HALF YEAR FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2016

(UNAUDITED)

CORPORATE INFORMATION

DIRECTORS
Brian Moller (Non-Executive Chairman)
Nicholas Mather (Executive Director)
Robert Weinberg (Non-Executive Director)
John Bovard (Non-Executive Director)
Scott A. Caldwell (Non-Executive Director)

COMPANY SECRETARY
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DIRECTORS' REPORT

Your Directors present their report on the company and its controlled entities for the half year ended 31 December 2016. SolGold plc is a public limited company incorporated in England and Wales.

DIRECTORS

The names of the Directors in office at any time during or since the end of the period are:

Brian Moller (Non-Executive Director)
Nicholas Mather (Executive Director)
Robert Weinberg (Non-Executive Director)
John Bovard (Non-Executive Director)
Scott A. Caldwell (Non-Executive Director) – appointed 9 September 2016

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of SolGold plc (the "Company") and its subsidiaries (together "SolGold" or the "Group") are exploration for copper, gold and other minerals in Ecuador, Solomon Islands and Queensland, Australia.

REVIEW AND RESULTS OF OPERATIONS

The loss after income tax for the Company for the half-year ended 31 December 2016 was $3,629,433 (31 December 2015 loss of $1,254,445).

Exploration Activities

Cascabel Project (Ecuador)

The Cascabel Project is a porphyry copper- gold deposit located in the Imbabura province of northwest Ecuador. It lies 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 2,100 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.

Cascabel is SolGold's flagship project and shows significant promise of hosting a tier 1 resource. To date at Alpala, 27,061m of drilling has been completed for 22 drill holes of which 18 have hit the Alpala deposit and 6 of which (Holes 5, 9, 12, 15R2, 16 and 17) delivered world class intersections - consisting of over 1km of continuous mineralisation grading over 1% Copper Equivalent. Drill hole CSD-14-009 for example, returned one of the best results in the history of mineral exploration, with 1088m grading 0.66% copper and 0.89 g/t gold for 1.48% Copper Equivalent.

Recent exploration activities have included:

- Anaconda style geological mapping in key areas.
- Exploration reconnaissance mapping and sampling across the mineralised corridors identified.
- Extension and infill soil sampling across the remaining prospective portion of the tenement. Rock-saw channel sampling at Alpala, Alpala Southwest, Alpala South, Trivinio and Moran prospects.
- 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.
- Diamond drilling of drill holes 12 to 22 at Alpala, for a total of 19,667m, bringing the total for metres drilled at Cascabel to 27,061m.
- Upgrade and expansion of the Alpala field camp and the Rocafuerte field office.
- Petrographic work on drill core from drill holes at Alpala, confirming intrusive lithologies, mineralisation styles, paragenesis, and alteration types.
- Mineragraphy and metallurgical scoping work.
- Spectral alteration mapping on soil gridding across the tenement, and follow-up deep auger mapping, further refining targets identified.
- Ongoing environmental management over the concession area in line with guidelines provided by the Ministry of Environment.
- Submission of annual technical and environmental management reports.
- Preparation for ground-magnetic survey in January 2017.
- Preparation of Deep 3D SPARTAN-ORION IP Geophysical survey across the majority of the tenement area.
- Preparation of Independent Technical report on the Cascabel Project is in preparation under National Instrument 43-101 and accompanying Documents 43-101F1 and 43-101CP by SRK Exploration in preparation for listing on the Toronto Stock Exchange (TSX) in early 2017.

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Exploration Activities (continued)

Exploration to date has defined fourteen priority target areas across the tenement. Eight high priority targets are identified at Alpala, Hematite Hill, Alpala Southeast, Cristal, Trivinio, Moran, Tandayama-America and Aguinaga are planned for drill testing as up to seven diamond drill rigs advance the project over the coming year. Detailed reconnaissance and follow-up field programs continue to assess potential of the 14 possible porphyry centres identified to date, as well as exploring for new outcrops and prospects. Drilling thus far has focussed on drilling the Alpala Deposit with 3 drilling rigs. The coming quarter will see a fifth rig entering the Alpala resource drill out and drill testing of the Alpala Southeast area.

