SolGold

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Brian Moller (Non-Executive Chairman)
Nicholas Mather (Executive Director)
Dr Robert Weinberg (Non-Executive Director)
John Bovard (Non-Executive Director)
Craig Jones (Non-Executive Director)

COMPANY SECRETARY

Karl Schlobohm

REGISTERED OFFICE

201 Bishopsgate,
London EC2M 3AB,
United Kingdom
Registered Number 5449516

AUSTRALIAN OFFICE

Level 27, 111 Eagle St
Brisbane QLD 4000
Phone: + 61 7 3303 0660
Fax: +61 7 3303 0681
Email: info@solgold.com.au
Web Site: www.solgold.com.au

AUDITOR

BDO LLP
55 Baker Street
London W1U 7EU
United Kingdom

NOMINATED ADVISER

SP Angel Corporate Finance LLP
Prince Frederick House
35-39 Maddox Street
London W1S 2PP
United Kingdom

BROKER

SP Angel Corporate Finance LLP
Prince Frederick House
35-39 Maddox Street
London W1S 2PP
United Kingdom

BANKERS

Macquarie Bank Ltd (Brisbane Branch)
345 Queen Street, Brisbane QLD 4000
Australia

UK SOLICITORS

Locke Lord LLP
201 Bishopsgate,
London EC2M 3AB,
United Kingdom

AUSTRALIAN SOLICITORS

HopgoodGanim
Level 8, Waterfront Place
1 Eagle Street,
Brisbane QLD 4000, Australia

REGISTRARS

Computershare Investor Services plc
The Pavilions, Bridgwater Road
Bristol BS99 7NH
United Kingdom

CHAIRMAN'S STATEMENT

Dear Shareholder,

On behalf of the Board of Directors of SolGold plc ("SolGold" or the "Company") and its subsidiaries (collectively the "Group"), I take pleasure in presenting the Annual Report for 2017 in what has been a transformative last 12 months for the Company.

In the past year Newcrest International Pty Ltd ("Newcrest"), a subsidiary of ASX-listed Newcrest Mining Limited, agreed to invest USD22.8m to become a 10% shareholder of the Company. This was a pivotal endorsement of SolGold, its management team, and quality and potential of the Cascabel Project. Newcrest, is the largest dedicated gold producer listed on ASX, and has an outstanding record in exploration and in developing high tonnage open cut and underground block cave mines as well as smaller high grade operations.

Further endorsement of the Company and the Cascabel Project came in the form of an investment and farm-in proposal from BHP Billiton, which was ultimately rejected as not being in the best interests of SolGold shareholders. These technical and corporate endorsements, and the capital raisings undertaken at premiums to the prevailing market price of the Company's shares in the third quarter of 2016, helped propel the Company's share price and provide it with working capital to continue the advanced exploration of the Cascabel Project. Newcrest invested a further USD40m into the Company in June 2017 to increase its stake in SolGold to 14.5%. As a result of their equity investments, Newcrest nominated Craig Jones to join the SolGold Board of Directors in March 2017. Craig has been a very welcome addition to the Board given his pedigree of operational and block cave mining expertise, and will doubtless add significant value to the preliminary economic assessment to be undertaken in 2018.

Twelve months on, and the Company has drilled a total of 44,500 metres of drilling at and around the greater Alpala Prospect within the Cascabel Project concession area. Many other potential porphyry targets within Cascabel remain to be drill tested, and by January 2018, the Company is aiming to have ten (10) drill rigs working on site. All drilling efforts are currently focused on the production of data to facilitate an independent assessment of the Company's maiden resource estimate for the Alpala Prospect, which is expected to be completed by the end of 2017.

As part of SolGold's strategy to become a globally important copper company by expanding its copper-gold exploration portfolio in Ecuador, a comprehensive, nation-wide desktop study was undertaken by SolGold's independent experts to analyse the available regional topographic, geological, geochemical and gravity data over the prospective magmatic belts of Ecuador, with the aim of understanding the controls to copper-gold mineralisation on a regional scale. The Company bid for a range of tenements on the basis of this study and, as a result of these initiatives, SolGold subsidiaries now hold a total of 59 granted tenements, for a combined ground position of 2,496 km^2, in addition to the Company's world class Cascabel Project.

From a corporate perspective, the Company was admitted to the Toronto Stock Exchange (TSX) in July of 2017, and continues to work towards listing on the main board of the London Stock Exchange for greater access to institutional investors worldwide. The LSE main board listing is expected to occur in early October 2017, subject to the receipt of the necessary approvals from the UK Listing Authority and the London Stock Exchange.

I would also like to mention the efforts over the past 12 months by all our staff, but with special mention to our senior management team in both Australia and Ecuador, who have worked tirelessly to advance the Cascabel project and also our CEO and MD Nick Mather, who has been instrumental in securing funding, in what at times had been a challenging capital market.

On behalf of the Board, I would like to thank you for your support of the Group and I look forward to bringing you further news as our exploration efforts continue.

Yours faithfully

Brian Moller
Chairman

STRATEGIC REPORT

REVIEW OF OPERATIONS

CORPORATE STRUCTURE

SolGold is a public listed company incorporated in England and Wales and is a Brisbane based Exploration Group that carries a diverse portfolio of exploration projects in Ecuador, Solomon Islands and Australia (Figure 1). SolGold has been focused on exploring the riches of the Andean Copper Belt in Northern Ecuador since 2012. The Cascabel Project is SolGold's flagship project and to date the Group has announced a number of world class intersections of continuous copper and gold mineralisation at the Alpala Deposit.

SolGold's Board includes accomplished professionals with strong track records in the areas of exploration, mine development, investment, finance and law. Board and Management have significant vested interests in the Company. SolGold is based in Brisbane, Queensland, Australia. The company is listed on London's Alternative Investment Market (AIM) and the Toronto Stock Exchange under the code 'SOLG'.

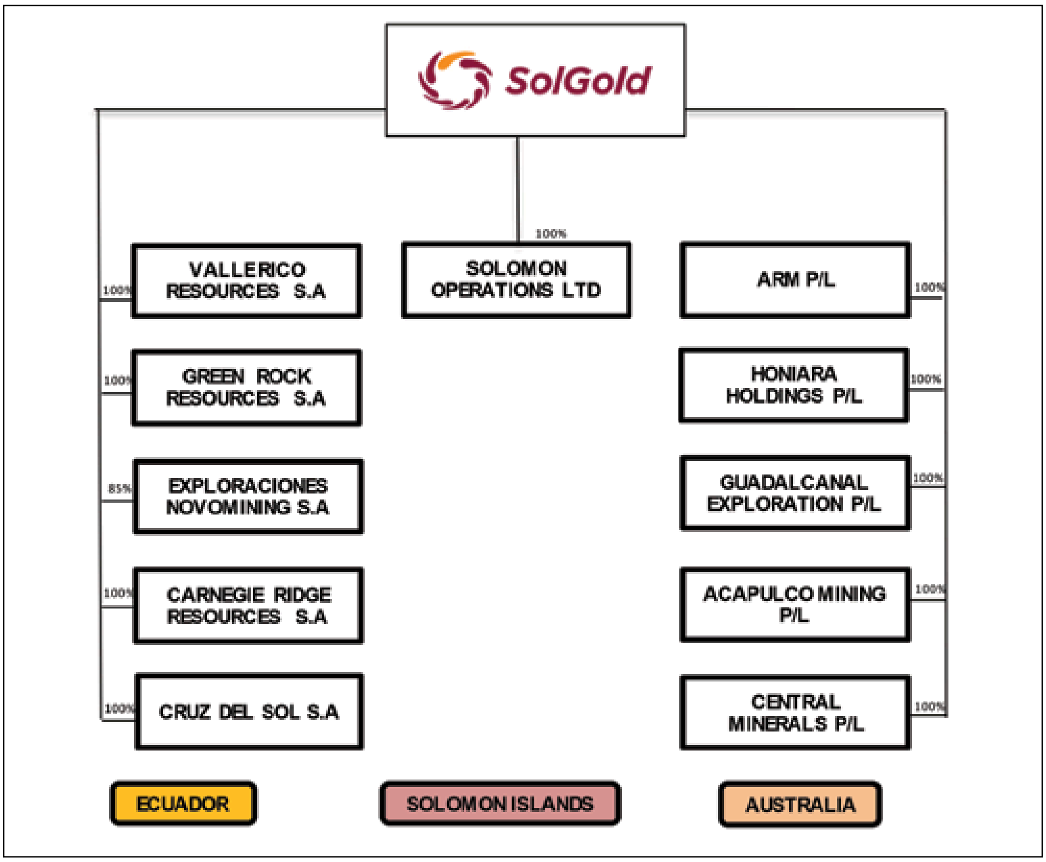


Figure 1: SolGold Corporate Structure.

REVIEW OF OPERATIONS (CONTINUED)

CORPORATE STRATEGY

The Company's corporate strategy is to:

- Create substantial wealth for its shareholders by exploring, discovering and defining large inventories of, but not limited to, copper and gold metal.
- Primarily focus on copper and gold, taking up the growth potential and increasing global demands.
- Target regions with world class deposits.
- Target grass roots level exploration opportunities to enable low cost entry into projects.
- Focus on disciplined and systematic approach to exploration.
- Maximise shareholder funds on "in the ground" exploration expenditure as a proportion of the total budget in order to generate high-quality results.
- Secure additional exploration projects by the application for new tenements and/or farm-in style agreements.
- Undertake an on-going review of potentially 'value accretive' opportunities that are presented to the company from time to time.
- Respect the communities and environment in which we operate.
- Maintain a strong focus on Health and Safety for our employees and contractors.

SolGold is pursuing the growth potential for copper as global urbanisation irrevocably drives copper demand higher, and has enjoyed achieving substantially growing the market capitalisation of the company over the last year. The Company is focused on two of the world's most important metals, copper and gold. SolGold has a dedicated commitment to Corporate Social Responsibility and is passionate about the Group's active health, safety, community and environment programs in its areas of exploration. The Company is proud but not complacent about its outstanding safety record and ensures that its people are properly trained and work in a planned and controlled manner under procedures that ensure safe operations.

The Cascabel property is situated within the boundaries of three communities. The main community of Santa Cecilia located in the central part of the concession is very supportive of the Group's presence and exploration activities. Local concerns regarding mining and exploration relate primarily to issues of water use and water management, and the Group has state of the art water recycling facilities in place at the Rocafuerte base and Alpala field camp and at each drill site, including the commissioning of innovative Solids Removal Unit (SRU) sediment removal technology, and development of world first man-portable SRU units for the Cascabel project. The SRU units are highly beneficial towards good environmental stewardship during drilling programs at Cascabel, and substantially lower water usage by reducing the volume of material transported from drilling and reduces the potential of suspended solids running off into natural fresh waters. The AMC Minerals SRU unit technology won the Association of Mining and Exploration Companies (AMEC) Convention Award in 2014.

SolGold cares deeply about community relations at Cascabel and throughout Ecuador. Through sponsoring many community enterprises as well as engaging the community in regular environmental monitoring studies and rehabilitation programs the Company continues to strengthen these relations (Figure 2).

REVIEW OF OPERATIONS (CONTINUED)

Figure 2: Images from some of SolGold's current health, safety, community and environment programs at Cascabel.

EXPLORATION STRATEGY

The Company's exploration strategy includes the following elements:

- Capitalisation of the Company's track record of success in the discovery of mineral resources.
- Detailed due diligence of project opportunities.
- A disciplined approach to the evaluation of projects to generate exploration datasets that may include all or some of the following exploration activities: geological mapping, stream, soil and rock chip geochemical sampling, and geophysical surveying.
- Generation of robust drill targets testing ore deposit models based on multiple exploration datasets.
- Drill testing targets to define potentially economic mineral resources that the group can take to feasibility study stage.

SolGold has a track record of experience at both management and board level to define and develop mineral resources from discovery through to feasibility and development. The team remains engaged upon project generation globally, targeting tectonically fertile areas and in countries set to blossom in the next mining up turn, as well as streamlining assets in Australia and the Solomon Islands (Table 1, and Figure 3).

STRATEGIC REPORT

REVIEW OF OPERATIONS (CONTINUED)

PROJECT	LOCATION	STYLE	OWNERSHIP
CASCABEL	Ecuador	Cu-Au Porphyry	SolGold (85% interest)
BLANCA NIEVES	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
CHICAL	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
CARCHI	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
CHICAL	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
RIO AMARILLO	Ecuador	Cu-Au Porphyry	100% owned
HELIPUERTO	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
AYANGASA	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
COANGOS	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
EL CISNE	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
SAN SALVADOR	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
ZHUCAY	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
MACHOS	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
LA HUECA	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
LA FLORIDA	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
LA HUECA	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
SANTA CRUZ	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
CHILLANES	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
CHIMBORAZO	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
PIÑAS	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
PORVENIR	Ecuador	Cu-Au Porphyry	100% owned
SACAPALCA	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
SAN ANTONIO	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
SHARUG	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
TIMBARA	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
AGUSTIN	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
LOS RIOS	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
AGUSTIN	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
YATUBI	Ecuador	Cu-Au Porphyry & Au Epithermal	100% owned
KUMA	Solomon Islands	Cu-Au Porphyry	100% owned
RANNES	QLD Australia	Au-Ag Epithermal	100% owned
MT PERRY	QLD Australia	Au Mesothermal	100% owned
NORMANBY	QLD Australia	Cu-Au Porphyry	100% owned
CRACOW WEST	QLD Australia	Au Epithermal	100% owned
WESTWOOD	QLD Australia	PGE Layered Intrusion	100% owned
LONESOME	QLD Australia	Au Epithermal	100% owned

Table 1: SolGold exploration projects worldwide.

REVIEW OF OPERATIONS (CONTINUED)

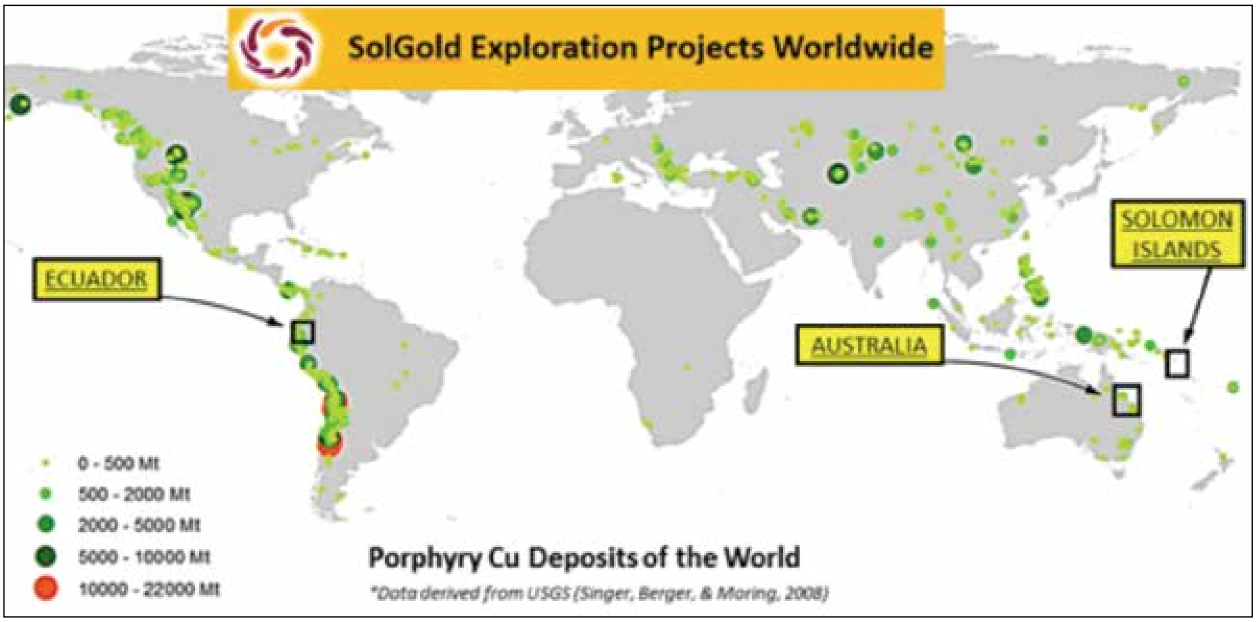


Figure 3: SolGold's areas of interest (top) and some of SolGold's experienced geoscientists at work (bottom).

STRATEGIC REPORT

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR

In Ecuador, the Group is advancing the Cascabel project, whilst continuing to pursue its strategy to become a globally important copper company by expanding the Company's copper-gold exploration portfolio in Ecuador.

CASCABEL PROJECT

The Cascabel Project is a porphyry copper- gold deposit located in the Imbabura province of northwest Ecuador (Figure 4). It lies just off the main road, an easy 3-hour drive north of Ecuador's capital city, Quito. The climate zone is tropical-savannah and vegetation is tropical forest with a well-developed soil horizon. Topography rises from elevations of 900 metres to 2,200 metres and the moderate to steep landscape is incised by four large drainage complexes. A first-order paved highway provides year-round access and crosses the north-east corner of the concession.

SolGold has completed over 44,500m of drilling and this has been accomplished with a workforce of up to 176 Ecuadorean workers and geoscientists, and 6 expatriate Australian geoscientists.

At 30 June 2017, SolGold had cash and cash equivalents of approximately A$89.3 million, which will primarily be used to expand the mineralisation being defined along the greater Alpala trend. Over 25,000m of drilling is expected to be completed in the second half of 2017, and over 106,000 m of drilling is planned in 2018. To date, SolGold has drill tested 4 of the 15 targets, being Alpala Northwest, Alpala Central, Hematite Hill, and Alpala Southeast. Currently drill testing of Alpala Northwest, Alpala Central and Alpala Southeast targets is underway, with drill testing of the Aguinaga target and other high priority targets to commence in the coming year.

The benefits of corporate deals with Newcrest Mining Ltd and Maxit Capital were realised with exploration fully funded for coming years as drilling continued to expand the growing world class deposit at Alpala. A review of drilling results has clarified world class intersections at updated metal prices, and geology model analysis is constantly improving drill targeting capabilities. Drilling to date has not yet constrained the rich Alpala copper-gold deposit, and the deposit continues to grow with each drill hole. Alpala alone is emerging as a Tier 1 copper project with high average grades in both copper and gold.

The Company is currently directing drilling capability and operations to the collection of drill data to be used in the delivery of a Maiden Inferred Resource Estimate by late December 2017. SolGold is also commencing planning for the collection of necessary data to complete a preliminary economic assessment by the end of 2018.

Ecuador is undergoing a transformation with significant improvements to infrastructure, including five key sea ports, over 10,000km of new highways, and 10 new hydroelectric projects. These infrastructure improvements are sure to afford the project enormous capital advantages as it moves toward feasibility over the coming years. Completion of a new access road to Alpala Camp via the village of Santa Cecilia in co-operation between the provincial government and the local community is providing vital operational advantages to the project.

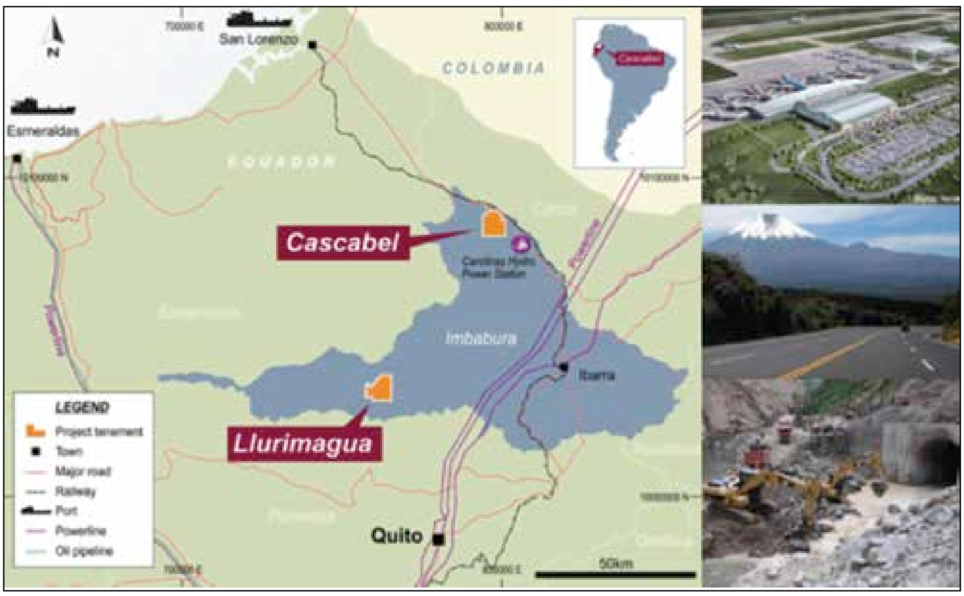


Figure 4: Location of the Cascabel project in northwest Ecuador, and examples of the infrastructure being developed across the country.

STRATEGIC REPORT

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR (CONTINUED)

CASCABEL PROJECT (CONTINUED)

Northern Ecuador lies within the under-explored northern section of the richly endowed Andean Copper Belt, which extends from Chile in the south to Colombia in the north and then north-west into Panama. The tenement lies on the margin of the Eocene and Miocene metallogenic belts which are renowned for hosting some of the world's largest porphyry copper and gold deposits, like the giant La Escondida Copper Mine in Chile, which is the world's largest producer of copper and hosted within the same age host rocks as Cascabel (Figure 5).

A number of globally significant deposits have been discovered in the region, some of which are becoming mines. These include the Junin copper project (982 million tonnes at 0.89% Cu), located some 60 km to the south-west of Cascabel, the La Colosa porphyry deposit (905 million tonnes at 0.92 g/t Au) located to the north in Colombia and the massive Cobre Panama deposit (3.3 billion tonne at 0.36% Cu) located to the north in Panama which contains over 26 million ounces of gold. The Fruta del Norte project in southern Ecuador is among the largest and highest grade undeveloped gold projects in the world (23.5 million tonnes at 9.59 g/t Au) and highlights the pedigree of potential within the country.

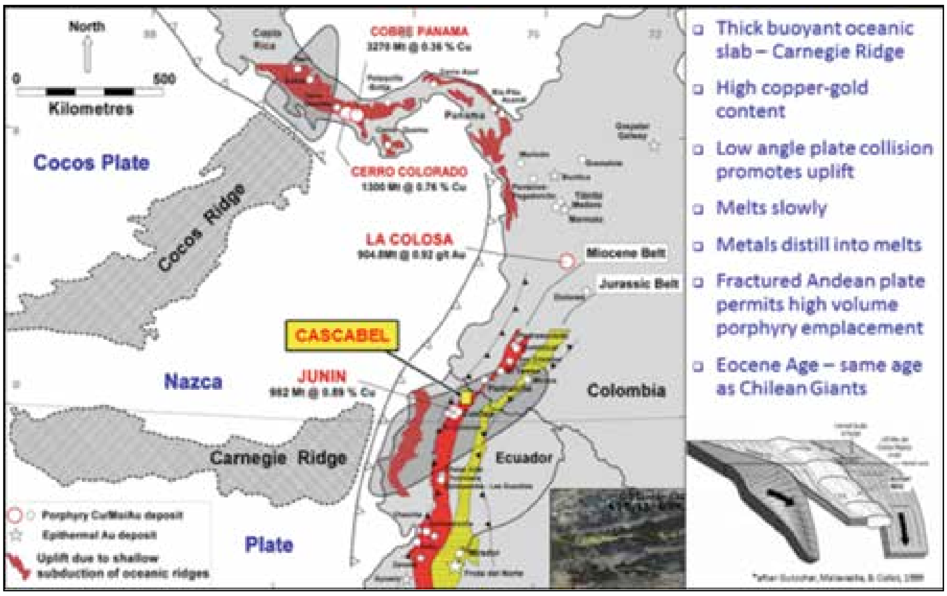


Figure 5: Regional geological setting of the Cascabel property in northern Ecuador, showing nearby major porphyry deposits. The Cascabel project area is located above the subducted extension of the Carnegie Ridge, where low angle subduction of buoyant slabs generated zones of high magma flux and an environment for outstanding porphyry copper and gold fertility.

The project is located within the Cordillera Occidental (or Western Cordillera) of the Ecuadorian Andes. Basement rocks consist of ocean floor basalts and sediments of Cretaceous age. High-level Eocene (and possibly Late-Miocene) batholiths and associated granite, granodiorite and diorite bodies intrude volcanic and sedimentary rocks of Cretaceous to Tertiary age. The regional controls that localise gold and copper mineralisation at Cascabel are intimately related with the three-dimensional interaction of deep seated NE-trending 1st order (arc-parallel) structures, with NW-trending 2nd order (arc-normal) faults, and NNW-trending 3rd order structures.

Within the Cascabel concession, volcanic and sedimentary rocks are intruded by a number of Quartz diorite, diorite and hornblende diorite stocks and dykes. The SolGold field teams completed 1:500 scale, "Anaconda" style geological mapping over the tenement area and all high priority porphyry target centres have been elevated to drill ready status.

EXPLORATION HIGHLIGHTS

Exploration on the Cascabel concession has included: geological mapping, stream silt sampling, soil sampling, rock chip sampling, channel sampling, a heli-magnetic survey (which has been modelled in 3D), a radiometric survey, a 3D Induced Polarisation (IP) and magneto-telluric (MT) survey, diamond drilling, petrography, mineragraphy, metallurgical scoping work, terra-spec spectral mapping, and orientation and environmental base line sampling.

STRATEGIC REPORT

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR (CONTINUED)
CASCABEL PROJECT (CONTINUED)

Exploration activity to date has identified 15 potential porphyry centres at Cascabel, at Alpala Central, Alpala Northwest, Alpala Southeast, Hematite Hill, Alpala East, Alpala West, Alpala South, Moran, Trivinio, Carmen, Cristal, Aguinaga, Tandayama-America, and Parambas (Figure 6):

Exploration activities during the financial year ended 30 June 2017 included:

- “Anaconda” style geological mapping in key areas, including exploration reconnaissance mapping and sampling.
- Re-modelling of constrained heli-magnetic, Orion 3DIP and magneto-telluric (MT) surveys at Alpala and Aguinaga using data collected from magnetic susceptibility of drill core and magnetic susceptibility of rock outcrops at satellite prospects.
- Diamond drilling of holes 18 to 27 at Alpala, for a total of 14,884m.
- Upgrade and expansion of the Alpala field camp and the Rocafuerte field office and core handling and storage facilities.
- Petrographic work on drill core, confirming intrusive lithologies, mineralisation styles, paragenesis, and alteration types.
- Mineragraphy and metallurgical scoping work.
- Spectral alteration mapping, soil gridding, and follow-up deep auger mapping. Further refining targets identified.
- Ongoing environmental management with strict adherence to guidelines provided by the Ministry of Environment.
- Submission of annual technical and environmental management reports.
- A hybrid “Spartan-Orion” 3D MV IP survey is currently underway.
- Lidar topographic control survey is currently final planning stages.

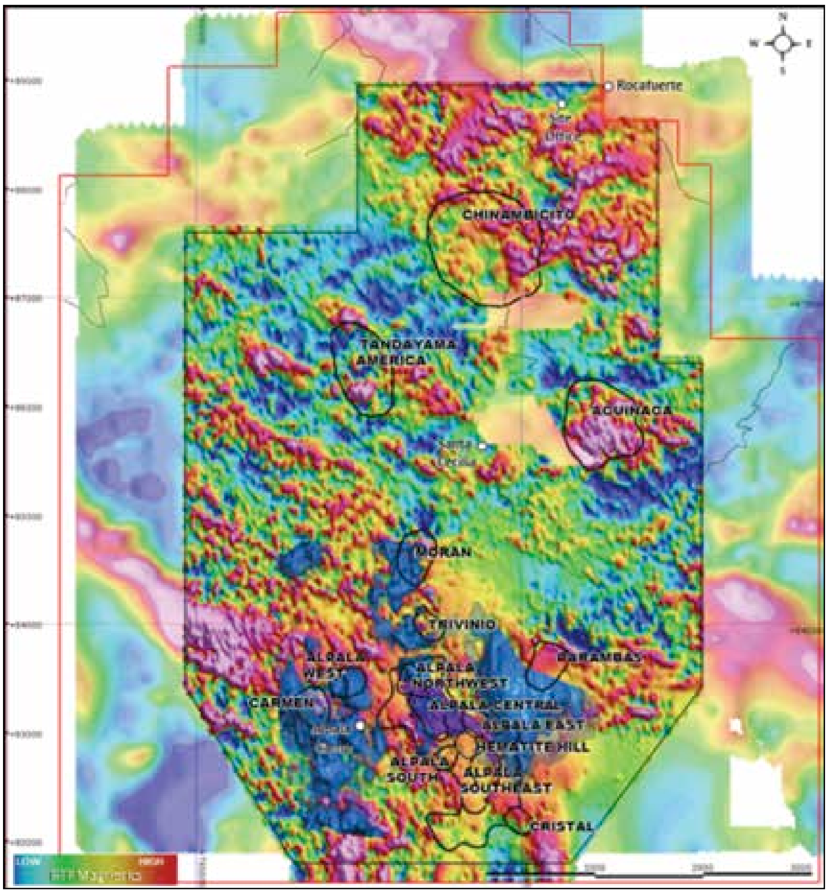


Figure 6: Key prospect areas showing interpreted porphyry centres over RTP magnetics background, showing 3D MVI models over THE Alpala area (blue solids), and the 1% copper equivalent interpolant shell at Alpala Central (magenta solid).

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR (CONTINUED)
CASCABEL PROJECT (CONTINUED)

The results of holes completed and assayed to date have produced some of the greatest drill hole intercepts in porphyry copper-gold exploration history - consisting of over 1km of continuous mineralisation grading over 1% copper equivalent. Drill hole CSD-15-012 for example, returned one of the best results in the history of mineral exploration, with 1044m grading 1.21% copper equivalent (0.74% Cu, 0.74 g/t Au). The average grade of all metres drilled to date on the project currently stands at 0.31% copper and 0.26 g/t gold.

Previous exploration of the project area, extending from 1980 to 2011, focused on the source of gold, copper, lead and zinc in stream sediments, which led to the location of gold-bearing polymetallic epithermal quartz veins in streams that flank the Alpala deposit. SolGold Plc. took an interest in the tenement, signed a deal with Cornerstone and assumed management of the project in April 2012. In May 2012, SolGold geologists interpreted alteration vectors leading southwest of Moran Creek where previous workers focused exploration. During the first month of reconnaissance mapping along Alpala Creek ~80 m wide zone of copper- and gold-bearing, sheeted, porphyry-style quartz veins was discovered (Figure 7). Exploration has shown that this small stream outcrop forms the upper portion of a cluster of porphyry targets that extends over 2.2 km northwest by 1.1 km northeast, termed the greater Alpala porphyry cluster.

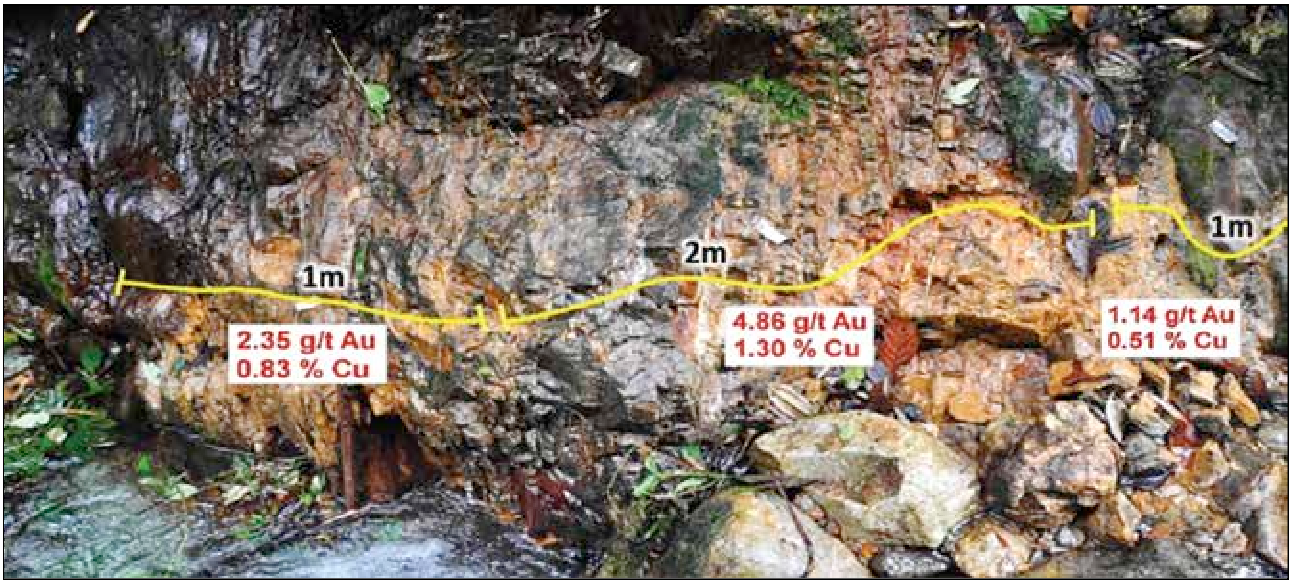


Figure 7: Alpala Creek discovery outcrop of porphyry-style quartz veins showing copper-gold rock-channel sample results (2013).

