This discussion and analysis (this "MD&A") is management's assessment of the results and financial condition of SolGold plc ("SolGold" or the "Company") and should be read in conjunction with the Company's audited consolidated financial statements for the years ended 30 June 2017 and 2016 and the notes thereto. The 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 September 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 AIM 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 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 financial year ended 30 June 2017 compared with the financial year ended 30 June 2016

OVERALL PERFORMANCE

At 1 July 2016, exploration tenements / concessions held by the Company totalled 7 claims. 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 38 new licences being granted, leaving the Company with 7 exploration tenements in Australia, 39 exploration concession in Ecuador and 1 exploration permit under application in the Solomon Islands as at 30 June 2017.

OPERATING RESULTS

The Company incurred a loss before tax of A$8,323,050 and loss per share of 0.3 cents per share for the financial year ended 30 June 2017 compared to a loss before tax of A$5,723,122 and loss per share of 0.7 cents per share for the financial year ended 30 June 2016. Expenses incurred during the financial year ended 30 June 2017 were A$8,323,119 compared to A$5,723,707 for the financial year ended 30 June 2016. The increase in expenses of A$2,599,412 over the prior year was due to a number of factors, the most notable of which are:

Exploration costs written-off was A$17,310 for the financial year ended 30 June 2017 compared to A$1,555,004 for the financial year ended 30 June 2016. Exploration costs written off during the financial year ended 30 June 2017 represents deferred exploration assets written off for the La Encrucijada concession that was relinquished in Ecuador. Exploration costs written off during the financial year ended 30 June 2016 represents deferred exploration assets written off for tenements / concessions that were relinquished in Australia (EPMs 16420 and 18035) and Ecuador (La Encrucijada).

Administrative expenses were A$8,232,307 for the financial year ended 30 June 2017 compared to A$2,553,010 for the financial year ended 30 June 2016. The increase in administrative expenses of A$5,679,297 is largely due to the following:

- share based payments expense of A$2,239,533 (2016: A$nil) representing the fair value of share options granted to employees and contractors. No share options were granted to employees and contractors for the financial year ended 30 June 2016;
- unrealised foreign exchange loss of A$1,032,010 (2016: gain of A$129,619) on funds held in U.S. dollars due to the appreciation of the Australian dollar;
- legal fees of A$854,399 (2016: A$99,284) representing fees associated predominantly with the TSX listing and London main board listing;
- employment expenses of A$858,681 (2016: A$604,921) due to the increase in staffing numbers over the prior year; and
- marketing and promotional expenses of A$607,717 (2016: A$258,488) due to increased profiling of the Company at industry conferences and roadshows.

Movement in fair value of derivative liability was A$nil for the financial year ended 30 June 2017 compared to A$1,378,260 for the financial year ended 30 June 2016. The movement in fair value of derivative liability represents the difference between the conversion value and the amortised cost of the convertible notes issued to the Company's major shareholders DGR Global Limited ("DGR Global") and Tenstar Trading Limited, as calculated in accordance with the provisions of International Accounting Standards ("IAS") 39, Financial Instruments, Recognition and Measurement. The convertible notes were converted into ordinary shares as part of the share placement completed in August 2016.

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Finance costs were A$73,502 for the financial year ended 30 June 2017 compared to A$237,433 for the financial year ended 30 June 2016. The decrease in finance costs of A$163,931 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.

The operating variances for the period are:

For the financial year ended 30 June	**2017 A$**	**2016 A$**	**Variance A$**
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	**-**	-	-
Other income	-	-	-
Expenses			
Exploration costs written-off	(17,310)	(1,555,004)	1,537,694
Administrative	(8,232,307)	(2,553,010)	(5,679,297)
Movement in fair value of derivative liability	-	(1,378,260)	1,378,260
Operating loss	**(8,249,617)**	**(5,486,274)**	**(2,763,343)**
Finance income	69	585	(516)
Finance costs	(73,502)	(237,433)	163,931
Loss before tax	**(8,323,050)**	**(5,723,122)**	**(2,599,928)**
Tax expense (benefit)	(3,823,078)	-	(3,823,078)
Loss for the year	**(4,499,972)**	**(5,723,122)**	**1,223,150**

OTHER COMPREHENSIVE INCOME (LOSS)

For the financial year ended 30 June 2017, the Company had a total comprehensive profit of A$2,331,272 compared to a total comprehensive loss of A$4,483,698 for the financial year ended 30 June 2016. The increase in total comprehensive profit was due to the following:

Change in fair value of available for sale financial assets was a gain of A$8,920,515 net of tax for the financial year ended 30 June 2017 compared to a gain of A$190,610 for the financial year ended 30 June 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 June 2017 was C$0.46 per share compared to C$0.05 per share at 30 June 2016 and C$0.04 per share at 30 June 2015.