Queensland Projects (Australia)

There was no exploration activity on the projects in Queensland during the half year ended 31 December 2016. 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.

Kuma Project (Solomon Islands)

Previous exploration completed at Kuma under the Guadalcanal Joint Venture between SolGold and Newmont included extensive geochemical sampling, geological mapping, a magnetic survey and an electromagnetic survey. The related prospecting licences expired on 11 April 2015 and SolGold has applied for these licenses in its own right.

Exploration Outlook

The focus of the Company during the financial year ending 30 June 2017 will be to continue exploration on its Cascabel project in Ecuador.

Cascabel Project (Ecuador)

To date SolGold has completed geological mapping, 25km2 of soil sampling, 14km2 and an additional 9km2 Induced Polarisation and Magnetotelluric “Orion” surveys over the Alpala cluster and Aguinaga targets respectively. By 31 December 2016, the Company had also completed over 27,061m of drilling and expended a total of approximately US$38m on the program, corporate costs and investments into Cornerstone. Intense diamond drilling is planned for the next 12 months with five diamond drilling rigs over the coming quarter and increasing to a total of seven drilling rigs by September 2017.

Cascabel is characterised by fourteen (14) identified targets, world class drilling intersections over 1km in length, and high copper and gold grades, as well as logistic advantages in location, elevation, water supply, proximity to roads, port and power services and a progressive legislative approach to resource development in Ecuador. To date, SolGold has only drill tested one of the 14 targets, being Alpala.

The Alpala porphyry copper-gold deposit is a recent discovery resulting from drilling of seventeen diamond core holes over a 900m by 400m area. That has defined a north-westerly-trending, steeply northeast-dipping dike-stock complex of diorite to quartz diorite that exceeds 1500 m in height.

This intrusive complex is hosted by a sequence of andesitic volcanoclastic rocks and lavas. The host-rocks are interpreted to be part of the Palaeocene to Late Eocene Macuchi Formation (BGS-CODIGEM, 1997; Cruz, 2007). 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. The deposit remains open at depth, along- and across-strike.

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Exploration Outlook (continued)

A total of six major phases of intrusion are delineated on the basis of composition and relative timing-relationships with porphyry-related vein-stages. The equigranular to sub-porphyritic, hornblende-bearing intrusions are narrow, taper upwards and consist of pre- to early-mineralization D10 diorite to microdiorite and QD10 quartz diorite; intra-mineralization D15 diorite and QD15 quartz diorite; and late-mineralization dikes of D20 diorite and QD20 quartz diorite. Radiometric U-Pb SHRIMP dates on zircons return 39.4 + 0.6 Ma (2 σ) for the early mineralization QD10 quartz diorite intrusion and 38.7 + 0.6 Ma (2 σ) for a late-mineralization QD20 dike (Armstrong, 2015 and 2016), which lie near the boundary of the Middle- to Late-Eocene. Three major steeply-dipping to sub-vertical sets of faults are recognized in the Alpala system, showing strike-directions of northwest, north-northwest and less commonly, northeast. The amounts of post-mineralization offset along these faults are believed to be small.

The porphyry-related vein types and paragenesis at Alpala indicate a systematic progression in time and are described using the nomenclature originated by Gustafson and Hunt (1975). Early-stage, minor and wavy AB-type quartz veins deficient in sulphide minerals are followed by magnetite (M) veinlets. Planar and through-going, B-type quartz veins cross-cut the early vein types and consist of quartz-magnetite-chalcopyrite. At least two stages of B-type veins are recognized, with magnetite more abundant in early B1 veins and chalcopyrite more common in the later B2 veins. The B-type veins contain the majority of the copper and gold in the deposit. Chalcopyrite-rich, C-type veins contain rare to minor bornite and cross-cut earlier vein types. The C-type veins contain significant amounts of metal but constitute a small volume-portion of the drill-core. 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 mineral assemblages. Late-stage, pyritic D-type veins with quartz-sericite-pyrite selvedges contain chalcopyrite, minor bornite and locally, molybdenite. Many of the later vein stages exploit and re-open earlier vein stages. Anhydrite is a common vein constituent as it is deposited over a wide range of temperatures and re-opens earlier vein stages. Late-stage hydrothermal-matrix breccia bodies and volumetrically small igneous-matrix breccias, including pebble-dikes, typically post-date sericite-chlorite-clay alteration and are locally cut by pyritic D-type veins and anhydrite veins. A Re-Os date determined by a commercial laboratory on molybdenite in a D-type pyrite-chalcopyrite-bearing anhydrite-quartz vein that cuts a late-mineralization D20 diorite dike indicates 38.6 + 0.2 Ma (2 σ).