The Alpala discovery outcrop lies in the approximate centre of a 1.5 km by 2.2 km Mo (>1.4 ppm) anomaly. Alpala, Aguinaga and Tandayama-America are characterized by low Zn and Mn, which when imaged as ratios with Cu and Mo produce robust anomalies (e.g., bullseyes for high Cu/Zn and Mo/Mn) (Figure 8). The Alpala porphyry cluster is characterized by elevated As, Bi, Se and Te in soil. Whereas, Aguinaga and Tandayama-America are low in these elements. Spectral analysis of chips from grid soil samples led to the identification of zoned clay-mica alteration assemblages over 2.5 km by 1.0 km, centred over the discovery outcrop (Figure 9).

This may indicate a higher level of exposure and less erosion for the Alpala cluster than for Aguinaga and Tandayama-America. This interpretation is supported by the occurrence of high-temperature biotite (potassic) alteration in the outcrops at Aguinaga and Tandayama-America and lower-temperature clay-mica (phyllic, intermediate and advanced argillic) alteration at surface in the Alpala cluster.

STRATEGIC REPORT

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR (CONTINUED)
CASCABEL PROJECT (CONTINUED)

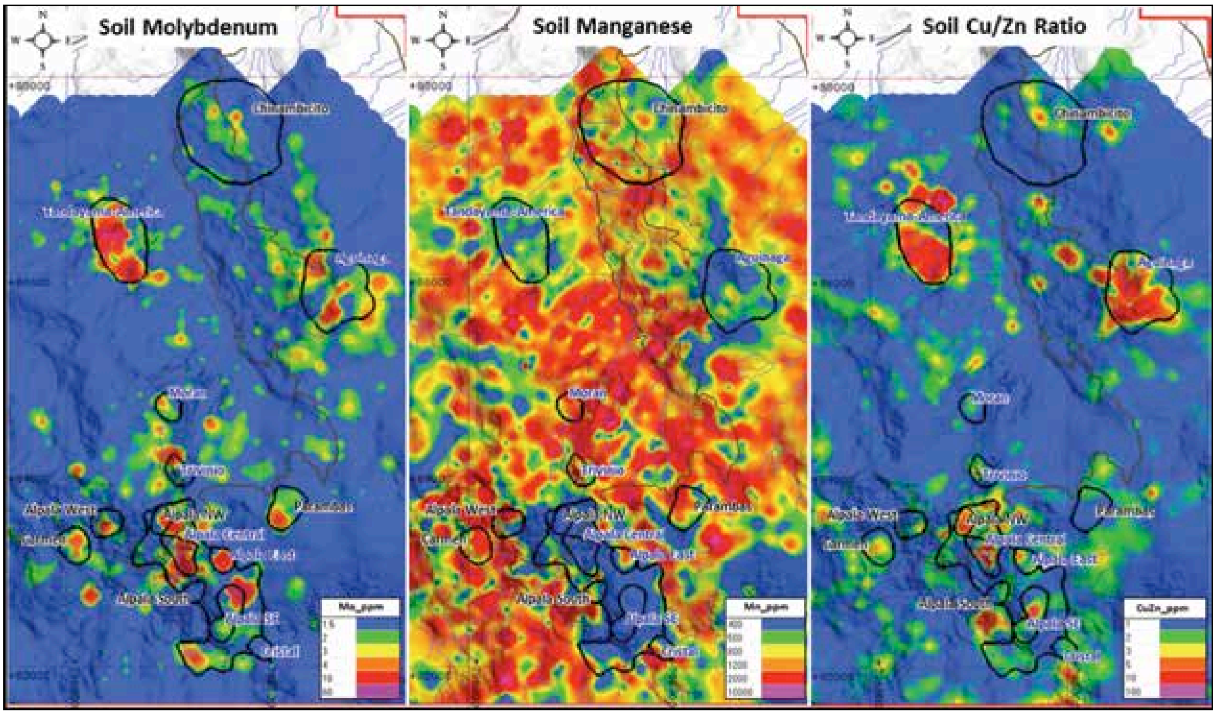


Figure 8: Summary of soil geochemical results for the Cascabel tenement, showing molybdenum, manganese and Cu/Zn.

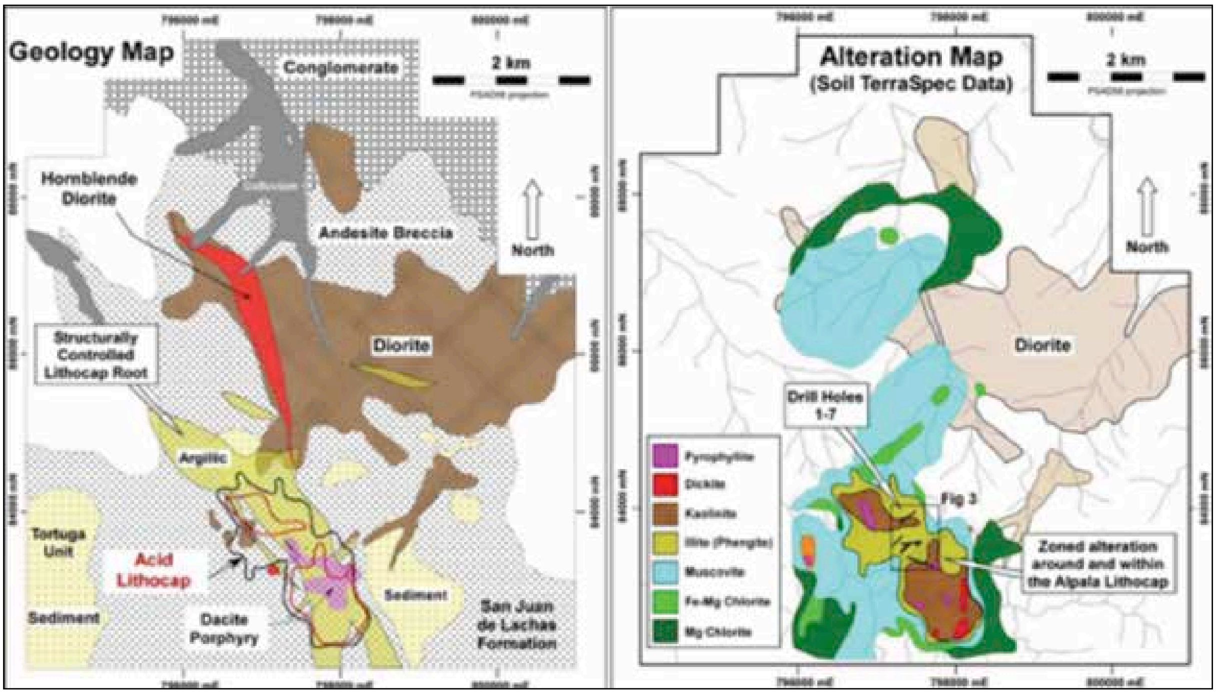


Figure 9: Cascabel tenement maps for 2012 to 2014. (a, left) Lithology and alteration of the Cascabel concession (b, right) Alteration zonation within the Alpala lithocap defined by TerraSpecTM mapping.

STRATEGIC REPORT

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR (CONTINUED)
CASCABEL PROJECT (CONTINUED)

The completion of 34 diamond core holes over a 2200m by 700m surface area along an 1800m deep vertical column has now defined a northwesterly-trending, steeply northeast-dipping zone of multi-phase porphyry style stock-work veining and associated phases of diorite to quartz diorite stocks and dykes. This intrusive complex is hosted by a sequence of andesitic volcanoclastic rocks and lavas. The host-rocks are mapped as the Oligocene to Early Miocene San Juan de Lachas Formation, however, age date constraints from studies conducted by SolGold suggest that the lower portion of this sequence was deposited in the Eocene.

The geometry and nature of the mineralisation at Alpala is now quite well understood. A total of 17 phases of intrusion are defined on the basis of composition and relative timing-relationships with porphyry-related vein-stages. Pre- mineralisation volcanogenic and "D10" diorite host rocks, are intruded by upward tapering intrusions of early pre-to syn-mineral "QD10" quartz diorite, which are all subsequently intruded by intra-mineral "D15" diorite and "QD15" quartz diorite, cut later by late-mineralisation dikes and breccia bodies. Each intrusive phase has its own set of quartz veining, and the intimate association between "B"-type quartz vein abundance, with Copper Equivalent grades continues to prove an efficient targeting tool (Figure 10).

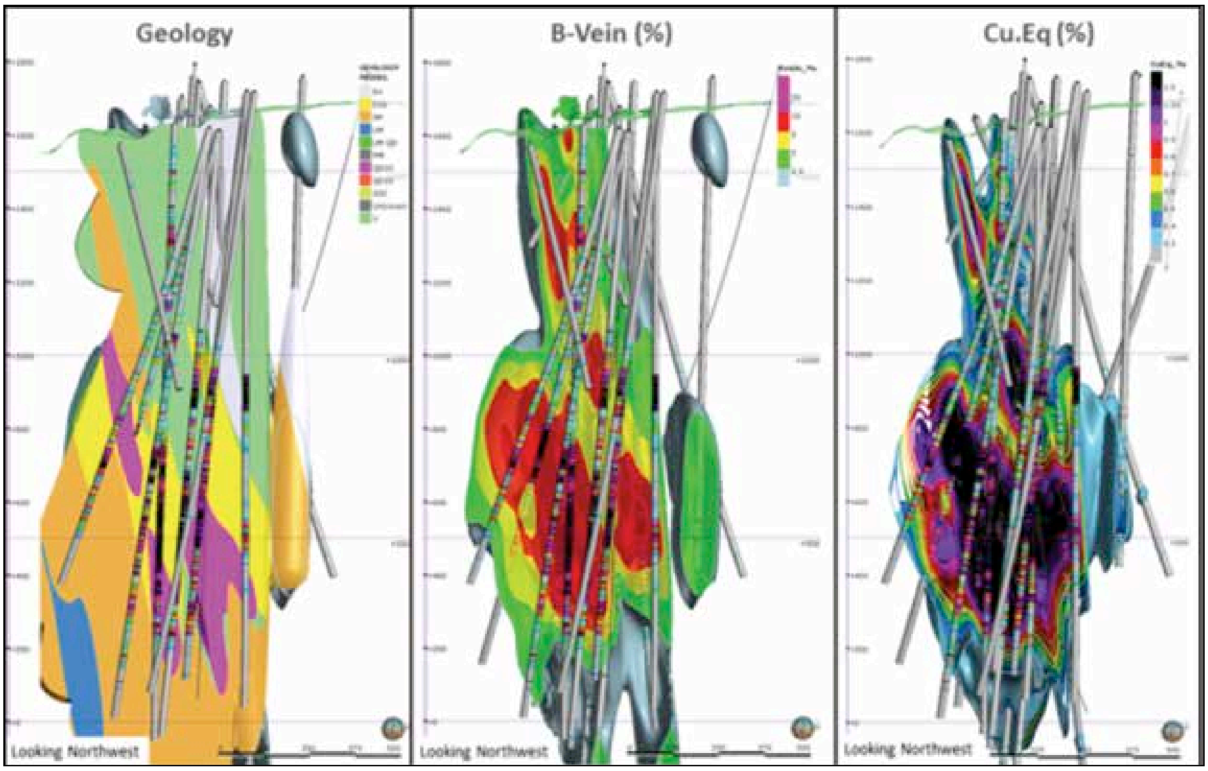


Figure 10: Section 82950N through the centre of the Alpala deposit, looking north west, showing the interpolated geometry of the different intrusive phases (top left), and the relationship with "B" type quartz vein occurrence (top middle) intimately associated with the intrusion of the syn-mineral "QD10" quartz-diorite phase. Copper Equivalent interpolations reflect further association between "B"-veins and copper and gold grades (top right). Intra-mineral and late stage dykes and stocks intrude along pre-existing intrusive contacts and zones of pre-existing structural convergence.

STRATEGIC REPORT

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR (CONTINUED)
CASCABEL PROJECT (CONTINUED)

Very high grades have been encountered at the cupola of a number of early "QD10" quartz-diorite source intrusions, selected examples of high-grade mineralisation encountered at Alpala to date are shown in Figure 11.

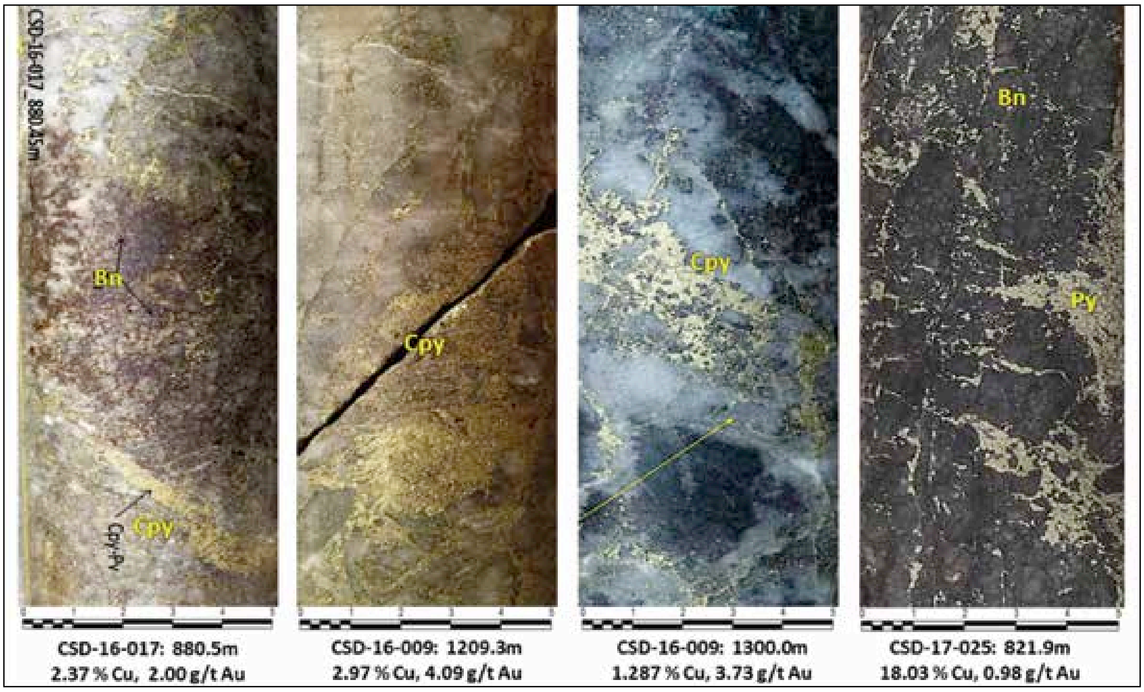


Figure 11: Selected examples of high-grade mineralisation encountered at Alpala to date.

Age dating on zircons in mineralised intrusions returned 38.7 + 0.6 Ma, which lies near the boundary of the Middle-to Late-Eocene. The porphyry-related vein types and paragenesis at Alpala indicate a systematic progression in time and classical porphyry B-type quartz veins contain the majority of the copper and gold in the deposit. Chalcopyrite-rich, C-type sulphide veins containing accessory bornite also contain significant amounts of metal and are associated with elevated gold grades. The B- and C-type veins are spatially associated with intrusions that show variable feldspar-destructive, sericite-chlorite+clay overprinting of biotite-actinolite and chlorite-epidote alteration.

SolGold's Alpala deposit continues to grow with each new drill hole as drilling focusses on high grade porphyry centres at Alpala Northwest, Alpala Central and Alpala Southeast (Figure 12). Over 44,500m of drilling has been completed to date along the greater Alpala trend. The use of the Devico drilling technique for deviated path holes from existing parent holes is delivering considerable savings in both drilling meterage and expenditure.

The mineralised porphyry copper gold system at Alpala occurs at surface over 250m in length and 50m width and drilling to date has identified its extents at depth over a zone 700m in length and 550m width over a continuous 1800m vertical column. The limits of the Alpala deposit are not yet defined and an aggressive forward drilling program is underway.

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR (CONTINUED)
CASCABEL PROJECT (CONTINUED)

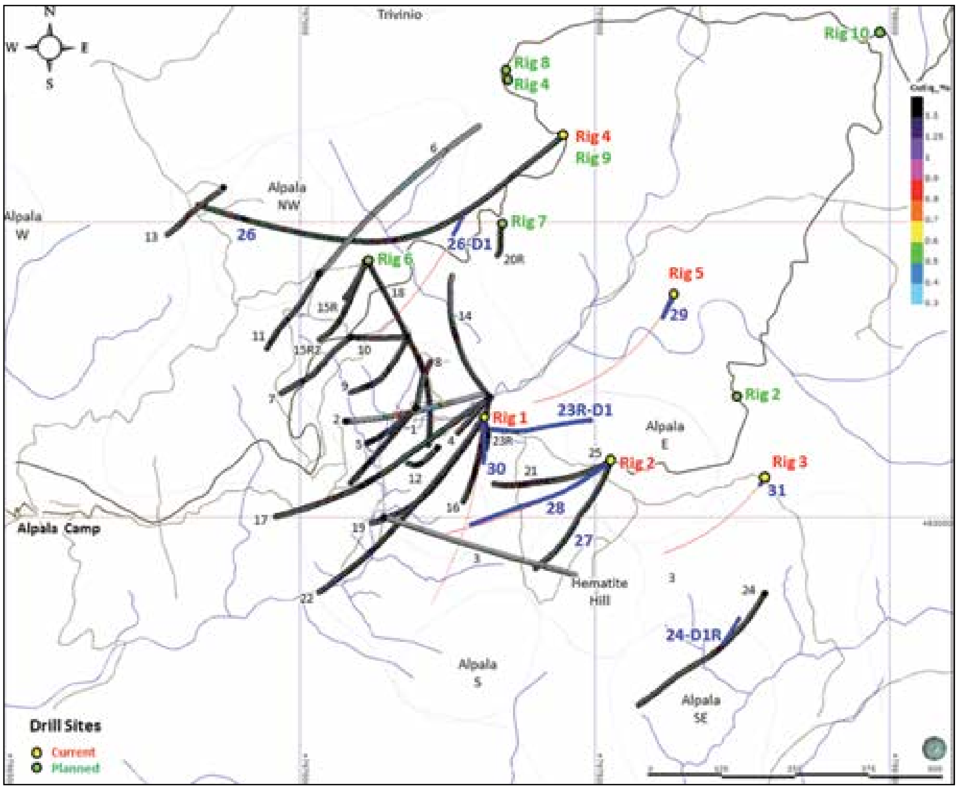


Figure 12: Drill hole location plan, displaying down hole copper equivalent results with current drill holes 23R-D1, 24-D1, 26, 28, 29, 30 and 31 showing current hole paths where assays are pending (blue trace), and planned hole paths (red traces). Proposed drill sites for the imminent arrival of rigs 6,7,8,9 and 10 are shown in green.

The best drill intercept to date is 1312 m at 0.67 % Cu and 0.63 g/t Au from 128 m depth in CSD-15-012, which includes 576 m at 1.03 % Cu and 1.19 g/t Au. Holes 15R2, 16, and 23R also returned spectacular results. The deposit remains open at depth, along- and across-strike and has similarities to several globally significant copper-gold deposits, many of which have become or are becoming mines. A summary of drilling results shows the significance of the large high-grade porphyry system being defined at Alpala (Table 2).

From the drilling results at the growing Alpala Porphyry Copper Gold Deposit (only) within the Cascabel Project, the Company considers the deposit to have significant resource potential and the data gathered has provided the basis for the estimation of an exploration target over the area drilled to date. Initial 3D modelling and grade shell interpolants have outlined an approximate exploration target at Alpala that ranges from 729Mt at 1.06% copper equivalent, using a cut-off grade of 0.4% copper equivalent, to 969Mt at 0.92% copper equivalent, using a cut-off grade of 0.3% copper equivalent. These estimates equate to an endowment of between 7.7-8.9Mt of contained copper equivalent (Figure 13).

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR (CONTINUED)
CASCABEL PROJECT (CONTINUED)

Hole ID	From m	To m	Interval m	Cu %	Au g/t	Cu.Eq %	Cut-off (CuEq%)	m% (CuEq%)
CSD-13-001	10	320	310	0.39	0.47	0.68	0.10	212.2
	190	302	112	0.62	0.90	1.19	0.20	133.8
	224	296	72	0.84	1.38	1.71	0.30	123.2
CSD-13-002	128	420	292	0.36	0.29	0.55	0.20	160.9
	256	420	164	0.34	0.20	0.47	0.30	76.3
	348	406	58	0.46	0.31	0.65	0.50	37.9
CSD-13-003	88	186	98	0.16	0.03	0.17	0.10	17.1
	584	692	108	0.25	0.15	0.35	0.20	37.7
CSD-13-004	194	318.51	124.51	0.12	0.05	0.15	0.10	18.7
CSD-13-005	12	1370	1358	0.61	0.53	0.94	0.10	1278.8
	522	1364	842	0.80	0.75	1.28	0.20	1074.7
	224	388	164	0.45	0.26	0.62	0.30	101.6
	646	1360	714	0.89	0.87	1.44	0.30	1030.0
	766	1324	558	1.02	1.04	1.68	0.70	937.1
	950	1310	360	1.14	1.18	1.89	1.00	681.1
	1046	1212	166	1.45	1.63	2.48	1.50	411.3
CSD-14-006	606	1401.5	795.5	0.15	0.10	0.21	0.10	167.0
	808	1038	230	0.20	0.14	0.28	0.20	65.4
	1100	1182	82	0.20	0.22	0.34	0.20	27.8
	878	952	74	0.23	0.22	0.37	0.30	27.5
CSD-14-007	478	1670	1192	0.35	0.15	0.45	0.10	533.8
	652	1650	998	0.39	0.17	0.50	0.20	500.1
	1002	1340	338	0.56	0.29	0.74	0.30	251.4
	1056	1294	238	0.65	0.36	0.88	0.50	208.8
CSD-14-008	8	1310.45	1302.45	0.33	0.34	0.55	0.10	712.8
	396	1310.45	914.45	0.41	0.45	0.69	0.20	630.2
	862	1310.45	448.45	0.56	0.66	0.98	0.50	440.5
	1264	1310.45	46.45	0.71	0.73	1.17	1.00	54.1
CSD-14-009	336	1757.35	1421.35	0.54	0.69	0.97	0.10	1385.8
	560	1757.35	1197.35	0.63	0.83	1.16	0.20	1385.0
	970	1632	662	0.75	0.92	1.33	0.30	878.2
	1134	1542	408	1.01	1.32	1.85	0.50	753.8
	1184	1482	298	1.24	1.72	2.33	0.70	694.5
	1208	1390	182	1.59	2.44	3.13	1.50	568.8
CSD-15-010	336	974.84	638.84	0.32	0.27	0.49	0.10	313.6
	566	974.84	408.84	0.42	0.39	0.66	0.30	271.6
	684	904	220	0.58	0.59	0.96	0.50	210.3
CSD-15-011	512	1668.2	1156.2	0.40	0.25	0.56	0.10	649.8
	996	1668.2	672.2	0.57	0.39	0.81	0.20	546.9
	1110	1322	212	0.60	0.31	0.78	0.50	166.3
	996	1054	58	1.45	1.44	2.36	0.70	137.0
CSD-15-012	14	1574	1560	0.59	0.54	0.93	0.10	1454.9
	438	1482	1044	0.74	0.74	1.21	0.30	1259.3
	834	1420	586	1.02	1.17	1.76	0.50	1031.5
	876	1344	468	1.14	1.40	2.03	1.00	948.8
	1002	1222	220	1.39	2.00	2.65	1.50	583.9
CSD-15-013	866	1624	758	0.34	0.16	0.44	0.10	333.9
	868	1378	510	0.44	0.21	0.58	0.20	294.3
	882	1312	430	0.49	0.24	0.64	0.30	274.8
	932	1122	190	0.63	0.31	0.82	0.70	156.2
CSD-15-014	534	1830	1296	0.37	0.30	0.55	0.10	714.7
	628	1396	768	0.50	0.45	0.79	0.30	605.4
	802	1284	482	0.62	0.64	1.03	0.50	495.6
	920	1180	260	0.80	0.99	1.43	0.70	370.6
	922	1180	258	0.80	0.99	1.43	1.00	369.1
CSD-15-015	406	1048.4	642.4	0.33	0.14	0.42	0.20	267.6
	668	1048.4	380.4	0.39	0.14	0.48	0.30	181.4
	816	910	94	0.52	0.20	0.65	0.50	61.2
CSD-16-015R2	394	1732	1338	0.49	0.36	0.72	0.20	964.9
	890	1720	830	0.63	0.46	0.93	0.30	768.9
	1292	1646	354	0.85	0.67	1.27	0.50	451.0
	1294	1516	222	1.01	0.86	1.55	0.70	344.5
	1382	1462	80	1.60	1.38	2.47	1.00	197.6
CSD-16-016	538	1432	894	0.78	0.99	1.41	0.30	1258.5
	924	1418	494	0.87	1.09	1.56	0.50	770.1
	934	1301.6	367.6	1.01	1.35	1.86	1.00	685.5
	1002	1256	254	1.11	1.55	2.09	1.50	531.6
CSD-16-017	406	1264	858	0.63	0.55	0.98	0.30	844.3
	756	1052	296	1.03	1.17	1.77	0.50	523.0
	808	1032	224	1.23	1.49	2.17	0.70	485.9
	828	998	170	1.45	1.88	2.64	1.00	448.8
	846	996	150	1.54	2.05	2.83	1.50	425.2
CSD-16-018	904	1566	662	0.70	0.77	1.19	0.30	787.7
	1040	1558	518	0.73	0.77	1.22	0.50	631.3
	906	992	86	0.86	1.14	1.58	0.70	135.6
	1040	1108	68	0.57	0.42	0.83	0.70	56.7
	1174	1324	150	1.12	1.63	2.15	1.00	322.4
CSD-16-019	504	1494	990	0.55	0.36	0.78	0.30	768.8
	1004	1374	370	0.64	0.40	0.89	0.50	329.2
	1024	1178	154	0.80	0.50	1.12	0.70	172.5
	886	984	98	1.06	0.83	1.58	1.00	154.8
CSD-16-020R	844	1342.4	498.4	0.20	0.15	0.30	0.10	148.6
	908	910	2	0.67	0.33	0.88	na	1.8
	972	1030	58	0.24	0.10	0.31	0.30	17.9
	1046	1106	60	0.30	0.13	0.39	0.30	23.1
	1202	1246	44	0.27	0.58	0.64	0.50	28.2
CSD-17-021	688	1532	844	0.73	0.43	1.01	0.30	850.4
	830	944	114	0.94	0.42	1.20	0.70	137.2
	1278	1376	98	0.57	0.46	0.86	0.70	84.5
	1396	1496	100	0.69	0.46	0.99	0.70	98.6
	964	1260	296	0.99	0.64	1.40	1.00	414.6
	1150	1252	102	1.40	0.94	1.99	1.50	203.0
CSD-17-022	192	1254	1062	0.40	0.18	0.52	0.10	549.3
	446	1176	730	0.52	0.23	0.66	0.30	483.9
	572	640	68	0.54	0.15	0.63	0.50	43.0
	770	1154	384	0.65	0.34	0.87	na	332.7
	770	996	226	0.78	0.38	1.02	0.50	231.1
	1018	1154	136	0.50	0.29	0.68	0.50	93.0
	822	966	144	0.89	0.45	1.17	na	168.4
	1076	1134	58	0.48	0.31	0.68	0.70	39.3
	896	994	98	1.11	0.58	1.47	1.00	144.1
CSD-17-023	490	1520	1030	0.59	0.90	1.16	0.10	0.0
	540	1310	770	0.71	1.16	1.44	0.30	0.0
	830	1304	474	0.89	1.57	1.88	0.50	0.0
	970	1186	216	1.29	2.84	3.08	1.50	0.0
CSD-17-024	636	1222	586	0.27	0.25	0.43	0.10	253.7
	738	898	160	0.63	0.65	1.04	0.30	166.7
CSD-17-025	754	1530	776	0.58	0.30	0.77	0.30	598.0
	772	1010	238	1.31	0.70	1.76	0.50	418.1
	772	872	100	2.64	1.51	3.59	0.70	359.5
CSD-17-026	956	1875.95	919.95	0.48	0.31	0.68	0.30	625.6
	1066	1875.95	809.95	0.50	0.34	0.72	0.40	583.2
	1084	1440	356	0.53	0.36	0.75	0.50	267.0
	1492	1606	114	0.46	0.27	0.63	0.50	71.8
	1672	1875.95	203.95	0.63	0.47	0.92	0.50	187.6
CSD-17-027	718	1520	802	0.32	0.14	0.41	0.10	328.8
	806	1178	372	0.39	0.19	0.52	0.30	193.4
	906	1118	212	0.52	0.24	0.67	0.50	142.0

Table 2: Drilling results highlights at Alpala to date. Copper equivalent grades used are calculated using a gold conversion factor of 0.63, determined using a copper price of USD 3.00/pound and a gold price of USD 1300/ounce. Drill hole intercepts are calculated using a data aggregation method, defined by copper equivalent cut-off grades and reported with up to 10m internal dilution, excluding bridging to a single sample. True widths of down hole intersections are estimated to be approximately 25-50%.

STRATEGIC REPORT

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR (CONTINUED)
CASCABEL PROJECT (CONTINUED)

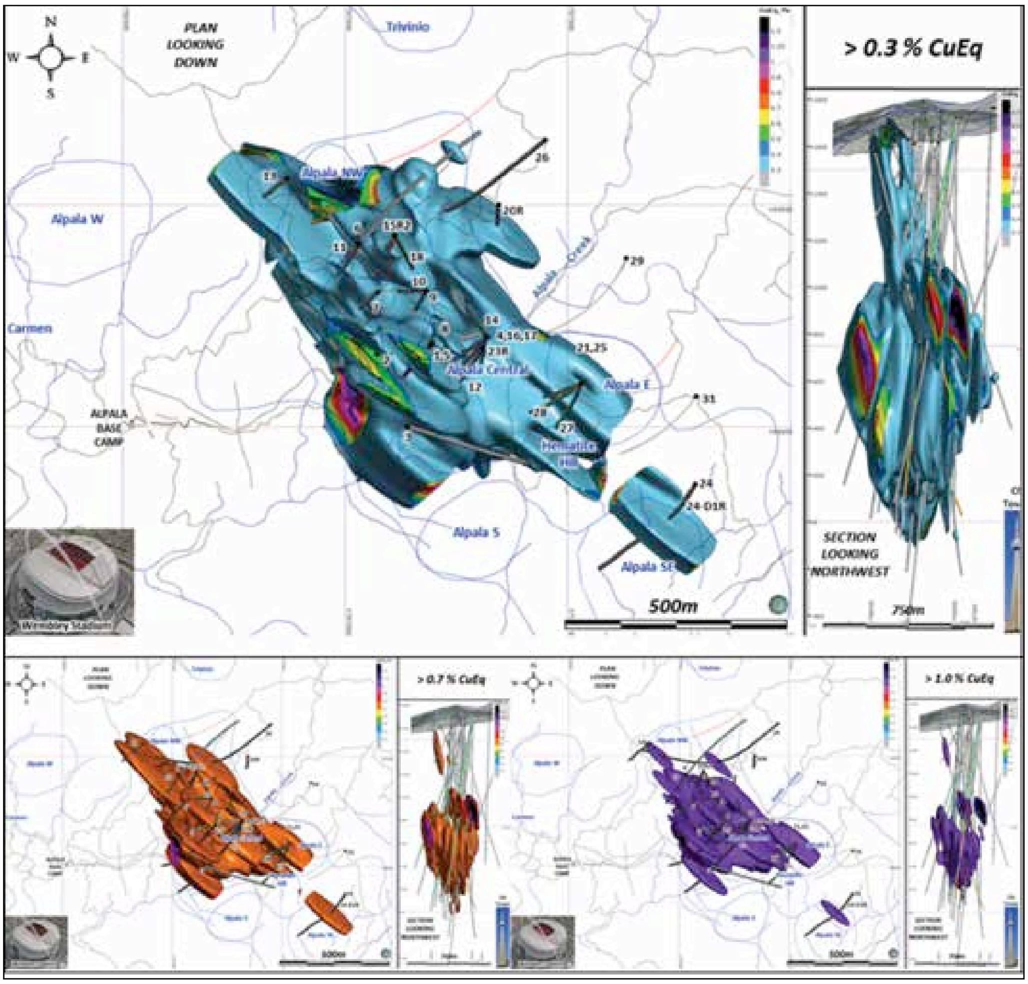


Figure 13: Exploration target over the area drilled to date. Initial 3D modelling and grade shell interpolants have outlined an approximate exploration target at Alpala. These estimates equate to an endowment of >8Mt of contained copper equivalent. Low-tonnage, very high-grade Exploration Targets also exist at elevated cut-off grades of 0.7% and 1.0% copper equivalent (Lower Insets).

