SolGold

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited – Prepared by Management)
(Expressed in Australian Dollars)

Three Months Ended 30 September 2017 and 2016

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by management and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements.

/s/ Nicholas Mather	*/s/ Brian Moller*
Nicholas Mather	Brian Moller
Director	Director

14 November 2017

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Notes	Three months ended 30 September 2017 A$ (Unaudited)	Three months ended 30 September 2016 A$ (Unaudited)
Revenue		-	-
Administration and consulting expenses		(1,498,446)	(457,669)
Borrowing costs and expenses		(45)	(70,868)
Depreciation and amortisation expense		(12,027)	(2,045)
Employee benefit expenses		(291,101)	(159,091)
Legal expenses		(115,423)	(110,694)
Exploration written off		(987)	(21,289)
Unrealised foreign exchange (gains) / losses		(1,672,810)	97,420
Share based payments expense		(2,247,574)	(80,693)
Operating loss before income tax		**(5,838,413)**	**(804,929)**
Income tax (expense) benefit		-	-
Loss for the period		**(5,838,413)**	**(804,929)**
Other comprehensive income / (loss)			
Items that may be reclassified to profit and loss			
Change in fair value of available for sale financial assets		(2,567,648)	2,415,087
Exchange differences on translation of foreign operations		(833,255)	(1,558,949)
Total comprehensive income / (loss) for the period		**(9,239,316)**	**51,209**
Loss for the quarter attributable to:			
Owners of the parent company		(5,814,728)	(785,536)
Non-controlling interest		(23,685)	(19,393)
		(5,838,413)	**(804,929)**
Total comprehensive income / (loss) for the quarter is attributable to:			
Owners of the parent company		(8,729,411)	305,401
Non-controlling interest		(509,905)	(254,192)
		(9,239,316)	**51,209**

	Notes	Three months ended 30 September 2017 Cents (Unaudited)	Three months ended 30 September 2016 Cents (Unaudited)
Basic earnings per share	4	(0.4)	(0.1)
Diluted earnings per share	4	(0.4)	(0.1)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2017

	Notes	30 September 2017 A$ (Unaudited)	30 June 2017 A$ (Audited)
Assets			
Current assets			
Cash and cash equivalents		78,475,169	89,312,743
Other receivables and prepayments		1,715,662	1,307,344
Total current assets		**80,190,831**	**90,620,087**
Non-current assets			
Other financial assets		316,200	226,175
Investments in available-for-sale securities		11,849,361	14,366,304
Property, plant and equipment		2,181,933	1,777,937
Exploration and Evaluation Assets	5	69,355,011	59,723,105
Total non-current assets		**83,702,505**	**76,093,521**
Total assets		**163,893,336**	**166,713,608**
Current liabilities			
Trade and other payables		5,559,253	2,741,175
Borrowings		-	-
Total current liabilities		**5,559,253**	**2,741,175**
Non-current liabilities			
Interest bearing liabilities		-	-
Total non-current liabilities		**-**	**-**
Total liabilities		**5,559,253**	**2,741,175**
Net assets		**158,334,084**	**163,972,433**
Equity			
Issued capital	6	227,052,094	225,698,701
Reserves		14,718,596	15,385,705
Accumulated losses		(82,683,766)	(76,869,038)
Non-controlling interest		(752,840)	(242,935)
Total equity		**158,334,084**	**163,972,433**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	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 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		-	-	-	-	-	(785,536)	(19,393)	(804,929)
Other comprehensive income for the period		-	2,415,087	-	(1,324,150)	-	-	(234,799)	856,138
Total comprehensive income for the period		-	2,415,087	-	(1,324,150)	-	(785,536)	(254,192)	51,209
New share capital subscribed		27,929,248	-	-	-	-	-	-	27,929,248
Share issue costs		(1,249,029)	-	-	-	-	-	-	(1,249,029)
Balance 30 September 2016		**131,183,745**	**2,273,788**	**1,104,337**	**624,714**	**(67,864)**	**(73,274,900)**	**(131,055)**	**61,712,765**
Loss for the period		-	-	-	-	-	(3,632,489)	(62,554)	(3,695,043)
Other comprehensive income for the period		-	6,505,428	-	(480,997)	-	-	(49,326)	5,975,105
Total comprehensive income for the period		-	6,505,428	-	(480,997)	-	(3,632,489)	(111,880)	2,280,062
New share capital subscribed		98,445,661	-	-	-	-	-	-	98,445,661
Share issue costs		(5,226,045)	-	-	-	-	-	-	(5,226,045)
Options exercised		1,295,340	-	-	-	-	-	-	1,295,340
Options expired		-	-	(38,351)	-	-	38,351	-	-
Value of share and options issued to Directors, employees and consultants		-	-	5,464,650	-	-	-	-	5,464,650
Balance 30 June 2017		**225,698,701**	**8,779,216**	**6,530,636**	**143,717**	**(67,684)**	**(76,869,038)**	**(242,935)**	**163,972,433**
Loss for the period		-	-	-	-	-	(5,814,728)	(23,685)	(5,838,413)
Other comprehensive income for the period		-	(2,567,648)	-	(347,035)	-	-	(486,220)	(3,400,903)
Total comprehensive income for the period		-	(2,567,648)	-	(347,035)	-	(5,814,728)	(509,905)	(9,239,316)
New share capital subscribed		433,743	-	-	-	-	-	-	433,743
Share issue costs		(3,411)	-	-	-	-	-	-	(3,411)
Options exercised		923,061	-	-	-	-	-	-	923,061
Value of options issued to Directors, employees and consultants		-	-	2,247,574	-	-	-	-	2,247,574
Balance 30 September 2017		**227,052,094**	**6,211,568**	**8,778,210**	**(203,318)**	**(67,864)**	**(82,683,766)**	**(752,840)**	**158,334,084**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE QUARTER ENDED 30 SEPTEMBER 2017

	Notes	Three months ended 30 September 2017 A$ (Unaudited)	Three months ended 30 September 2016 A$ (Unaudited)
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(2,152,894)	(1,466,540)
Interest received		66	69
Interest paid		(45)	-
Net cash outflow from operating activities		**(2,152,873)**	**(1,466,471)**
Cash flows from investing activities			
Proceeds from sale (Acquisition) of property, plant and equipment		(416,023)	-
Refund of (payment for) security deposits		(90,025)	-
Acquisition of exploration and evaluation assets		(7,859,236)	(1,591,318)
Net cash (outflow)/inflow from investing activities		**(8,365,284)**	**(1,591,318)**
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		1,353,393	20,401,794
Payment of issue costs		-	(27,415)
Proceeds from borrowings		-	852,727
Net cash inflow from financing activities		**1,353,393**	**21,227,106**
Net (decrease)/increase in cash and cash equivalents		**(9,164,764)**	**18,169,317**
Cash and cash equivalents at beginning of period		89,312,743	94,933
Effects of exchange rate changes on cash and cash equivalents		(1,672,810)	97,354
Cash and cash equivalents at end of period		**78,475,169**	**18,361,604**

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 30 SEPTEMBER 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This general purpose interim condensed consolidated financial report for the quarter ended 30 September 2017 has been prepared in accordance with IAS 34 *Interim Financial Reporting* and International Financial Reporting Standards ('IFRSs').