Early-formed hydrothermal magnetite occurs within early AB- and B1-type veins, and as monomineralic veinlets, disseminated grains and replacements of hornblende. Magnetite is variably converted to metallic hematite and pyrite in the upper part of the deposit where chlorite-epidote altered intrusions and volcanoclastic rocks are moderately to strongly affected by feldspar-destructive alteration. The earliest formed sulphide mineral observed in drill-core consists of chalcopyrite in B-type veins. Chalcopyrite most commonly forms after, and surrounds, cubic and massive pyrite in C- and D-type veins. It also occurs in anhydrite-rich veins and B-type veins that have been re-opened by later vein types. Late-stage bornite is in textural equilibrium with pyrite and chalcopyrite in C- and D-type veins, which suggest that these later-stage veins formed at a lower temperature and a higher sulfidation state than chalcopyrite in early-stage B-type veins (Einaudi et al., 2003).

Scanning Electron Microscopy (SEM) techniques including Backscattered Electron (BSE) imaging and Energy Dispersive X-ray Spectroscopy (EDS) indicate that gold occurs as discrete grains of electrum (typically 65% to 85% Au) that range from 1 to 50 microns in diameter (Muhling, 2014 and 2015). The electrum grains occur within chalcopyrite, bornite, pyrite and rarely quartz and anhydrite.

SolGold will drill test other key targets within the Cascabel concession at Hematite Hill, Alpala Southeast, Cristal, Trivinio, Moran, Tandayama-America, Aguinaga, Alpala Northwest, Parambas, Carmen and Chinambicito. The Company is progressing further metallurgical testing in 2017, and completion of a conceptual early stage mine and plant design and a scoping study for an economic development at Cascabel. SolGold is investigating both high tonnage / low-medium grade open cut and underground block caving operations, and a high grade / low tonnage underground development.

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Exploration Outlook (continued)

Queensland Projects (Australia)

The Company is evaluating the future exploration plans for the Mt Perry, Rannes and Normanby projects. Joint venture agreements are being investigated for a joint venture partner to commit funds and carry out exploration to earn an interest in the tenements.

Kuma Project (Solomon Islands)

The Kuma project is defined by a porphyry copper-gold target, characterised by a widespread lithocap draping the steeply incised terrain. Work to date has defined a number of porphyry style geochemical anomalies centred on the upper portions of the Kuma lithocap. Detailed 1:500 scaler 'Anaconda' style geological mapping is planned for the coming year so as to bring the project to drill ready status in 2017.

Three steeply-inclined diamond core drill-holes, each about 800 m deep, are envisaged for an initial test by utilising drill sites located within and peripheral to the target area. Silica ledges and dickite anomalies controlled by high level structure will 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).

Equity

On 26 August 2016, the Company issued an additional 268,819,004 shares at £0.06 to raise $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 $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 $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. The options consist of two tranches of 9,795,884 options each exercisable at £0.14 and £0.28 and expire on 17 October 2018.

On 28 October 2016, the Company issued an additional 22,000,000 unlisted options to contractors and staff. The options are exercisable at £0.28p and expire on 30 October 2018.

Corporate

On 30 August 2016, the Company executed a Share Subscription Agreement with Newcrest International Pty Ltd, pursuant to which it became a 10% shareholder of SolGold. Full details are available in the Company's RNS of 30 August 2016.

On 9 September 2016, Mr Scott A. Caldwell was appointed a Director of SolGold. Mr Caldwell is the CEO of Guyana Goldfields Inc, which holds approximately 7% of SolGold.

During the period the Company lodged its application to dual-list onto the Toronto Stock Exchange (TSX).