The reference to the Cascabel Project as “World Class” (or “Tier 1”) is considered to be appropriate. Examples of global copper and gold discoveries since 2006 that are generally considered to be “World Class” are summarised in Table 3.

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR (CONTINUED)
CASCABEL PROJECT (CONTINUED)

The Cascabel drilling program is expanding to 10 drill rigs by January 2018 as a second drilling contractor mobilises large track mounted drill rigs via sea freight. Two further man-portable drill rigs (rigs 6 and 7) are currently mobilising to site.

Rank	Operator	Property	Location	Interval (m)	Cu (%)	Au (g/t)	Cu.Eq (%)	m% CuEq
1	Anglo American	Los Sulphatos	Central Chile	717.0	3.60	0.00	3.60	2581
2	Codelco	Chilean Giants	Northern Chile	unknown	unknown	unknown	unknown	2500
3	Kennecott	Bingham Canyon	Utah, USA	unknown	unknown	unknown	unknown	2500
4	Newcrest Mining	Wafi-Golpu	Papua New Guinea	1421.5	1.14	0.64	1.54	2195
5	Newcrest Mining	Wafi-Golpu	Papua New Guinea	943.5	1.44	1.28	2.25	2122
6	Imperial Metals	Red Chris	BC, Canada	1024.0	1.01	1.26	1.81	1850
7	Anglo Gold Ashanti	Nuevo Chaquiri	Colombia	810.0	1.65	0.78	2.14	1736
8	Freeport McMoran	Grasberg	Irian Jaya	591.0	1.70	1.80	2.84	1677
9	Ivanhoe Mines	Oyu Tolgoi	Southern Mongolia	326.0	3.77	1.23	4.55	1482
10	SolGold Plc	Cascabel - Hole 12	Ecuador	1560.0	0.59	0.54	0.93	1455
11	SolGold Plc	Cascabel - Hole 9	Ecuador	1197.4	0.63	0.83	1.16	1385
12	Exeter Resources	Caspiche	Northern Chile	1214.0	0.90	0.33	1.11	1346
13	SolGold Plc	Cascabel - Hole 5	Ecuador	1358.0	0.61	0.53	0.94	1279
14	Metallica	El Morro, La Fortuna	Chile	780.0	0.84	1.24	1.62	1266
15	SolGold Plc	Cascabel - Hole 16	Ecuador	936.0	0.75	0.95	1.35	1266
16	Anglo American	Los Sulphatos	Central Chile	990.0	1.26	0.00	1.26	1247
17	Ivanhoe Mines	Oyu Tolgoi	Southern Mongolia	476.0	2.16	0.67	2.58	1230
18	SolGold Plc	Cascabel - Hole 23R	Ecuador	1030.0	0.59	0.90	1.16	1195
19	Metallica	El Morro, La Fortuna	Chile	758.0	0.93	0.99	1.56	1179
20	Newcrest	Cadia Ridgeway	NSW, Australia	341.0	0.93	3.86	3.37	1149
21	Ivanhoe Mines	Hugo Dummet	Southern Mongolia	302.0	3.11	0.98	3.73	1126
22	Ivanhoe Mines	Oyu Tolgoi	Southern Mongolia	422.0	2.48	0.21	2.61	1103
23	Imperial Metals	Red Chris	Canada	1135.0	0.50	0.59	0.87	991
24	Exeter Resources	Caspiche	Northern Chile	1058.0	0.70	0.35	0.92	975
25	SolGold Plc	Cascabel - Hole 15R2	Ecuador	1402.0	0.48	0.34	0.69	974
26	Exeter Resources	Caspiche	Northern Chile	792.5	0.96	0.40	1.21	961
27	Imperial Metals	Red Chris	BC, Canada	716.3	0.79	0.74	1.26	901
28	Nevsun	Timok	Serbia	798.0	0.80	0.22	1.11	886
29	SolGold Plc	Cascabel - Hole 17	Ecuador	954.0	0.60	0.52	0.93	884
30	SolGold Plc	Cascabel - Hole 21	Ecuador	946.0	0.67	0.39	0.92	872
31	Metallica	El Morro, La Fortuna	Chile	820.0	0.59	0.73	1.05	862
32	SolGold Plc	Cascabel - Hole 19	Ecuador	1344.0	0.44	0.28	0.62	829
33	SolGold Plc	Cascabel - Hole 18	Ecuador	864.0	0.57	0.61	0.96	825
34	Seabridge Gold Inc.	KSM	Canada	1023.4	0.24	0.77	0.73	744

NOTES: *Gold Conversion Factor of 0.63 calculated from a copper price of US$3.00/lb and a gold price US$1300/oz. True widths of downhole interval lengths are estimated to be approximately 25% to 50%. Sources: peer review, snl.com, various company releases & broker reports, intierra.com.

Table 3: Globally significant drilling results for copper and gold deposits. This table has been reviewed by Mr James Gilbertson of SRK Exploration Services Ltd., the Company's independent consultant and "Qualified Person", and does not purport to be exhaustive.

A ground magnetic survey was completed over about 30 km2 of the Cascabel tenement in April 2017. In total, 650 km of total-field magnetic data were acquired from east-west oriented lines spaced every 50m. This survey produced an exceptionally high-quality product. The ground magnetics data shows a major zone of magnetite-destruction to occur over much of the Alpala porphyry cluster (Figure 14). This zone of magnetite-destruction is related to intense hydrothermal (phyllic and advanced argillic) alteration that has converted magnetite to pyrite (+hematite) and chalcopyrite from surface to depths of more than 750 m, as determined from drilling. Below this depth, high-grade copper and gold mineralization occurs with magnetite-rich, hydrothermally altered intrusions. The surface projection of the copper equivalent models for 0.7 % and 1.0 % coincide with the zone of magnetite-destruction, which suggests that similar high-grade mineralization may exist along strike in areas where magnetite-destructive alteration occurs. The significant amounts of copper and gold in Hole 24 at Alpala Southeast indicates that copper mineralization is related to the eastern margin of the zone of magnetite-destruction.

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR (CONTINUED)
CASCABEL PROJECT (CONTINUED)

The 3D magnetic inversion (MVI) models based on the ground magnetic data in the Alpala region mostly coincide with subsurface mineralised envelopes and reveal a northwest trending line of significant magnetic bodies at Moran, Trivinio, Alpala Northwest, and Alpala Central. The central body defined by the 3D MVI models coincides with the 1.0% copper equivalent model at Alpala Central and defines the current growing exploration target confirmed by drilling.

A Spartan–Orion hybrid, distributed IP/3DMT survey commenced in August with the aim of covering a similar area as the ground magnetic survey. This survey will cover a larger area than the 2014 Orion IP/3DMT survey and provide greater resolution and depth of penetration. The data from both surveys will be merged, where appropriate. The combined electrical survey results will enable detection and modelling of sulphides in 3D. Hydrothermal alteration will also be detected and modelled in 3D by Spartan EM to depths in excess of 3 km. In combination with the ground magnetic data, this electrical survey will allow the delineation and modelling of secondary (hydrothermal) magnetite associated with altered intrusions in the porphyry systems and assist exploration in the tenement area.

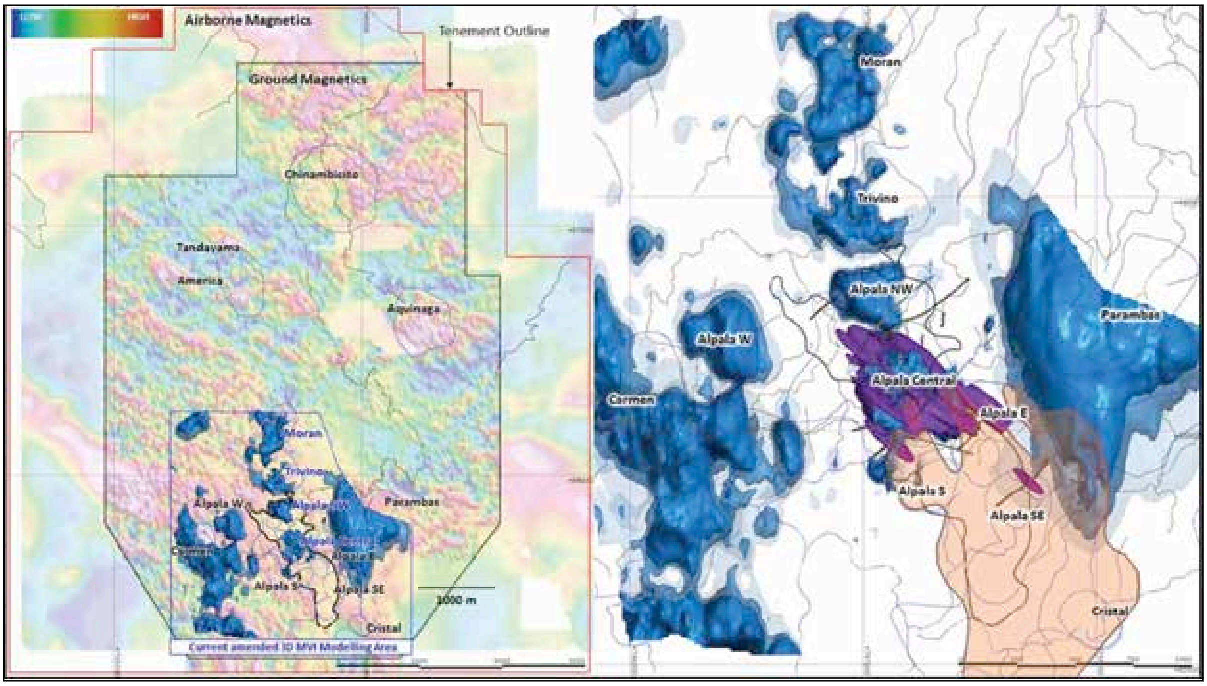


Figure 14: Reduced to the pole image for ground magnetic data over the Moran - Alpala porphyry cluster area, showing target areas, drill-holes (black traces), the outline of inferred near-surface zone of magnetite-destruction (red line) and the MVI magnetic model (blue). The MVI model indicates strongly magnetic rocks at depths >750 m beneath surface in the Alpala Central area. This magnetic model spatially coincides with the >1.0 % Cu equivalent model (purple) in the Alpala deposit.

Aguinaga prospect lies along a prominent topographic high (1615m) about 3km south of Rocafuerte site office and 1.3km to the north-west of Alpala. The interpreted porphyry centre at Aguinaga occurs at the confluence of a deep seated regional north-west trending structure with a major north-east trending lineament. This is the same structural regime within the same host rocks that hold the recently discovered porphyry deposit at Alpala.

It is characterised by a classical 500m x 500m magnetic high surrounded by an annular magnetic-low which has strong similarities with the enormous Alumbrera deposit in Chile, as well as the Grasberg and Batu Hijau magnetic signatures. This geometry is consistent with a large porphyry system characterized by a central magnetic high related to an intrusive centre and a magnetite-destructive halo caused by pyritic phyllic / argillic alteration. The presence of a very strong annular chargeability high with a central tapering root at Aguinaga is consistent with sulphide-bearing, disseminated and/or stock work style mineralisation peripheral to and above a porphyry stock. (Figure 15).

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR (CONTINUED)
CASCABEL PROJECT (CONTINUED)

The textbook style combination of soil geochemical anomalies over the prospect is tremendously convincing. The presence of coincident copper, gold, and molybdenum in soil anomalies supports the inferred porphyry centre at Aguinaga. The low manganese in soil that flanks the central copper zone to the north and south is likely to be related to intense late-stage hydrothermal alteration. The presence of an elevated zinc aureole surrounding this area of low manganese is a geochemical signature that is typical of the metal zonation around porphyry copper-gold deposits.

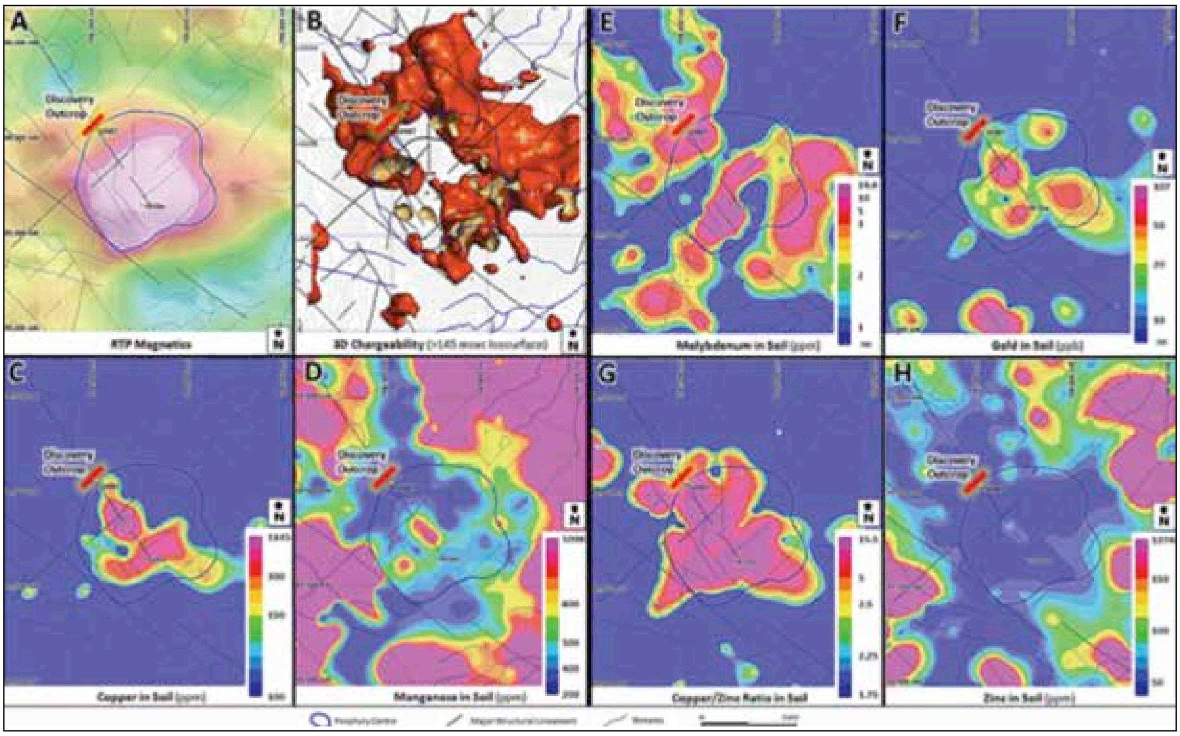


Figure 15: Surface interpretation of copper contours at 0.6% and 1% Cu showing preliminary copper models at 0.6% and 1% Cu.

Reconnaissance field-work initially located mineralised porphyritic diorite along the northern slope of Aguinaga Hill. Subsequent detailed, 1:500 scale, “Anaconda” style geological and structural mapping has led to the discovery of porphyry stock-work copper-gold mineralization outcropping at surface. Mineralisation is exposed along the upper section of Aguinaga Creek, where classic porphyry style ‘B’-type quartz-magnetite-chalcopyrite-bornite stock-work veining occurs within porphyritic diorite (Figure 16).

The outcropping mineralisation is accompanied by potassic (biotite) alteration and remains open to the north where creek sediments and jungle limit further surface exposure. Rock-saw channel sampling results over the exposed outcrop returned an open ended intersection of 9.0m @ 1.01 % Cu, and 0.79 g/t Au. Infill soil-sampling along with spectral analysis of soil rock fragments using deep motorised auger gridding has confirmed the alteration signature at Aguinaga as coincident with geological and geochemical targets and the prospect is planned for drill testing in the coming year.

STRATEGIC REPORT

REVIEW OF OPERATIONS (CONTINUED)

ECUADOR (CONTINUED)
CASCABEL PROJECT (CONTINUED)

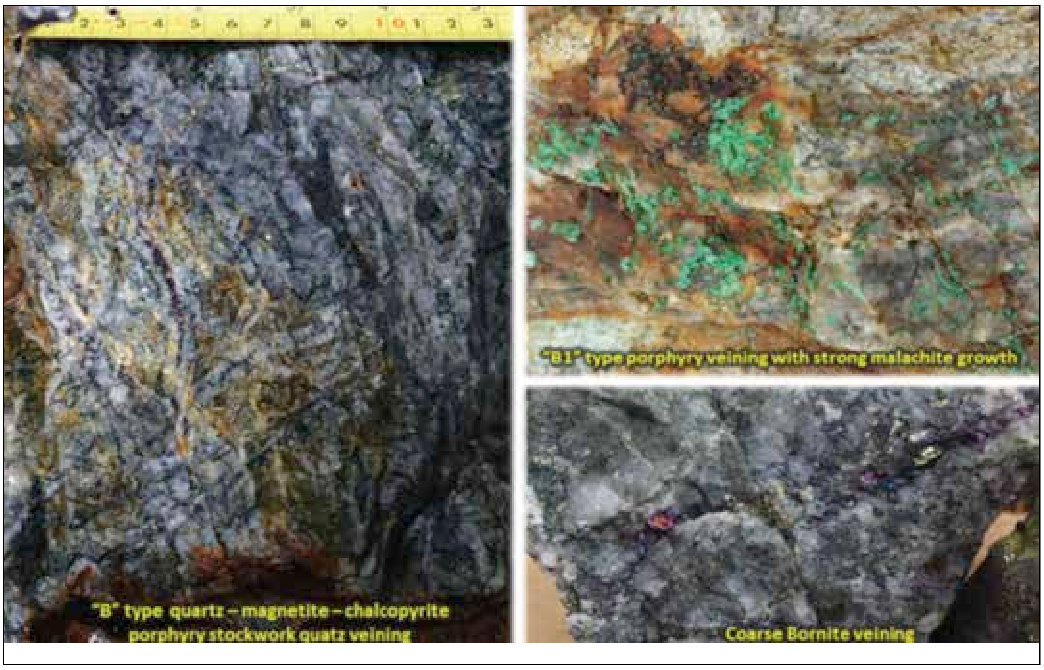


Figure 16: Early stage, high temperature "B" type quartz veining and accompanying potassic alteration on surface at Aguinaga

NEW CONCESSIONS GRANTED FOR 100% SOLGOLD ECUADOR SUBSIDIARIES

Country wide generative work is being conducted in order to acquire top quality projects in this emerging mining country. The Group holds 36 project areas, comprising 59 tenements granted to SolGold's four local subsidiary companies of which 38 tenements were granted during the financial year ended 30 June 2016 and the additional 21 tenements granted subsequent to the end of the financial year. The 59 tenements cover an area of 2,496 km^2. These tenements cover the targets previously identified in the study of potential prospective porphyry centres throughout the northern Andean copper belt in Ecuador. Teams of company geologists are on the ground throughout Ecuador conducting initial baseline data collection and identifying prospective targets for follow-up exploration.

The teams are focussed on first pass exploration on the Porvenir, San Antonio, Sharug, Machos, Agustin and Rio Amarillo projects. Initial mapping campaigns have been very encouraging with widespread areas of hydrothermal alteration identified which are considered highly prospective for porphyry and epithermal style mineralisation. Initial rock chip samples taken of altered outcrops have returned values as high as 12% Cu. Regional geology teams are commencing systematic stream sediment sampling and panned concentrate programs over the prospective tenements. From the stream and panned concentrate results, gridded soil programs will be planned to identify targets to be drilled in due course.

SOLOMON ISLANDS

On 10 February 2017, the Company (through its wholly owned subsidiary, Australian Resources Management (ARM) Pty Ltd applied for the Mbetilonga prospecting licence ("Mbetilonga Application"), which is located in Guadalcanal in the Solomon Islands. The Mbetilonga Application covers an area of approximately 46 km^2 and is located approximately 8km south of the capital of the Solomon Islands, Honiara.

On 13 April 2017, the Company (through its wholly subsidiary, Guadalcanel Exploration Pty Ltd) applied for the Kuma prospecting licence ("Kuma Application") which covers an area of approximately 50km^2 and is located approximately 37km south-east of the capital of the Solomon Islands, Honiara.

STRATEGIC REPORT

REVIEW OF OPERATIONS (CONTINUED)

SOLOMON ISLANDS (CONTINUED)

The exciting Kuma project in Guadalcanal has emerged as a significant porphyry copper-gold target upgraded by recent geochemical and spectral work by GEX in 2014-15 (Figure 17).

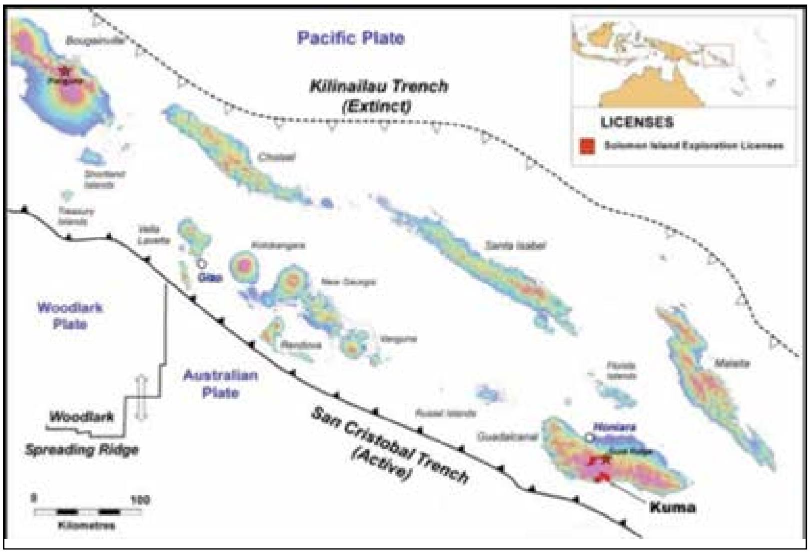


Figure 17: Location of the Kuma exploration license held by SolGold in the Solomon Islands.

KUMA

The Kuma project, which the Group has an application in place with the Solomon Island Government, lies just to the south-west of a series of major NW-SE-trending arc-parallel faults. These faults are associated with numerous Cu and Au anomalies, including the Sutakiki prospect and the Mbetilonga prospect (formerly part of the Guadalcanal Joint Venture). The project area overlies a 3.5-kilometre wide, annular, caldera-like topographic feature. Annular and nested topographic anomalies in the region suggest the presence of extensive batholiths of the Koloula Diorite beneath the volcanic cover of the Suta Volcanics. The prospect geology is dominated by a 4km by 1km lithocap. This extensive zone of argillic and advanced argillic alteration is caused by hydrothermal fluids that emanate from the top of porphyry copper-gold mineralising systems, and thus provides a buried porphyry copper gold target (Figure 18).

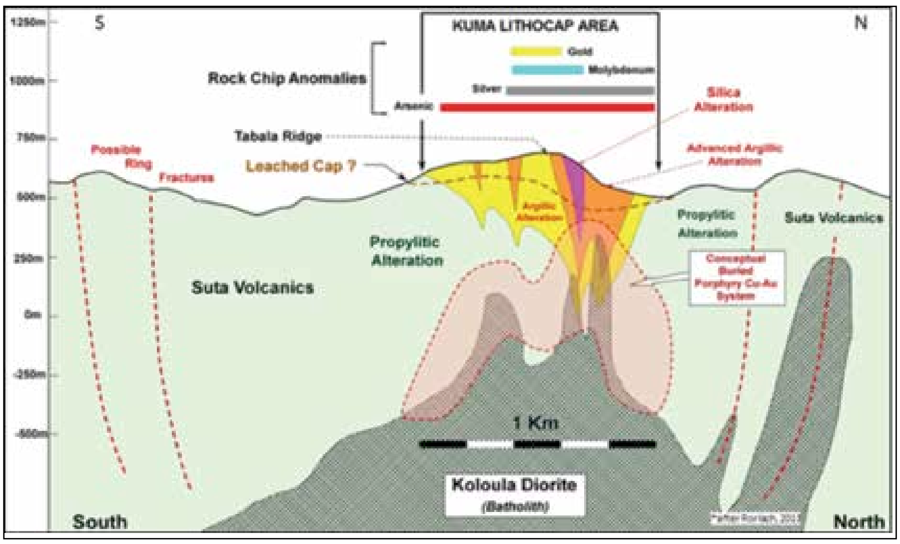


Figure 18: N-S section showing conceptual model over the Kuma prospect, showing geochemical zonation and an alteration lithocap overlying a buried porphyry copper-gold system

REVIEW OF OPERATIONS (CONTINUED)

SOLOMON ISLANDS (CONTINUED)
KUMA (CONTINUED)

The geochemically anomalous portion of the Kuma lithocap (northwest end) lies within the annular topographic anomaly. Kuma has a spectacular oxidized float boulder trail along the Kuma River and was traced to Alemba and Kolovelo creeks which lead to discovery of broad hydrothermal alteration zones and lithocap (Figure 19).

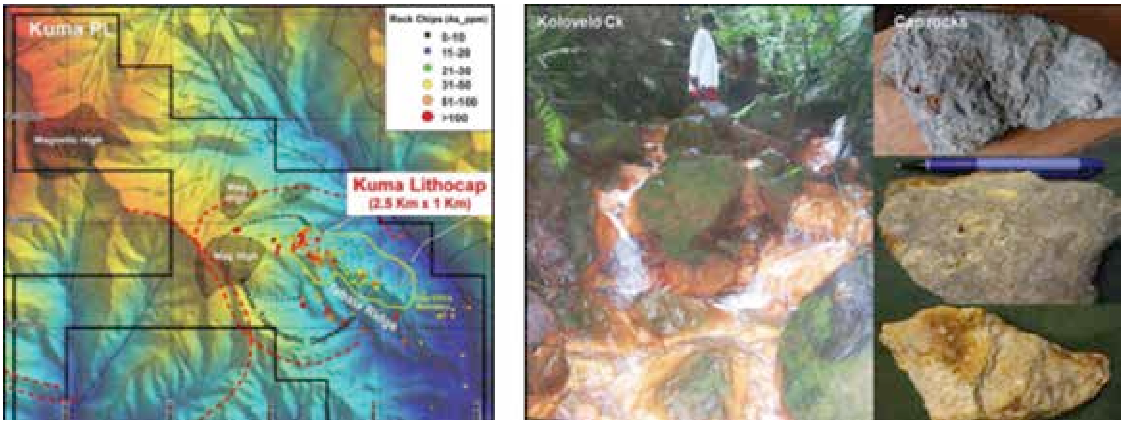


Figure 19: Geological setting of the Kuma lithocap along Tabala Ridge (left) and the discovery of classical porphyry style leached cap and lithocap rocks at Kololevu and Alemba creeks (right).

Previous exploration completed at Kuma under the Guadalcanal Joint Venture between SolGold and Newmont included extensive geochemical sampling (BLEG, rock chip and channel samples), geological mapping, a magnetic survey and an electromagnetic survey. Geochemical results define a central zone of manganese depletion (Mn < 200 ppm) inferred to indicate the destruction of mafic minerals by hydrothermal alteration. Zinc > 75 ppm forms an annulus to this zone, and Molybdenum > 4 ppm lies along the margins of the manganese low indicating potential for porphyry Cu-Au mineralization at depth. TerraSpec spectral analysis of sieved coarse fraction soil samples covering the Kuma lithocap area was completed at a commercial laboratory in Australia. The results integrated with known geology in the prospect area has highlighted a primary porphyry target centre in the northern portion of the lithocap (Figure 20).

Access agreements are being negotiated ahead of Anaconda style geological mapping planned for the coming year so as to bring the project to drill ready status in 2018. Three steeply-inclined diamond core drill-holes, each about 800 m deep, are envisaged for an initial test of the target area. Drill Sites will be located following Anaconda style geological mapping within and peripheral to the target area. Silica ledges and dickite anomalies controlled by high level structure can be tested to provide vectors toward the centre of the Kuma porphyry gold-copper system and the identification and orientation of dikes (porphyritic felsic), veins (quartz and epidote) and fractures (containing chalcopyrite or magnetite).

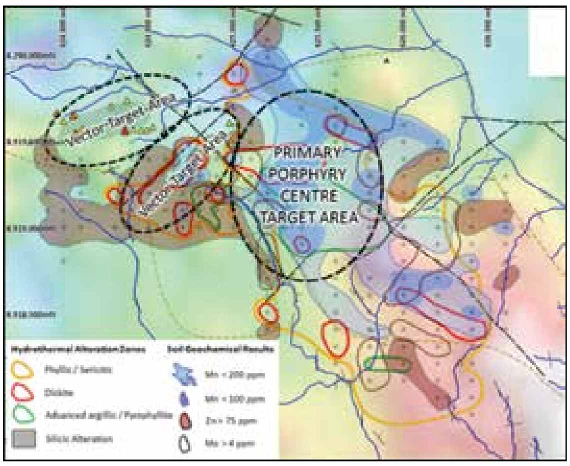


Figure 20: Combined imagery showing summary of interpreted hydrothermal alteration zones and geochemical anomalies, over RTP magnetics.

STRATEGIC REPORT

REVIEW OF OPERATIONS (CONTINUED)

AUSTRALIA

In Australia, drill testing of porphyry style copper-gold mineralisation at the Normanby Project, in northern Queensland commenced in early July 2017. A total of 518m of RC drilling from 7 RC drill holes and 89.2m of diamond coring from 1 drill holes was completed at the time of writing.

A reassessment of the range of other projects held in Queensland resulted in definition of detailed work programs that will be put in place as exploration funds become available. Joint venture opportunities are being sought for these projects and it is pleasing to note that there has been much interest by junior exploration and mining companies. However, despite this interest, the continued challenging equities markets are making it difficult for companies to raise the exploration funds to complete joint venture deals and commence exploration.

The Group holds 6 major project areas in Queensland at Normanby, Rannes, Mt Perry, Cracow West, Westwood and Lonesome (Figure 21).

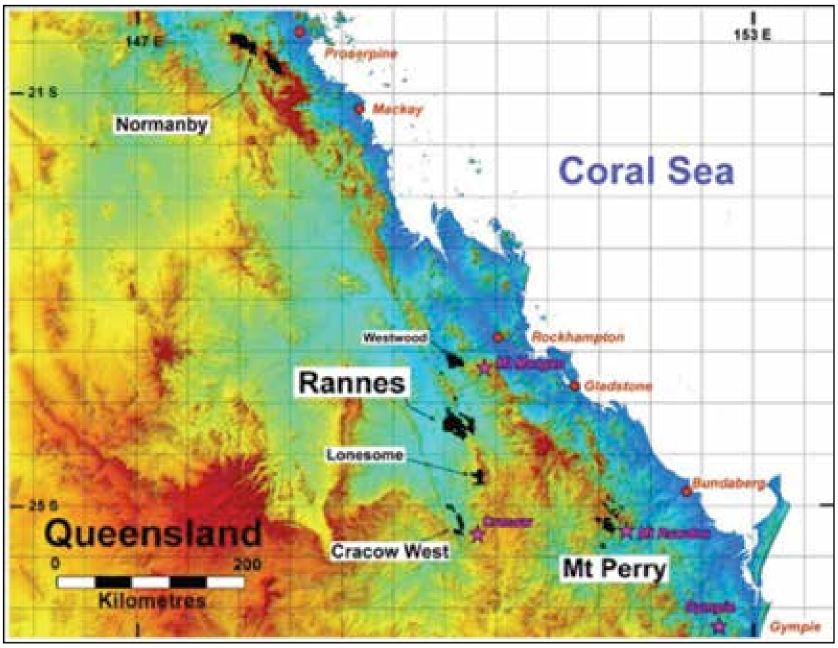


Figure 21: Location of tenements held by SolGold in Queensland, Australia.