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

The quarterly 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 quarterly financial report be read in conjunction with the annual report for the year ended 30 June 2017 and considered together with any public announcements made by SolGold plc and its controlled entities during the quarter ended 30 September 2017.

The same accounting policies and methods of computation have generally been followed in this quarterly 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 $74,631,578 (30 June 2017: Net working capital surplus of $87,878,912).

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 quarterly interim condensed consolidated financial statements comprise the financial statements of SolGold plc and its controlled entities as at 30 September 2017.

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.

	30 September 2017 (Unaudited)						
	Finance Income $	Total Income $	Loss for the Period $	Assets $	Liabilities $	Share based payments $	Non-current asset additions $
Cascabel project*	-	-	(157,897)	57,898,513	3,248,269	-	7,746,909
Other Ecuadorian projects	-	-	-	5,990,598	618,523	-	2,235,022
Queensland projects	66	66	(140)	12,647,451	20,746	-	12,040
Solomon Islands projects	-	-	(251)	327,160	-	-	-
Corporate	-	-	(5,680,125)	87,029,614	1,671,715	2,247,574	(2,384,987)
Total	**66**	**66**	**(5,838,413)**	**163,893,336**	**5,559,253**	**2,247,574**	**7,608,984**

	30 September 2016			30 June 2017		30 September 2016	30 June 2017
	(Unaudited)						
	Finance Income $	Total Income $	Loss for the Period $	Assets $	Liabilities $	Share based payments $	Non-current asset additions $
Cascabel project*	-	-	(129,279)	49,132,923	1,783,879	-	16,590,892
Other Ecuadorian projects	-	-	-	3,355,760	186,211	-	3,355,760
Queensland projects	69	69	(923)	12,466,324	8,408	-	484
Solomon Islands projects	-	-	(272)	29,406	-	-	-
Corporate	-	-	(674,455)	101,729,194	762,677	80,693	12,944,385
Total	**69**	**69**	**(804,929)**	**166,713,607**	**2,741,175**	**80,693**	**32,891,521**

* The Cascabel project is held by the subsidiary Exploraciones Novomining S.A. which is 15% owned by a non-controlling interest.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 30 SEPTEMBER 2017

NOTE 2 OPERATING SEGMENTS (CONTINUED)

Geographical information

	30 September 2017 A$ (Unaudited)	30 June 2017 A$ (Unaudited)
UK	-	-
Australia	22,353,740	24,726,686
Solomon Islands	-	-
Ecuador	61,348,765	51,366,835
	83,702,505	**76,093,521**

	Three months ended 30 September 2017 A$ (Unaudited)	Three months ended 30 September 2016 A$ (Unaudited)

NOTE 3 REVENUES AND EXPENSES

Included in the profit / (loss) are the following revenues and expenses:		
Interest revenue – external parties	66	69
Other income	-	-
	66	**69**
Depreciation	12,027	2,045
Defined contribution superannuation expense	14,526	12,083

NOTE 4 LOSS PER SHARE

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

Net loss used in calculating basic and diluted loss per share	(5,838,413)	(804,929)
	Number	**Number**
Weighted average number of ordinary share used in the calculation of basic loss per share	1,515,763,377	1,057,289,526
Weighted average number of dilutive options	10,922,301	424,590
Weighted average number of ordinary share used in the calculation of diluted loss per share	1,526,685,679	1,057,714,116

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE QUARTER ENDED 30 SEPTEMBER 2017

NOTE 5 EXPLORATION AND EVALUATION ASSETS

	Quarter Ended 30 September 2017 A$ (Unaudited)	Full Year Ended 30 June 2017 A$ (Audited)
Carrying amount at the beginning of the period	59,723,105	41,079,914
Additions - expenditure	9,632,893	18,660,501
Exploration expenditure written off	(987)	(17,310)
Carrying amount at the end of the period	**69,355,011**	**59,723,105**

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

	Quarter Ended 30 September 2017 A$ (Unaudited)	Full Year Ended 30 June 2017 A$ (Audited)
a) Issued capital		
Ordinary shares fully paid up	**227,055,505**	**225,698,701**
b) Movement in ordinary shares		
At the beginning of the reporting period	225,698,701	104,503,526
Shares issued during the period	1,356,804	127,670,249
Transaction costs on share issue	-	(6,475,074)
At reporting date	**227,055,505**	**225,698,701**
c) Movement in number of ordinary shares on issue		
Shares at the beginning of the reporting period	1,512,955,685	953,897,601
- Shares issued at £0.06 – Placement 28 August 2016	-	268,819,004
- Shares issued at £0.13 – Placement 17 October 2016	-	206,250,000
- Shares issued at £0.14 – Exercise of options 17 January 2017	-	900,000
- Shares issued at £0.30 – Newcrest share issue 31 January 2017	-	100,000
- Shares issued at £0.14 – Exercise of options 3 February 2017	-	1,200,000
- Shares issued at £0.14 – Exercise of options 21 February 2017	-	900,000
- Shares issued at £0.38 – Newcrest share issue 1 March 2017	-	240,000
- Shares issued at £0.41 – Placement 16 June 2017	-	78,889,080
- Shares issued at £0.14 – Exercise of options 26 June 2017	-	880,000
- Shares issued at £0.28 – Exercise of options 26 June 2017	-	880,000
- Shares issued at £0.14 – Exercise of options 7 July 2017	1,300,000	-
- Shares issued at £0.28 – Exercise of options 7 July 2017	1,300,000	-
- Shares issued at £0.38 – Newcrest share issue 11 August 2017	690,000	-
Shares at the reporting date	**1,516,245,685**	**1,512,955,685**

NOTE 7 SHARE OPTIONS

At 30 September 2017 the Company had 88,353,768 options outstanding for the issue of ordinary shares (30 September 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 46,762,000 options granted during the quarter ended 30 September 2017 (30 September 2016: nil).

On 9 August 2017, the Company issued a combined total of 46,762,000 unlisted share options over ordinary shares of the Company, including:

- 36,750,000 share options to Directors following approval granted by shareholders at the Company's AGM on 28 July 2017;
- 10,000,000 share options to its two key geologists; and
- 12,000 share options to a third party as part of the capital raising fees for the Company's last equity placement.