A copy of the Company's latest corporate presentation is available in the Investor Centre on the Company's website (www.solgold.com.au).

DIRECTORS' REPORT (CONTINUED)

MATTERS SUBSEQUENT TO THE HALF YEARLY FINANCIAL PERIOD

On 17 January 2017, 900,000 fully paid ordinary shares were issued as a result of the exercise of employee options.

On 31 January 2017, a further 100,000 fully paid ordinary shares were issued to Newcrest International Pty Ltd. The allotment is pursuant to “top-up rights” held by Newcrest under its Share Subscription Agreement, as outlined in detail in SolGold’s market release of 30 August 2016. The allotment was priced at 29.9p per share, based on a 10 day VWAP, in accordance with the terms of the agreement.

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

Signed in accordance with a resolution of the board of Directors.

Nicholas Mather
Executive Director
Brisbane
6 February 2017

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 30 years’ experience in mineral exploration and is a Qualified Person under the AIM Rules. Mr Mather consents to the inclusion of the information in the form and context in which it appears.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Notes	Half-Year 2016 A$ (Unaudited)	Half-Year 2015 A$ (Unaudited)
Revenue		**69**	**143**
Administration and consulting expenses		1,074,749	775,451
Borrowing cost expenses		72,618	58,961
Depreciation and amortisation expense		12,891	7,894
Employee benefit expenses		330,014	385,153
Legal expenses		162,771	27,129
Exploration written off		21,400	-
Unrealised foreign exchange (gains) / losses		(2,949,984)	-
Share based payments expense		4,905,043	-
Operating loss before income tax		**(3,629,433)**	**(1,254,445)**
Income tax (expense) benefit		**-**	**-**
Loss for the period		**(3,629,433)**	**(1,254,445)**
Other comprehensive income / (loss)			
Items that may be reclassified to profit and loss			
Change in fair value of available for sale financial assets		3,849,996	(57,029)
Exchange differences on translation of foreign operations		196,212	(54,230)
Other Comprehensive income / (loss), net of tax		**4,046,208**	**(111,259)**
Total comprehensive income / (loss) for the period		**416,775**	**(1,365,704)**

Loss for the half-year attributable to:		
Owners of the parent company	(3,592,372)	(1,237,834)
Non-controlling interest	(37,061)	(16,611)
	(3,629,433)	**(1,254,445)**

Total comprehensive income / (loss) for the half-year is attributable to:		
Owners of the parent company	424,404	(1,340,959)
Non-controlling interest	(7,629)	(24,745)
	416,775	**(1,365,704)**

	Notes	2016 Cents (Unaudited)	2015 Cents (Unaudited)
Basic earnings per share	4	(0.3)	(0.2)
Diluted earnings per share	4	(0.3)	(0.2)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