NORMANBY

The Normanby Project is located at the southern margin of eastern Australia's densest cluster of million ounce gold deposits, the nearest of which is the Mt. Carlton Au-Ag mine, located 40km to the northwest of Normanby.

SolGold's exploration to date has focussed around the Normanby Goldfield, a collection of 70 historical workings. Work programs have included extensive stream sediment, soil and rock chip sampling, an airborne magnetic survey and 50 drill holes totalling 1523 metres in length. The most significant intersections were at the Mt Flat Top prospect and included an intersection of 42m grading 1.16 g/t gold and 34m grading 1.22 g/t gold. The mineralisation has the geological features of a porphyry copper system with a high gold to copper ratio. Previous drilling across the Normanby tenement and section interpretation at Mt Flat Top are shown in Figures 22 and 23 respectively.

A second phase of drill testing commenced in early July 2017 to test the lateral and vertical extension of this potential porphyry target. A total of 518m of RC drilling from 7 RC drill holes and 89.2m of diamond coring from 1 drill holes was completed at the time of writing. A significant vertical mineralised structure was intersected in holes MFT19, and MFT17, and a separate shallow dipping zone of mineralisation was also discovered in holes MFT24 and MFT014. Assay results remain pending. Regional-scale stream sediment and Rock chip sampling has identified numerous anomalous areas, including the Mt Crompton breccia pipe that require follow up work over the coming year.

REVIEW OF OPERATIONS (CONTINUED)

AUSTRALIA (CONTINUED)
NORMANBY (CONTINUED)

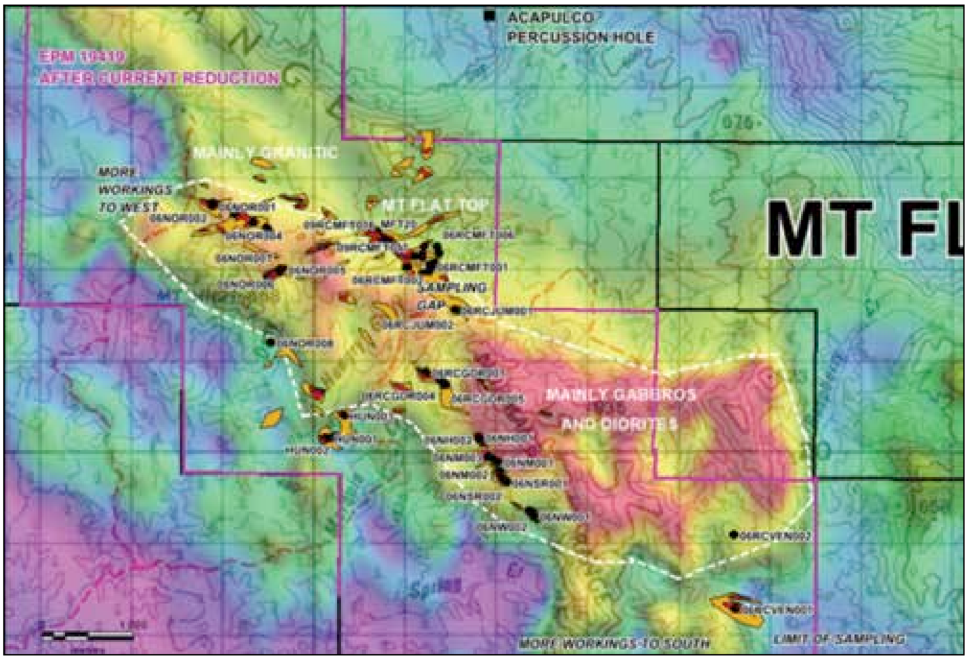


Figure 22: Mt Flat Top project area, displaying Au (colour histograms) and Cu (black line) assay grades.

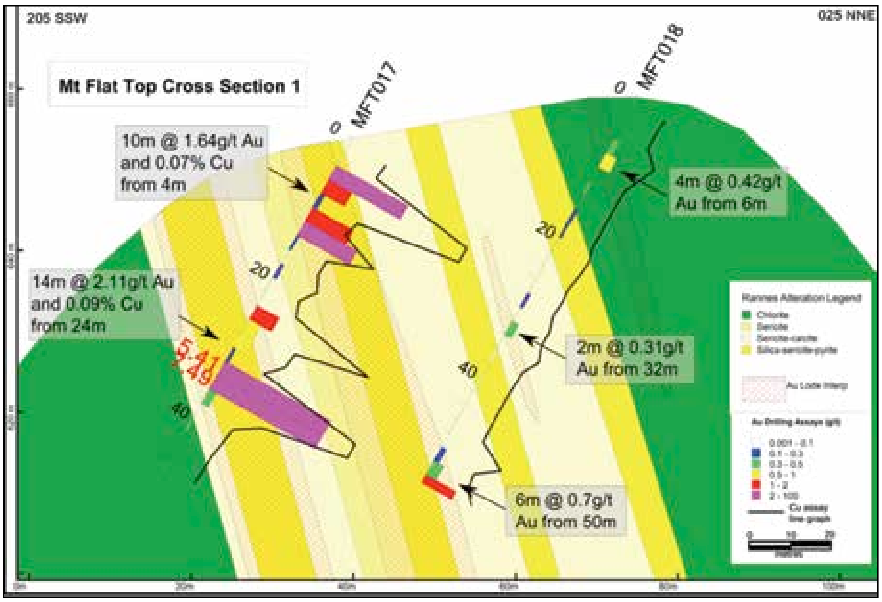


Figure 23: Mt Flat Top cross-section, displaying Au (colour histograms) and Cu (black line) assay grades.

REVIEW OF OPERATIONS (CONTINUED)

AUSTRALIA (CONTINUED)

MOUNT PERRY

The Mt Perry Goldfield is located four hours by road from Brisbane and is host to more than 60 named and numerous other unnamed historical mines and workings (see Figure 16). The area lies adjacent to Evolution Mining Ltd's 100,000 ounce per annum Mt Rawdon Gold Mine which lies at the intersection of two major geological fault structures; the Mt Bania and Darling Lineaments. Current published resources at Mt Rawdon stand at 36.7 million tonnes at 0.87g/t gold for 1 million ounces, and historical production has been approximately 1 million ounces. Exploration at Mt Perry has focussed along two mineralised structural zones (The Augustine-New Moonta trend and the Chinaman's-Reagans trend (Figure 24). The structural orientations of these are similar to the major structures that host the Mt Rawdon gold mine.

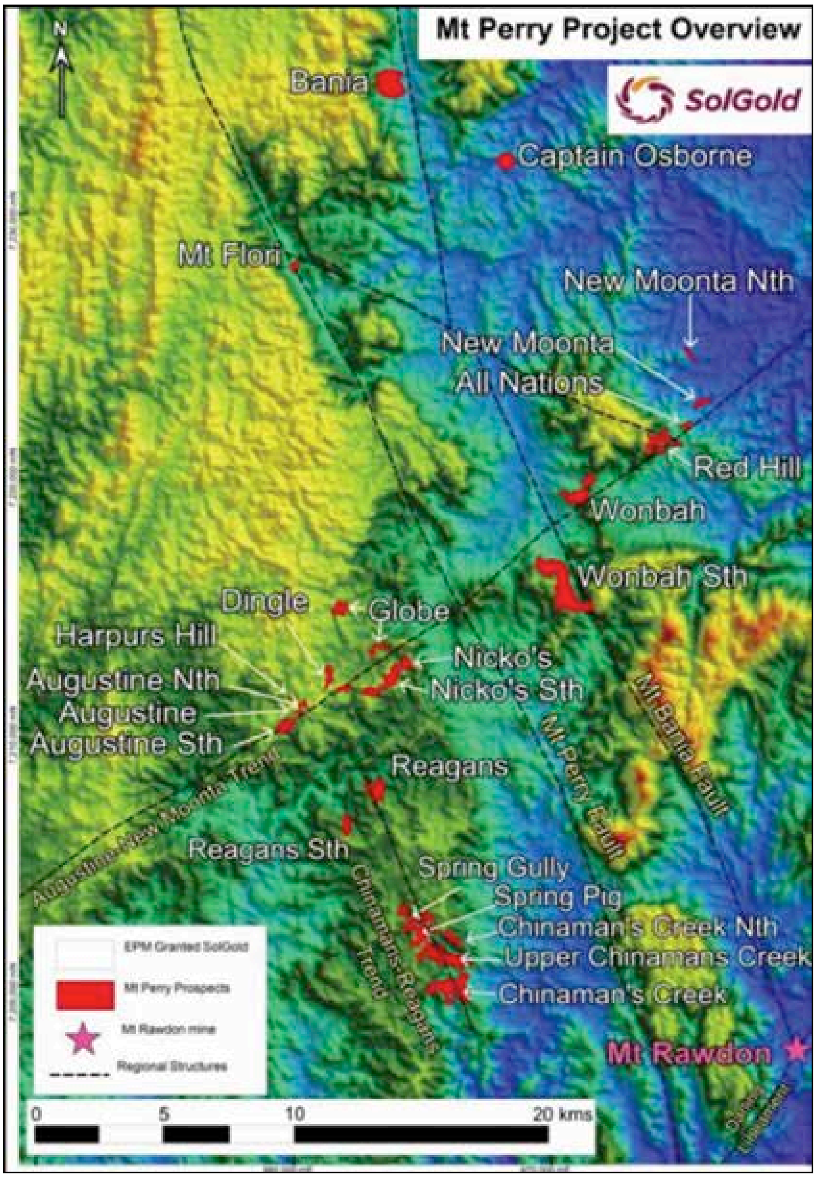


Figure 24: Mt Perry project showing the prospect areas, and the Mt Rawdon mine and major regional structures.

REVIEW OF OPERATIONS (CONTINUED)

AUSTRALIA (CONTINUED)
MOUNT PERRY (CONTINUED)

The 'Augustine-New Moonta trend' extends over a 20km long north-east trending corridor from Augustine in the south-west to the New Moonta mines in the north-east. Sulphide-mineralised breccia bodies with variable gold, silver, base metals and with occurrences of uranium characterise the Augustine-New Moonta trend. The second target zone is the 'Chinaman's-Reagans trend'. This target zone is characterised by copper-molybdenum porphyries with gold and zinc anomalous halos in the south of the project area, and it merges with the 7km long and strongly mineralised Chinaman's Creek – Reid's Creek – Spring Creek – Reagan's target immediately to the north. Extensive airborne magnetic and electromagnetic surveys have been conducted over the Mt Perry Project area, together with detailed soil sampling, rock chip sampling and geological mapping surveys. This has been followed by drilling programs that conducted first pass reconnaissance drilling on numerous targets. Exploration at Mt Perry has identified several high -grade vein-style targets and lower grade, high-tonnage porphyry-style gold targets (Figures 25, 26 and 27). Independent review of the geological resource potential of the area concluded that the prospects have a combined potential to host between 200,000 ounces (base case) and 700,000 ounces (geological potential) of gold. A significant amount of the tenement remains unexplored, leaving the potential for unrecognised prospects to be discovered within the area. SolGold encourages interest in a JV partnership to continue exploration at Mt Perry.

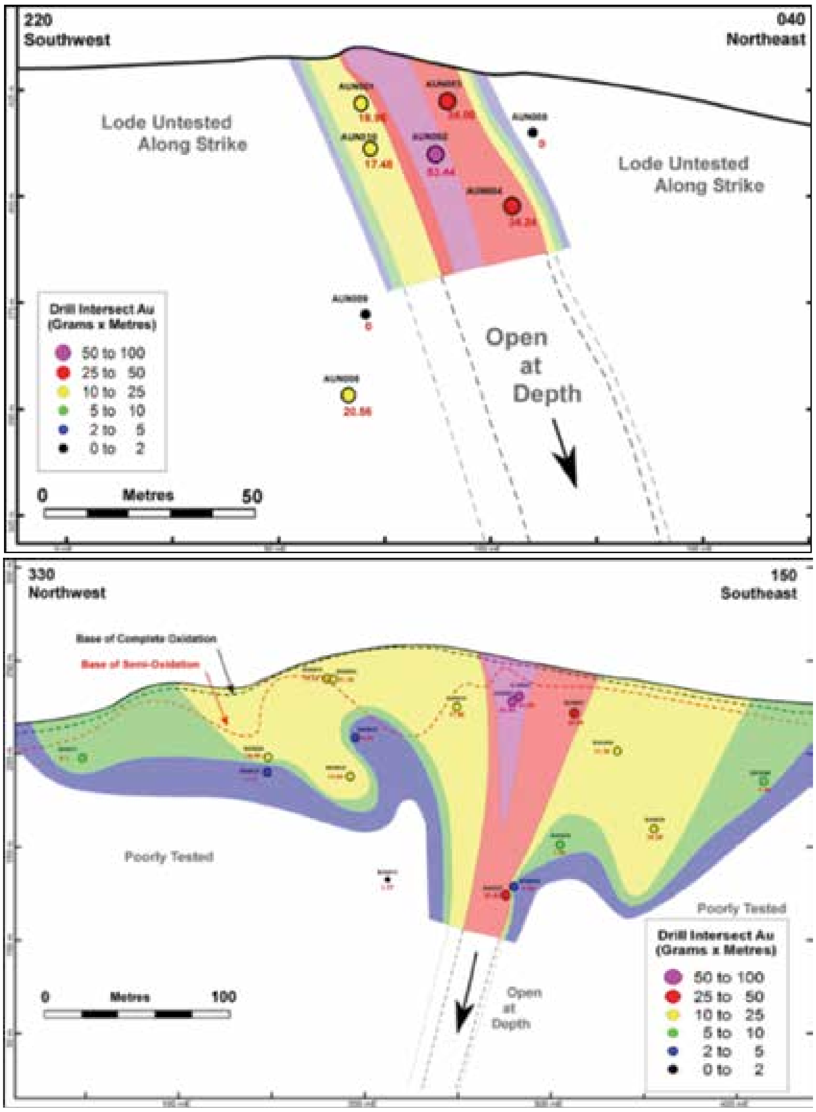


Figure 25: Augustine North section displaying an interpreted high-grade shoot dipping to the north-east (left), and long-section through the Bania Lode, showing gram-metre values over the 400m strike length of drill testing.

REVIEW OF OPERATIONS (CONTINUED)

AUSTRALIA (CONTINUED)
MOUNT PERRY (CONTINUED)

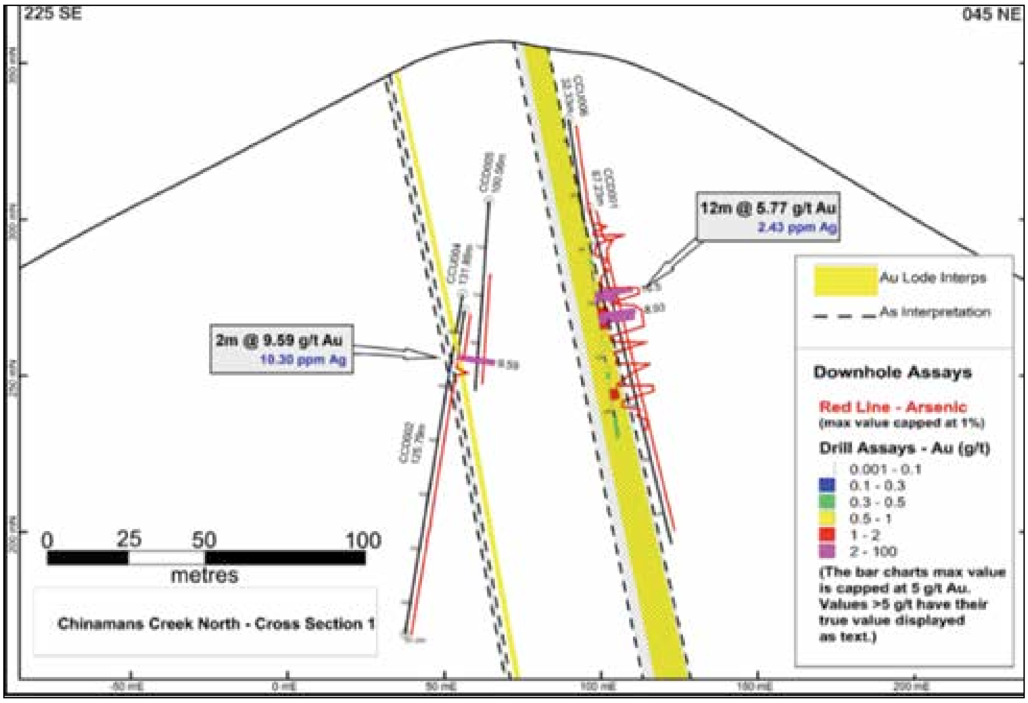


Figure 26: Chinaman's Creek North section displaying interpreted Au and As lodes through the SW lode (Caledonian Reef) and Middle lode

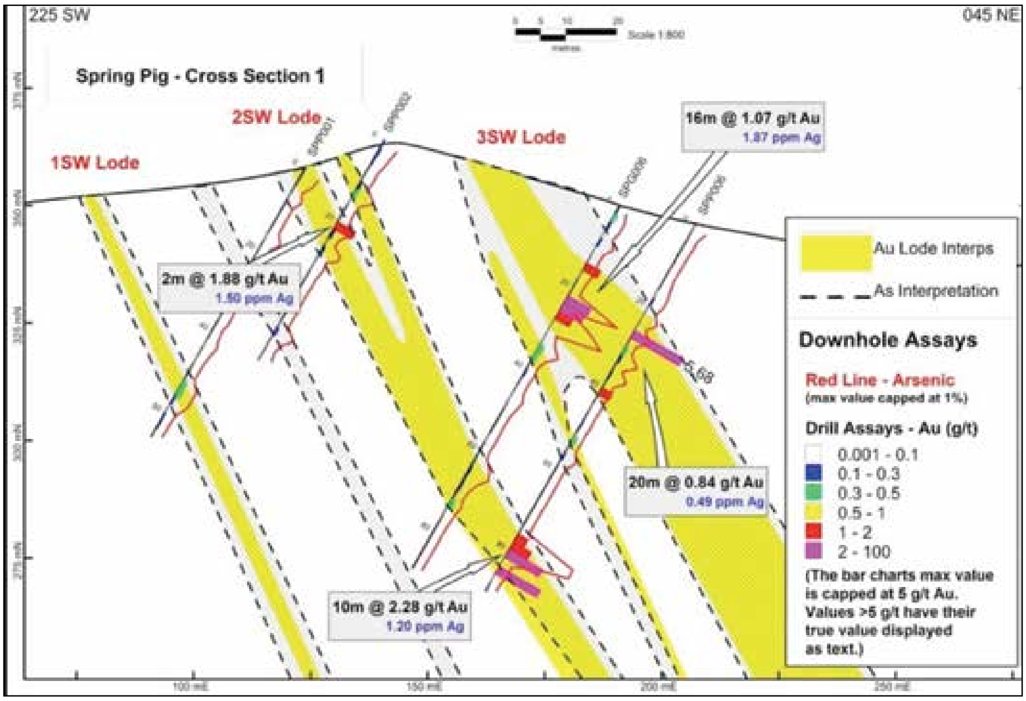


Figure 27: Spring Pig cross section, displaying interpreted Au and As lodes.

STRATEGIC REPORT

REVIEW OF OPERATIONS (CONTINUED)

AUSTRALIA (CONTINUED)
RANNES PROJECT

The Rannes Project area is located 140km west of Gladstone, Queensland, Australia and comprises a number of vein gold and silver deposits (Figure 28).

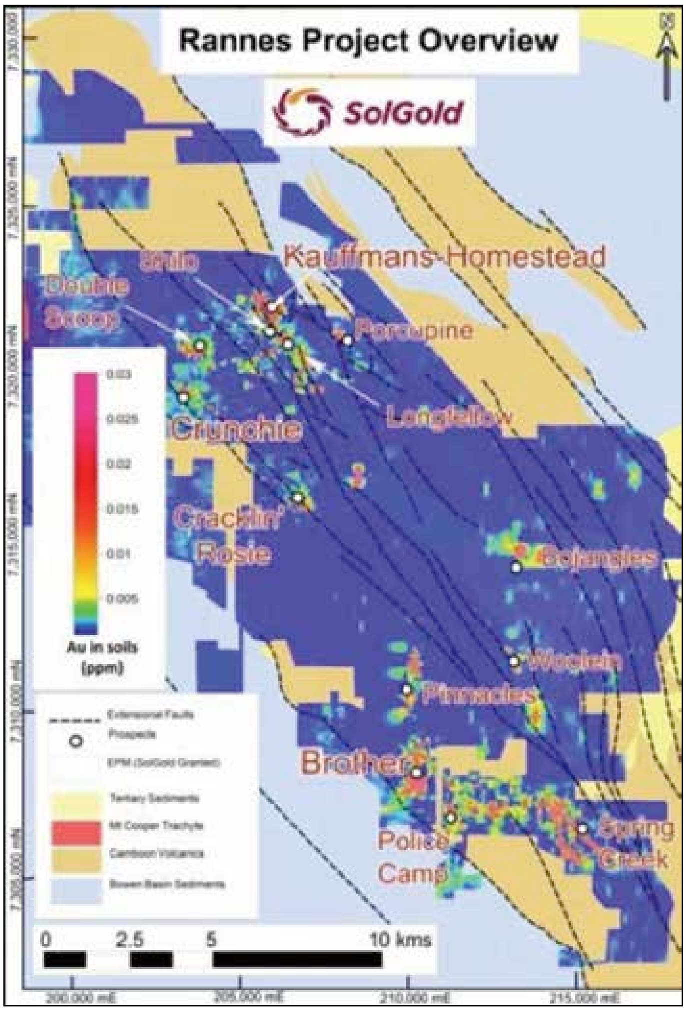


Figure 28: Overview of the Rannes project displaying the main prospects, soil gold anomalies and a simplified geology map. Indicated and inferred gold resources exist at Kauffmans and Crunchie, while untested prospect targets exist at Woolein, Bojangles and Longfellow.

SolGold's principal targets at the Rannes project are structurally-controlled, low-sulphidation epithermal gold-silver deposits. Thirteen prospects have been identified within the Permian-aged Camboon Volcanics, with the majority lying along north-northwest trending fault zones. Exploration has included tenement wide stream sediment, soil and rock chip sampling surveys. A detailed airborne magnetic survey was recently re-interpreted to enhance the development of the structural model of the belt. Exploration methods have included a 3D IP (Induced Polarisation) survey, geological mapping, and trenching all contributing to definition of additional drill targets at several prospects.

A total of 473 holes have been drilled at the Rannes project for a total of 58,887m. Most of this drilling has occurred at Kauffmans prospect (151 holes) and the Crunchie prospect (90 holes), while lower meterage drill programs have been conducted at the Shilo, Cracklin Rosie, Porcupine, Brother, Spring Creek and Police Camp Creek prospects. The geometry and nature of the Kauffmans and Crunchie systems are well understood (Figures 29 and 30).

REVIEW OF OPERATIONS (CONTINUED)

AUSTRALIA (CONTINUED)
RANNES PROJECT (CONTINUED)

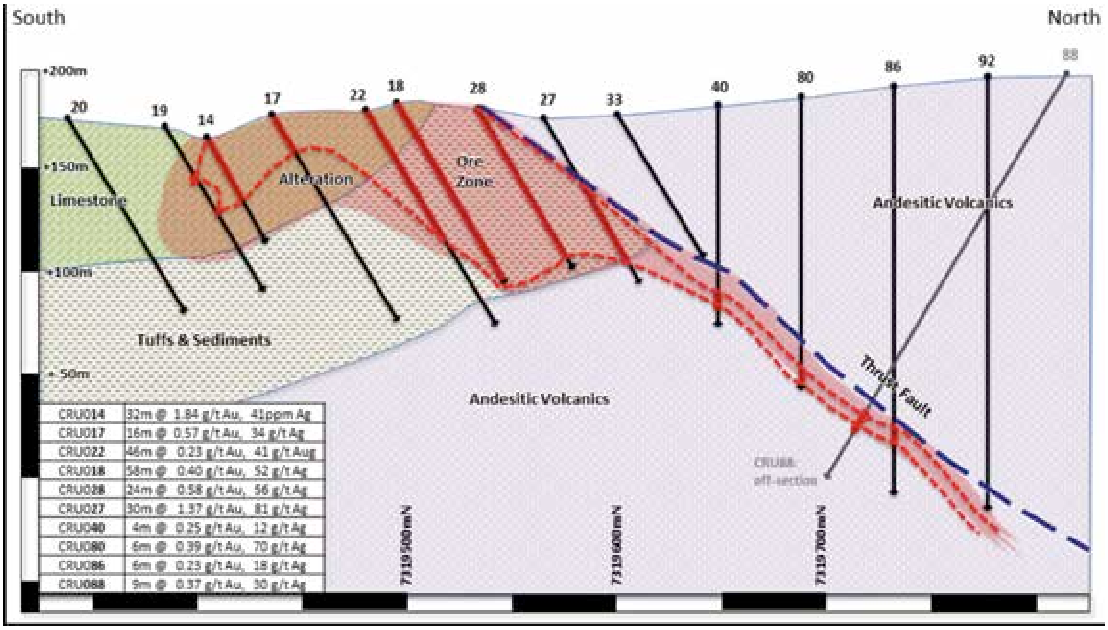


Figure 29: Cross section trending north-south through the Crunchie Ag-Au deposit, showing drill hole results.

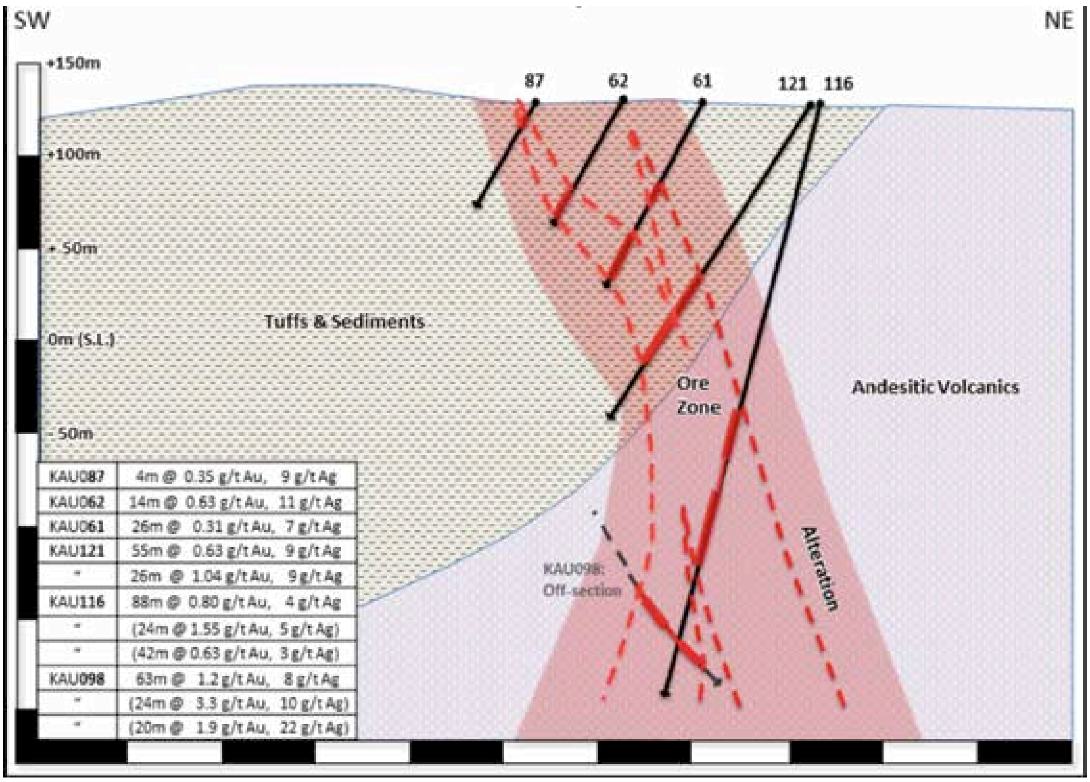


Figure 30: Cross section trending southwest-northeast through the Kauffmans Au-Ag deposit, showing geology and alteration over the ore zone with key drill hole results.

STRATEGIC REPORT

REVIEW OF OPERATIONS (CONTINUED)

AUSTRALIA (CONTINUED)
RANNES PROJECT (CONTINUED)

Mineral resources estimates were completed by Hellman & Schofield Pty Ltd, and by H&S Consulting Pty. Ltd., independent geological consultancies. The most recent resource estimate includes resources in both Indicated and Inferred categories for reporting under the JORC Code for Reporting of Mineral Resources and Ore Reserves. The current combined indicated and inferred resource estimate stands at 12.23 million tonnes at 0.6 g/t gold and 23.18 g/t silver; for 237,240 ounces Au and 9,105,072 ounces Ag. Table 4 lists the current resource estimates at the five main prospects. These estimates are based on gold to silver ratio of 1:50 and a 0.5 g/t Au equivalent cut-off.

PROJECT	CUT OFF (AU.EQ)	RESOURCE CATEGORY	M.TONNES	AU (G/T)	AG (G/T)	OUNCES (AU)	OUNCES (AG)	OUNCES (AU.EQ)
Kauffmans	0.5	Indicated	1.58	0.79	10.30	40,304	522,074	50,729
		Inferred	3.49	0.74	8.90	83,060	999,278	103,092
Crunchie	1.5	Indicated	2.40	0.46	42.40	35,833	3,310,000	102,100
		Inferred	3.20	0.49	39.80	49,797	4,040,000	130,676
Cracklin'	0.5	Inferred	0.43	0.59	5.60	8,023	76,145	9,544
Porcupine	0.5	Inferred	0.57	0.50	7.50	9,202	137,085	11,941
Brother	0.5	Inferred	0.57	0.60	1.10	11,021	204,90	11,434
		TOTAL (All Prospects)	**12.24**	**0.63**	**23.18**	**237,240**	**9,105,072**	**419,516**

Table 4: Resource estimates at Kauffmans, Crunchie, Cracklin, Porcupine and Brother as of 23 May 2012. The gold equivalent values are based on a ratio of 1:50 (Au:Ag). The resource at 0.3 g/t Au cut-off was announced on 23 May 2012. SolGold welcomes expressions of interest from potential JV partners to continue exploration at Rannes.

CRACOW WEST

Cracow West is located 15km to the north-west of Evolution Mining Ltd's Cracow gold mine (approximately 1.5 million ounces of gold). Gold mineralisation at the mine is associated with Permian-aged, low-sulphidation, epithermal quartz veins which have been emplaced along north-west and north-northwest trending fault zones. SolGold's initial exploration concept was to explore for a similar deposit to Cracow gold mine but a recent review of the regional geology suggests that the anomalism seen at Cracow West may be associated with a later phase of Triassic intrusions, suggesting a later mineralisation event (Figure 31).

SolGold's exploration at Cracow West has included stream sediment, soil and rock chip sampling. This has identified three significant prospects; Dawson Park, Kambrook and Theodore Bends. A 'SAM' survey (sub-audio magnetotellurics) has also been completed over the Kambrook and Dawson Park prospect. This has identified a potential buried target at Dawson Park, which coincides with a distinct soil tellurium anomaly at surface.

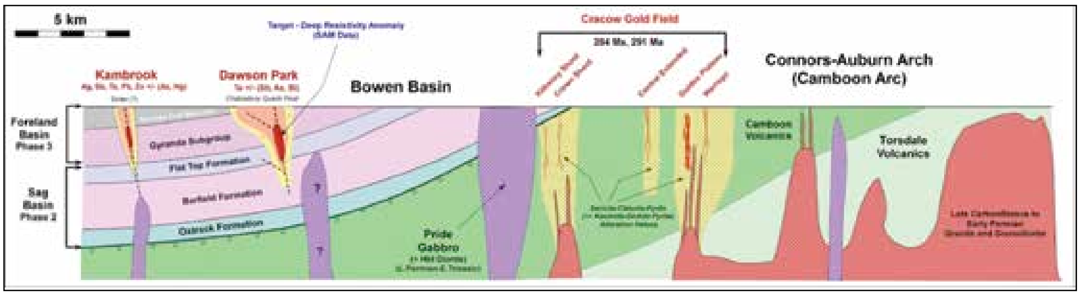


Figure 31: A conceptual geological cross-section through the Cracow West project and the surrounding area. The age of the intrusions interpreted below Dawson Park and Theodore has been interpreted to be Late Permian to Early Triassic.

