 2010 meeting is given, the written notice must be delivered to the Corporate Secretary no later than the close of business on the 10<sup>th</sup> day after notice of the meeting was mailed or notice was publicly disclosed, whichever is earlier. The notice must contain certain information as to the proposal and the shareholder, including the share ownership of the shareholder and any financial interest in the proposal. Any proposal not made in compliance with the Bylaws may be rejected by the Board.

No shareholder proposals for the 2009 Annual Meeting had been received by Solitario prior to the date of this Proxy Statement.

17. OTHER BUSINESS

Solitario knows of no other business to be presented at the meeting. If any other business properly comes before the meeting, it is intended that the shares represented by proxies will be voted with respect thereto in accordance with the best judgment of the person named in the accompanying form of proxy.

By Order of the Board of Directors  
/s/James R. MaronickSecretary

April 27, 2009  
Wheat Ridge, Colorado