SolGold

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2016

	Notes	31 December 2016 A$ (Unaudited)	30 June 2016 A$ (Audited)
Assets			
Current assets			
Cash and cash equivalents		56,119,229	94,933
Other receivables and prepayments		491,170	203,169
Total current assets		**56,610,399**	**298,102**
Non-current assets			
Other financial assets		140,848	123,974
Investments in available-for-sale securities		5,472,707	1,622,712
Property, plant and equipment		909,638	375,400
Exploration and Evaluation Assets	5	47,792,469	41,079,914
Total non-current assets		**54,315,662**	**43,202,000**
Total assets		**110,926,061**	**43,500,102**
Current liabilities			
Bank overdraft			-
Trade and other payables		2,152,662	3,742,361
Borrowings		-	4,776,404
Total current liabilities		**2,152,662**	**8,518,765**
Non-current liabilities			
Interest bearing liabilities		-	-
Total non-current liabilities		**-**	**-**
Total liabilities		**2,152,662**	**8,518,765**
Net assets		**108,773,399**	**34,981,337**
Equity			
Issued capital	6	169,748,653	104,503,526
Reserves		14,990,974	2,844,038
Accumulated losses		(76,081,736)	(72,489,364)
Non-controlling interest		115,508	123,137
Total equity		**108,773,399**	**34,981,337**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital A$ (Unaudited)	Available for Sale Financial Asset Reserve A$ (Unaudited)	Share option reserve A$ (Unaudited)	Foreign currency translation reserve A$ (Unaudited)	Non-Controlling interest reserve A$ (Unaudited)	Accumulated losses A$ (Unaudited)	Non-controlling interests A$ (Unaudited)	Total A$ (Unaudited)
Balance 30 June 2015		**95,397,031**	**(331,909)**	**1,104,337**	**1,057,372**	**(67,864)**	**(67,023,534)**	**223,107**	**30,358,540**
Loss for the period		-	-	-	-	-	(1,237,834)	(16,611)	(1,254,445)
Other comprehensive income for the period		-	(57,029)	-	(46,095)	-	-	(8,135)	(111,259)
Total comprehensive income for the period		-	(57,029)	-	(46,095)	-	(1,237,834)	(24,746)	(1,365,704)
New share capital subscribed		1,997,419	-	-	-	-	-	-	1,997,419
Share issue costs		(16,160)	-	-	-	-	-	-	(16,160)
Balance 31 December 2015		**97,378,290**	**(388,938)**	**1,104,337**	**1,011,277**	**(67,684)**	**(68,261,368)**	**198,362**	**30,974,096**
Loss for the period		-	-	-	-	-	(4,227,996)	(240,681)	(4,468,677)
Other comprehensive income for the period		-	247,639	-	937,587	-	-	165,456	1,350,682
Total comprehensive income for the period		-	247,639	-	937,587	-	(4,227,996)	(75,225)	(3,117,995)
New share capital subscribed		7,125,236	-	-	-	-	-	-	7,125,236
Share issue costs		-	-	-	-	-	-	-	-
Balance 30 June 2016		**104,503,526**	**(141,299)**	**1,104,337**	**1,948,864**	**(67,684)**	**(72,489,364)**	**123,137**	**34,981,337**
Loss for the period		-	-	-	-	-	(3,592,372)	(37,061)	(3,629,433)
Other comprehensive income for the period		-	3,849,996	-	166,780	-	-	29,432	4,046,208
Total comprehensive income for the period		-	3,849,996	-	166,780	-	(3,592,372)	(7,629)	416,775
New share capital subscribed		71,654,248	-	-	-	-	-	-	71,654,248
Share issue costs		(6,409,121)	-	3,305,810	-	-	-	-	(3,103,311)
Value of options issued to employees and consultants		-	-	4,824,350	-	-	-	-	4,824,350
Balance 31 December 2016		**169,748,653**	**3,708,697**	**9,234,497**	**2,115,644**	**(67,864)**	**(76,081,736)**	**115,508**	**108,773,399**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Notes	Half-Year 2016 A$ (Unaudited)	Half-Year 2015 A$ (Unaudited)
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(3,669,084)	(952,205)
Interest received		69	143
Interest paid		(1,758)	(9,569)
Net cash outflow from operating activities		**(3,670,773)**	**(961,631)**
Cash flows from investing activities			
Proceeds from sale (Acquisition) of property, plant and equipment		(547,128)	(6,343)
Investments in available-for-sale securities		-	-
Refund of (payment for) security deposits		-	-
Acquisition of exploration and evaluation assets		(6,004,660)	(3,535,587)
Net cash (outflow)/inflow from investing activities		**(6,551,788)**	**(3,541,930)**
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		62,466,043	1,215,215
Payment of issue costs		(21,906)	(16,160)
Proceeds from borrowings		852,736	760,449
Proceeds from convertible notes		-	2,332,000
Net cash inflow from financing activities		**63,296,873**	**4,291,501**
Net (decrease)/increase in cash and cash equivalents		**53,074,312**	**(212,060)**
Cash and cash equivalents at beginning of period		94,933	321,440
Effects of exchange rate changes on cash and cash equivalents		2,949,984	-
Cash and cash equivalents at end of period		**56,119,229**	**109,380**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This general purpose consolidated half year financial report for the half year ended 31 December 2016 has been prepared in accordance with IAS 34 *Interim Financial Reporting* and International Financial Reporting Standards ('IFRSs').

The consolidated financial statements are presented in Australian dollars ("A$") and have been prepared on the historical cost basis.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing activities of the consolidated entity as the full financial report.