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$2,089,272 for the financial year ended 30 June 2017 compared to a gain of A$1,048,814 for the financial year ended 30 June 2016. The average exchange rate used to translate ENSA's financial statements for the year ended 30 June 2017 from United States dollars to Australian dollars was 1.3254 compared to 1.3725 for the financial year ended 30 June 2016.

FINANCIAL POSITION

Total assets at 30 June 2017 were A$166,713,608 compared to A$43,500,102 at 30 June 2016 representing an increase of A$123,213,506 from the previous financial year as a result of increased cash due to the share placements completed during the year and the continued exploration at the Company's flagship Cascabel project in Ecuador.

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Current assets increased by A$90,321,985 as a result of an increase in cash by A$89,217,810 and an increase in other receivables and prepayments of A$1,104,174 representing funds receivable from the exercise of share options and recoverable taxes such as the goods and services tax in Australia and valued added tax in the United Kingdom.

Non-current assets increased by A$32,891,521 mainly due to increases in intangible assets and investment in available for sale securities. Deferred exploration assets increased A$18,643,191 due predominantly to the exploration expenditure incurred at the Cascabel project during the financial year ended 30 June 2017. Investment in available for sale securities increased by A$12,743,592 net of tax representing the mark to market adjustments that the Company makes on its investment in Cornerstone.

Current and total liabilities at 30 June 2017 were A$2,741,175 compared to A$8,518,765 at 30 June 2016 representing a decrease of A$5,777,590 from the previous financial year. The significant change in comparison to the previous financial year is due to the repayment of trade and other payables and the conversion of the short term interest bearing liabilities and convertible notes into ordinary share in the share placement completed in August 2016.

FINANCINGS

During the financial year ended 30 June 2017, the Company issued the following equities:

- On 26 August 2016, the Company issued an additional 268,819,004 shares at £0.06 to raise A$27.9 million (£16.1 million) in a combination of cash and debt conversions pursuant to a private placement to progress its exploration and project development efforts across its portfolio of projects in the Solomon Islands, Ecuador and Queensland, Australia.
- On 14 October 2016, the Company issued an additional 63,353,339 shares at £0.13 to raise A$13.4 million (£8.2 million) in cash pursuant to a private placement to continue to fund the Company's exploration of its flagship Cascabel project, for general working capital purposes and ongoing corporate costs.
- On 17 October 2016, the Company issued an additional 142,896,661 shares at £0.13 to raise A$30 million (£18.6 million) in cash pursuant to a private placement to continue to fund the Company's exploration of its flagship Cascabel project, for general working capital purposes and ongoing corporate costs.
- On 17 October 2016, the Company issued an additional 19,591,768 unlisted options to Maxit Capital LP. The options consist of two tranches of 9,795,884 options, one tranche exercisable at £0.14 and one tranche at £0.28.
- On 28 October 2016, the Company issued a total of 22,000,000 unlisted options to employees and contractors. The options have a strike price of £0.28 each and are exercisable through to 28 October 2018.
- On 17 January 2017, the Company issued an additional 900,000 shares at £0.14 to raise A$0.19 million (£0.13 million) in cash as a result of the exercise of employment options.
- On 31 January 2017, the Company issued an additional 100,000 shares at £0.30 to raise A$0.05 million (£0.03 million) in cash to Newcrest International Pty Ltd ("Newcrest International"), a wholly owned subsidiary of Newcrest Mining Ltd pursuant to "top-up rights" held by Newcrest International pursuant to the Newcrest Subscription Agreement. The allotment price was based on the 10 day VWAP, in accordance with the terms of the Newcrest Subscription Agreement.
- On 3 February 2017, the Company issued an additional 1,200,000 shares at £0.14 to raise A$0.28 million (£0.17 million) in cash as a result of the exercise of employment options.
- On 21 February 2017, the Company issued an additional 900,000 shares at £0.14 to raise A$0.20 million (£0.13 million) in cash as a result of the exercise of employment options.