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 and under NI 43-101. Mr Mather consents to the inclusion of the information in the form and context in which it appears.

INTERESTS IN TENEMENTS

EPM	EPM NAME	PRINCIPAL HOLDER	PROJECT	EXPIRY
Queensland				
25245	Mount Perry Consolidated	Acapulco Mining Pty Ltd	Mt Perry	21-Jan-18
19410	Normanby Consolidated	Acapulco Mining Pty Ltd	Normanby	16-Jun-17*
18760	Westwood	Central Minerals Pty Ltd	Rannes	22/Jan/17*
19243	Lonesome	Central Minerals Pty Ltd	Rannes	22/Jan/19
19639	Goovigen Consolidated	Central Minerals Pty Ltd	Rannes	19-Oct-17*
25300	Cooper Consolidated	Central Minerals Pty Ltd	Rannes	4-Mar-18
18032	Cracow West	Central Minerals Pty Ltd	Cracow West	11-Oct-18
Ecuador				
402288	Cascabel	Exploraciones Novomining S.A.	Cascabel	26-Apr-35
20000169	Chillanes	Green Rock Resources GGR S.A.	Chillanes	09-Nov-41
30000392	Piñas	Green Rock Resources GGR S.A.	Piñas	05-Jul-42 **
50000875	Loyola	Green Rock Resources GGR S.A.	Porvenir	15-May-42
50000963	Nangaritza 1	Green Rock Resources GGR S.A.	Porvenir	12--May-42
50000964	Nangaritza 2	Green Rock Resources GGR S.A.	Porvenir	12--May-42
50000879	Porvenir 1	Green Rock Resources GGR S.A.	Porvenir	08-May-42
50000876	Porvenir 2	Green Rock Resources GGR S.A.	Porvenir	08-May-42
50000877	Porvenir 3	Green Rock Resources GGR S.A.	Porvenir	08-May-42
50000878	Porvenir 4	Green Rock Resources GGR S.A.	Porvenir	08-May-42
60000488	Sacapalca 1	Green Rock Resources GGR S.A.	Sacapalca	17-May-42
60000489	Sacapalca 2	Green Rock Resources GGR S.A.	Sacapalca	17-May-42
10000229	San Antonio	Green Rock Resources GGR S.A.	San Antonio	30-Dec-41
10000436	Sharug	Green Rock Resources GGR S.A.	Sharug	17-May-42
10000462	Sharug 2	Green Rock Resources GGR S.A.	Sharug	17-May-42
50000880	Timbara	Green Rock Resources GGR S.A.	Timbara	12-May-42
50000932	Timbara 2	Green Rock Resources GGR S.A.	Timbara	12-May-42
50000930	Timbara 3	Green Rock Resources GGR S.A.	Timbara	28-Apr-42
50000931	Timbara 4	Green Rock Resources GGR S.A.	Timbara	28-Apr-42
90000406	Helipuerto	Cruz Del Sol CSSA S.A.	Helipuerto	26-Apr-42
90000437	Helipuerto 2	Cruz Del Sol CSSA S.A.	Helipuerto	26-Apr-42
90000438	Helipuerto 3	Cruz Del Sol CSSA S.A.	Helipuerto	26-Apr-42
90000441	Helipuerto 4	Cruz Del Sol CSSA S.A.	Helipuerto	26-Apr-42
90000459	Ayangasa 1	Cruz Del Sol CSSA S.A.	Ayangasa	11-Jul-42**
90000460	Ayangasa 2	Cruz Del Sol CSSA S.A.	Ayangasa	11-Jul-42**
90000457	Cumtza 1	Cruz Del Sol CSSA S.A.	Ayangasa	11-Jul-42**
90000458	Cumtza 2	Cruz Del Sol CSSA S.A.	Ayangasa	11-Jul-42**

INTERESTS IN TENEMENTS (CONTINUED)

EPM	EPM NAME	PRINCIPAL HOLDER	PROJECT	EXPIRY
Ecuador (continued)				
90000445	Coangos	Cruz Del Sol CSSA S.A.	Coangos	11-Jul-42**
90000446	Coangos 2	Cruz Del Sol CSSA S.A.	Coangos	11-Jul-42**
90000447	Chimius	Cruz Del Sol CSSA S.A.	Coangos	11-Jul-42**
90000448	Chimius 2	Cruz Del Sol CSSA S.A.	Coangos	11-Jul-42**
90000449	Chimius 3	Cruz Del Sol CSSA S.A.	Coangos	11-Jul-42**
90000450	Cisneros	Cruz Del Sol CSSA S.A.	Coangos	11-Jul-42**
90000452	Tsapa	Cruz Del Sol CSSA S.A.	Coangos	11-Jul-42**
90000455	El Cisne	Cruz Del Sol CSSA S.A.	El Cisne	12-Jul-42**
90000456	San Salvador	Cruz Del Sol CSSA S.A.	El Cisne	12-Jul-42**
90000453	Victoria	Cruz Del Sol CSSA S.A.	El Cisne	12-Jul-42**
90000454	Yanguza	Cruz Del Sol CSSA S.A.	El Cisne	12-Jul-42**
10000502	Zhucay	Cruz Del Sol CSSA S.A.	Zhucay	24-Aug-42**
50001009	Machos 1	Cruz Del Sol CSSA S.A.	Machos	14-Aug-42**
50001010	Machos 2	Cruz Del Sol CSSA S.A.	Machos	14-Aug-42**
50001007	La Florida	Cruz Del Sol CSSA S.A.	La Hueca	Currently being registered at Agencia de Regulacion y Control Minero ("ARCOM") **
50001006	La Hueca	Cruz Del Sol CSSA S.A.	La Hueca	Currently being registered at ARCOM**
50001008	Santa Cruz	Cruz Del Sol CSSA S.A.	La Hueca	Currently being registered at ARCOM**
40000320	Blanca	Carnegie Ridge Resources S.A.	Blanca Nieves	27-Apr-42
40000314	Nieves	Carnegie Ridge Resources S.A.	Blanca Nieves	27-Apr-42
40000179	Chical 1	Carnegie Ridge Resources S.A.	Chical	04-May-42
40000180	Chical 2	Carnegie Ridge Resources S.A.	Chical	04-May-42
40000181	Chical 3	Carnegie Ridge Resources S.A.	Chical	04-May-42
40000190	Rio Mira	Carnegie Ridge Resources S.A.	Chical	04-May-42
40000148	Rio Amarillo I	Carnegie Ridge Resources S.A.	Rio Amarillo	09-Nov-41
40000149	Rio Amarillo Ii	Carnegie Ridge Resources S.A.	Rio Amarillo	09-Nov-41
40000343	Rio Amarillo Iii	Carnegie Ridge Resources S.A.	Rio Amarillo	
70000323	Agustin 1	Valle Rico Resources VRR S.A	Agustin	06-Apr-42
20000297	Agustin 2	Valle Rico Resources VRR S.A	Agustin	06-Apr-42
20000298	Agustin 3	Valle Rico Resources VRR S.A	Agustin	06-Apr-42
70000156	Salampe	Valle Rico Resources VRR S.A	Yatubi	11-Nov-41
70000158	Salinas	Valle Rico Resources VRR S.A	Yatubi	11-Nov-41
70000161	Yatubi 1	Valle Rico Resources VRR S.A	Yatubi	11-Nov-41
70000162	Yatubi 2	Valle Rico Resources VRR S.A	Yatubi	11-Nov-41

*Renewal applications have been lodged with the Queensland Department of Natural Resources and Mines and the Group has no reason to believe the renewals will not be granted.

**Represents tenements granted post 30 June 2017.

RISKS AND UNCERTAINTIES

THE DIRECTORS CONSIDER THAT THE FACTORS AND RISKS DESCRIBED BELOW ARE THE MOST SIGNIFICANT.

FUNDING RISKS

The Group's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds and/or its ability to generate revenue from its projects. The need for and amount of any additional funds required is currently unknown and will depend on numerous factors related to the Group's current and future activities.

If required, the Group would seek additional funds, through equity, debt or joint venture financing. There can be no assurance that any such equity, debt or joint venture financing will be available to the Group in a timely manner, on favourable terms, or at all. Any additional equity financing will dilute current shareholdings, and debt financing, if available, and may involve restrictions on further financing and operating activities.

If adequate funds are not available on acceptable terms, the Group may not be able to take advantage of opportunities or otherwise respond to competitive pressures, as well as possibly resulting in the delay or indefinite postponement of the Group's activities.

GENERAL EXPLORATION AND EXTRACTION RISKS

There is no certainty that the Group will identify commercially mineable reserves in the Tenements. The exploration for, and development of, mineral deposits involves significant uncertainties and the Group's operations will be subject to all of the hazards and risks normally encountered in such activities, particularly given the terrain and nature of the activities being undertaken. Although precautions to minimise risks will be taken, even a combination of careful evaluation, experience and knowledge may not eliminate all of the hazards and risks.

The targets identified by the Group's personnel and consultants, are based on current experience and modelling and all available data. There is no guarantee that surface sample grades of any metal or mineral taken in the past will persist below the surface of the ground. Furthermore, there can be no guarantee that the estimates of quantities and grades of gold and minerals disclosed will be available for extraction and sale.

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

TITLE RISK

SolGold's tenements and interest in tenements are subject to the various conditions, obligations and regulations which apply in the relevant jurisdictions including Ecuador in South America, Queensland, Australia and the Solomon Islands. If applications for title or renewal are required this can be at the discretion of the relevant government minister or officials. If approval is refused, SolGold will suffer a loss of the opportunity to undertake further exploration, or development, of the tenement. SolGold currently knows of no reason to believe that current applications will not be approved, granted or renewed. Some of the properties may be subject to prior unregistered agreements or transfers or native or indigenous peoples' land claims and title may be affected by undetected defects or governmental actions. No assurance can be given that title defects do not exist. If a title defect does exist, it is possible that SolGold may lose all or a portion of the property to which the title defects relates.

PERMITTING RISK IN ECUADOR

As with all jurisdictions in which SolGold operates, a particular permitting regime exists in Ecuador with which SolGold must comply. Before commencing any exploration activity, SolGold may be required to negotiate access and compensation arrangements with any interested land access groups and relevant authorities in Ecuador. SolGold has engaged experienced advisors and consultants to assist with negotiations, however, there is no guarantee that all necessary access and compensation arrangements will be entered in a timely manner, on favourable terms, without onerous conditions or at all. Similarly, no guarantees can be made as to timeframes within which negotiations may be finalised or the reasonableness of third parties. Failure to obtain all necessary permits, licenses and access and compensations arrangements may have a material adverse effect on SolGold.

RISKS AND UNCERTAINTIES (CONTINUED)

AUSTRALIAN NATIVE TITLE RISK

The effect of the Native Title Act 1993 (Cth) ("NTA") is that existing and new tenements held by SolGold in Australia may be affected by native title claims and procedures. SolGold has not undertaken the historical, legal or anthropological research and investigations at the date of this report that would be required to form an opinion as to whether any existing or future claim for native title could be upheld over a particular parcel of land covered by a tenement.

There is a potential risk that a determination could be made that native title exists in relation to land the subject of a tenement held or to be held by SolGold which may affect the operation of SolGold's business and development activities. In the event that it is determined that native title does exist or a native title claim is registered, SolGold may need to comply with procedures under the NTA in order to carry out its operations or to be granted any additional rights such as a Mining Lease. Such procedures may take considerable time, involve the negotiation of significant agreements, involve a requirement to negotiate for access rights, and require the payment of compensation to those persons holding or claiming native title in the land which is the subject of a tenement. The administration and determination of native title issues may have a material adverse impact on the position of SolGold in terms of its cash flows, financial performance, business development, ability to pay dividends and share price.

VOLATILITY OF COMMODITY PRICES

SolGold's possible future revenues will be derived mainly from Gold and Copper and/or from royalties gained from potential joint ventures or from mineral projects sold. Also, during operations by SolGold, the revenues earned will be dependent on the terms of any agreement for the activities. Consequently, SolGold's potential future earnings, profitability and growth are likely to be closely related to the price of either of these commodities.

Gold and Copper prices fluctuate and are affected by numerous industry factors, many of which are beyond the control of SolGold. Such factors include, but are not limited to, demand for CDIs, technological advancements, forward selling by producers, production cost levels in major producing regions, macroeconomic factors, inflation, interest rates, currency exchange rates and global and regional demand for, and supply of, Gold and Copper.

Any substantial and extended decline in the market price of Gold and Copper could have an adverse effect on SolGold's future revenues, profitability, cash flows from operations, carrying value of capitalised assets and borrowing capacity among other factors.

PROJECT DEVELOPMENT RISKS

If the Group discovers a potentially economic resource or reserve, there is no assurance that the Group will be able to develop a mine thereon, or otherwise commercially exploit such resource or reserve. Further, there can be no assurance that the Group will be able to manage effectively the expansion of its operations or that the Group's current personnel, systems, procedures and controls will be adequate to support the Group's operations as operations expand. Any failure of management to manage effectively the Group's growth and development could have a material adverse effect on the Group's business, financial condition and results of operations. There is no certainty that all or, indeed, any of the elements of the Group's current strategy will develop as anticipated.

CURRENCY FLUCTUATIONS

The Group's asset and liability values may fluctuate in accordance with movements in the foreign currency exchange rates. If SolGold achieves commercial production the revenue will most likely be denominated in USD, although most but not all of the costs of exploration and production will be incurred in USD. Accordingly, foreign currency fluctuations may adversely affect the Groups financial position and operating results.

LAND ACCESS RISK

Land access is critical for exploration and evaluation to succeed. In all cases the acquisition of prospective tenements is a competitive business, in which proprietary knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential.

Access to land for exploration purposes can be affected by land ownership, including private (freehold) land, pastoral lease and native title land or indigenous claims. Immediate access to land in the areas of activities cannot in all cases be guaranteed. SolGold may be required to seek consent of land holders or other persons or groups with an interest in real property encompassed by, or adjacent to, SolGold's tenements. Compensation may be required to be paid by SolGold to land holders so that SolGold may carry out exploration and/or mining activities. Where applicable, agreements with indigenous groups have to be in place before a mineral

RISKS AND UNCERTAINTIES (CONTINUED)

tenement can be granted.

Rights to mineral tenements carry with them various obligations in regard to minimum expenditure levels and responsibilities in respect of the environment and safety. Failure to observe these requirements could prejudice the right to maintain title to a given area.

Government policy, impassable or difficult access as a result of the terrain, seasonal climatic effects or inclement weather can also adversely impact SolGold's activities.

ENVIRONMENTAL RISK

SolGold's operations and projects are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Its activities are or will be subject to in-country national and local laws and regulations regarding environmental hazards. These laws and regulations set various standards regulating certain aspects of health and environmental quality and provide for penalties and other liabilities for the violation of such standards. In certain circumstances they establish obligations to remediate current and former facilities and locations where operations are or were conducted. Significant liability could be imposed on SolGold for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by SolGold or its subsidiaries, or non-compliance with environmental laws or regulations. SolGold proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations, and where possible, by carrying appropriate insurance coverage. Nevertheless, there are certain risks inherent in SolGold's activities which could subject it to extensive liability.

GEOPOLITICAL, REGULATORY AND SOVEREIGN RISK

The availability and rights to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of SolGold.

SolGold's exploration tenements are located in Ecuador, the Solomon Islands and Australia and are subject to the risks associated with operating both in domestic and foreign jurisdictions. As the Solomon Islands and Ecuador are developing countries, their legal and political systems are emerging when compared to those in operation in Australia and the United Kingdom. Such risks include, but are not limited to:

- economic, social or political instability or change;
- hyperinflation, currency non-convertibility or instability;
- changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, resource rent taxes, repatriation of capital, environmental protection, mine safety, labour relations;
- government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents;
- delays and declines in the standard and effective operation of SolGold's activities, unforeseen and un-budgeted costs, and/or threats to occupational health and safety as a consequence of geopolitical, regulatory and sovereign risk.

Ecuador

Ecuador regulations have broad authority to shut down and/or levy fines against facilities that do not comply with regulations or standards. SolGold's projects in Ecuador may be exposed to potentially adverse risks associated with the evolving rules and laws governing mining expansion and development in that jurisdiction. Operations may be affected in varying degrees by government regulations with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, environmental legislation and mine safety. Additionally, SolGold's operations may be detrimentally affected in the event that the Ecuadorian government were to default on its foreign debt obligations or become subject to wider global economic and investment uncertainty. SolGold is not aware of any current material changes in legislative, regulatory and public policy initiatives in Ecuador, however any future or proposed changes may adversely affect the Cascabel project or SolGold's ability to operate successfully in Ecuador.

Under the current legislative regime, a mining corporation and the Ecuadorian Government must enter into an exploitation contract prior to exploitation of natural resources. There is no certainty that SolGold will be able to successfully enter into an exploitation contract, or enter into one on commercially favourable terms, and such a scenario may adversely impact on the Cascabel project or render it uneconomical.

STRATEGIC REPORT

RISKS AND UNCERTAINTIES (CONTINUED)

GEOPOLITICAL, REGULATORY AND SOVEREIGN RISK (CONTINUED)

Queensland

The Queensland Minister for Natural Resources, Mines and Energy conducts reviews from time to time of policies relating to the granting and administration of mining tenements. At present, SolGold is not aware of any proposed changes to policy that would affect its tenements.

In Queensland, the Aboriginal Cultural Heritage Act 2003 and the Torres Strait Islander Cultural Heritage Act 2003 (which commenced on 16 April 2004) impose duties of care which require persons, including SolGold, to take all reasonable and practical measures to avoid damaging or destroying Aboriginal cultural heritage. This obligation applies across the State and requires SolGold to develop suitable internal procedures to discharge its duty of care in order to avoid exposure to substantial financial penalties if its activities damage items of cultural significance. Under this legislation, indigenous people can exercise control over land with respect to cultural heritage without necessarily having established the connection element (as required under native title law). This creates a potential risk that the tenement holder may have to deal with several indigenous individuals or corporations, where no native title has been established, to identify and manage cultural heritage issues. This could result in tenement holders requiring lengthy lead times to manage cultural heritage for their projects.

Changing attitudes to environmental, land care, cultural heritage and indigenous land rights' issues, together with the nature of the political process, provide the possibility for future policy changes. There is a risk that such changes may affect SolGold's exploration plans or, indeed, its rights and/or obligations with respect to the tenements.

Solomon Islands

The Solomon Islands Minerals Board may from time to time amend and review its policies on mining and exploration in the Solomon Islands. Any such changes in Government policy may affect the ability of SolGold to conduct and undertake mining and exploration in the Solomon Islands.

FINANCIAL REVIEW

The Group achieved several milestones during the financial year ended 30 June 2017. These included:

- The completion of successful fund raisings (including exercise of share options) totalling approximately A$127.7 million from institutional and professional investors. This has resulted in a cash balance of approximately A$89.3 million at 30 June 2017.
- Exploration and evaluation expenditure of A$18.66 million incurred during the year representing predominantly the diamond drilling of 10 holes at Alpala for a total of 14,884 metres at Cascabel.
- Operating loss of A$8.32 million representing an increase of A$2.6 million over the prior year. The increase is largely attributable to a share based payments expense of A$2.24 million recognised on the fair value of share options granted to employee and contractors and an unrealised foreign exchange loss of A$1.03 million recognised on funds held in U.S. dollars.
- A gain of $12.74 million recognised on the Company's mark to market adjustment on its investment in Cornerstone Capital Resources Inc.

RESULTS

The Group incurred a loss before tax of A$8,323,050 for the year (2016: A$5,723,122), inclusive of the decision to expense A$17,310 (2016: A$1,555,004) for exploration expenditure associated with tenements that were surrendered or which had expired during the year. A detailed assessment of the carrying values of deferred exploration costs is provided in note 12. The increase in the loss before tax is due to A$2,239,533 (2016: A$nil) recognised as a share based payments expense representing the fair value of share options granted to employees and contractors during the year and an unrealised foreign exchange loss of A$1,032,010 (2016: gain of A$126,619) recognised on funds held in United States dollars.

A gain of A$12,743,593 (2016: A$190,610) was recognised in comprehensive income representing the mark to market adjustment on the Company's investment in Cornerstone Capital Resources Inc.

STRATEGIC REPORT

FINANCIAL REVIEW (CONTINUED)

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017, the Group had net assets of approximately A$164.0 million, an increase of approximately A$129.0 million over the previous financial year. This increase was largely associated with the completion of A$121.2 million in share placements, net of costs, the increase in the value of available for sale financial assets of A$12.7 million, purchase of property, plant and equipment of A$1.6 million, offset by the exploration write off of A$17k recognised in respect of the Groups' exploration assets and annual corporate operating expenses (including finance costs) of approximately A$8.3 million.

CASH FLOW

Cash expenditure (before financing activities) for the year ended 30 June 2017 was A$28.3 million (2016: A$9.9 million). During the financial year ended 30 June 2017, cash of A$117,862,952 (2016: A$908,329) was received from the issue of shares via private placements and the exercise of share options, A$nil (2016: A$2,332,000) received from the issue of convertible notes to DGR Global Ltd and Tenstar Trading Limited and A$852,736 (2016: A$6,535,205) received as unsecured short term borrowings from DGR Global Ltd. Accordingly, the net cash inflow of the Company for the year ended 30 June 2017 was A$90,249,820 (2016: outflow of A$226,507).

Cash of approximately A$21.7 million (2016: A$6.4 million) was invested by the Group on exploration expenditure during the year.

CLOSING CASH

As at 30 June 2017, the Group held cash balances of A$89.3 million (2016: A$0.09 million).

POST REPORTING DATE EVENTS

On 7 July 2017, the Company issued an additional 1,300,000 shares at £0.14 to raise A$0.31 million (£0.18 million) in cash as a result of the exercise of employment options.

On 7 July 2017, the Company issued an additional 1,300,000 shares at £0.28 to raise A$0.62 million (£0.36 million) in cash as a result of the exercise of employment options.

On 9 August 2017, the Company issued a total of 46,762,000 unlisted options to Directors, employees and contractors. The options have a strike price of £0.60 each and are exercisable through to 8 August 2020.

On 11 August 2017, the Company issued an additional 690,000 shares at £0.38 to raise A$0.43 million (£0.26 million) to Newcrest International pursuant to "top-up rights" held by Newcrest International pursuant to the Newcrest Subscription Agreement. The allotment was price was based on a 10 day VWAP, in accordance with the terms of the Newcrest Subscription Agreement.

On 29 August 2017, the Company announced that it had been granted an additional 21 new concessions in Ecuador taking the total number of tenements in Ecuador to 59 tenements in addition to Cascabel.

The Directors are not aware of any other significant changes in the state of affairs of the Group or events after the reporting date that would have a material impact on the consolidated or Company financial statements.

OUTLOOK

The focus of the Company during the financial year ending 30 June 2018 will be to continue exploration on its Cascabel project in Ecuador and continue carrying out reconnaissance filed mapping and rock chip sampling programs as well as evaluating several outcropping mineralised target over the 59 new tenements granted to SolGold's four Ecuadorian subsidiaries.

KEY PERFORMANCE INDICATORS

Given the stage of the Group's operations, the Board regards the maintenance of tenure and land access arrangements, maintenance of operation capabilities and the continued collection of exploration data in order to advance the prospectivity of the project areas to be the key performance indicators in measuring the Group's success. The review of the business with reference to key performance indicators is set out in the Operations Report and Financial Review on pages 5 to 43.

FINANCIAL CONTROLS AND RISK MANAGEMENT

The Board regularly reviews the risks to which the Group is exposed and ensures through Board Committees and regular reporting that these risks are managed and minimised as far as possible. The Audit Committee is responsible for the implementation and review of the Group's internal financial controls and financial risk management systems.

FINANCIAL REVIEW (CONTINUED)

EQUITY

Since the date of the last Annual Report, the Company has issued the following equities:

On 26 August 2016, the Company issued an additional 268,819,004 shares at £0.06 to raise A$27.9 million (£16.1 million) in a combination of cash and debt conversions pursuant to a private placement to progress its exploration and project development efforts across its portfolio of projects in the Solomon Islands, Ecuador and Queensland, Australia.

On 14 October 2016, the Company issued an additional 63,353,339 shares at £0.13 to raise A$13.4 million (£8.2 million) in cash pursuant to a private placement to continue to fund the Group's exploration of its flagship Cascabel Copper Gold Porphyry Project, for general working capital purposes and ongoing corporate costs.

On 17 October 2016, the Company issued an additional 142,896,661 shares at £0.13 to raise A$30 million (£18.6 million) in cash pursuant to a private placement to continue to fund the Group's exploration of its flagship Cascabel Copper Gold Porphyry Project, for general working capital purposes and ongoing corporate costs.

On 17 October 2016, the Company issued an additional 19,591,768 unlisted options to Maxit Capital LP. The options consist of two tranches of 9,795,884 options, one tranche exercisable at £0.14 and one tranche at £0.28.

On 28 October 2016, the Company issued a total of 22,000,000 unlisted options to employees and contractors. The options have a strike price of £0.28 each and are exercisable through to 28 October 2018.

On 17 January 2017, the Company issued an additional 900,000 shares at £0.14 to raise A$0.19 million (£0.13 million) in cash as a result of the exercise of employment options.

On 31 January 2017, the Company issued an additional 100,000 shares at £0.30 to raise A$0.05 million (£0.03 million) in cash to Newcrest International Pty Ltd (Newcrest International), a wholly owned subsidiary of Newcrest Mining Ltd pursuant to "top-up rights" held by Newcrest International pursuant to the Newcrest Subscription Agreement. The allotment price was based on the 10 day VWAP, in accordance with the terms of the Newcrest Subscription Agreement.

On 3 February 2017, the Company issued an additional 1,200,000 shares at £0.14 to raise A$0.28 million (£0.17 million) in cash as a result of the exercise of employment options.

On 21 February 2017, the Company issued an additional 900,000 shares at £0.14 to raise A$0.20 million (£0.13 million) in cash as a result of the exercise of employment options.

On 1 March 2017, the Company issued an additional 240,000 shares at £0.38 to raise A$0.15 million (£0.09 million) in cash to Newcrest International pursuant to "top-up rights" held by Newcrest International pursuant to the Newcrest Subscription Agreement. The allotment price was based on the 10 day VWAP, in accordance with the terms of the Newcrest Subscription Agreement.

On 21 June 2017, the Company issued 78,889,080 ordinary shares at £0.41 to raise A$54.5 million in cash pursuant to a private placement to continue to fund the continued exploration of the Cascabel Project, general working capital and SolGold's pan Ecuadorean exploration strategy.

On 26 June 2017, the Company issued an additional 880,000 shares at £0.14 to raise A$0.20 million (£0.12 million) in cash as a result of the exercise of employment options.

On 26 June 2017, the Company issued an additional 880,000 shares at £0.28 to raise A$0.41 million (£0.25 million) in cash as a result of the exercise of employment options.

At year end the Company had a total of 1,512,955,685 shares and 44,191,768 options on issue.

STRATEGIC REPORT

FINANCIAL REVIEW (CONTINUED)

POST YEAR END EQUITIES ISSUED

On 7 July 2017, the Company issued an additional 1,300,000 shares at £0.14 to raise A$0.31 million (£0.18 million) as a result of the exercise of employment options.

On 7 July 2017, the Company issued an additional 1,300,000 shares at £0.28 to raise A$0.62 million (£0.36 million) as a result of the exercise of employment options.

On 9 August 2017, the Company issued a total of 46,762,000 unlisted options to Directors and certain employees and contractors. The options have a strike price of £0.60 each and are exercisable through to 8 August 2020.

On 11 August 2017, the Company issued an additional 690,000 shares at £0.38 to raise A$0.43 million (£0.26 million) to Newcrest International pursuant to "top-up rights" held by Newcrest International pursuant to the Newcrest Subscription Agreement. The allotment was price was based on a 10 day VWAP, in accordance with the terms of the Newcrest Subscription Agreement.

As at the date of this report, the Company had a total of 1,516,245,686 shares and 88,353,768 options on issue.

The strategic report was authorised for issue and signed on behalf of the directors by,

Nicholas Mather
Executive Director

14 September 2017

DIRECTORS' REPORT

DIRECTORS AND COMPANY SECRETARY

The Board consists of one Executive Director and four Non-Executive Directors.

NICHOLAS MATHER
(EXECUTIVE DIRECTOR)

Nicholas Mather (60), appointed 11 May 2005, graduated in 1979 from the University of Queensland with a B.Sc. (Hons, Geology). He has over 25 years' experience in exploration and resource company management in a variety of countries. His career has taken him to numerous countries exploring for precious and base metals and fossil fuels. Nicholas Mather has focused his attention on the identification of and investment in large resource exploration projects.

He was Managing Director of BeMaX Resources NL (an ASX-listed company) from 1997 until 2000 and instrumental in the discovery of the world class Ginkgo mineral sand deposit in the Murray Basin in 1998. As an executive Director of Arrow Energy NL (also ASX-listed) until his resignation in 2004, Nicholas Mather drove the acquisition and business development of Arrow's large Surat Basin Coal Bed Methane project in south-east Queensland. He was managing Director of Auralia Resources NL, a junior gold explorer, before its USD23 million merger with Ross Mining NL in 1995. He was a non-executive Director of Ballarat Goldfields NL until 2004, having assisted that company in its recapitalisation and re-quotation on the ASX in 2003.

Nicholas Mather is Managing Director and Chief Executive of DGR Global Limited and non-executive Director of ASX-listed Companies Armour Energy Limited, Aus Tin Mining Limited, Dark Horse Limited, and Lakes Oil NL and LSE AIM-listed Company IronRidge Resources Limited.

BRIAN MOLLER
(NON-EXECUTIVE CHAIRMAN)

Brian Moller (58), appointed 11 May 2005, is a corporate partner in the Brisbane-based law firm Hopgood Ganim Lawyers, the Australian solicitors to the Company. He was admitted as a solicitor in 1981 and has been a partner at Hopgood Ganim since 1983. He practices almost exclusively in the corporate area with an emphasis on capital raising, mergers and acquisitions.

Brian Moller holds an LLB Hons from the University of Queensland and is a member of the Australian Mining and Petroleum Law Association.

Brian Moller acts for many publicly-listed resource and industrial companies and brings a wealth of experience and expertise to the board, particularly in the corporate regulatory and governance areas. He is a non-executive Director of ASX listed DGR Global Limited, Dark Horse Resources Limited, Lithium Consolidate Mineral Exploration Ltd, ASX and TSX-V listed, Aguia Resources Limited and the non-executive Chairman of ASX-listed Aus Tin Mining Limited and Platina Resources Limited.

DR ROBERT WEINBERG
(NON-EXECUTIVE DIRECTOR)

Rob Weinberg (69), appointed 22 November 2005, gained his doctorate in geology from Oxford University in 1973. He has more than 40 years' experience of the international mining industry and is an independent mining research analyst and consultant. He is a Fellow of the Geological Society of London and also a Fellow of the Institute of Materials, Minerals and Mining. He has been an independent non-executive director of a number of minerals exploration, development and mining companies.

Prior to his current activities he was Managing Director, Institutional Investment at the World Gold Council. Previously he was a Director of the investment banking division at Deutsche Bank in London after having been head of the global mining research team at SG Warburg Securities. He has also held senior positions within Société Générale and was head of the mining team at James Capel & Co. He was formerly marketing manager of the gold and uranium division of Anglo American Corporation of South Africa Ltd.

DIRECTORS' REPORT

DIRECTORS AND COMPANY SECRETARY (CONTINUED)

JOHN BOVARD (NON-EXECUTIVE DIRECTOR)

John Bovard (71), appointed 2 November 2009, is a civil engineer with over 40 years' experience in mining, heavy construction, project development and corporate management throughout Australia. His career to date has included roles as CEO of public companies and both Executive and Non-Executive Directorships. He holds a Bachelor's Degree in Civil Engineering, is a Fellow of the Australasian Institute of Mining and Metallurgy, and a Fellow of the Australian Institute of Company Directors.