The options are exercisable at £0.60 and expire on 8 August 2020. The share options for Directors and the geological executives have a vesting period of 18 months unless triggered by a change of control transaction.

The share options outstanding at 30 September 2017 are as follows:

Date of grant	Exercisable from	Exercisable to	Exercise prices	Number granted	Number at 30 September 2017
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	28 October 2018	£0.28	22,000,000	22,000,000
9 August 2017	The options vest on the earlier of: (a) 18 months, or (b) a Change of Control Transaction	8 August 2020	£0.60	46,750,000	46,750,000
9 August 2017	The options vested immediately, through to 8 August 2020	8 August 2020	£0.60	12,000	12,000
				88,353,768	**88,353,768**

NOTE 7 SHARE OPTIONS (CONTINUED)

Share-based payments

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

	Weighted average exercise price 30 September 2017	Number of options 30 September 2017	Weighted average exercise price 30 September 2016	Number of options 30 September 2016
Outstanding at the beginning of the period	£0.25	44,191,768	£0.27	21,380,000
Exercised during the period	£0.21	(2,600,000)	-	-
Lapsed during the period	-	-	-	-
Granted during the period	£0.60	46,762,000	-	-
Outstanding at the end of the period	£0.44	88,353,768	£0.27	21,380,000
Exercisable at the end of the period	£0.21	19,591,768	-	-

The options outstanding at 30 September 2017 have exercise prices of £0.14, £0.28 and £0.60 (30 September 2016: £0.14 - £0.50) and a weighted average contractual life of 2.01 years (30 September 2016: 0.46 years).

Share options held by Directors are as follows:

Share options held	At 30 September 2017	At 30 September 2016	Option Price	Exercise Period
Nicholas Mather	26,250,000	-	60p	07/02/19 - 08/08/20
	-	750,000	14p	08/07/14 - 08/07/17
	-	750,000	28p	08/07/14 - 08/07/17
Brian Moller	3,750,000	-	60p	07/02/19 - 08/08/20
	-	550,000	14p	08/07/14 - 08/07/17
	-	550,000	28p	08/07/14 - 08/07/17
Robert Weinberg	2,250,000	-	60p	07/02/19 - 08/08/20
	-	440,000	14p	08/07/14 - 08/07/17
	-	440,000	28p	08/07/14 - 08/07/17
John Bovard	2,250,000	-	60p	07/02/19 - 08/08/20
	-	440,000	14p	08/07/14 - 08/07/17
	-	440,000	28p	08/07/14 - 08/07/17
Craig Jones	2,250,000	-	60p	07/02/19 - 08/08/20

NOTE 7 SHARE OPTIONS (continued)

Share-based payments (continued)

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.

Fair value of share options and assumptions	£0.14 Options 17 October 2016	£0.28 Options 17 October 2016	£0.28 Options 28 October 2016	£0.60 Options 9 August 2017
Number of options	9,795,884	9,795,884	22,000,000	46,762,000
Fair value at issue date	£0.12	£0.09	£0.14	£0.365-£0.375
Exercise price	£0.14	£0.28	£0.28	£0.60
Expected volatility	99.744%	99.744%	99.744%	89.714%
Option life	2.00 years	2.00 years	2.00 years	3.00 years
Expected dividends	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate (short-term)	0.53%	0.53%	0.66%	0.461%
Valuation methodology	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
	A$	A$	A$	A$
Share based payments expense recognised in statement of comprehensive income	-	-	2,958,492	1,447,921
Share based payments expense recognised as share issue costs	-	-	-	
Share based payments expense to be recognised in future periods	-	-	1,865,854	11,462,995

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

NOTE 8 RELATED PARTIES

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 Chief Executive Officer and Executive Director of the Company. For the quarter ended 30 September 2017 A$100,000 was paid or payable to Samuel (2016: A$50,000). The total amount outstanding at the end of the quarter was A$nil (2016: A$9,435).

(ii) The Company has a long-standing commercial arrangement with DGR Global, 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 quarter ended 30 September 2017 A$90,000 was paid or payable to DGR Global (2016: A$90,000) for the provision of administration, management and office facilities to the Company during the quarter. The total amount outstanding at quarter end was A$33,000 (2016: A$33,000). The administration services agreement expires on 21 March 2019.

(iii) Mr Brian Moller (a Director), is a partner in the Australian firm HopgoodGanim lawyers. For the quarter ended 30 September 2017, HopgoodGanim were paid A$95,787 (2016: A$102,836) for the provision of legal services to the Company. The services were based on normal commercial terms and conditions. The total amount outstanding at the end of the quarter was A$18,558 (2016: A$25,276).

(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 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.

NOTE 9 COMMITMENTS AND CONTINGENT ASSET AND LIABILITIES

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

NOTE 10 SUBSEQUENT EVENTS

On 8 November 2017 the Company entered into an agreement with a syndicate of underwriters led by National Bank Financial Inc. and Canaccord Genuity Corp.(collectively, the "Underwriters") pursuant to which the Underwriters have agreed to purchase, on a bought deal private placement basis, 180,000,000 ordinary shares (the "Ordinary Shares") of SolGold at a price of 25 pence per Ordinary Share for aggregate gross proceeds of £45,000,000 (the "Offering"). The Offering is expected to close on or about November 30, 2017 and is subject to certain closing conditions.

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

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached interim condensed financial statements and notes thereto comply with IAS 34 '*Interim Financial Reporting*' and other mandatory professional reporting requirements;

- the attached interim condensed financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 September and of its performance for the quarter 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

/s/ Nicholas Mather
Nicholas Mather
Executive Director

Brisbane
14 November 2017

This discussion and analysis (this "MD&A") is management's assessment of the results and financial condition of SolGold plc ("SolGold" or the "Company") for the quarter ended 30 September 2017 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the quarter ended 30 September 2017 and 2016 and the notes thereto. The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Management is responsible for the preparation of the financial statements and this MD&A. Unless otherwise stated, all amounts discussed in this MD&A are denominated in Australian dollars.

Mr James Gilbertson (CP, BSc. Geology, MSc. Mining Geology) of SRK Exploration Services is an independent "Qualified Person" (as defined in National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101")), responsible for the technical information reported herein, including verification of the data disclosed.

Mr Nicholas Mather, BSc. Hons Geol, Chief Executive Officer of the Company is a "Qualified Person" as defined in NI 43-101 and has reviewed and approved the technical information in this MD&A with respect to all of the Company's properties.

The information included in this MD&A is as of 14 November 2017 and all information is current as of such date. Readers are encouraged to read the Company's Regulatory News Service ("RNS") announcements filed on the London Stock Exchange and on the System for Electronic Document Analysis and Retrieval ("SEDAR") under the Company's issuer profile at www.sedar.com.