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2016 and considered together with any public announcements made by SolGold plc and its controlled entities during the half year ended 31 December 2016.

The same accounting policies and methods of computation have generally been followed in this half-year financial report as the most recent annual financial report.

Going concern

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. At the reporting date, the Group had a net working capital surplus of $54,457,737 (2015: Net working capital deficit $8,220,663).

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. In the absence of these matters being successful, there exists a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

Comparatives

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current financial year.

Basis of consolidation

The half year consolidated financial statements comprise the financial statements of SolGold plc and its controlled entities as at 31 December 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 2 OPERATING SEGMENTS

The Group determines and separately reports operating segments based on information that is internally provided to the 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 *Operating Segments*, 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.

31 December 2016 (Unaudited)	Finance Income $	Other Income $	Result $	Share Based Payments $	Depreciation $	Assets $	Liabilities $
SolGold	69	-	(3,380,705)	4,905,043	12,253	159,910,182	756,554
Australian Resource Management	-	-	(288)	-	-	319,412	32,904,893
Central Minerals	-	-	(492)	-	189	3,619,950	13,279,473
Acapulco Mining	-	-	(623)	-	449	5,651,587	3,825,113
Solomon Operations	-	-	-	-	-	4	9,948
Honiara Holdings	-	-	(249)	-	-	-	958,369
Guadalcanal Exploration	-	-	-	-	-	2,338	1,222,828
ENSA	-	-	(247,074)	-	-	31,938,967	26,447,955
Consolidation/Elimination	-	-	-	-	-	(90,804,279)	(76,954,570)
Total	**69**	**-**	**(3,629,431)**	**4,905,043**	**12,891**	**110,926,061**	**2,152,662**

31 December 2015 (Unaudited)	Finance Income $	Other Income $	Result $	Share Based Payments $	Depreciation $	Assets $	Liabilities $
SolGold	143	-	(1,139,453)	-	4,453	42,276,046	4,416,694
Australian Resource Management	-	-	(856)	-	638	319,397	32,904,536
Central Minerals	-	-	(325)	-	189	3,693,231	33,743
Acapulco Mining	-	-	(2,825)	-	2,614	5,837,848	39,660
Solomon Operations	-	-	-	-	-	4	9,948
Honiara Holdings	-	-	-	-	-	-	246
Guadalcanal Exploration	-	-	(247)	-	-	7,548	-
ENSA	-	-	(110,739)	-	-	19,951,293	13,907,924
Consolidation/Elimination	-	-	-	-	-	(34,358,074)	(44,559,554)
Total	**143**	**-**	**(1,254,445)**	**-**	**7,894**	**37,727,293**	**6,753,197**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	31 December 2016 A$ (Unaudited)	31 December 2015 A$ (Unaudited)
NOTE 3 REVENUES AND EXPENSES		
Included in the profit / (loss) are the following revenues and expenses:		
Interest revenue – external parties	69	143
Other income	-	-
	69	**143**
Depreciation	12,891	7,894
Defined contribution superannuation expense	25,155	23,658

NOTE 4 LOSS PER SHARE

Calculation of basic and diluted loss per share is in accordance with IAS 33 *Earnings per Share*.

Loss per ordinary share		
Basic loss per share (cents per share)	(0.3)	(0.2)
Diluted loss per share (cents per share)	(0.3)	(0.2)
Net loss used in calculating basic and diluted loss per share	(3,629,433)	(1,254,445)
	Number	**Number**
Weighted average number of ordinary share used in the calculation of basic loss per share	1,226,022,320	774,743,062
Weighted average number of ordinary share used in the calculation of diluted loss per share	1,274,974,088	774,743,062

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 5 EXPLORATION AND EVALUATION ASSETS

	Half Year Ended 31 December 2016 A$ (Unaudited)	Full Year Ended 30 June 2016 A$ (Audited)
Carrying amount at the beginning of the period	41,079,914	30,748,723
Additions - expenditure	6,733,954	11,886,195
Exploration expenditure written off	(21,400)	(1,555,004)
Carrying amount at the end of the period	**47,792,468**	**41,079,914**

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective areas of interest.