Mr Bovard is currently a Non-Executive Director of the ASX-listed Aus Tin Mining Ltd. Other roles within the past five years have included Non-Executive Chairman of Orbis Gold Limited (resigned 17 February 2015) and Non-Executive Director of Australian Pacific Coal Limited (resigned 29 November 2012).

He was also Project Manager for the A$800 million Phosphate Hill Fertiliser Project for Western Mining Corporation (WMC) situated south of Mount Isa in Queensland, Australia. Other previous project experience includes managing the construction of the Porgera Mine in Papua New Guinea, the Super Pit expansion at Kalgoorlie, and the development of the Bronzewing Gold Mine in Western Australia. He was previously the General Manager of the giant OK Tedi porphyry Copper Gold Mine. John Bovard's corporate profile, together with his extensive experience in south west Pacific mining operations and construction is considered to be of great value to SolGold Plc.

CRAIG JONES (NON-EXECUTIVE DIRECTOR)

Mr Jones (45), appointed 3 March 2017, joined Newcrest Mining in 2008 and has held various senior management and executive roles within the Newcrest group, including General Manager Projects, General Manager Cadia Valley Operations, Executive General Manager Projects and Asset Management, Executive General Manager Australian and Indonesian Operations, Executive General Manager Australian Operations and Projects, and Executive General Manager Cadia and Morobe Mining Joint Venture. Mr Jones is currently the Executive General Manager Wafi-Golpu (Newcrest / Harmony). Prior to joining Newcrest, Mr Jones worked for Rio Tinto.

Mr Jones holds a Bachelor of Mechanical Engineering from the University of Newcastle, Australia.

COMPANY SECRETARY

KARL SCHLOBOHM (COMPANY SECRETARY)

Karl Schlobohm (49) has over twenty years' experience in the accounting profession across a wide range of businesses and industries. He has previously been contracted into CFO roles with ASX-listed resource companies Discovery Metals Limited and Meridian Minerals Limited, and as Company Secretary of ASX-listed Linc Energy Limited, Agenix Limited, Discovery Metals Limited and Global Seafood Australia Limited.

Mr Schlobohm is a Chartered Accountant and holds Bachelor Degrees in Commerce and in Economics, and a Master's Degree in Taxation.

Mr Schlobohm is also contracted to act as the Company Secretary of the AIM listed IronRidge Resources Limited and ASX-listed DGR Global Limited, Dark Horse Resources Limited, Aus Tin Mining Limited and Armour Energy Limited.

The Directors present their annual report and audited financial statements for the year ended 30 June 2017.

DIRECTORS' REPORT

GOING CONCERN

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. The Group and the Company have not generated revenues from operations. As such, the Group's and Company's ability to continue to adopt the going concern assumption will depend upon a number of matters including future successful capital raisings for necessary funding and the successful exploration and subsequent exploitation of the Group's tenements.

It should be noted that the current working capital levels will not be sufficient to bring the Group's projects into full development and production and, in due course, further funding will be required. In the event that the Company is unable to secure further finance either through third parties or capital raising, it may not be able to fully develop its projects.

CURRENCY

The functional currency of SolGold Plc and its subsidiaries in Australia is considered to be Australian Dollars (A$). The functional currency of the subsidiaries in Solomon Islands is considered to be Solomon Islands Dollars (SBD$). The functional currency of the subsidiaries in Ecuador is considered to be United States Dollars (US$). The presentational currency of the Group is Australian dollars ("A$") and all amounts presented in the Directors' Report and financial statements are presented in Australian dollars unless otherwise indicated.

RESULTS

The Group's consolidated loss for the year was A$4,499,972 (2016: A$5,723,122).

CHANGES IN SHARE CAPITAL DURING 2017

A statement of changes in the share capital of the Company is set out in Note 17 to the financial statements.

DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend (2016: nil).

FINANCIAL INSTRUMENTS

The Company does not undertake financial instrument transactions that are speculative or unrelated to the Company's or Group's activities. The Group's financial instruments consist mainly of deposits with banks, accounts payable and loans payable to related parties (including conversion options). In addition to Group's financial instruments, the Company's financial instruments also include its loans to subsidiaries. Further details of financial risk management objectives and policies, and exposure of the Group and Company to financial risks are provided in note 20 to the financial statements.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors who held office during the year were as follows:

Nicholas Mather	Executive Director
Brian Moller	Non-Executive Chairman
Robert Weinberg	Non-Executive Director
John Bovard	Non-Executive Director
Scott A Caldwell	Non-Executive Director – appointed 9 September 2016, resigned 19 June 2017w
Craig Jones	Non-Executive Director –appointed 3 March 2017

The Company has a Directors' and Officers' Liability insurance policy for all its Directors.

DIRECTORS' REPORT

CORPORATE GOVERNANCE

In formulating the Group's corporate governance procedures the Board takes due regard of the principles of good governance set out in the UK Corporate Governance Code (the "Code") to the extent they consider appropriate in light of the Group's size, stage of development and resources. However, given the size of the Company, at present the Board does not consider it necessary to adopt the Code in its entirety and, as a company with an AIM Listing, the Company is not required to comply with the provisions of the Code.

Nevertheless, the Directors are committed to maintaining high standards of corporate governance as detailed in the Company's corporate governance charter and propose, so far as is practicable given the Company's size and nature, to voluntarily adopt and comply with the QCA Code. At present, the Directors acknowledge that adherence to certain other provisions of the QCA Code may be delayed until such time as the Directors are able to fully adopt them. In particular, action will be required in the following areas:

- In keeping with the QCA Code provisions on board composition, the Company has separated the roles of chairman and chief executive. However, the Company does not currently have a senior independent director. Accordingly, the Company does not comply with the QCA recommendations regarding board composition. Craig Jones, John Bovard and Robert Weinberg are considered by the Board to be independent. As the Company grows, the Board will seek to appoint additional independent directors, one of whom will be appointed as senior independent director.

- The Directors have established an audit and risk management committee and a remuneration committee with formally delegated duties and responsibilities. The Company has not, however, established a nomination committee, as it is considered not necessary at this stage of the Company's development. The Board as a whole will consider appointments on a case by case basis.

The Board of the Company is made up of one Executive Director and four Non-executive Directors. Nicholas Mather is the Executive Director. It is the Board's policy to maintain independence by having at least half of the Board comprising Non-executive Directors who are free from any material business or other relationship with the Group. The structure of the Board ensures that no one individual or group is able to dominate the decision making process.

The Board ordinarily meets on a monthly basis providing effective leadership and overall control and direction of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of the budget and business plan, major capital expenditure, acquisitions and disposals, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the Directors in a timely manner, prior to Board meetings. The Board also receives summary financial and operational reports before each Board meeting. The Board delegates certain of its responsibilities to management, who have clearly defined terms of reference.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Group's expense in the furtherance of his duties. One third of the Directors retire from office at every Annual General Meeting of the Company. In general, those Directors who have held office the longest time since their election are required to retire. A retiring Director may be re-elected and a Director appointed by the Board may also be elected, though in the latter case the Director's period of prior appointment by the Board will not be taken into account for the purposes of rotation.

The Board attaches importance to maintaining good relationships with all its Shareholders and ensures that all price sensitive information is released to all Shareholders at the same time. The Group's principal communication with its investors is through the Annual General Meeting, the annual report and accounts, the interim statement and its website.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee, meets not less than twice a year and is responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored as well as being jointly responsible with the Board for appointing the external auditor of the Company and liaising with the Company's auditors to discuss accounts and the Group's internal controls and reporting procedures.

The members of the Audit and Risk Management Committee consists of a minimum of 3 members who are Brian Moller (as Chair), John Bovard and Robert Weinberg. The Executive Directors attend meetings by invitation, if appropriate.

REMUNERATION COMMITTEE

The Remuneration Committee meets at least once a year and is responsible for making decisions on Directors' and key management's remuneration packages.

Remuneration of any Executive Directors is established by reference to the remuneration of Executives of equivalent status both in terms of the level of responsibility of the position and by reference to their job qualifications and skills. The Remuneration Committee will also have regard to the terms which may be required to attract an executive of equivalent experience to join the Board from another company. Such packages include performance related bonuses and the grant of share options.

The members of the Remuneration Committee are John Bovard (as Chair), Nick Mather, Robert Weinberg and Brian Moller.

DIRECTORS' REPORT

HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY COMMITTEE ("HSEC COMMITTEE")

The HSEC Committee is responsible for the overall health, safety and environmental performance of the Group and its operations and its relationship with the local community in Ecuador and Queensland. The Committee is comprised of the entire Board of Directors.

NOMINATION OF DIRECTORS

The Board does not currently have a formal nominating committee. The Board as a whole is responsible for identifying and recommending candidates for the Board. The Board reviews and makes determinations with respect to:

(i) the size and composition of the Board;

(ii) the organization and responsibilities of the appropriate committees of the Board;

(iii) the evaluation process for the Board and committees of the Board and the chairpersons of the Board and such committees;
and

(iv) creating a desirable balance of expertise and qualifications among members of the Board.

The Board does not take any formal steps to ensure that objectivity in the nomination process. In the nomination process, the Board assesses its current composition and requirements going forward in light of the stage of the Company and the skills required to ensure proper oversight of the Company and its operations.

The Board has recently amended its corporate governance charter to include a nominee director policy setting out the principles to be followed by the Board, in respect of those Directors that are nominated by a Shareholder and the nominating shareholders.

COMPENSATION

The Board with the assistance of the Remuneration Committee, is responsible for approving compensation objectives and the specific compensation programs for policies and practices of the Company.

The 2017 Annual General Meeting will provide an opportunity for the Chairman and/or Chief Executive Officer to present to the shareholders a report on current operations and developments and will enable the shareholders to question and express their views about the Group's business. A separate resolution will be proposed on each substantially separate issue, including the receipt of the financial statements and shareholders will be entitled to vote either in person or by proxy.

RELATED PARTY TRANSACTIONS

Details of related party transactions for the Group and Company are given in note 22. Key management personnel remuneration disclosures are given in note 5.

DIRECTORS' INDEMNITY

The Company has arranged appropriate directors' and officers' insurance to indemnify the directors against liability in respect of proceedings brought by third parties. Such provisions remain in force at the date of this report.

AUDITOR

A resolution for the re-appointment of the Company's auditor will be proposed at the forthcoming Annual General Meeting.

SUBSEQUENT EVENTS

The Directors are not aware of any other significant changes in the state of affairs of the Group or events after the reporting date that is not covered in this report and would have a material impact on the consolidated or Company financial statements.

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DISCLOSURE OF AUDIT INFORMATION

In the case of each person who are Directors of the Company at the date when this report is approved:

- So far as they are individually aware, there is no relevant audit information of which the Company's auditor is unaware; and
- Each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

This report was approved by the board on 14 September 2017 and signed on its behalf.

Karl Schlobohm
Company Secretary
Lvl 27, 111 Eagle St
Brisbane QLD 4000
Australia

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOLGOLD PLC

OPINION

We have audited the financial statements of SolGold Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2017 which comprise the consolidated statement comprehensive income, the consolidated and company statements of financial position, the consolidated and company's statements of changes in equity, the consolidated and company's statements of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group and parent company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2017 and of the Group's loss for the year then ended;
- the Group and Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

SEPARATE OPINION IN RELATION TO IFRSS AS ISSUED BY THE IASB

As explained in note 1 to the Group financial statements, the Group in addition applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB). Our opinion is extended to this financial framework.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. In addition for the purposes of the Group's regulatory filing requirements as a reporting issuer in Canada we have also conducted our audit in accordance with International Standards on Auditing as issued by the International Auditing and Assurance Standards Board (ISA IAASB). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

RISK

CARRYING VALUE OF INTANGIBLE EXPLORATION AND EVALUATION ASSETS

The Group's intangible exploration and evaluation assets ('E&E assets') represent the most significant asset on its statement of financial position totalling AU$59.7m as at 30 June 2017.

Management and the Board are required to ensure that only costs which meet the IFRS criteria of an asset and accord with the Group's accounting policy are capitalised within the E&E asset. In addition in accordance with the requirements of IFRS 6 'Exploration for and Evaluation of Mineral Resources' ('IFRS 6') Management and the Board are required to assess whether there is any indication whether there are any indicators of impairment of the E&E assets.

Given the significance of the E&E assets on the Group's statement of financial position and the significant management judgement involved in the determination of the capitalisation of costs and the assessment of the carrying values of the E&E asset there is an increased risk of material misstatement.

OUR RESPONSE

We performed substantive testing on samples of the expenses capitalised in the year in order to assess whether the expenses had been appropriately capitalised and the accounting treatment was in line with the Group's accounting policy. In addition we also substantively tested costs which had been expensed to the income statement to ensure that they had been correctly reflected as operating expenses.

We evaluated Management's and the Board's impairment review which assessed each asset held by the Group. We critically challenged the considerations made of whether or not there were any indicators of impairment identified in accordance with IFRS 6.

Our specific audit testing in this regard included:

- the verification of licence status in order to confirm legal title,
- reviewing exploration activity to assess whether there was evidence from exploration results to date which would indicate a possible impairment,
- reviewing approved budget forecasts and minutes of Management and Board meetings to confirm the Group's intention to continue to explore the licence areas, and
- in order to obtain an understanding of management's expectation of commercial viability reviewed available technical documentation, discussed results and operations with the operational site teams and conducted a site visit to the Cascabel licence area.

We also assessed the disclosures included in the financial statements.

OUR APPLICATION OF MATERIALITY

GROUP MATERIALITY 30 JUNE 2017	GROUP MATERIALITY 30 JUNE 2016	BASIS FOR MATERIALITY
AU$2.5m	AU$0.87m	1.5% of total assets (2016: 2% of total assets)

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

The basis of our determination of materiality has remained unchanged. However, as there has been a significant movement in the total assets in the year this has impacted the final materiality figure applied. When setting our materiality we have taken this into consideration and reduced the percentage applied to total assets in the determination of materiality. We consider total assets to be the most relevant consideration of the Group's financial performance as the Group continues to focus on and develop its E&E assets.

Whilst materiality for the financial statements as a whole was AU$2.5m, each significant component of the Group was audited to a lower level of materiality ranging from AU$0.0.25m to AU$0.61m. Such materialities are used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes tested during the audit.

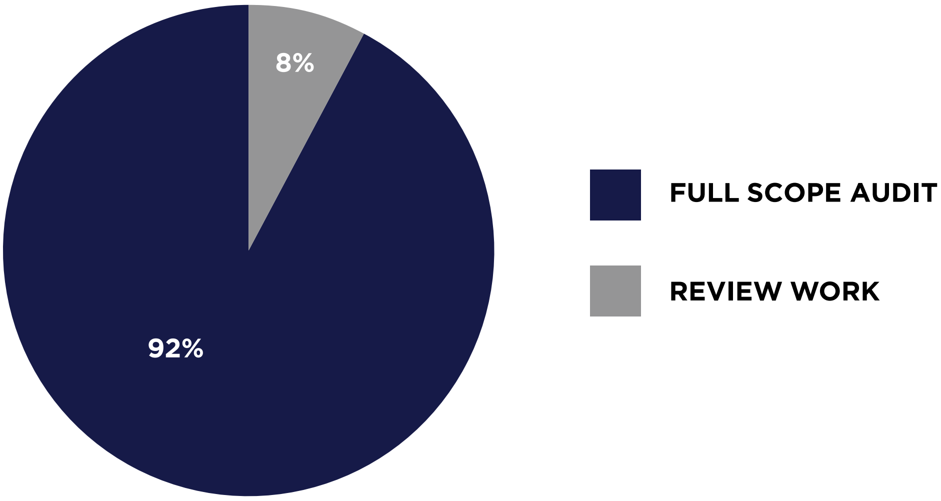
There were no misstatements identified during the course of our audit that were individually, or in aggregate, considered to be material in terms of their absolute monetary value or on qualitative grounds.

INDEPENDENT AUDITOR'S REPORT

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit scope focused on the Group's principal mining entity, Exploraciones Novomining S.A ("ENSA"). ENSA holds the Cascabel exploration project. ENSA was subject to a full scope audit. The two other significant components were determined to be the Parent Company and the Group consolidation which were also both subject to a full scope audit.

The remaining components of the Group were considered non-significant and such components were subject to analytical review procedures together with substantive testing on Group audit risk areas applicable to that component ('review work'). We set out below the extent to which the Group's total assets were subject to audit versus analytical review procedures.



The audit of ENSA was performed in Ecuador. All audit work (full scope audit or review work) was conducted by BDO LLP and BDO member firms.

As part of our audit strategy the Group audit team were embedded into the Ecuadorian audit team and were present onsite in Ecuador during the local audit. BDO LLP had full access to all audit working papers of the significant component audit BDO member firm.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) or ISA IAASB will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

BDO LLP

Anne Sayers
(Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London

14 September, 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	GROUP 2017 A$	GROUP 2016 A$
Expenses			
Exploration costs written-off	12	(17,310)	(1,555,004)
Administrative expenses		(8,232,307)	(2,553,010)
Movement in fair value of derivative liability	22a (v)	-	(1,378,260)
Operating loss	**3**	**(8,249,617)**	**(5,486,274)**
Finance income	6	69	585
Finance costs	6	(73,502)	(237,433)
Loss before tax		**(8,323,050)**	**(5,723,122)**
Tax expense (benefit)	7	(3,823,078)	-
Loss for the year		**(4,499,972)**	**(5,723,122)**
Other comprehensive profit / (loss)			
Items that may be reclassified into profit or loss			
Change in fair value of available-for-sale financial assets net of tax	10a / 14	8,920,515	190,610
Exchange differences on translation of foreign operations		(2,089,272)	1,048,814
Total comprehensive profit / (loss) for the year		**2,331,271**	**(4,483,698)**
Loss for the year attributable to:			
Owners of the parent company		(4,418,025)	(5,465,830)
Non-controlling interest		(81,947)	(257,292)
		(4,499,972)	**(5,723,122)**
Total comprehensive profit / (loss) for the year attributable to:			
Owners of the parent company		2,697,343	(4,383,728)
Non-controlling interest		(366,072)	(99,970)
		2,331,271	**(4,483,698)**
Loss per share		**Cents per share**	**Cents per share**
Basic loss per share	8	(0.3)	(0.7)
Diluted loss per share	8	(0.3)	(0.7)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2017

Registered Number 5449516

	NOTES	GROUP 2017 A$	GROUP 2016 A$	COMPANY 2017 A$	COMPANY 2016 A$
Assets					
Property, plant and equipment	11	1,777,937	375,400	189,342	9,449
Intangible assets	12	59,723,105	41,079,914	-	-
Investment in subsidiaries	9	-	-	64,289,892	40,132,827
Investment in available-for-sale securities	10(a)	14,366,304	1,622,712	14,360,725	1,617,132
Loans receivable and other non-current assets	13	226,175	123,974	90,137	-
Total non-current assets		**76,093,521**	**43,202,000**	**78,930,096**	**41,759,408**
Other receivables and prepayments	15	1,307,344	203,169	780,168	168,353
Cash and cash equivalents	16	89,312,743	94,933	88,669,626	17,199
Total current assets		**90,620,087**	**298,102**	**89,449,794**	**185,552**
Total assets		**166,713,608**	**43,500,102**	**168,379,890**	**41,944,960**
Equity					
Share capital	17	26,376,265	17,015,019	26,376,265	17,015,019
Share premium	17	199,322,436	87,488,507	199,322,436	87,488,507
Other reserves		15,385,705	2,844,038	15,309,852	963,038
Accumulated loss		(76,869,038)	(72,489,364)	(73,389,037)	(69,514,852)
Equity attributable to owners of the parent company		164,215,368	34,858,200	167,619,516	35,951,712
Non-controlling interest		(242,935)	123,137	-	-
Total equity		**163,972,433**	**34,981,337**	**167,619,516**	**35,951,712**
Liabilities					
Trade and other payables	18	2,741,175	3,742,361	760,374	1,216,844
Borrowings	22a (iv)	-	4,776,404	-	4,776,404
Total current liabilities		**2,741,175**	**8,518,765**	**760,374**	**5,993,248**
Total liabilities		**2,741,175**	**8,518,765**	**760,374**	**6,001,910**
Total equity and liabilities		**166,713,608**	**43,500,102**	**168,379,890**	**41,944,960**

The above consolidated and company statements of financial position should be read in conjunction with the accompanying notes.

A separate statement of comprehensive income for the parent company has not been presented as permitted by section 408 of the Companies Act 2006. The Company's loss for the year was A$3,912,536 (2016: A$3,639,906).

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 14 September 2017.

Nicholas Mather
Executive Director

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	NOTES	SHARE CAPITAL	SHARE PREMIUM	AVAILABLE-FOR-SALE FINANCIAL ASSETS RESERVE	SHARE OPTION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	CHANGE IN PROPORTIONATE INTEREST RESERVE	ACCUMULATED LOSS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
		A$	A$	A$	A$	A$	A$	A$	A$	A$	A$
Balance at 1 July 2015	**17**	**13,184,721**	**82,212,310**	**(331,909)**	**1,104,337**	**1,057,372**	**(67,864)**	**(67,023,534)**	**30,135,433**	**223,107**	**30,358,540**
Loss for the year		-	-	-	-	-	-	(5,465,830)	(5,465,830)	(257,292)	(5,723,122)
Other comprehensive income		-	-	190,610	-	891,492	-	-	1,082,102	157,322	1,239,424
Total comprehensive income for the year		-	-	190,610	-	891,492	-	(5,465,830)	(4,383,728)	(99,970)	(4,483,698)
New share capital subscribed		3,830,298	5,292,358	-	-	-	-	-	9,122,656	-	9,122,656
Share issue costs		-	(16,161)	-	-	-	-	-	(16,161)	-	(16,161)
Balance at 30 June 2016		**17,015,019**	**87,488,507**	**(141,299)**	**1,104,337**	**1,948,864**	**(67,864)**	**(72,489,364)**	**34,858,200**	**123,137**	**34,981,337**
Loss for the year		-	-	-	-	-	-	(4,418,025)	(4,418,025)	(81,947)	(4,499,972)
Other comprehensive income		-	-	8,920,515	-	(1,805,147)	-	-	7,115,368	(284,125)	6,831,244
Total comprehensive income for the year		**-**	**-**	**8,920,515**	**-**	**(1,805,147)**	**-**	**(4,418,025)**	**2,697,343**	**(366,072)**	**2,331,271**
New share capital subscribed		9,282,812	117,092,097	-	-	-	-	-			
126,374,909	-	126,374,909									
Options exercised		78,434	1,216,906	-	-	-	-	-	1,295,340	-	1,295,340
Share issue costs		-	(6,475,074)	-	-	-	-	-	(6,475,074)	-	(6,475,074)
Options expired		-	-	-	(38,351)	-	-	38,351	-	-	-
Value of share and options issued to Directors , employees and consultants		-	-	-	5,464,650	-	-	-	5,464,650	-	5,464,650
Balance at 30 June 2017	**17**	**26,376,265**	**199,322,436**	**8,779,216**	**6,530,636**	**143,717**	**(67,864)**	**(76,869,038)**	**164,215,368**	**(242,935)**	**163,972,433**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

COMPANY STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	NOTES	SHARE CAPITAL A$	SHARE PREMIUM A$	AVAILABLE-FOR-SALE FINANCIAL ASSETS RESERVE A$	SHARE OPTION RESERVE A$	ACCUMULATED LOSS A$	TOTAL A$
Balance at 1 July 2015	**17**	**13,184,721**	**82,212,310**	**(331,909)**	**1,104,337**	**(65,874,946)**	**30,294,513**
Loss for the year		-	-	-	-	(3,639,906)	(3,639,906)
Other comprehensive income		-	-	190,610	-	-	190,610
Total comprehensive income for the year		**-**	**-**	**190,610**	**-**	**(3,639,906)**	**(3,449,296)**
New share capital subscribed		3,830,298	5,292,358	-	-	-	9,122,656
Share issue costs		-	(16,161)	-	-	-	(16,161)
Balance at 30 June 2016		**17,015,019**	**87,488,507**	**(141,299)**	**1,104,337**	**(69,514,852)**	**35,951,712**
Loss for the year		-	-	-	-	(3,912,536)	(3,912,538)
Other comprehensive income		-	-	8,920,515	-	-	8,920,515
Total comprehensive income for the year		**-**	**-**	**8,920,515**	**-**	**(3,912,536)**	**5,007,979**
New share capital subscribed		9,282,812	117,092,097	-	-	-	126,374,909
Options exercised		78,434	1,216,906	-	-	-	1,295,340
Share issue costs		-	(6,475,074)	-	-	-	(6,475,074)
Options expired		-	-	-	(38,351)	38,351	-
Value of share and options issued to Directors, employees and consultants		-	-	-	5,464,650	-	5,464,650
Balance at 30 June 2017	**17**	**26,376,265**	**199,322,436**	**8,779,216**	**6,530,636**	**(73,389,037)**	**167,619,516**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	GROUP 2017 A$	GROUP 2016 A$	COMPANY 2017 A$	COMPANY 2016 A$
Cash flows from operating activities					
Loss before tax		(4,499,972)	(5,723,122)	(3,912,536)	(3,639,906)
Depreciation	10	36,713	14,303	35,855	8,012
Share based payment expense	5 / 19	2,239,533	-	2,239,533	-
Write-off of exploration expenditure	11	17,310	1,555,004	-	-
Deferred taxes	14	(3,823,078)	-	(3,823,078)	
Movement in fair value of derivative liability		-	1,378,260	-	1,378,260
(Increase) decrease in other receivables and prepayments		(353,550)	(51,874)	8,718	(31,481)
Increase / (decrease) in trade and other payables		1,488,722	(148,391)	820,592	516,318
Net cash outflow from operating activities		**(4,894,321)**	**(2,975,820)**	**(4,630,916)**	**(1,768,797)**
Cash flows from investing activities					
Interest received		69	585	-	-
Interest paid		(2,642)	(15,449)	(2,642)	(15,449)
Security deposit (payments) / refunds		(102,201)	22,715	(90,137)	-
Acquisition of property, plant and equipment		(1,439,250)	(79,221)	(215,748)	(6,343)
Acquisition of exploration and evaluation assets		(21,739,184)	(6,408,358)	-	-
Investment in available-for-sale securities		-	(530,330)	-	(530,330)
Investment in subsidiaries		-	-	(4,207)	
Loans advanced to subsidiaries		-	-	(23,799,262)	(7,636,565)
Net cash outflow from investing activities		**(23,283,208)**	**(7,010,058)**	**(24,111,996)**	**(8,188,687)**
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital	17	117,862,952	908,329	117,862,952	908,329
Payment of issue costs		(288,339)	(16,163)	(288,339)	(16,163)
Proceeds from Convertible note issues		-	2,332,000	-	2,332,000
Proceeds from borrowing		852,736	6,535,205	852,736	6,535,205
Net cash inflow from financing activities		**118,427,349**	**9,759,371**	**118,427,349**	**9,759,371**
Net increase / (decrease) in cash and cash equivalents		**90,249,820**	**(226,507)**	**89,684,437**	**(198,113)**
Cash and cash equivalents at the beginning of year		94,933	321,440	17,199	215,312
Effect of foreign exchange on cash		(1,032,010)	-	(1,032,010)	-
Cash and cash equivalents at end of year	16	**89,312,743**	**94,933**	**88,669,626**	**17,199**

The above statements of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 - ACCOUNTING POLICIES

The Company is a public limited company incorporated in England and Wales and is dual listed on the AIM market of the London Stock Exchange and the Toronto Stock Exchange.

(A) STATEMENT OF COMPLIANCE

The consolidated financial statements and company financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and their interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union. They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements also comply with IFRS as issued by the IASB, as is required as a result of our listing on TSX in Canada.

The accounting policies set out below have been applied consistently throughout these consolidated financial statements.

(B) BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND GOING CONCERN

The consolidated financial statements are presented in Australian dollars ("A$"), rounded to the nearest dollar.

The Company was incorporated on 11 May 2005. The Group from incorporation has prepared the annual consolidated financial statements in accordance with IFRS.

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Company has not generated revenues from operations. In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches.

The Company currently has sufficient working capital levels to carry out its planned exploration activities for the following 12 months however it should be noted that the current working capital levels will not be sufficient to bring the Group's projects into full development and production and, in due course, further funding will be required. In the event that the Company is unable to secure further finance either through other finance arrangements or capital raisings, it may not be able to fully develop its projects and this may have a consequential impact on the carrying value of the related exploration assets and the investment of the parent company in its subsidiaries.

(C) BASIS OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year.

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 - ACCOUNTING POLICIES (CONTINUED)

(C) BASIS OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year.

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 - ACCOUNTING POLICIES (CONTINUED)

(D) FOREIGN CURRENCY

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are translated into Australian dollars at the foreign exchange rate ruling at that date. Any resultant foreign exchange currency translation amount is taken to the profit and loss.

The functional currency of the subsidiaries in Australia is considered to be Australian Dollars (A$). The functional currency of the subsidiaries in the Solomon Islands is considered to be Solomon Islands Dollars (SBD$). The functional currency of the subsidiaries in Ecuador is considered to be United States Dollars (US$). The assets and liabilities of the entities are translated to the group presentation currency at rates of exchange ruling at the reporting date. Income and expense items are translated at average rates for the period.

Intercompany loans between the parent and subsidiaries are translated at the rate the loan was made to the subsidiary. Any exchange differences are taken to other comprehensive income. On disposal of an entity, cumulative exchange differences are recognised in the income statement as part of the profit or loss on sale.

The Company's functional and presentation currency is Australian dollars (A$). The exchange rates applied in preparation of these financial statements at 30 June 2017 were £0.5951/A$1.0, US$0.7692/A$1.0 and SBD$5.9401/A$1.0 (30 June 2016: £0.55359/A$1.0, US$0.7451/A$1.0 and SBD$5.8635/A$1.0). The average exchange rate applied for the year ended 30 June 2017 was US$0.7545/A$1.0 (2016: US$0.7286/A$1.0).

(E) PROPERTY, PLANT AND EQUIPMENT

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy i below).

(ii) Subsequent costs

The Group recognises in the carrying amount of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

(iii) Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment used in corporate and administrative operations. Depreciation is capitalised to exploration on a straight-line basis over the estimated useful lives of each item of property, plant and equipment used in exploration operations. The estimated useful lives of all categories of assets are:

Office Equipment	3 years
Furniture and Fittings	5 years
Motor Vehicles	5 years
Plant and Equipment	5 years
Land and Buildings	12 years

The residual values and useful lives are assessed annually. Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 - ACCOUNTING POLICIES (CONTINUED)

(F) INTANGIBLE ASSETS

Deferred exploration costs

Costs incurred in relation to the acquisition of, or application for, a tenement area are capitalised where there is a reasonable expectation that the tenement will be acquired or granted. Where the Group is unsuccessful in acquiring or being granted a tenement area, any such costs are immediately expensed.

All other costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written-off as incurred.

Exploration and evaluation costs arising following the acquisition of an exploration licence are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical and administrative overheads. Deferred exploration costs are carried at historical cost less any impairment losses recognised.

If an exploration project is successful, the related expenditures will be transferred to mining assets and amortised over the estimated life of the ore reserves on a unit of production basis.

The recoverability of deferred exploration and evaluation costs is dependent upon the discovery of economically recoverable ore reserves, the ability of the Group to obtain the necessary financing to complete the development of ore reserves and future profitable production or proceeds from the disposal thereof.

(G) LOANS RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

Other receivables and prepayments are not interest bearing and are stated at their nominal amount less provision for impairment.

(H) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(I) IMPAIRMENT

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable the asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Impairment reviews for deferred exploration costs are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, typically when one of the following circumstances apply:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 - ACCOUNTING POLICIES (CONTINUED)

(J) SHARE CAPITAL

(i) Ordinary share capital

The Company's ordinary shares are classified as equity.

(ii) Shares issued to settle liabilities

The Group from time to time settles financial liabilities by issuing shares. The Group considers these equity instruments as 'consideration paid' and accordingly derecognises the financial liability.

The equity instruments issued are measured at fair value, with the difference being taken to the income statement, unless the creditor is also a direct or indirect shareholder and is acting in its capacity as direct or indirect shareholder. When the creditor is acting in capacity as a direct or indirect shareholder the value of shares issued is deemed to be the carrying value of the liability.

(K) EMPLOYEE BENEFITS

(i) Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted and amortised over the vesting periods. Share based payments to non-employees are measured at the fair value of goods or services rendered or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured. Estimating fair value for share based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share based payment transactions are disclosed in Note 19.