DESCRIPTION OF BUSINESS

SolGold is a Brisbane, Australia based, dual LSE and TSX-listed (SOLG on both exchanges) copper gold exploration and future development company with assets in Ecuador, Solomon Islands and Australia. SolGold's primary objective is to discover and define world-class copper-gold deposits. Cascabel, SolGold's 85% owned "World Class" (Refer to www.solgold.com.au/cautionary-notice/) flagship copper-gold porphyry project, is located in northern Ecuador on the under-explored northern section of the richly endowed Andean Copper Belt. SolGold owns 85% of Exploraciones

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Novomining S.A. ("ENSA") and approximately 5.34% of TSX-V-listed Cornerstone Capital Resources Inc. ("Cornerstone"), which holds the remaining 15% of ENSA, the Ecuadorian registered company which holds 100% of the Cascabel concession.

SolGold's Board and Management Team have substantial vested interests in the success of the Company as shareholders as well as strong track records in the areas of exploration, mine appraisal and development, investment, finance and law. SolGold's experience is augmented by state of the art geophysical and modelling techniques and the guidance of porphyry copper and gold expert Dr Steve Garwin.

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RESULTS OF OPERATIONS

The quarter ended 30 September 2017 compared with the quarter ended 30 September 2016

OVERALL PERFORMANCE

During the financial year ended 30 June 2017, SolGold announced an update to its strategy to become a globally important copper company by expanding the Company's copper-gold exploration portfolio in Ecuador. Accordingly, a comprehensive, nation-wide desktop study was undertaken by SolGold's independent experts resulting in 59 new licences being granted, leaving the Company with 7 exploration tenements in Australia, 60 exploration concession in Ecuador and 1 exploration permit under application in the Solomon Islands as at 30 September 2017.

OPERATING RESULTS

The Company incurred a loss before tax of A$5,838,413 and loss per share of 0.4 cents per share for the quarter ended 30 September 2017 compared to a loss before tax of A$804,929 and loss per share of 0.1 cents per share for the quarter ended 30 September 2016. Expenses incurred during the quarter ended 30 September 2017 were A$5,838,413 compared to A$804,929 for the quarter ended 30 September 2016. The increase in expenses of A$5,033,484 over the quarter ended 30 September 2016 was due to a number of factors, the most notable of which are:

Administration and consulting expenses were A$1,498,446 for the quarter ended 30 September 2017 compared to A$457,669 for the quarter ended 30 September 2016. The increase in administrative expenses of A$1,040,777 is largely due to the following:

- Increase in regulatory and compliance expenditure as a result of the Toronto Stock Exchange listing fee of A$201,470 as well as an increase in audit fees of A$105,122 resulting from an increase in the audit scope due to the Company's increased market capitalization;
- Increase in consultancy fees by A$200,000 due to the appointment of a corporate advisory firm to review business development opportunities;
- Increase in marketing, promotional and international travel expenses by A$305,170 during the quarter ended 30 September 2017 due to increased profiling of the Company at industry conferences and roadshows.
- Increase in Executive and Non-Executive Director fees by A$101,434 during the quarter ended 30 September 2017 as a result of the increase in annual Non-Executive Chairman fees and Non-Executive Director fees from A$50,000 to A$110,000 and A$50,000 to A$70,000, respectively.

Borrowing costs and expenses were A$70,868 for the quarter ended 30 September 2016 compared to A$45 for the quarter ended 30 September 2017. The decrease in finance costs of A$70,823 is due to the short term interest bearing liabilities and convertible notes being converted into ordinary shares as part of the share placement completed in August 2016. There was no short term interest bearing liabilities or convertible notes outstanding at 30 September 2017.

Employee benefit expenses increased by A$132,010 to A$291,101 for the quarter ended 30 September 2017 from A$159,091 for the quarter ended 30 September 2016, due to the increase in number of administrative personnel in comparison to the prior quarter.

Unrealised foreign exchange (gains) losses increased by A$1,770,230 to an unrealised foreign exchange gain of A$1,672,810 for the quarter ended 30 September 2017 compared to an unrealised foreign exchange loss of $A97,420 for the quarter ended 30 September 2016, representing the weakening of the Australian dollar against the United States dollar. The Company holds most of its cash and cash equivalents in United States dollars.

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OPERATING RESULTS (CONTINUED)

Share based payments expense increased by A$2,166,881 to A$2,247,574 for the quarter ended 30 September 2017 compared to $A80,693 for the quarter ended 30 September 2016. The expense recognised for the quarter ended 30 September 2017 represents the fair value of the 46,762,000 unlisted options to directors, certain employees and contractors over the vesting period.

The operating variances for the period are:

For the quarter ended 30 September	2017 A$	2016 A$	Variance A$
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	**-**	-	-
Other income	-	-	-
Expenses			
Administration and consulting expenses	(1,498,446)	(457,669)	(1,040,777)
Borrowing costs and expenses	(45)	(70,868)	70,823
Depreciation and amortisation expense	(12,027)	(2,045)	(9,982)
Employee benefit expenses	(291,101)	(159,091)	(132,010)
Legal expenses	(115,423)	(110,694)	(4,729)
Exploration written off	(987)	(21,289)	20,302
Unrealised foreign exchange (gains) / losses	(1,672,810)	97,420	(1,770,230)
Share based payments expense	(2,247,574)	(80,693)	(2,166,881)
Operating loss	**(5,838,413)**	**(804,929)**	**(5,033,484)**
Loss before tax	**(5,838,413)**	**(804,929)**	**(5,033,484)**
Tax expense (benefit)	-	-	-
Loss for the year	**(5,838,413)**	**(804,929)**	**(5,033,484)**

OTHER COMPREHENSIVE INCOME (LOSS)

For the quarter ended 30 September 2017, the Company had a total comprehensive loss of A$9,239,316 compared to a total comprehensive profit of A$51,209 for the quarter ended 30 September 2016. The increase in total comprehensive loss was due to the following:

Change in fair value of available for sale financial assets was a loss of A$2,567,648 for the quarter ended 30 September 2017 compared to a gain of A$2,415,087 for the quarter ended 30 September 2016. The change year on year represents the mark to market adjustments that the Company makes on its investment in Cornerstone. The share price of Cornerstone at 30 September 2017 was C$0.37 per share compared to C$0.46 per share at 30 June 2017 and C$0.13 per share at 30 September 2016 compared to C$0.05 per share at 30 June 2016.

Exchange differences on translation of foreign operations representing the gain or loss recognised on translating the Company's subsidiary Exploraciones Novomining S.A.'s ("ENSA") financial statements was a loss of A$833,255 for the quarter ended 30 September 2017 compared to a loss of A$1,558,949 for the quarter ended 30 September 2016. The average exchange rate used to translate ENSA's financial statements for the quarter ended 30 September 2017 from United States dollars to Australian dollars was 1.25411 compared to 1.3207 for the quarter ended 30 September 2016.