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- On 1 March 2017, the Company issued an additional 240,000 shares at £0.38 to raise A$0.15 million (£0.09 million) in cash to Newcrest International pursuant to "top-up rights" held by Newcrest International pursuant to the Newcrest Subscription Agreement. The allotment price was based on the 10 day VWAP, in accordance with the terms of the Newcrest Subscription Agreement.
- On 21 June 2017, the Company issued 78,889,080 ordinary shares at £0.41 to raise A$54.5 million in cash pursuant to a private placement to continue to fund the continued exploration of the Cascabel Project, general working capital and SolGold's pan Ecuadorean exploration strategy.
- On 26 June 2017, the Company issued an additional 880,000 shares at £0.14 to raise A$0.20 million (£0.12 million) in cash as a result of the exercise of employment options.
- On 26 June 2017, the Company issued an additional 880,000 shares at £0.28 to raise A$0.41 million (£0.25 million) in cash as a result of the exercise of employment options.

SELECTED FINANCIAL DATA

The following table provides selected annual financial information 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.

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SUMMARY OF QUARTERLY RESULTS

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

Quarter ended	Jun 30, 2017 A$	Mar 31, 2017 A$	Dec 31, 2016 A$	Sep 30, 2016 A$
Revenue	-	-	-	-
Loss for the quarter before tax	(2,791,189)	(4,575,517)	(151,547)	(804,797)
Net loss per share (cents per share)	(0.2)	(0.3)	(0.0)	(0.1)

Quarter ended	Jun 30, 2016 A$	Mar 31, 2016 A$	Dec 31, 2015 A$	Sep 30, 2015 A$
Revenue	-	-	-	-
Loss for the quarter before tax	(2,412,779)	(773,151)	(2,031,645)	(505,547)
Net loss per share (cents per share)	(0.3)	(0.1)	(0.3)	(0.1)

EXPLORATION AND EVALUATION ASSETS

Total capitalised expenditures on exploration and evaluation assets as at 30 June 2017 were A$59,723,105 compared to A$41,079,914 at 30 June 2016. Exploration expenditure of A$18,660,501 was incurred during the financial year ended 30 June 2017 compared to A$11,886,195 during the financial year ended 30 June 2016. An impairment charge of A$17,310 (2016: A$1,555,004) was recognised for exploration expenditure associated with tenements that were surrendered or lapsed in the financial year ended 30 June 2017.

Cascabel Project (Ecuador)

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

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

SolGold has completed over 44,500m of drilling and this has been accomplished with a workforce of up to 176 Ecuadorean workers and geoscientists, and 6 expatriate Australian geoscientists. 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 Cascabel project will also enjoy the support of the surrounding 14 identified targets, with drill testing at Aguinaga and other high priority targets planned for the coming year.

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

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

The results of 35 holes completed and assayed to date have produced over 1km of continuous mineralisation grading over 1% copper equivalent. Drill hole CSD-15-012 returned 1044m grading 1.21% copper equivalent (0.74% Cu, 0.74 g/t Au). The average grade of all metres drilled to date on the project currently stands at 0.31% copper and 0.26 g/t gold.

New Concessions for 100% SolGold Subsidiaries (Ecuador)

The Company was granted 38 new concessions by 30 June 2017. These tenements cover the targets previously identified in the study of potential prospective porphyry centres throughout the northern Andean copper belt in Ecuador. Initial baseline data was collected to identify prospective targets for follow-up exploration. The teams were focussed on first pass exploration on the Porvenir, San Antonio, Sharug, Machos, Agustin and Rio Amarillo projects.

Initial mapping campaigns have been very encouraging with widespread areas of hydrothermal alteration identified which are considered highly prospective for porphyry and epithermal style mineralisation. Initial rock chip samples taken of altered outcrops have returned values as high as 12% Cu.

Queensland Projects (Australia)

The Company holds 6 major project areas in Queensland at Normanby, Rannes, Mt Perry, Cracow West, Westwood and Lonesome. There was no exploration activity on the projects in Queensland during the financial year ended 30 June 2017. 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

On 10 February 2017, the Company (through its wholly owned subsidiary, Australian Resources Management (ARM) Pty Ltd applied for the Mbetilonga prospecting licence ("Mbetilonga Application"), which is located in Guadalcanal in the Solomon Islands. The Mbetilonga Application covers an area of approximately 46 km2 and is located approximately 8km south of the capital of the Solomon Islands, Honiara.

On 13 April 2017, the Company (through its wholly subsidiary, Guadalcanal Exploration Pty Ltd) applied for the Kuma prospecting licence ("Kuma Application") which covers an area of approximately 50km2 and is located approximately 37km south-east of the capital of the Solomon Islands, Honiara.