(ii) Retirement benefits

The Group operates a defined contribution pension scheme. Contributions payable for the year are charged to the statement of comprehensive income.

(L) PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

A contingent asset or liability is disclosed in the notes to the financial statements when an uncertainty exists and the amount of the asset or liability cannot be reliably measured.

(M) TRADE AND OTHER PAYABLES

Trade and other payables are not interest bearing and are stated at their nominal value, unless settled with shares as per (J) (i) above. The effect of discounting is immaterial.

(N) REVENUE

During the exploration phase, any revenue generated from incidental sales is treated as a contribution towards previously incurred costs and offset accordingly.

(O) OTHER INCOME

Other income is recognised in the statement of comprehensive income as it accrues.

(P) FINANCING COSTS AND INCOME

(i) Financing costs
Financing costs comprise interest payable on borrowings calculated using the effective interest rate method.

(ii) Finance income
Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 - ACCOUNTING POLICIES (CONTINUED)

(Q) TAXATION

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(R) SEGMENT REPORTING

The Group determines and presents operating segments based on information that is internally provided to the Board of Directors, who are the Group's chief operating decision makers.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results and asset position are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

Segment results that are reported to the Board include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate office assets, head office expenses, and income tax assets and liabilities.

(S) BUSINESS COMBINATIONS

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

Business combinations are accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings on acquisition are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss on disposal of the interest.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured at each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

NOTE 1 - ACCOUNTING POLICIES (CONTINUED)

(T) PROJECT FINANCING / FARM-OUTS

The Group, from time to time, enters into funding arrangements with third parties in order to progress specific projects. The Group accounts for the related exploration costs in line with the terms of the specific agreement. Costs incurred by SolGold plc are recognised as intangible assets within the financial statements. Costs incurred by third parties are not recognised by SolGold plc.

(U) LEASES

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the period of the lease.

(V) FINANCIAL INSTRUMENTS

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets. These assets are measured at fair value with gains or losses recognised in the profit or loss.

(iii) Available-for-sale financial assets
Available-for-sale financial assets comprise investments in listed and unlisted entities and non-derivatives that are either designated in this category or not classified in any other categories. After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income.

(iv) Financial liabilities
Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

(v) Derivatives
Derivative financial instruments, consisting of embedded conversion options in convertible loan notes, are initially measured at fair value on the contract date and are re-measured to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

NOTE 1 - ACCOUNTING POLICIES (CONTINUED)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all other financial assets and liabilities, where appropriate, including recent arm's length transactions, reference to similar instruments and option pricing models.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined from available information such as quoted market prices or by calculating the net present value of future anticipated cash flows. In estimating these cash flows, management makes judgements about a counter-party's financial situation and the net realisable value of any underlying collateral. Impairment losses are recognised in the profit or loss.

Impairment losses on assets measured at amortised cost using the effective interest rate method are calculated by comparing the carrying value of the asset with the present value of estimated future cash flows at the original effective interest rate.

Where there is objective evidence that an available for sale financial asset is impaired (such as a significant or prolonged decline in the fair value of an available for sale financial asset) the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. When a subsequent event reduces the impairment of an available for sale debt security the impairment loss is reversed through profit or loss. When a subsequent event reduces the impairment of an available for sale equity instrument the fair value increased is recognised in other comprehensive income.

(W) ACCOUNTING POLICIES FOR THE COMPANY

The accounting policies applied to the Company are consistent with those adopted by the Group with the exception of the following:

(i) Subsidiary investments

Investments in subsidiary undertakings are stated at cost less impairment losses. Expenditure incurred by plc on behalf of a subsidiary, and where the subsidiary does not reimburse the Company for assets that could be capitalised in accordance with IFRS 6, is recorded within investments in subsidiary undertakings.

(X) NATURE AND PURPOSE OF RESERVES

(i) Available for sale financial assets reserve

Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available for sale financial assets, are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

(ii) Share option reserve

The share based payments reserve is used to recognise:

- the grant date fair value of options issued to employees but not exercised.
- the grant date fair value of shares issued to employees.

(iii) Change in proportionate interest reserve

This reserve is used to record the differences which may arise as a result of transactions with non controlling interests that do not result in a loss of control.

(iv) Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 1 - ACCOUNTING POLICIES (CONTINUED)

(Y) CHANGES IN ACCOUNTING POLICIES

New standards and amendments in the year

The following were amendments to published standards and interpretations to existing standards effective in the year and adopted by the Group. These new standards and interpretations had no effect on reported results, financial position or disclosure in the financial statements:

- Annual Improvements to IFRSs – 2012 - 2014 Cycle
- IAS 27 – Amendment – Equity method in separate financial statements
- IAS 16 & 38 – Amendments – clarification of acceptable methods of depreciation and amortisation

New standards and interpretations not yet adopted

The Group has elected not to early adopt the following revised and amended standards, which are not yet mandatory in the EU. The list below includes only standards and interpretations that could have an impact on the Consolidated Financial Statements of the Group.

EFFECTIVE PERIOD COMMENCING ON OR AFTER		
IFRS 9	Financial instruments	1 Jan 2018
IFRS 15	Revenue from contracts with customers	1 Jan 2018
IFRS 16[1]	Leases	1 Jan 2019
IAS 12[1]	Amendment – Recognition of deferred tax assets for unrealised losses	1 Jan 2017
IAS 7	Amendment – Disclosure initiative	1 Jan 2017
IFRS 2[1]	Amendment – Classification and measurement of share based payment transactions	1 Jan 2018

[1] Not yet adopted by the European Union

IFRS 9 Financial instruments

The complete standard was issued in July 2014 including the requirements previously issued and additional amendments. The new standard replaces IAS 39 and includes a new expected loss impairment model, changes to the classification and measurement requirements of financial assets as well as to hedge accounting. The new standard becomes effective for financial years beginning on or after 1 January 2018. The Group will assess the impact on its Consolidated Financial Statements during the financial year ending 30 June 2018.

IFRS 15 Revenue from contracts with customers

The new standard was issued in May 2014. IFRS 15 is intended to introduce a single framework for revenue recognition and clarify principles of revenue recognition. This standard modifies the determination of when to recognise revenue and how much revenue to recognise. The new standard becomes mandatory for financial years beginning on or after 1 January 2018. The effect will be assessed and disclosure will be made once the Group has assessed the impact of applying IFRS 15. The adoption of this standard is not expected to have a material impact in the future periods until the Group commences generating revenues from its exploration projects.

IFRS 16 Leases

The new standard was issued in January 2016 replacing the previous leases standard, IAS 17 Leases, and related Interpretations. IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases for the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as either operating or finance as is required by IAS 17 and, instead, introduces a single lessee accounting model requiring a lessee to recognise assets and liabilities for all leases unless the underlying asset has a low value or the lease term is twelve months or less. This new standard applies to annual reporting periods beginning on or after 1 January 2019 subject to EU endorsement. The Group has reviewed its arrangements in place and has concluded that the adoption of this standard is not expected to have a material impact in the future periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2 - SEGMENT REPORTING

The Group determines and separately reports operating segments based on information that is internally provided to the Board of Directors, who are the Group's chief operating decision makers.

The Group has outlined below the separately reportable operating segments, having regard to the quantitative threshold tests provided in IFRS 8, namely that the relative revenue, asset or profit / (loss) position of the operating segment equates to 10% or more of the Group's respective total. The Group reports information to the Board of Directors along company lines. That is, the financial position of SolGold and each of its subsidiary companies is reported discreetly, together with an aggregated Group total. Accordingly, each company within the Group that meets or exceeds the threshold tests outlined above is separately disclosed below. The financial information of the subsidiaries that do not exceed the thresholds outlined above, and is therefore not reported separately, is aggregated as Other Subsidiaries.

30 JUNE 2017	FINANCE INCOME	TOTAL INCOME	LOSS FOR THE YEAR	ASSETS	LIABILITIES	SHARE BASED PAYMENTS	NON-CURRENT ASSET ADDITIONS
	A$	A$	A$	A$	A$	A$	A$
Cascabel project *	-	-	(546,315)	49,132,923	1,783,879	-	16,590,892
Other Ecuadorian projects	-	-	(6,487)	3,355,760	186,211	-	3,355,760
Queensland projects	30	30	(2,692)	12,466,324	8,408	-	484
Solomon Island projects	39	39	(31,942)	29,406	-	-	-
Corporate	-	-	(3,912,536)	101,729,194	762,677	2,239,533	12,944,385
Total	**69**	**69**	**(4,499,972)**	**166,713,607**	**2,741,175**	**2,239,533**	**32,891,521**

30 JUNE 2016	FINANCE INCOME	TOTAL INCOME	LOSS FOR THE YEAR	ASSETS	LIABILITIES	SHARE BASED PAYMENTS	NON-CURRENT ASSET ADDITIONS
	A$	A$	A$	A$	A$	A$	A$
Cascabel project *	-	-	(1,715,278)	26,258,208	2,427,185	-	10,281,591
Queensland projects	419	419	(361,012))	12,326,275	97,184	-	25,980
Solomon Island projects	166	166	(5,102)	88,394	-	-	-
Corporate	-	-	(3,641,730	4,827,223	5,994,396	-	670,178
Total	**585**	**585**	**(5,723,122)**	**43,500,100**	**8,518,765**	**-**	**10,977,749**

* The Cascabel project is held the subsidiary Exploraciones Novomining S.A. which is 15% owned by a non-controlling interest. See further details of the subsidiary in note 9.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 2 - SEGMENT REPORTING (CONTINUED)

GEOGRAPHICAL INFORMATION

NON-CURRENT ASSETS	2017 A$	2016 A$
UK	-	-
Australia	24,726,686	11,570,970
Solomon Islands	-	-
Ecuador	51,366,835	31,631,030
	76,093,521	**43,202,000**

The Group had no revenue during the current and prior year.

NOTE 3 - OPERATING LOSS

	GROUP 2017 A$	GROUP 2016 A$
The operating loss is stated after charging (crediting)		
Auditors' remuneration:		
Amounts received or due and receivable by BDO (UK) for:		
The audit of the company's annual accounts	117,627	36,735
Amounts received or due and receivable by related practices of BDO (UK) for:		
The audit of subsidiary undertakings	79,714	62,939
Depreciation	36,713	14,519
Foreign exchange (gains)/losses	1,032,010	(129,619)
Share based payments	2,239,533	-

NOTE 4 - STAFF NUMBERS AND COSTS

	GROUP 2017 A$	GROUP 2016 A$	COMPANY 2017 A$	COMPANY 2016 A$
Corporate finance and administration	17	11	12	7
Technical	238	108	3	2
	255	**119**	**15**	**9**

The aggregate payroll costs of these persons were as follows:

	GROUP 2017 A$	GROUP 2016 A$	COMPANY 2017 A$	COMPANY 2016 A$
Wages and salaries	4,997,169	2,833,769	1,240,536	850,352
Contributions to superannuation	511,976	235,414	54,320	47,615
Share based payments	2,239,533	-	2,239,533	-
Total staff costs	**7,748,678**	**3,069,183**	**3,534,389**	**897,967**

Included within total staff costs is A$5,002,689 (2016: A$2,192,934) which has been capitalised as part of deferred exploration costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 5 - REMUNERATION OF KEY MANAGEMENT PERSONNEL

	BASIC ANNUAL SALARY A$	OTHER BENEFITS[1] A$	PENSIONS A$	TOTAL REMUNERATION A$
2017				
Directors				
Nicholas Mather (highest paid director)	416,667	-	-	416,667
Brian Moller	50,000	-	-	50,000
Robert Weinberg[2]	50,000	-	-	50,000
John Bovard[2]	50,000	-	-	50,000
Scott A Caldwell	39,028	-	-	39,028
Craig Jones	16,667	-	-	16,667
Other Key Management Personnel[3]	956,524	181,473	52,144	1,190,141
Total paid to Key Management Personnel	**1,578,886**	**181,473**	**52,144**	**1,812,503**
Other staff and contractors	**4,040,645**	**2,058,061**	**459,832**	**6,558,537**
Total	**5,619,531**	**2,239,534**	**511,976**	**8,371,040**

[1] Other Benefits represents the fair value of the share options granted during the year based on either the Black-Scholes model or Monte Carlo Simulation considering the effects of the vesting conditions.

[2] During the year Mr Robert Weinberg and Mr John Bovard exercised a total of 1,760,000 options granted under the employee share option plan (2016: nil). The nominal gain on the date of exercise of the share options was A$465,399.

[3] Other Key Management Personnel consist of the aggregated remuneration of Karl Schlobohm (Company Secretary), Priy Jayasuriya (Chief Financial Officer), Jason Ward (Chief Geologist), Benn Whistler (Technical Geologist) and Lazaro Roque-Albelo (Latin Affairs Manager).

	BASIC ANNUAL SALARY A$	OTHER BENEFITS[1] A$	PENSIONS A$	TOTAL REMUNERATION A$
2016				
Directors				
Nicholas Mather (highest paid director)	150,000	-	-	150,000
Brian Moller	50,000	-	-	50,000
Robert Weinberg	50,000	-	-	50,000
John Bovard	33,333	-	-	33,333
Other Key Management Personnel[1]	670,807	-	20,498	691,305
Total paid to Key Management Personnel	**954,140**	**-**	**20,498**	**974,638**
Other staff and contractors	**2,212,962**	**-**	**214,916**	**2,427,878**
Total	**3,117,102**	**-**	**235,414**	**3,402,516**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 5 - REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

[1.] Other Key Management Personnel consist of the aggregated remuneration of Karl Schlobohm (Company Secretary), Priy Jayasuriya (Chief Financial Officer), Jason Ward (Chief Geologist), Benn Whistler (Technical Geologist) and Lazaro Roque-Albelo (Latin Affairs Manager).

During the year, A$52,144 employer's social security costs (2016: A$20,498) were paid in respect of remuneration for key management personnel.

NOTE 6 - FINANCE INCOME AND COSTS

	GROUP 2017 A$	GROUP 2016 A$
Interest income	69	585
Finance income	**69**	**585**
Interest cost	(73,502)	(237,433)
Finance costs	**(73,502)**	**(237,433)**

NOTE 7 - TAX EXPENSE

FACTORS AFFECTING THE TAX CHARGE FOR THE CURRENT YEAR

The tax credit for the period is lower than the credit resulting from the application of the standard rate of corporation tax in Australia of 30% (2016: 30%) being applied to the loss before tax arising during the year. The differences are explained below.

	GROUP 2017 A$	GROUP 2016 A$
Tax reconciliation		
Loss before tax	(8,323,050)	(5,723,122)
Tax at 30% (2016: 30%)	(2,496,915)	(1,716,937)
Add (less) tax effect of:		
Permanent differences	670,818	31,773
Derecognise (Recognise) prior year losses	(1,983,330)	1,728,826
Other	(13,651)	(43,663)
Income tax expense (benefit) on loss	**(3,823,078)**	**-**
Components of tax expense / (benefit) on other comprehensive income comprise of:		
Valuation gains on available for sale investments	3,823,078	-
Income tax expense (benefit) on other comprehensive income	**3,823,078**	**-**

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Group has carried forward tax losses of approximately A$86.2 million (2016: A$65.7 million). These losses may be deductible against future taxable income dependent upon the on-going satisfaction by the relevant Group Company of various tax integrity measures applicable in the jurisdiction where the tax loss has been incurred. The jurisdictions in which tax losses have been incurred include Australia, Ecuador and the Solomon Islands. Tax losses in Australia can be carried forward indefinitely while in Ecuador, tax losses may be carried forward and offset against profits in the following five years, provided that the amount offset does not exceed 25% of the year's profits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 8 - LOSS PER SHARE

	2017 A$	2016 A$
(a) Earnings		
Earnings used to calculate basic and diluted earnings per share	(4,499,972)	(5,723,122)
	NUMBER OF SHARES	NUMBER OF SHARES
(b) Weighted average number of shares		
Used in calculating basic EPS	**1,330,798,371**	**839,995,115**
Weighted average number of dilutive options	15,415,281	-
Weighted average number of ordinary shares and potential ordinary shares used in calculating dilutive EPS	**1,346,213,652**	**839,995,115**

NOTE 9 - INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	COUNTRY OF INCORPORATION AND OPERATION	REGISTERED ADDRESS	PRINCIPAL ACTIVITY	SOLGOLD PLC'S EFFECTIVE INTEREST	
				2017	2016
Australian Resources Management (ARM) Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000, Australia	Exploration	100%	100%
Acapulco Mining Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000, Australia	Exploration	100%	100%
Central Minerals Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000, Australia	Exploration	100%	100%
Solomon Operations Ltd	Solomon Islands	c/- Morris & Sojnocki Chartered Accountants, 1st Floor, City Centre Building, Mendana Avenue, Honiara, Solomon Islands	Exploration	100%	100%
Honiara Holdings Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000, Australia	Exploration	100%	100%
Guadalcanal Exploration Pty Ltd	Ecuador	Av. 12 De Octubre N26-97 Y Abraham Lincoln Torre 1492 Oficina 505 Piso 5 Quito Ecuador	Exploration	100%	100%
Exploraciones Novomining S.A.	Ecuador	Av. 12 De Octubre N26-97 Y Abraham Lincoln Torre 1492 Oficina 505 Piso 5 Quito Ecuador	Exploration	85%*	85%*
Carnegie Ridge Resources S.A	Ecuador	Av. 12 De Octubre N26-97 Y Abraham Lincoln Torre 1492 Oficina 505 Piso 5 Quito Ecuador	Exploration	100%	100%
Green Rock Resources S.A	Ecuador	Av. 12 De Octubre N26-97 Y Abraham Lincoln Torre 1492 Oficina 505 Piso 5 Quito Ecuador	Exploration	100%	100%
Valle Rico Resources S.A.	Ecuador	Av. 12 De Octubre N26-97 Y Abraham Lincoln Torre 1492 Oficina 505 Piso 5 Quito Ecuador	Exploration	100%	100%
Cruz Del Sol S.A	Ecuador	Av. 12 De Octubre N26-97 Y Abraham Lincoln Torre 1492 Oficina 505 Piso 5 Quito Ecuador	Exploration	100%	100%

*Details of the individual financials of ENSA are included in note 2 segmental reporting in the Cascabel segment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 9 - INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (CONTINUED)

	INVESTMENT IN SUBSIDIARY UNDERTAKINGS		
	SHARES A$	LOANS A$	TOTAL A$
Cost			
Balance at 1 July 2015	**14,004,879**	**65,732,064**	**79,736,943**
Acquisitions and advances in the year	-	9,753,226	9,753,226
Balance at 30 June 2016	**14,004,879**	**75,485,290**	**89,490,169**
Acquisitions and advances in the year	4,208	24,152,857	24,157,066
Balance at 30 June 2017	**14,009,087**	**99,638,147**	**113,647,235**
Amortisation and impairment losses			
Balance at 30 June 2015	**(5,016,948)**	**(44,340,394)**	**(49,357,342)**
Provision for impairment	-	-	-
Balance at 30 June 2016	**(5,016,948)**	**(44,340,394)**	**(49,357,342)**
Provision for impairment	-	-	-
Balance at 30 June 2017	**(5,016,948)**	**(44,340,394)**	**(49,357,342)**
Carrying amounts			
Balance at 30 June 2015	8,987,931	21,391,670	30,379,601
Balance at 30 June 2016	8,987,931	31,144,896	40,132,827
Balance at 30 June 2017	**8,992,139**	**55,297,753**	**64,289,892**

NOTE 10 - INVESTMENTS

(A) INVESTMENTS ACCOUNTED FOR AS AVAILABLE-FOR-SALE ASSETS

	GROUP 2017 A$	GROUP 2016 A$	COMPANY 2017 A$	COMPANY 2016 A$
Movements in available-for-sale assets				
Opening balance at 1 July	1,622,712	896,197	1,617,132	894,192
Additions	-	535,905	-	532,330
Fair Value adjustment through other comprehensive income	12,743,593	190,610	12,743,593	190,610
	14,366,305	**1,622,712**	**14,360,725**	**1,617,132**

Available for sale financial assets comprise an investment in the ordinary issued capital of Cornerstone Capital Resources Inc., listed on the Toronto Venture Exchange ("TSXV") and an investment in the ordinary issued capital of Aus Tin Mining Ltd, a company listed on the Australian Securities Exchange.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 10 - INVESTMENTS (CONTINUED)

(B) FAIR VALUE

Fair value hierarchy

The following table details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The fair values of financial assets and financial liabilities approximate their carrying amounts principally due to their short-term nature or the fact that they are measured and recognised at fair value.

The following table represents the Group's financial assets and liabilities measured and recognised at fair value.

	A$ LEVEL 1	A$ LEVEL 2	A$ LEVEL 3	A$ TOTAL
2017				
Available for sale financial assets	14,360,725	-	-	14,360,725
2016				
Available for sale financial assets	1,622,712	-	-	1,622,712

The available for sale financial assets are measured based on the quoted market prices at 30 June.

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

	GROUP						COMPANY
	LAND AND BUILDINGS A$	PLANT AND EQUIPMENT A$	MOTOR VEHICLES A$	OFFICE EQUIPMENT A$	FURNITURE & FITTINGS A$	TOTAL A$	TOTAL A$
Cost							
Balance 1 July 2015	-	**282,607**	**266,845**	**151,975**	**60,346**	**761,773**	**58,179**
Effect of foreign exchange on opening balance	-	4,783	5,258	1,936	1,029	13,006	-
Additions	-	28,294	-	17,478	22,887	68,659	6,343
Disposals	-	-	-	-	-	-	-
Balance 30 June 2016	**-**	**315,684**	**272,103**	**171,389**	**84,262**	**843,438**	**64,522**
Effect of foreign exchange on opening balance	-	(6,311)	(5,984)	(2,545)	(1,857)	(16,697)	-
Additions	194,440	426,762	587,227	201,184	178,414	1,588,027	215,748
Disposals	-	-	-	-	-	-	-
Balance 30 June 2017	**194,440**	**736,135**	**853,346**	**370,028**	**260,819**	**2,414,768**	**280,270**
Depreciation and impairment losses							
Balance 1 July 2015	-	**(126,605)**	**(91,005)**	**(100,931)**	**(23,334)**	**(341,875)**	**(47,061)**
Effect of foreign exchange on opening balance	-	(682)	(637)	(779)	(130)	(2,228)	-
Depreciation charge for the year	-	(3,358)	(5,088)	(4,373)	(1,700)	(14,519)	(8,012)
Depreciation capitalised to exploration	-	(43,259)	(38,999)	(22,984)	(4,174)	(109,416)	-
Disposals	-	-	-	-	-	-	-
Balance 30 June 2016	-	**(173,904)**	**(135,729)**	**(129,067)**	**(29,338)**	**(468,038)**	**(55,073)**
Effect of foreign exchange on opening balance	-	1,764	1,908	1,579	262	5,513	-
Depreciation charge for the year	-	(29,625)	(397)	(5,544)	(1,147)	(36,713)	(35,855)
Depreciation capitalised to exploration	-	(47,314)	(40,809)	(26,299)	(23,171)	(137,593)	-
Disposals	-	-	-	-	-	-	-
Balance 30 June 2017	-	**(249,079)**	**(175,027)**	**(159,331)**	**(53,394)**	**(636,831)**	**(90,928)**
Carrying amounts							
At 30 June 2015	-	156,002	175,840	51,044	37,012	419,898	11,118
At 30 June 2016	-	141,780	136,374	42,322	54,924	375,400	9,449
At 30 June 2017	**194,440**	**487,056**	**678,319**	**210,697**	**207,425**	**1,777,937**	**189,342**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 12 - INTANGIBLE ASSETS

	GROUP DEFERRED EXPLORATION COSTS A$	COMPANY DEFERRED EXPLORATION COSTS A$
Cost		
Balance 1 July 2015	**80,923,925**	-
Additions – expenditure	11,886,195	-
Balance 30 June 2016	**92,810,120**	**-**
Additions – expenditure	18,660,501	-
Balance 30 June 2017	**111,470,621**	**-**
Impairment losses		
Balance 1 July 2015	**(50,175,202)**	**-**
Impairment charge	(1,555,004)	-
Balance 30 June 2016	**(51,730,206)**	**-**
Impairment charge	(17,310)	-
Balance 30 June 2017	**(51,747,516)**	**-**
Carrying amounts		
At 30 June 2015	30,748,723	-
At 30 June 2016	41,079,914	-
At 30 June 2017	**59,723,105**	**-**

IMPAIRMENT LOSS

A decision was made to expense A$17,310 (2016: A$1,555,004) for exploration expenditure associated with other tenements that were surrendered or lapsed during the year. A detailed assessment of the carrying values of deferred exploration costs is provided below.

CASCABEL PROJECT (85% OWNERSHIP)

In Ecuador, the group is advancing the Cascabel project, whilst continuing to pursue its strategy to become a globally important copper company by expanding the Company's copper-gold exploration portfolio in Ecuador.

At Cascabel, the benefits of corporate deals with Newcrest Mining Ltd and Maxit Capital LP were realised with exploration fully funded for the next 18 months as drilling continued to expand the growing world class deposit at Alpala. A review of drilling results has clarified world class intersections at updated metal prices, and geology Model analysis is constantly improving drill targeting capabilities.

Drilling to date has not yet constrained the rich Alpala copper-gold deposit, and the deposit continues to grow with each drill hole. Alpala alone is emerging as a Tier 1 copper project with high average grades in both copper and gold. The project will also enjoy the support of the surrounding 14 identified targets, with drill testing at Aguinaga and other high priority targets planned for the coming year.

The Company is currently directing drilling capability and operations currently to the collection of drill data to be used in the delivery of a Maiden Inferred Resource Estimate late December 2017. SolGold is also commencing planning for the collection of necessary data to complete a preliminary economic assessment by end 2018.

There are no indicators of impairment for the aggregate carrying value of A$44.66 million.

NOTE 12 - INTANGIBLE ASSETS (CONTINUED)

SOLGOLD 100% OWNED PROJECTS

New Concessions Granted for 100% SolGold Ecuador Subsidiaries

Country wide generative work in order to acquire top quality projects in this emerging mining country. The group holds 36 project areas, comprising 38 tenements granted to SolGold's four local subsidiary companies at 30 June 2017. These tenements cover the targets previously identified in the study of potential prospective porphyry centres throughout the northern Andean copper belt in Ecuador. Teams of Company geologists are on the ground throughout Ecuador conducting initial baseline data collection and identifying prospective targets for follow-up exploration. Subsequent to 30 June 2017, SolGold subsidiaries were granted an additional 21 tenements and they currently hold 59 granted tenements for 2,496 km2, in addition to the Company's world class Cascabel porphyry project.

Each of SolGold's four subsidiary companies has a team of geologists on the ground carrying out reconnaissance field mapping and rock chip sampling programs as well as evaluating several outcropping mineralised targets. The teams are focussed on first pass exploration on the Porvenir, San Antonio, Sharug, Machos, Agustin and Rio Amarillo projects.

Initial mapping campaigns have been very encouraging with widespread areas of hydrothermal alteration identified which are considered highly prospective for porphyry and epithermal style mineralisation. Initial rock chip samples taken of altered outcrops have returned values as high as 12% Cu. Regional geology teams are commencing systematic stream sediment sampling and panned concentrate programs over the prospective tenements. From the stream and panned concentrate results, gridded soil programs will be planned to identify targets to be drilled in due course.

The new Ecuadorean projects have a carrying value of A$2.65 million at 30 June 2017 and are considered to be unimpaired.

Acapulco Mining Projects

Acapulco has three granted tenements across Queensland. The granted tenements comprise of 232 sub-blocks (circa 718km2).

Extensive airborne magnetic and electromagnetic surveys have been conducted over some of the tenements, together with detailed stream sediment sampling, soil sampling, rock chip sampling and geological mapping programs. Furthermore, since May 2006 a total of 288 holes, equivalent to 24,895.8m have been drilled on the tenements.

Drill testing of porphyry style copper-gold mineralisation at the Normanby Project, in northern Queensland commenced in early July. A total of 518m of RC drilling from 7 RC drill holes and 89.2m of diamond coring from 1 drill holes was completed at the time of writing. A significant vertical mineralised structure was intersected in holes MFT19, and MFT17, and a separate shallow dipping zone of mineralisation was also discovered in holes MFT24 and MFT014. Assay results remain pending.

The objective has been to step-out from areas of known gold mineralisation so that resources can be defined and enlarged, with the objective of defining a maiden resource. The Company is seeking a joint venture partner to further progress these projects.

There are no indicators of impairment for the aggregate carrying value of A$8.79 million.

Central Minerals Projects

Central Minerals comprises of seven granted tenements which is comprised of 280 sub-blocks (circa 886km2).

Extensive airborne magnetic surveys have been conducted over the area, together with detailed soil and rock chip sampling, trenching, mapping programs and an induced polarisation geophysical survey. Since October 2007, a total of 473 holes, equivalent to 58,886.6m, have been drilled on the tenements.

On 23 May 2012, SolGold announced an updated indicated and inferred combined resource at Rannes at an 0.3 g/t Au cut-off of 18.7 million tonnes at 0.92 g/t gold equivalent (gold + silver) for 550,000 ounces of gold equivalent (296,700 ounces of gold and 10,139,000 ounces of silver; values rounded). The resource at a 0.5 g/t Au cut-off is 12.23 million tonnes at 0.60g/t gold and 23.18g/t silver; for 237,240 ounces Au and 9,105,072 ounces Ag (using a gold to silver ratio of 1:50). Several other prospects exist that contain known gold mineralisation that has not yet been included in the resource estimate. The Company is seeking a JV partner to progress drilling on the Rannes project tenements.

There are no indicators of impairment for the aggregate carrying value of A$3.62 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 13 - LOAN RECEIVABLES AND OTHER NON-CURRENT ASSETS

	GROUP 2017 A$	GROUP 2016 A$	COMPANY 2017 A$	COMPANY 2016 A$
Security bonds	226,175	123,974	90,137	-
	226,175	**123,974**	**90,137**	**-**

Security bonds relate to cash security held against office premises, Level 27, 111 Eagle St, Brisbane, Queensland Australia, cash security held by Queensland Department of Natural Resources and Mines against Queensland exploration tenements held by the Group and on cash backed bank guarantees held by the Ecuadorian Ministry of Environment against Ecuadorian exploration tenements held by the Group.