NOTE 6 ISSUED CAPITAL

	Half Year Ended 31 December 2016 A$ (Unaudited)	Full Year Ended 30 June 2016 A$ (Audited)
a) Issued capital		
Ordinary shares fully paid up	**173,224,371**	**104,503,526**
b) Movement in ordinary shares		
At the beginning of the reporting period	104,503,526	95,397,031
Shares issued during the period	71,654,248	9,122,656
Transaction costs on share issue	(2,933,403)	(16,161)
At reporting date	**173,224,371**	**104,503,526**
c) Movement in number of ordinary shares on issue		
Shares at the beginning of the reporting period	953,897,601	760,453,071
- 19 November 2015 (1)	-	62,263,534
- 7 March 2016 (2)	-	80,909,257
- 7 March 2016 (3)	-	50,271,739
- 26 August 2016 (4)	268,819,004	-
- 14 October 2016 (5)	63,353,339	-
- 17 October 2016 (6)	142,896,661	-
- Shares at the reporting date	**1,428,966,605**	**953,897,601**

(1) On 19 November 2015, 62,263,534 $0.0321 ordinary shares were issued for cash and in lieu of fees pursuant to a share placement.
(2) On 7 March 2016, 80,909,534 $0.0438 ordinary shares were issued for cash and in lieu of fees pursuant to a share placement.
(3) On 7 March 2016, 50,271,739 $0.0438 ordinary shares were issued in settlement of outstanding convertible notes.
(4) On 26 August 2016, 268,819,004 $0.1039 ordinary shares were issued for cash and in lieu of fees pursuant to a share placement.
(5) On 14 October 2016, 63,353,339 $0.212 ordinary shares were issued for cash pursuant to a share placement.
(6) On 17 October 2016, 142,896,661 $0.212 ordinary shares were issued for cash pursuant to a share placement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

NOTE 7 RELATED PARTIES

Transactions with Directors and Director-Related Entities

(i) SolGold plc has a standing Administration and Services Agreement with DGR Global Ltd, an entity associated with Nicholas Mather (a Director) and Brian Moller (a Director) whereby DGR Global Ltd has agreed to provide certain services including the provision by DGR Global Ltd of 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 Ltd for any expenses incurred by it in providing the Services. DGR Global Ltd was paid $180,000 (2015: $180,000) for the provision of administration, management and office facilities to the Company during the half year. The total amount outstanding at half year end is $nil (2015: $150,000).

(ii) 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 $2,295,218 of the debt funding derivative provided to SolGold. The conversion was at 3.67 (GBP) per share and generated a movement in fair value on derivative financial liabilities of $1,378,260 which was expensed to the income statement in the year.

(iii) On 20 November 2015, DGR Global Ltd agreed to provide short term funding to SolGold plc to provide working capital. Interest on the facility is 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 $7 million, all other conditions remained the same. On 29 August 2016, DGR Global Ltd converted $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.

(iv) Mr Brian Moller (a Director), is a partner in the Australian firm Hopgood Ganim Lawyers. Hopgood Ganim were paid $172,631 (2014: $29,842) for the provision of legal services to the Company during the half year. These services were based on normal commercial terms and conditions. The total amount outstanding at half year end is $26,253 (2015: $104,547).

NOTE 8 COMMITMENTS AND CONTINGENT ASSET AND LIABILITIES

There are no significant changes to commitments and contingencies disclosed in the most recent annual financial report.

NOTE 9 SUBSEQUENT EVENTS

On 17 January 2017, 900,000 fully paid ordinary shares were issued as a result of the exercise of employee options.

On 31 January 2017, a further 100,000 fully paid ordinary shares were issued to Newcrest International Pty Ltd. The allotment is pursuant to "top-up rights" held by Newcrest under its Share Subscription Agreement, as outlined in detail in SolGold's market release of 30 August 2016. The allotment was priced at 29.9p per share, based on a 10 day VWAP, in accordance with the terms of the agreement.

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

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes thereto comply with IAS 34 '*Interim Financial Reporting*' and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.

On behalf of the Directors

Nicholas Mather
Executive Director

Brisbane
6 February 2017