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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 field mapping and rock chip sampling programs as well as evaluating several outcropping mineralised target over the 38 new tenements granted to SolGold's Ecuadorian subsidiaries during the fiscal year ending 30 June 2017 and the additional 21 new tenements granted subsequent to the end of the fiscal year.

Cascabel Project (Ecuador)

The Cascabel drilling program is expanding to 10 drill rigs by January 2018 as a second drilling contractor mobilises large track mounted drill rigs via sea freight. The exploration program will expand the mineralisation being defined along the greater Alpala trend. Over 25,000m of drilling is planned for the second half of 2017, and over 106,000m 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.

A Spartan–Orion hybrid, distributed IP/3DMT survey commenced in August 2017 with the aim of covering a similar area as the ground magnetic survey. This survey will cover a larger area than the 2014 Orion IP/3DMT survey and provide greater resolution and depth of penetration. The data from both surveys will be merged, where appropriate. The combined electrical survey results will enable detection and modelling of sulphides in 3D. Hydrothermal alteration will also be detected and modelled in 3D by Spartan EM to depths in excess of 3 km. In combination with the ground magnetic data, this electrical survey will allow the delineation and modelling of secondary (hydrothermal) magnetite associated with altered intrusions in the porphyry systems and assist exploration in the tenement area.

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

New Concessions for 100% SolGold Subsidiaries (Ecuador)

Subsequent to 30 June 2017, the four new 100% owned subsidiary companies in Ecuador were granted 21 new concessions taking the total number of concession granted in Ecuador to 59 tenements.

Following on from the geological mapping and rock chip sampling, the regional geology teams are commencing systematic stream sediment sampling and panned concentrate programs over the prospective tenements. From the stream and panned concentrate results, gridded soil programs will be planned to identify targets to be drilled in due course.

Several areas of hydrothermal alteration mapped were so pervasive that the next stage of exploration will be straight to a gridded soil survey.

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.

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

LIQUIDITY AND CAPITAL RESOURCES

At 30 June 2017 the Company had cash and cash deposits of A$89,312,743, an increase of A$89,217,810 from A$94,933 as at 30 June 2016.

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

Cash of A$21,739,184 (2016: A$6,408,358) was invested by the Company on exploration expenditure during the financial year ended 30 June 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 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 June 2017 of which 1,512,955,685 were outstanding at 30 June 2017 and 1,516,245,686 at the date of the report, 14 September 2017. At 30 June 2017, the Company had outstanding options to purchase an aggregate of 44,191,768 ordinary shares under its Employee Share Option Plan ("ESOP") with exercise prices ranging from £0.14 to £0.28 per share and expiry dates ranging from 8 July 2017 and 28 October 2018. At 14 September 2017, the Company had 88,353,768 options outstanding after the exercise of 2,600,000 options and the grant of 46,762,000 options subsequent to 30 June 2017. There were 22,000,000 unvested share options at 30 June 2017.

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COMMITMENTS AND CONTINGENCIES

Commitments

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

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

Location	Up to 12 Months	13 Months to 5 Years	Later than 5 Years
Ecuador	A$1,019,748	A$5,098,739	-
Solomon Islands	-	-	-
Queensland	A$556,000	A$40,000	-
	A$1,575,748	A$5,138,739	-

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

Contingencies

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

In the event Cornerstone'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 22 to the 30 June 2017 audited 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 financial year ended 30 June 2017 with comparative figures for the year ended 30 June 2016.

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 year ended 30 June 2017 A$416,667 was paid or payable to Samuel (2016: A$150,000). The total amount outstanding at year end is A$26,725 (2016: A$62,500).

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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 year ended 30 June 2017 A$360,000 was paid or payable to DGR Global (2016: A$360,000) for the provision of administration, management and office facilities to the Company during the year. The total amount outstanding at year end was A$22,011 (2016: A$120,000). 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 year ended 30 June 2017, HopgoodGanim were paid A$459,325 (2016: A$66,263) for the provision of legal services to the Company. The services were based on normal commercial terms and conditions. The total amount outstanding at year end was A$92,350 (2016: A$66,263).