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FINANCIAL POSITION

Total assets at 30 September 2017 were A$163,893,336 compared to A$166,713,608 at 30 June 2017 representing a decrease of A$2,820,272 from the previous quarter as a result of increased cash due to the exercise of share options and the issue of shares to Newcrest Mining Ltd pursuant to top-up rights during the quarter, offset by the continued exploration at the Company's flagship Cascabel project and initial exploration of the newly granted concessions in Ecuador and payments of corporate administrative and overhead expenses.

Current assets decreased by A$10,837,574 primarily as a result of funding the exploration programs at the Company's flagship Cascabel project and the newly granted exploration concessions in Ecuador.

Non-current assets increased by A$7,608,984 mainly due to increases in intangible assets and property, plant and equipment offset by the decrease in available for sale securities. Deferred exploration assets increased by A$9,631,906 due predominantly to the exploration expenditure incurred at the Cascabel project during the quarter ended 30 September 2017. Investment in available for sale securities decreased by A$2,516,943 representing the mark to market adjustments that the Company makes on its investment in Cornerstone.

Current and total liabilities at 30 September 2017 were A$5,559,253 compared to A$2,741,175 at 30 June 2017 representing an increase of A$2,818,078 from the previous quarter. The change is due to the increased exploration activity in Ecuador resulting in additional rigs and metres drilled compared to the previous quarter.

FINANCINGS

During the quarter ended 30 September 2017, the Company issued the following equities:

- 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 Director 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 Director options.
- On 9 August 2017, the Company issued a total of 46,762,000 unlisted options to Directors, 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 £0.3816 to raise A$0.43 million (£0.26 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 (as varied). The allotment price was based on the 10 day VWAP, in accordance with the terms of the Newcrest Subscription Agreement.

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SELECTED FINANCIAL DATA

The following table provides selected annual financial information derived from the most recently completed financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the periods below:

Year ended 30 June	**2017 A$**	**2016 A$**	**2015 A$**
Operations			
Loss for the year after tax	(4,499,972)	(5,723,122)	(4,238,661)
Total comprehensive income (loss) for the year	2,331,271	(4,483,698)	(5,125,505)
Total comprehensive income (loss) for the year attributable to:			
- Owners of the parent company	2,697,343	(4,383,728)	(5,258,040)
- Non-controlling interest	(366,071)	(99,970)	132,535
	2,331,271	(4,483,698)	(5,125,505)
Basic and diluted loss per share (cents per share)	(0.3)/(0.3)	(0.7)/(0.7)	(0.6)/(0.6)
Balance Sheet			
Working capital (deficit)	87,878,912	(8,220,663)	(1,865,711)
Total assets	166,713,608	43,500,102	32,696,986
Total liabilities	2,741,175	8,518,765	2,338,446
Distributions or cash dividends declared per share	Nil	Nil	Nil

The Company prepares its consolidated annual financial statements in accordance with IFRS as issued by the IASB.

SUMMARY OF QUARTERLY RESULTS

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending with 30 September 2017. Financial information is prepared in accordance with IFRS as issued by the IASB and is reported in Australian Dollars.

Quarter ended	**Sep 30, 2017 A$**	**Jun 30, 2017 A$**	**Mar 31, 2017 A$**	**Dec 31, 2016 A$**
Revenue	-	-	-	-
Loss for the quarter before tax	(5,838,413)	(2,791,189)	(4,575,517)	(151,547)
Net loss per share (cents per share)	(0.4)	(0.2)	(0.3)	(0.0)

Quarter ended	**Sep 30, 2016 A$**	**Jun 30, 2016 A$**	**Mar 31, 2016 A$**	**Dec 31, 2015 A$**
Revenue	-	-	-	-
Loss for the quarter before tax	(804,929)	(2,412,779)	(773,151)	(2,031,645)
Net loss per share (cents per share)	(0.1)	(0.3)	(0.1)	(0.3)

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EXPLORATION AND EVALUATION ASSETS

Total capitalised expenditures on exploration and evaluation assets as at 30 September 2017 were A$69,355,011 compared to A$59,723,105 at 30 June 2017. Exploration expenditure of A$9,632,893 was incurred during the quarter ended 30 September 2017 compared to A$559,255 during the quarter ended 30 September 2016. An impairment charge of A$987 (2016: A$21,289) was recognised for exploration expenditure associated with tenements that were surrendered or lapsed in the quarter ended 30 September 2017.

Cascabel Project (Ecuador)

At Cascabel, the benefits of corporate deals with Newcrest Mining Ltd and Maxit Capital were realised with exploration fully funded for the next 12 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 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 15 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.

Exploration activities during the quarter ended 30 September 2017 included:

- Diamond drilling of holes 26 to 31 at Alpala, for a total of approximately 7500m
- Geological modelling in preparation for upcoming Mineral Resource Estimate
- Petrography and Mineragraphy.
- Spectral alteration interpretation and analysis.
- 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
- 3D geochemical modelling
- Lidar topographic control survey planned for fourth quarter 2017.
- Upgrade and expansion of the Alpala field camp and the Rocafuerte field office and core handling and storage facilities.

New Concessions for 100% SolGold Subsidiaries (Ecuador)

During the September quarter all four subsidiary companies have had technical teams working on the ground. By the end of September 2017, seven project areas will have had initial evaluation completed or nearing completion. Security and social teams have been in the field ahead of the technical staff ensuring access to all project areas and maintaining good relationships with local landowners.

Of the 6 projects where evaluation work is being conducted, the most promising projects identified are Machos - Florida Santa Cruz - La Hueca Project (La Hueca Project), Sharug, Porvenir and Rio Armarillo projects. These 4 projects all have Cu +- Au mineralization identified with associated strong hydrothermal alteration. Technical field teams during the quarter have been conducting reconnaissance sampling, mapping and prospecting as detailed in the table below.

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New Concessions for 100% SolGold Subsidiaries (Ecuador)

COMPANY	ROCK CHIPS #	STREAM SEDIMENTS #	PANNED MINERAL CONCENTRATE #	TOTAL
CARNEGIE RIDGE RESOURCES S.A.	126	83	0	**209**
CRUZ DEL SOL CSSA S.A.	271	180	180	**631**
GREEN ROCK RESOURCES GRR S.A.	275	549	14	**838**
VALLE RICO RESOURCES VRR S.A.	19	32	22	**73**
Total	**691**	**844**	**216**	

Table: Summary of regional sampling.

Queensland Projects (Australia)

In Australia, 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.

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.