NOTE 14 - DEFERRED TAXATION

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

GROUP 2017	OPENING BALANCE A$	NET CHARGED TO INCOME A$	NET CHARGED TO OTHER COMPREHENSIVE INCOME A$	NET CHARGED TO EQUITY A$	NET MOVEMENT ON UNWIND / TRANSFER A$	CLOSING BALANCE A$
Recognised deferred tax assets						
Carried forward tax losses	9,341,373	6,886,258	-	-	-	16,227,631
Accruals / provisions	-	314,852	-	-	-	314,852
Potential benefit	**9,341,373**	**7,201,110**	**-**	**-**	**-**	**16,542,483**
Recognised deferred tax liabilities						
Available for sale financial assets	-	-	(3,823,078)	-	-	(3,823,078)
Exploration and evaluation assets	(9,341,373)	(3,378,032)	-	-	-	(12,719,405)
Potential benefit	**(9,341,373)**	**(3,378,032)**	**(3,823,078)**	**-**	**-**	**(16,542,483)**
Net deferred taxes	**-**	**3,823,078**	**(3,823,078)**	**-**	**-**	**-**
Deferred tax assets not recognised						
Unused tax losses	11,655,562	(4,954,152)	-	-	-	6,701,410
Unused capital losses	-	-	-	-	-	-
Temporary differences[1]	12,107,126	-	-	-	-	12,107,126
Tax benefit	**7,128,806**	**(1,486,246)**	**-**	**-**	**-**	**5,642,561**

[1] Exploration expenditure incurred in the Solomon Islands that has been expensed. This is expenditure is deductible over 5 years from when production commences.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 14 - DEFERRED TAXATION (CONTINUED)

GROUP 2016	OPENING BALANCE A$	NET CHARGED TO INCOME A$	NET CHARGED TO OTHER COMPREHENSIVE INCOME A$	NET CHARGED TO EQUITY A$	NET MOVEMENT ON UNWIND / TRANSFER A$	CLOSING BALANCE A$
Recognised deferred tax assets						
Carried forward tax losses	6,767,671	2,573,702	-	-	-	9,341,373
Accruals / provisions	-	-	-	-	-	-
Potential benefit	**6,767,671**	**2,573,702**	**-**	**-**	**-**	**9,341,373**
Recognised deferred tax liabilities						
Available for sale financial assets	-	-	-	-	-	-
Exploration and evaluation assets	(6,767,671)	(2,573,702)	-	-	-	(9,341,373)
Potential benefit	**(6,767,671)**	**(2,573,702)**	**-**	**-**	**-**	**(9,341,373)**
Net deferred taxes	-	-	-	-	-	-
Deferred tax assets not recognised						
Unused tax losses	10,175,920	1,479,642	-	-	-	11,655,562
Unused capital losses	-	-	-	-	-	-
Temporary differences[1]	12,712,206	(605,080)	-	-	-	12,107,126
Tax benefit	**6,866,438**	**262,369**	**-**	**-**	**-**	**7,128,807**

[1] Exploration expenditure incurred in the Solomon Islands that has been expensed. This is expenditure is deductible over 5 years from when production commences.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 14 - DEFERRED TAXATION (CONTINUED)

COMPANY 2017	OPENING BALANCE A$	NET CHARGED TO INCOME A$	NET CHARGED TO OTHER COMPREHENSIVE INCOME A$	NET CHARGED TO EQUITY A$	NET MOVEMENT ON UNWIND / TRANSFER A$	CLOSING BALANCE A$
Recognised deferred tax assets						
Carried forward tax losses	-	3,823,078	-	-	-	3,823,078
Accruals / provisions	-	-	-	-	-	-
Potential benefit	**-**	**3,823,078**	**-**	**-**	**-**	**3,823,078**
Recognised deferred tax liabilities						
Available for sale inancial assets	-	-	(3,823,078)	-	-	(3,823,078)
Exploration and evaluation assets	-	-	-	-	-	-
Potential benefit	**-**	**-**	**(3,823,078)**	**-**	**-**	**(3,823,078)**
Net deferred taxes	**-**	**-**	**-**	**-**	**-**	**-**
Deferred tax assets not recognised						
Unused tax losses	11,525,379	(900,807)	-	-	-	10,624,572
Unused capital losses	-	-	-	-	-	-
Temporary differences	-	-	-	-	-	-
Tax benefit	**3,457,614**	**(270,242)**	**-**	**-**	**-**	**3,187,372**

COMPANY 2017	OPENING BALANCE A$	NET CHARGED TO INCOME A$	NET CHARGED TO OTHER COMPREHENSIVE INCOME A$	NET CHARGED TO EQUITY A$	NET MOVEMENT ON UNWIND / TRANSFER A$	CLOSING BALANCE A$
Recognised deferred tax assets						
Carried forward tax losses	-	-	-	-	-	-
Accruals / provisions	-	-	-	-	-	-
Potential benefit	**-**	**-**	**-**	**-**	**-**	**-**
Recognised deferred tax liabilities						
Available for sale financial assets	-	-	-	-	-	-
Exploration and evaluation assets	-	-	-	-	-	-
Potential benefit	**-**	**-**	**-**	**-**	**-**	**-**
Net deferred taxes	**-**	**-**	**-**	**-**	**-**	**-**
Deferred tax assets not recognised						
Unused tax losses	10,045,737	1,479,642	-	-	-	11,525,379
Unused capital losses	-	-	-	-	-	-
Temporary differences	-	-	-	-	-	-
Tax benefit	**3,013,721**	**443,893**	**-**	**-**	**-**	**3,457,614**

The deferred tax asset in respect of these items has not been recognised as future taxable profit is not anticipated within the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 15 - OTHER RECEIVABLES AND PREPAYMENTS

	GROUP 2017 A$	GROUP 2016 A$	COMPANY 2017 A$	COMPANY 2016 A$
Other receivables	1,086,332	203,169	689,248	168,353
Prepayments	90,920	-	90,920	-
Other current assets	130,092	-	-	-
	1,307,344	**203,169**	**780,168**	**168,353**

Other receivables represent funds receivable from the exercise of share options, Australian Goods and Services Tax receivable and an advance made to a landowner in Ecuador.

NOTE 16 - CASH AND CASH EQUIVALENTS

	GROUP 2017 A$	GROUP 2016 A$	COMPANY 2017 A$	COMPANY 2016 A$
Cash at bank	89,312,743	94,933	88,669,626	17,199
Cash and cash equivalents in the statement of cash flows	**89,312,743**	**94,933**	**88,669,626**	**17,199**

NOTE 17 - CAPITAL AND RESERVES

(A) AUTHORISED SHARE CAPITAL

	2016 NO. OF SHARES	2016 NOMINAL VALUE £
At 1 July 2015 – Ordinary shares	1,020,000,000	10,200,000
Increase in authorised share capital of £0.01 each on 27 November 2015	400,000,000	4,000,000
At 30 June 2016 – Ordinary shares	**1,420,000,000**	**14,200,000**

	2017 NO. OF SHARES	2017 NOMINAL VALUE £
At 1 July 2016 – Ordinary shares	1,420,000,000	14,200,000
Increase in authorised share capital of £0.01 each on 13 October 2016	600,000,000	6,000,000
At 30 June 2017 – Ordinary shares	**2,020,000,000**	**20,200,000**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 17 - CAPITAL AND RESERVES (CONTINUED)

(B) CHANGES IN ISSUED SHARE CAPITAL AND SHARE PREMIUM

	NO. OF SHARES	NOMINAL VALUE A$	PREMIUM A$	TOTAL A$
Ordinary shares of 1p each at 1 July 2015	760,453,071	13,184,721	82,212,310	95,397,031
Shares issued at £0.015 – Placement 19 November 2015	62,263,534	1,331,612	665,807	1,997,419
Share issue costs charged to share premium account	-	-	(16,161)	(16,161)
Shares issued at £0.023 – Placement 7 March 2016	80,909,257	1,541,129	2,003,467	3,544,596
Shares issued at £0.023 – Convertible notes conversion 7 March 2016	50,271,739	957,557	2,623,084	3,580,641
Ordinary shares of 1p at 30 June 2016	**953,897,601**	**17,015,019**	**87,488,507**	**104,503,526**

	NO. OF SHARES	NOMINAL VALUE A$	PREMIUM A$	TOTAL A$
Ordinary shares of 1p each at 30 June 16	953,897,601	17,015,019	87,488,507	104,503,526
Shares issued at £0.06 – Placement 28 August 2016[1]	268,819,004	4,654,961	23,274,286	27,929,248
Share issue costs charged to share premium account	-	-	(4,696,253)	(4,696,253)
Shares issued at £0.13 – Placement 17 October 2016[2]	206,250,000	3,298,144	40,426,856	43,725,000
Share issue costs charged to share premium account	-	-	(1,706,552)	(1,706,552)
Shares issued at £0.14 – Exercise of options 17 January 2017	900,000	14,499	178,820	193,319
Shares issued at £0.30 – Newcrest share issue 31 January 2017	100,000	1,660	47,949	49,609
Shares issued at £0.14 – Exercise of options 3 February 2017	1,200,000	19,804	257,457	277,261
Shares issued at £0.14 – Exercise of options 21 February 2017	900,000	14,582	189,646	204,228
Shares issued at £0.38 – Newcrest share issue 1 March 2017	240,000	3,885	145,201	149,086
Shares issued at £0.41 – Placement 16 June 2017	78,889,080	1,324,161	53,197,804	54,521,966
Share issue costs charged to share premium account	-	-	(72,269)	(72,269)
Shares issued at £0.14 – Exercise of options 26 June 2017	880,000	14,775	192,070	206,844
Shares issued at £0.28 – Exercise of options 26 June 2017	880,000	14,775	398,914	413,688
Ordinary shares of 1p at 30 June 2017	**1,512,955,685**	**26,376,265**	**199,322,436**	**225,698,701**

[1] Includes the conversion of the DGR Global Ltd loan of A$5,700,000, conversion of capital raising costs of A$1,221,614, other debt conversions of A$86,359 and bonus shares issued to certain staff of A$519,481 as part of the share placement.

[2] Includes conversion of capital raising costs of A$1,660,751 as part of the share placement.

NOTE 17 - CAPITAL AND RESERVES (CONTINUED)

CAPITAL MANAGEMENT

Management controls the capital of the Group in order to generate long-term shareholder value and ensure that the Group can fund operations and continue as a going concern. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include share issues and debt considerations. Given the nature of the Group's current activities the entity will remain dependant on equity funding in the short to medium term until such time as the Group becomes self-financing from the commercial production of mineral resources.

NOTE 18 - TRADE AND OTHER CURRENT PAYABLES

	GROUP 2017 A$	GROUP 2016 A$	COMPANY 2017 A$	COMPANY 2016 A$
Current				
Trade payables	569,569	1,348,875	437,409	847,413
Other payables	1,950,716	351,145	228,603	56,958
Accrued expenses	220,890	2,042,341	94,362	312,473
	2,741,175	**3,742,361**	**760,374**	**1,216,844**

NOTE 19 - SHARE OPTIONS

At 30 June 2017 the Company had 44,191,768 options outstanding for the issue of ordinary shares (2016: 21,380,000).

OPTIONS

Share options are granted to employees under the company's Employee Share Option Plan ("ESOP"). The employee share option plan is designed to align participants' interests with those of shareholders.

Unless otherwise documented with the Company, when a participant ceases employment prior to the vesting of their share options, the share options are forfeited after 90 days unless cessation of employment is due to termination for cause, whereupon they are forfeited immediately. The Company prohibits key management personnel from entering into arrangements to protect the value of unvested ESOP awards.

The contractual life of each option granted is generally two (2) to three (3) years. There are no cash settlement alternatives.

Each option can be exercised from vesting date to expiry date for one share with the exercise price payable in cash.

SHARE OPTIONS ISSUED

There were 41,591,768 options granted during the year ended 30 June 2017 (2016: nil).

On 17 October 2016, the Company issued an additional 19,591,768 unlisted options to Maxit Capital LP. The options consist of two tranches of 9,795,884 options each exercisable at £0.14 and £0.28.

On 28 October 2016, the Company issued a total of 22,000,000 unlisted options to employees and contractors. The options have a strike price of £0.28 each and are exercisable through to 28 October 2018.

On 8 July 2014, the Company entered into an agreement to grant 4,360,000 unlisted options to the Board of Directors. The options have a life of 3 years. The terms of the share options are as follows:

- 2.18 million Options exercisable at £0.14, vesting once the Company's share price has traded at a minimum of £0.20 on a 30 day VWAP basis;
- 2.18 million Options exercisable at £0.28, vesting once the Company's share price has traded at a minimum of £0.40 on a 30 day VWAP basis; and

NOTE 19 - SHARE OPTIONS (CONTINUED)

DATE OF GRANT	EXERCISABLE FROM	EXERCISABLE TO	EXERCISE PRICES	NUMBER GRANTED	NUMBER AT 30 JUNE 2017
10 May 2013*	When the Company's share price has traded at a minimum of £0.20 on a 30 day VWAP basis	6 September 2017	£0.14	3,000,000	-
8 July 2014	When the Company's share price has traded at a minimum of £0.20 on a 30 day VWAP basis	8 July 2017	£0.14	2,180,000	1,300,000
8 July 2014	When the Company's share price has traded at a minimum of £0.40 on a 30 day VWAP basis	8 July 2017	£0.28	2,180,000	1,300,000
17 October 2016	The options vested immediately, through to 17 October 2018	17 October 2018	£0.14 £0.28	9,795,884 9,795,884	9,795,884 9,795,884
17 November 2016	The options vest on the earlier of: (a) the expiry of 75% of the Term, or (b) a Change of Control Transaction, as defined under the Company's ESOP Rules	28 October 2018	£0.28	22,000,000	22,000,000
				48,951,688	**44,191,768**

DATE OF GRANT	EXERCISABLE FROM	EXERCISABLE TO	EXERCISE PRICES	NUMBER GRANTED	NUMBER AT 30 JUNE 2016
10 May 2013*	When the Company's share price has traded at a minimum of £0.20 on a 30 day VWAP basis	6 September 2017	£0.14	3,000,000	3,000,000
15 July 2013	When the Company's share price has traded at a minimum of £0.20 on a 30 day VWAP basis	15 July 2016	£0.14	1,250,000	1,250,000
15 July 2013	When the Company's share price has traded at a minimum of £0.40 on a 30 day VWAP basis	15 July 2016	£0.28	2,250,000	2,250,000
15 July 2013	When the Company's share price has traded at a minimum of £0.80 on a 30 day VWAP basis	15 July 2016	£0.50	4,000,000	4,000,000
24 September 2013	When the Company's share price has traded at a minimum of £0.20 on a 30 day VWAP basis	24 September 2016	£0.14	3,250,000	2,850,000
24 September 2013	When the Company's share price has traded at a minimum of £0.40 on a 30 day VWAP basis	24 September 2016	£0.28	3,250,000	2,850,000
24 September 2013	When the Company's share price has traded at a minimum of £0.80 on a 30 day VWAP basis	24 September 2016	£0.50	820,000	820,000
8 July 2014	When the Company's share price has traded at a minimum of £0.20 on a 30 day VWAP basis	8 July 2017	£0.14	2,180,000	2,180,000
8 July 2014	When the Company's share price has traded at a minimum of £0.40 on a 30 day VWAP basis	8 July 2017	£0.28	2,180,000	2,180,000
				22,180,000	**21,380,000**

*The options were granted for accounting purposes on 10 May 2013, approved at the Annual General Meeting held on 19 August 2013 and formally allotted on 6 September 2013.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 19 - SHARE OPTIONS (CONTINUED)

SHARE-BASED PAYMENTS

The number and weighted average exercise price of share options are as follows:

	WEIGHTED AVERAGE EXERCISE PRICE 2017	NUMBER OF OPTIONS 2017	WEIGHTED AVERAGE EXERCISE PRICE 2016	NUMBER OF OPTIONS 2016
Outstanding at the beginning of the year	£0.27	21,380,000	£0.27	21,380,000
Exercised during the year	£0.17	(4,760,000)		
Lapsed during the year	£0.31	(14,020,000)	-	
Granted during the year	£0.25	41,591,768	-	
Outstanding at the end of the year	£0.25	44,191,768	£0.27	21,380,000
Exercisable at the end of the year	£0.21	22,191,768	-	-

The options outstanding at 30 June 2017 have an exercise price of £0.14 and £0.28 (2016: £0.14 - £0.50) and a weighted average contractual life of 1.24 years (2016: 0.46 years).

Share options held by Directors are as follows:

SHARE OPTIONS HELD	AT 30 JUNE 2017	AT 30 JUNE 2016	OPTION PRICE	EXERCISE PERIOD
Nicholas Mather	750,000	750,000	14p	08/07/14 – 08/07/17
	750,000	750,000	28p	08/07/14 – 08/07/17
Brian Moller	550,000	550,000	14p	08/07/14 – 08/07/17
	550,000	550,000	28p	08/07/14 – 08/07/17
Robert Weinberg	-	440,000	14p	08/07/14 – 08/07/17
	-	440,000	28p	08/07/14 – 08/07/17
John Bovard	-	440,000	14p	08/07/14 – 08/07/17
	-	440,000	28p	08/07/14 – 08/07/17

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 19 - SHARE OPTIONS (CONTINUED)

SHARE OPTIONS HELD AT 30 JUNE 2017	SHARE OPTIONS HELD AT 30 JUNE 2016	OPTION PRICE	EXERCISE PERIODS
-	3,000,000	£0.14	Vesting from 30 day VWAP of 20p to 06/09/2017
-	1,250,000	£0.14	Vesting from 30 day VWAP of 20p to 15/07/2016
-	2,250,000	£0.28	Vesting from 30 Day VWAP of 40p to 15/07/2016
-	4,000,000	£0.50	Vesting from 30 Day VWAP of 80p to 15/07/2016
-	2,850,000	£0.14	Vesting from 30 Day VWAP of 20p to 24/09/2016
-	2,850,000	£0.28	Vesting from 30 Day VWAP of 40p to 24/09/2016
-	820,000	£0.50	Vesting from 30 Day VWAP of 80p to 24/09/2016
1,300,000	2,180,000	£0.14	Vesting from 30 Day VWAP of 20p to 08/07/2017
1,300,000	2,180,000	£0.28	Vesting from 30 Day VWAP of 40p to 08/07/2017
9,795,884	-	£0.14	Exercisable through to 17/10/2018
9,795,884	-	£0.28	Exercisable through to 17/10/2018
22,000,000	-	£0.28	Vests on the earlier of the expiry of 75% of the term of the option or a Change of Control Transaction, as defined under the Company's ESOP Rules
44,191,768	21,380,000		

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. This estimate is based on either a Black-Scholes model or Monte Carlo Simulation considering the effects of the vesting conditions, expected exercise period and the dividend policy of the Company.

NOTE 19 - SHARE OPTIONS (CONTINUED)

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS	2017 £0.14 OPTIONS 17 OCTOBER 2016	2017 £0.28 OPTIONS 17 OCTOBER 2016	2017 £0.28 OPTIONS 28 OCTOBER 2016
Number of options	9,795,884	9,795,884	22,000,000
Fair value at issue date	£0.12	£0.09	£0.14
Exercise price	£0.14	£0.28	£0.28
Expected volatility	99.744%	99.744%	99.744%
Option life	2.00 years	2.00 years	2.00 years
Expected dividends	0.00%	0.00%	0.00%
Risk-free interest rate (short-term)			
0.53%			
0.53%			
0.66%			
Valuation methodology	Black-Scholes	Black-Scholes	Black-Scholes
	A$	A$	A$
Share based payments expense recognised in statement of comprehensive income	-	-	2,158,840
Share based payments expense recognised as share issue costs	1,912,810	1,393,000	-
Share based payments expense to be recognised in future periods	-	-	2,062,000

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS	PRIOR YEAR GRANTS	
	£0.14 OPTIONS 8 JULY 2014	£0.28 OPTIONS 8 JULY 2014
Number of options	2,180,000	2,180,000
Fair value at issue date	£0.010	£0.003
Exercise price	£0.140	£0.280
Expected volatility	115.31%	115.31%
Option life	3.00 years	3.00 years
Expected dividends	0.00%	0.00%
Risk-free interest rate (short-term)	2.48%	2.48%
Valuation methodology	Monte Carlo	Monte Carlo

The calculation of the volatility of the share price was based on the Company's daily closing share price over the two-year period prior to the date the options were issued.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 20 - FINANCIAL INSTRUMENTS (GROUP AND COMPANY)

FINANCIAL INSTRUMENTS BY CATEGORY (GROUP)

FINANCIAL ASSETS	LOANS AND RECEIVABLES		AVAILABLE-FOR-SALE	
	2017	2016	2017	2016
Cash and cash equivalents	89,312,743	94,933	-	-
Trade and other receivables	1,086,331	123,974	-	-
Loans receivable and other non-current assets	226,175	123,974	-	-
Equity investments	-	-	14,366,304	1,622,712
Total financial assets	**90,625,249**	**342,881**	**14,366,304**	**1,622,712**

FINANCIAL ASSETS	FINANCIAL LIABILITIES AT AMORTISED COST	
	2017	2016
Trade and other payables	2,741,175	3,742,361
Borrowings	-	4,776,404
Total financial liabilities	**2,741,175**	**8,518,765**

FINANCIAL INSTRUMENTS BY CATEGORY (COMPANY)

FINANCIAL ASSETS	LOANS AND RECEIVABLES		AVAILABLE-FOR-SALE	
	2017	2016	2017	2016
Cash and cash equivalents	88,669,626	17,199	-	-
Trade and other receivables	689,248	168,353	-	-
Loans receivable and other non-current assets	90,137	-	-	-
Equity investments	-	-	14,360,725	1,617,132
Total financial assets	**89,449,011**	**185,552**	**14,360,725**	**1,617,132**

FINANCIAL ASSETS	FINANCIAL LIABILITIES AT AMORTISED COST	
	2017	2016
Trade and other payables	760,374	1,216,844
Borrowings	-	4,776,404
Total financial liabilities	**760,374**	**5,993,248**

If required, the Board of Directors determines the degree to which it is appropriate to use financial instruments, commodity contracts or other hedging contracts or techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign currency risk and liquidity risk, each of which is discussed below. The main credit risk is the non-collection of loans and other receivables which include refunds and tenement security deposits. There were no overdue receivables at year end.

For the Company, the main credit risk is the non-collection of loans made to its subsidiaries. The Directors expect to collect the loans through the successful exploration and subsequent exploitation of the subsidiaries' tenements.

There have been no changes in financial risks from the previous year.

During the year ended 30 June 2017 and 2016 no trading in commodity contracts was undertaken.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 20 - FINANCIAL INSTRUMENTS (GROUP AND COMPANY) (CONTINUED)

MARKET RISK

Interest rate risks

The Group's and Company's policy is to retain its surplus funds on the most advantageous term of deposit available up to twelve month's maximum duration. The increase/decrease of 2% in interest rates will impact the Group's income statement by a gain/loss of A$1,786,268 and the company's income statement by A$1,773,406. The group considers that a 2% +/- movement interest rates represent reasonable possible changes.

Foreign currency risk

The Group has potential currency exposures in respect of items denominated in foreign currencies comprising:

- Transactional exposure in respect of operating costs, capital expenditures and, to a lesser extent, sales incurred in currencies other than the functional currency of operations which require funds to be maintained in currencies other than the functional currency of operation; and
- Translation exposures in respect of investments in overseas operations which have functional currencies other than Australian dollars.

Currency risk in respect of non-functional currency expenditure is reviewed by the Board.

The table below shows the extent to which Group companies have monetary assets and liabilities in different currencies. Foreign exchange differences on retranslation of such assets and liabilities are taken to the statement of comprehensive income.

		FUNCTIONAL CURRENCY OF ENTITY		
NET FINANCIAL ASSETS (LIABILITIES)	AUD	USD	SBD	TOTAL
2017				
Australian dollar	-	-	-	-
United States dollar (USD)	86,554,253	-	-	86,554,253
Solomon Island dollar (SBD)	14,746	-	-	14,746
Great British Pound (GBP)	173,926	-	-	173,926
	86,742,925	**-**	**-**	**86,742,925**

		FUNCTIONAL CURRENCY OF ENTITY		
NET FINANCIAL ASSETS (LIABILITIES)	AUD	USD	SBD	TOTAL
2016				
Australian dollar	-	-	-	-
United States dollar (USD)	(33,499)	-	-	(33,499)
Solomon Island dollar (SBD)	-	-	-	-
Great British Pound (GBP)	(136,999)	-	-	(136,999)
	(170,498)	**-**	**-**	**(170,498)**

The main currency exposure relates to the effect of re-translation of the Group's assets and liabilities in Solomon Island dollar (SBD), United States dollar (USD) and the Great British Pound (GBP). A 10% increase in the SBD/A$, USD/A$ and GBP/A$ exchange rates would give rise to a change of approximately A$9,638,103 (2016: A$18,781) in the Group net assets and reported earnings. A 10% decrease in the SBD/A$, USD/A$ and GBP/A$ exchange rates would give rise to a change of approximately A$7,885,720 (2016: A$15,366), The Group does not hedge foreign currency exposures and manages net exposures by buying and selling foreign currencies at spot rates where necessary. In respect of other monetary assets and liabilities held in currencies other than Australian dollars, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 20 - FINANCIAL INSTRUMENTS (GROUP AND COMPANY) (CONTINUED)

CREDIT RISK

The Group is exposed to credit risk primarily from the financial institutions with which it holds cash and cash deposits. The banks and their credit ratings the Group had cash accounts with at 30 June 2017 were A$1,653,814 in cash accounts with Macquarie Bank Limited (BBB) in Australia, A$22,611 in cash accounts with the ANZ Bank (AA-) in Australia, A$86,952,457 in cash accounts with Westpac Bank (AA-) in Australia, A$14,749 in cash accounts with the ANZ Bank (AA-) in Honiara, Solomon Islands, A$463,312 in cash accounts with Banco Guayaquil (AAA-) in Ecuador, A$372 in cash accounts with Banco Pichincha (B) in Ecuador, A$129,866 in cash accounts with Produbanco (B) in Ecuador and A$75,571 in petty cash. Including other receivables, the maximum exposure to credit risk at the reporting date was A$90,388,769 (2016: A$298,102).

The company is also exposed to credit risk due to the cash balances it holds directly. It is also exposed to credit risk on the loan balances it holds with its subsidiaries. At 30 June 2017, the company had A$88,669,626 in cash and cash equivalents and A$55,302,853 of intercompany loan balances receivable. The maximum exposure to credit risk at the reporting date was A$143,973,144.

Credit risk is managed by dealing with banks with high credit ratings assigned by international credit rating agencies. Furthermore, funds are deposited with banks of high standing in order to obtain market interest rates.

LIQUIDITY RISKS

The Group and Company raises funds as required on the basis of budgeted expenditure for the next 12 to 24 months, dependent on a number of prevailing factors. Funds are generally raised in capital markets from a variety of eligible private, corporate and fund investors, or from interested third parties (including other exploration and mining companies) which may be interested in earning an interest in the project. The success or otherwise of such capital raisings is dependent upon a variety of factors including general equities and metals market sentiment, macro-economic outlook, project prospectivity, operational risks and other factors from time to time. When funds are sought, the Group balances the costs and benefits of equity financing. Funds are provided to local sites bi-monthly, based on the sites' forecast expenditure.

All liabilities held by the Group are contractually due and payable within 1 year.

Fair values

In the Directors' opinion, with the exception of available for sale assets, there is no material difference between the book value and fair value of any of the Group's and Company's financial instruments. The classes of financial instruments are the same as the line items included on the face of the statement of financial position and have been analysed in more detail in notes to the accounts.

All the Group's financial assets, with the exception of available for sale assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.

NOTE 21 - COMMITMENTS

The Group also has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The combined commitments of the Group related to its granted tenement interests are as follows:

LOCATION	UP TO 12 MONTHS	13 MONTHS TO 5 YEARS	LATER THAN 5 YEARS
Ecuador	1,019,748	5,098,739	-
Solomon Islands	-	-	-
Queensland	556,000	40,000	-
	1,575,748	**5,138,739**	**-**

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements. The Group also has the ability to meet expenditure requirements by joint venture or farm in agreements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 22 - RELATED PARTIES

(A) GROUP

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

a) Transactions with Directors and Director-Related Entities

i. The Company had a commercial agreement with Samuel Capital Ltd ("Samuel") for the engagement of Nicholas Mather as director of the Company. For the year ended 30 June 2017 A$416,667 was paid or payable to Samuel (2016: A$150,000). These amounts are included in Note 5 (Remuneration of Key Management Personnel). The total amount outstanding at year end is A$26,725 (2016: A$62,500).

ii. The Company has a long-standing commercial arrangement with DGR Global Ltd, an entity associated with Nicholas Mather (Director) and Brian Moller (Director), for the provision of various services, whereby DGR Global provides resources and services including the provision of its administration and exploration staff, its premises (for the purposes of conducting the Company's business operations), use of existing office furniture, equipment and certain stationery, together with general telephone, reception and other office facilities ("Services"). In consideration for the provision of the Services, the Company shall reimburse DGR Global for any expenses incurred by it in providing the Services. For the year ended 30 June 2017 A$360,000 was paid or payable to DGR Global (2016: A$360,000) for the provision of administration, management and office facilities to the Company during the year. The total amount outstanding at year end was A$22,011 (2016: A$120,000).

iii. Mr Brian Moller (a Director), is a partner in the Australian firm HopgoodGanim lawyers. For the year ended 30 June 2017, HopgoodGanim were paid A$459,325 (2016: A$66,263) for the provision of legal services to the Company. The services were based on normal commercial terms and conditions. The total amount outstanding at year end was A$92,350 (2016: A$66,263).

iv. On 20 November 2015, DGR Global Ltd agreed to provide short term funding to SolGold plc to provide working capital. Interest on the facility was charged at the rate of 9.5% per annum. The loan was repayable by SolGold plc on the earlier of any capital raising event, or 31 December 2016. DGR Global Ltd could, at its sole election, convert all or part of the loan, including accrued interest, into further equity as part of a SolGold plc capital raising, and at the same price as third party participants, subject to DGR Global Ltd and SolGold plc obtaining all necessary regulatory approvals. A new loan agreement was signed on 30 June 2016 revising the limit on the facility to A$7 million, all other conditions remained the same. On 29 August 2016, DGR Global Ltd converted A$5,700,000 of the debt funding provided to SolGold into SolGold shares in accordance with the terms of the loan arrangements announced to the market on 1 July 2016.

v. On 2 October 2015, DGR Global Ltd and Tenstar Trading Ltd agreed to provide short term funding to SolGold PLC to provide working capital. Interest on the facility was charged at 9.5% per annum. The loans were repayable by SolGold 12 months from the date of issue. DGR Global Ltd and Tenstar Trading Ltd could, at their sole election, convert all or part of the loan, including accrued interest, into further equity at either 1.75 pence (GBP) or a price equal to 80% of the VWAP of the shares' five days trading before the conversion notice. On 7 March 2016 DGR Global Ltd and Tenstar Trading Ltd converted A$2,295,218 of the debt funding derivative provided to SolGold. The conversion was at 3.67 pence (GBP) per share and generated a movement in fair value on derivative financial liabilities of A$1,378,260 which was expensed to the income statement in the prior year.

Share and Option transactions of Directors are shown under Notes 5 and 19.

(b) Company

The Company has related party relationships with its subsidiaries (see Note 9), Directors and other key personnel (see Notes 5 and 19).

All related party transactions are conducted at arm's length.

Subsidiaries

The Company has an investment in subsidiaries balance of A$64,289,892 (2016: A$40,132,827). The transactions during the year have been included in note 9. As the Company does not expect repayment of this amount and will not call payment until the subsidiary can adequately pay it out of working capital, this amount has been included in the carrying amount of the investment in the Parent Entity's statement of financial position.

(c) Controlling party

In the Directors' opinion there is no ultimate controlling party.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 23 - ACCOUNTING ESTIMATES AND JUDGEMENTS

KEY SOURCES OF ESTIMATION UNCERTAINTY

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. The Directors have carried out an assessment of the carrying values of deferred exploration and evaluation expenditure and any required impairment and is included in note 12.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has A$86,232,512 (2016: A$65,673,576) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on taxes are disclosed in note 7.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

NOTE 24 - CONTINGENT ASSETS AND LIABILITIES

A 2% net smelter royalty is payable to Santa Barbara Resources Limited, who were the previous owners of the Cascabel tenements. These royalties can be bought out by paying a total of US$4 million. Fifty percent (50%) of the royalty can be purchased for US$1 million 90 days following the completion of a feasibility study and the remaining 50% of the royalty can be purchased for US$3 million 90 days following a production decision.

In the event Cornerstone Capital Resources Inc.'s (Cornerstone) equity interest in ENSA is diluted below 10%, Cornerstone's equity interest will be converted to a half of one percent (0.5%) interest in a Net Smelter Return and SolGold will have right to purchase the Net Smelter Return for US$3.5 million at any time.

There are no other contingent assets and liabilities at 30 June 2017 (2016: nil).

NOTE 25 - SUBSEQUENT EVENTS

On 7 July 2017, the Company issued an additional 1,300,000 shares at £0.14 to raise A$0.31 million (£0.18 million) in cash as a result of the exercise of employment options.

On 7 July 2017, the Company issued an additional 1,300,000 shares at £0.28 to raise A$0.62 million (£0.36 million) in cash as a result of the exercise of employment options.

On 9 August 2017, the Company issued a total of 46,762,000 unlisted options to Directors, employees and contractors. The options have a strike price of £0.60 each and are exercisable through to 8 August 2020.

On 11 August 2017, the Company issued an additional 690,000 shares at £0.38 to raise A$0.43 million (£0.26 million) to Newcrest International pursuant to "top-up rights" held by Newcrest International pursuant to the Newcrest Subscription Agreement. The allotment was price was based on a 10 day VWAP, in accordance with the terms of the Newcrest Subscription Agreement.

On 29 August 2017, the Company announced that it had been granted an additional 21 new concessions in Ecuador taking the total number of tenements in Ecuador to 59 tenements in addition to Cascabel.

The Directors are not aware of any other significant changes in the state of affairs of the Group or events after the reporting date that would have a material impact on the consolidated or Company financial statements.

ECUADOR
AUSTRALIA
SOLOMON ISLANDS

P: + 61 7 3303 0660 | **F:** +61 7 3303 0681 | **E:** info@solgold.com.au | **W:** www.solgold.com.au