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 years ended June 30, 2017 and 2016 are as follows:

	Basic Annual Salary A$	Other Benefits[1] A$	Pensions A$	Total Remuneration A$
2017				
Directors				
Nicholas Mather	416,667	-	-	416,667
Brian Moller	50,000	-	-	50,000
Robert Weinberg[3]	50,000	-	-	50,000
John Bovard[3]	50,000	-	-	50,000
Scott A Caldwell	39,028	-	-	39,028
Craig Jones	16,667	-	-	16,667
Other Key Management Personnel[2]	956,524	181,473	52,144	1,190,151
Total paid to Key Management Personnel	**1,578,886**	**181,473**	**52,144**	**1,812,503**
Other staff and contractors	4,040,645	2,058,060	459,832	6,558,537
Total	**5,606,717**	**2,239,533**	**511,976**	**8,371,040**

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

[2] 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).

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

	Basic Annual Salary A$	Other Benefits A$	Pensions A$	Total Remuneration A$
2016				
Directors				
Nicholas Mather	150,000	-	-	150,000
Brian Moller	50,000	-	-	50,000
Robert Weinberg	50,000	-	-	50,000
John Bovard	33,333	-	-	33,333
Other Key Management Personnel[1]	670,807	-	20,498	691,305
Total paid to Key Management Personnel	**954,140**	**-**	**20,498**	**974,638**
Other staff and contractors	2,212,962	-	214,916	2,427,878
Total	**3,117,102**	**-**	**235,414**	**3,352,516**

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

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

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 and should be read in conjunction with the Company's audited annual consolidated financial statements and notes accompanying the financial statements for the year ended 30 June 2017.

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

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

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

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

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

OFF-BALANCE SHEET ARRANGEMENTS

At 30 June 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.

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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 consolidated annual 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 year include:

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.

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CHANGES IN IFRS ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

New standards and amendments in the year

Certain pronouncements were issued by the IASB or the International Financial Reporting Interpretations Committee that are mandatory for accounting years beginning 1 July 2016.

These new standards and interpretations had no effect on reported results, financial position or disclosure in the financial statements:

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

New standards and interpretations not yet adopted

The 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.

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

Funding Risks

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

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

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

General Exploration and Extraction Risks

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

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

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

Title Risk

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

Permitting Risk in Ecuador

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

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

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

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

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

If the market price of Gold and Copper sold by SolGold were to fall below the costs of production and remain at such a level for any sustained period, SolGold would experience losses and could have to curtail or suspend some or all of its proposed mining activities. In such circumstances, SolGold would also have to assess the economic impact of any sustained lower commodity prices on recoverability.

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

Currency Fluctuations
The future of the ordinary shares and the Company's asset and liability values may fluctuate in accordance with movements in the foreign currency exchange rates. For example, it is common practice in the mining industry for mineral production revenue to be denominated in USD, although most but not all of the costs of exploration and production will be incurred in USD and not all of the ore or metal obtained from the Tenements will be sold in USD denominated transactions. Accordingly, foreign currency fluctuations may adversely affect the Companys financial position and operating results.

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

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

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

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

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

Geopolitical, Regulatory and Sovereign Risk

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

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

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

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Ecuador

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

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

Queensland

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

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

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

Solomon Islands

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

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board of Directors carries out its responsibility for the 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.

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ADDITIONAL INFORMATION

Additional information relating to the Company, including the annual information form (the "AIF") of the Company for the fiscal year ended June 30, 2017, dated September 14, 2017, 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.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to management of the Company as appropriate to allow timely decisions regarding required disclosure.

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 — *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109").

The Chief Executive Officer and Chief Financial Officer of the Company have concluded that, as at June 30, 2017, the Company's DC&P have been designed and operate effectively to provide reasonable assurance that: (i) material information relating to the Company is made known to them by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by the Company under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. They have also concluded that the Company's ICFR have been designed effectively to provide reasonable assurance regarding the reliability of the preparation and presentation of the financial statements for external purposes in accordance with IFRS, and were effective as at June 30, 2017.

It should be noted that, while the Chief Executive Officer and Chief Financial Officer of the Company believe that the Company's DC&P provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls will prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system are met.

ICFR are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external reporting purposes in line with IFRS. Management is responsible for establishing and maintaining appropriate ICFR in relation to the nature and size of the Company. However, any system of ICFR has inherent limitations and can only provide reasonable assurance with respect to financial statement preparation and presentation.

The Company's ICFR has been designed based on the control framework established in *Internal Control - Integrated Framework* published in 2013 by The Committee of Sponsoring Organizations of the Treadway Commission. There were no changes to the Company's ICFR that occurred during the period ended June 30, 2017 that materially affected, or are reasonably likely to affect, the Company's ICFR.

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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 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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