Solomon Islands Projects

In the Solomon Islands, SolGold has streamlined its in-country presence after significant drill testing reduced the prospectivity of Fauro, Koloula and Malakuna tenements. The Kuma project in Guadalcanal has never been drilled and is considered by SolGold to be a significant porphyry copper-gold target upgraded by recent geochemical and spectral work by SolGold subsidiary Guadalcanal Exploration Pty Ltd (GEX).

EXPLORATION 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 mineralised outcropping targets over the 59 new tenements granted to SolGold’s four Ecuadorian subsidiaries.

Cascabel Project (Ecuador)

The Cascabel Project is a porphyry copper- gold deposit located in the Imbabura province of northwest Ecuador. It lies just off the main road, a 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.

Cascabel is SolGold's flagship project and shows significant promise of hosting a tier 1 resource. SolGold has completed over 53,500m of drilling and expended over USD50M on the program, which includes corporate costs and investments. This has been accomplished with a workforce of up to 260 Ecuadorean workers and geoscientists, and 6 expatriate Australian geoscientists.

SolGold’s exploration program will focus on expanding the mineralisation being defined along the greater Alpala trend. Over 23,000m of drilling is planned for the last calendar quarter of 2017, and over 106,000 metres of drilling is planned over the 2018 year. 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.

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Cascabel Project (Ecuador) (continued)

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.

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.

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.

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.

Several types of mineralisation comprise the deposit, including but not limited to:

- disseminated mineralisation occurring within early quartz diorite (QD10) source intrusions;
- intense quartz-copper sulphide rich zones occurring at the carapace and edges of QD10 intrusions;
- multidirectional quartz-magnetite-chalcopyrite stock work veins that extend several hundreds of metres beyond the QD10 intrusive margins;
- moderate quartz-magnetite-chalcopyrite stock work veins and lesser sheeted veins that characterize the more distal setting to the source intrusions.

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Cascabel Project (Ecuador) (continued)

Generally speaking, porphyry deposits are characteristically continuous. At Alpala, on the basis of drill hole evidence and geology, the mineralisation is robust and remains continuous over the area drilled to date (from Hole 13 and 26 in the northwest to Hole 21 and 28 in the southeast) at cut-off grades as high as 0.9% copper equivalent. At lower cut-off grades (>0.5% copper equivalent) the entire area drilled to data is continuous over 2200m length, and up to 700m width, over a total vertical column of 1800m.

Drilling indicates a true width of the mineralised envelope of up to 700 metres, a length in excess of 1300 metres and over 1800m vertical extent from surface. The highest-grade drill intervals occur within and adjacent to a swarm of intrusions of early-stage, quartz diorite porphyry bodies (QD10), which have been further enriched with bornite mineralisation in a later stage phyllic mineralisation event.

Mineralisation is controlled by a series of parent or source quartz diorite ("QD10") intrusions, that have intruded the country rock as a "swarm" of dykes and stocks, which have been enriched with bornite mineralisation in a later stage phyllic mineralisation event. The deposit that formed around the main mineralising QD10 source intrusions is up to 700 m thick in a SW-NE direction and slowly tapers off towards surface, where the deposit outcrops in Alpala Creek (where rock-saw channel sampling in trenches confirms outcropping mineralisation over a combined zone of more than 87m grading over 1% copper equivalent).

Each of the QD10 apophyses evident in the greater Alpala cluster has mineralised a vertical extent of up to 1800 m of surrounding host rock, forming tapering columns of multi-directional quartz stock work veining that reach surface at locations like Alpala Creek. To date, QD10 source intrusions have been intersected by drilling over a strike length of more than 850 m from Hole 13 in the northwest to Hole 25 in the southeast; drilling indicates a vertical distribution of QD10 intrusions over more than 700 m from 950 m RL in Hole 25 to 250 m RL in Hole 12.

Grades that occur within the surrounding mineralised envelopes in fact make up the bulk of the deposit at Alpala. The zones contain classical porphyry style stock-work quartz - magnetite - copper sulphide veining that is both extensive and intense and includes sub-horizontal or low angle copper mineralised veins. These zones are reasonably interpreted by management and SolGold expert consultants to be continuous. This mineralisation forming the bulk of the Alpala deposit extends for hundreds of metres laterally and many hundreds of metres vertically (over 1000m in parts) above the source intrusions.

At Cascabel, all drill holes have been assayed over their entire length, including unmineralised rock, and the average of all drill core at Alpala to date is 0.31% Cu and 0.26 g/t Au.

Initial 3D modelling based on existing drill data and grade shell interpolants based on 3D Leapfrog™ modelling 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 compare favourably in both grade and tonnage to existing block cave mineral resources, and equate to an endowment of between 7.7-8.9Mt of contained copper equivalents.

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New Concessions for 100% SolGold Subsidiaries (Ecuador)

Outstanding results have been returned from first pass prospecting subsequent to the end of the September as announced to the market on 31 October 2017:

- Rock chip samples collected from SolGold's 100% owned La Hueca Project have returned high grade copper and gold mineralisation from extensive outcropping porphyry copper gold mineralisation over a broad 5 km x 1 km zone. Best Results include;
  - 13.82% Cu in sample R02000263
  - 8.37% Cu in sample R02000310
  - 4.08% Cu in sample R02000259
  - 2.50% Cu in sample R02000307
  - 1.80% Cu in sample R02000305
- 25 km long porphyry trend
- Jurassic in age similar to Fruta del Norte, Mirador and the giant La Alumbrera mine in Argentina (Glencore).
- Samples were taken from an extensive zone of complex multiphase copper sulphide and magnetite mineralised quartz veining and hydrothermal alteration extending over an unclosed 5km long zone
- Stream Sediment and panned concentrate sampling results have highlighted additional areas of strongly anomalous copper and gold mineralisation outside of the mineralised quartz vein zone, to be followed up with detailed prospecting and field mapping.

In addition to the recent results returned from La Hueca, highly anomalous Cu and Au results have been returned from stream sampling programs at other project areas such as Porvenir and Sharug and Rio Armarillo. These areas will require detailed follow up mapping and rock chip sampling by SolGold's field teams to locate the source of the stream sediment anomalism.

Queensland Projects (Australia)

The Company will commence a drill program to test porphyry style gold mineralisation at the Normanby project. A reassessment of the range of other projects held in Queensland resulted in the 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. 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)

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. Access agreements are being negotiated ahead of a field program of Anaconda style geological mapping which is planned for the coming year and reprocessing of existing airborne magnetic data in 3D.

Kuma project exhibits silica ledges and dickite anomalies which are controlled by high level structures which, along with the identification and orientation of dikes (porphyritic felsic), veins (quartz and epidote) and fractures (containing chalcopyrite or magnetite) can provide vectors toward the centre of the Kuma porphyry gold-copper system.

Drill Sites will be located following both magnetic interpretation and correlation with geological mapping within and peripheral to the target area. The project will be drill ready in early 2019. Three steeply-inclined diamond core drill-holes, each about 800 m deep, are envisaged for an initial test of the target area.

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Liquidity and Capital Resources

At 30 September 2017 the Company had cash and cash deposits of A$78,475,169, a decrease of A$10,837,574 from A$89,312,743 as at 30 June 2017.

Cash expenditure (before financing activities) for the quarter ended 30 September 2017 was A$10,518,157 million (2016: A$3,057,789). During the quarter ended 30 September 2017, cash of A$1,353,393 (2016: A$20,401,794) was received from the issue of shares via "top-up" rights and the exercise of share options and A$nil (2016: A$852,727) received as unsecured short term borrowings. Accordingly, the net cash outflow of the Company for the quarter ended 30 September 2017 was A$9,164,764 (2016: inflow of A$18,169,317).

Cash of A$7,859,236 (2016: A$1,591,318) was invested by the Company on exploration expenditure during the quarter ended 30 September 2017.

The Company has no history of revenues from its operating activities and the Company has financed its activities by raising capital through equity issuances or debt. Given the nature of the Company's current activities, it will remain dependent on equity and/or debt funding in the short to medium term until such time as the Company becomes self-financing from the commercial production of mineral resources.

Outstanding Share Data

The Company was authorised to issue 2,020,000,000 ordinary shares at 30 September 2017 of which 1,516,245,686 were outstanding at 30 June 2017 and at the date of the report, 14 November 2017. At 30 September 2017 and at the date of the report, the Company had outstanding options to purchase an aggregate of 88,353,768 ordinary shares with exercise prices ranging from £0.14 to £0.60 per share and expiry dates ranging from 17 October 2018 and 8 August 2020.

Contingencies

A 2% net smelter royalty is payable to Santa Barbara Resources Limited, which was the previous owner 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's 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.

Transactions with Related Parties

Transactions with related parties are disclosed in Note 8 to the 30 September 2017 unaudited interim condensed consolidated financial statements. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The figures noted below are for the quarter ended 30 September 2017 with comparative figures for the quarter ended 30 September 2016.

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TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The Company has a commercial agreement with Samuel Capital Ltd ("Samuel") for the engagement of Nicholas Mather as Chief Executive Officer and Executive Director of the Company. For the quarter ended 30 September 2017 A$100,000 was paid or payable to Samuel (2016: A$50,000). The total amount outstanding at the end of the quarter was A$nil (2016: A$9,435).

The Company has a long-standing commercial arrangement with DGR Global, 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 quarter ended 30 September 2017 A$90,000 was paid or payable to DGR Global (2016: A$90,000) for the provision of administration, management and office facilities to the Company during the quarter. The total amount outstanding at quarter end was A$33,000 (2016: A$33,000). The administration services agreement expires on 21 March 2019.

Mr Brian Moller (a Director), is a partner in the Australian firm HopgoodGanim lawyers. For the quarter ended 30 September 2017, HopgoodGanim were paid A$95,787 (2016: A$102,836) for the provision of legal services to the Company. The services were based on normal commercial terms and conditions. The total amount outstanding at the end of the quarter was A$18,558 (2016: A$25,276).

On 20 November 2015, DGR Global agreed to provide short term funding to SolGold 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 could, at its sole election, convert all or part of the loan, including accrued interest, into further equity as part of a SolGold capital raising, and at the same price as third party participants, subject to DGR Global 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 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.

The key management personnel of the Company are the directors and officers of the Company. Compensation awarded to key management relating to consulting fees and share-based payments for the quarters ended 30 September 2017 and 2016 are as follows:

	Salary A$	Other Benefits[1] A$	Pensions A$	Total Remuneration A$
Three months ended 30 September 2017				
Directors				
Nicholas Mather	100,000	837,731	-	937,731
Brian Moller	27,500	119,676	-	147,176
Robert Weinberg	17,500	71,805	-	89,305
John Bovard	17,500	71,805	-	89,305
Craig Jones	17,500	71,805	-	89,305
Other Key Management Personnel[2]	262,022	783,968	15,062	1,061,051
Total paid to Key Management Personnel	**442,022**	**1,956,791**	**15,062**	**2,413,874**

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

[2] 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).

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Transactions with Related Parties (continued)

	Basic Annual Salary A$	Other Benefits A$	Pensions A$	Total Remuneration A$
Three months ended 30 September 2016				
Directors				
Nicholas Mather	37,500	-	-	37,500
Brian Moller	12,500	-	-	12,500
Robert Weinberg	12,500	-	-	12,500
John Bovard	12,500	-	-	12,500
Scott Caldwell	3,056	-	-	3,056
Craig Jones	-	-	-	-
Other Key Management Personnel[1]	314,266	-	12,900	327,166
Total paid to Key Management Personnel	**392,322**	**-**	**12,900**	**405,222**

[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 quarter, A$15,062 employer's social security costs (2016: A$12,900) were paid in respect of remuneration for key management personnel.

Financial Instruments and Related Risks

The Company's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. A summary of the major financial instrument risks and the Company's approach to management of these risks are highlighted below.

Credit Risk

The Company is exposed to credit risk primarily from the financial institutions with which it holds cash and cash deposits. The Company's cash and cash deposits are held with Australian, Ecuadorian and Solomon Island financial institutions. Management believes that the credit risk concentration with respect to financial instruments included in other receivables and prepayments is manageable.

Foreign Currency Risk

The Company transacts a significant portion of its business in US dollars, which is the currency of Ecuador, and therefore is subject to foreign exchange risk on US dollar receivables, trade payables and cash balances. The Company attempts to mitigate these risks by managing its US dollar inflows and outflows and maintaining a significant portion of it cash and cash deposits in US dollars. No hedging instruments have been used by the Company, however, depending upon the nature and level of future foreign exchange transactions, consideration may be given to the use of hedging instruments. The Company believes that it adequately manages its foreign exchange risk.

Liquidity Risk

The Company has no source of operating cash flow to funds its exploration projects and is dependent on raising funds 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 exploration 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.

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FINANCIAL INSTRUMENTS AND RELATED RISKS (CONTINUED)

Other Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company monitors commodity prices of gold, copper and other metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company. The Company believes that both commodity and equity price movements can have a substantial effect on the market value of the Company's investments.

Interest Rate Risks

The 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 Company's cash and cash deposits may fluctuate in value depending on the market interest rates and time to maturity of the instruments.

Debt is initially recognised at fair value. Subsequent to initial recognition these financial liabilities are held at amortised cost using the effective interest rate method.

SUBSEQUENT EVENTS

On 8 November 2017 the Company entered into an agreement with a syndicate of underwriters led by National Bank Financial Inc. and Canaccord Genuity Corp.(collectively, the "Underwriters") pursuant to which the Underwriters have agreed to purchase, on a bought deal private placement basis, 180,000,000 ordinary shares (the "Ordinary Shares") of SolGold at a price of 25 pence per Ordinary Share for aggregate gross proceeds of £45,000,000 (the "Offering"). The Offering is expected to close on or about November 30, 2017 and is subject to certain closing conditions.

OFF-BALANCE SHEET ARRANGEMENTS

At 30 September 2017, the Company had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities, disclosure of commitments and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions. Actual results could differ from these estimates.

The significant judgements and estimates used in the preparation of these interim condensed consolidated financial statements that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities and earnings within the next financial reporting periods include:

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CRITICAL ACCOUNTING ESTIMATES (CONTINUED)

Impairment and reversal of impairment of deferred exploration assets
Deferred exploration assets are tested for impairment at the end of each reporting period if in management's judgement there is an indicator of impairment. If there are indicators, management performs an impairment test on the major assets within this balance.

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.

Fair value of share based payments
Determining the fair value of share-based payments involves estimates of interest rates, expected life of options, share price volatility and the application of the Black-Scholes option-pricing model. The Black-Scholes option-pricing model requires the input of highly subjective assumptions that can materially affect the fair value estimate. Share options granted vest in accordance with the ESOP. The valuation of share based compensation is subjective and can impact profit and loss significantly. Several other variables are used when determining the value of share options using the Black-Scholes valuation model:

- Dividend yield: The Company has not paid dividends in the past because it is in the exploration stage and has not yet earned any significant operating income. Also, the Company does not expect to pay dividends in the foreseeable future. Therefore, a dividend rate of 0% was used for the purposes of the valuation of the share options.
- Volatility: The Company uses historical information on the market price to determine the degree of volatility at the date when the share options are granted. Therefore, depending on when the share options were granted and the period of historical information examined, the degree of volatility can be different when calculating the value of different stock options.
- Risk-free interest rate: The Company used the interest rate available for government securities of an equivalent expected term as at the date of the grant of the share options. The risk-free interest rate will vary depending on the date of the grant of the share options and their expected term.

CHANGES IN IFRS ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

New standards and interpretations not yet adopted
The Company has elected not to early adopt the following revised and amended standards, which are not yet endorsed in the EU. The list below includes only standards and interpretations that could have an impact on the consolidated financial statements of the Company.

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CHANGES IN IFRS ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS (CONTINUED)

IFRS 9 Financial instruments

The complete standard has been 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 Company will assess the impact on its consolidated financial statements.

IFRS 15 Revenue from contracts with customers

The new standard was issued in May 2014 and establishes the principles for the disclosure of useful information in the financial statements in respect of contracts with customers. 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 Company has assessed the impact of applying IFRS 15. However as the Company currently does not generate revenue there is no significant impact expected.

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 Company will review its arrangements in place in order to evaluate the potential impact of the new standard.

RISKS AND UNCERTAINTIES

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required locate and estimate ore reserves, and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies. There is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production. The following are some of the risks to the Company, recognising that it may be exposed to other additional risks from time to time:

- General geological risks
- Title risk
- Permitting risk in Ecuador
- Dependence on key management personnel
- Volatility of commodity prices
- Project development risks
- Currency fluctuations
- Land access risks
- Environmental risks
- Geopolitical, regulatory and sovereign risk

The Company is diligent in minimising exposure to business risk, but by the nature of its activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties materialise, or should underlying assumptions prove incorrect, then actual results may vary materially from those described on forward-looking statements.

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Management's Responsibility for Financial Statements

The Board of Directors carries out its responsibility for the interim condensed consolidated financial statements primarily through the audit committee which is comprised of independent, non-executive directors who meet periodically with management and auditors to review financial reporting and internal control matters.

Additional Information

Additional information relating to the Company is available on the SEDAR under the Company's issuer profile at www.sedar.com and can be found on the Company's website at www.solgold.com.au.

Forward-looking Statements

Certain statements contained in this MD&A may be deemed "forward-looking statements" within the meaning of applicable Canadian and U.S. securities laws. All statements in this MD&A, other than statements of historical fact, that address future events, developments or performance that SolGold expects to occur including management's expectations regarding SolGold's growth, results of operations, estimated future revenues, requirements for additional capital, mineral reserve and mineral resource estimates, production estimates, production costs and revenue estimates, future demand for and prices of commodities, business prospects and opportunities and outlook on gold and currency markets are forward-looking statements. In addition, statements (including data in tables) relating to reserves and resources and gold equivalent ounces are forward-looking statements, as they involve implied assessment, based on certain estimates and assumptions, and no assurance can be given that the estimates will be realized. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "scheduled" and similar expressions or variations (including negative variations), or that events or conditions "will", "would", "may", "could" or "should" occur including, without limitation, the performance of the assets of SolGold, the realization of the anticipated benefits deriving from SolGold's investments and transactions and the estimate of gold equivalent ounces to be received in 2017. Although SolGold believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of SolGold, and are not guarantees of future performance and actual results may accordingly differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, without limitation: fluctuations in the prices of the commodities; fluctuations in the value of currency of Canada, Australia and the United Kingdom; regulatory changes by national and local governments, including permitting and licensing regimes and taxation policies; regulations and political or economic developments in any of the countries where properties in which SolGold holds interest are located; risks related to the operators of the properties in which SolGold holds interests; business opportunities that become available to, or are pursued by SolGold; continued availability of capital and financing and general economic, market or business conditions; litigation; title, permit or license disputes related to interests on any of the properties in which SolGold holds interest; development, permitting, infrastructure, operating or technical difficulties on any of the properties in which SolGold holds interest; risks and hazards associated with the business of exploring, development and mining on any of the properties in which SolGold holds interest, including, but not limited to unusual or unexpected geological and metallurgical conditions, slope failures or cave-ins, flooding and other natural disasters or civil unrest or other uninsured risks. The forward-looking statements contained in this MD&A are based upon assumptions management believes to be reasonable, including, without limitation: the ongoing operation of the properties in which SolGold holds interest by the owners or operators of such properties in a manner consistent with past practice; no material adverse change in the market price of the commodities that underlie the asset portfolio; no adverse development in respect of any significant property in which SolGold holds interest; the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended. For additional information on risks, uncertainties and assumptions, please refer to the AIF of SolGold filed on SEDAR at www.sedar.com which also provides additional general assumptions in connection with these statements. SolGold cautions that the foregoing list of risk and uncertainties is not exhaustive. Investors and

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others should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. SolGold believes that the assumptions reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. SolGold undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

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