Annual Report

For the year ended 30 June 2013

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CORPORATE INFORMATION

DIRECTORS
Brian Moller (Non-Executive Chairman) – appointed 28 February 2013
Cameron Wenck (Non-Executive Chairman) – resigned 28 February 2013
Malcolm Norris (CEO and Managing Director) – resigned 22 February 2013
Alan Martin (CEO and Managing Director) – appointed CEO 10 May 2013 and appointed Managing Director 8 October 2013
Nicholas Mather (Executive Director)
Dr Robert Weinberg (Non-Executive Director)
John Bovard (Non-Executive Director)

COMPANY SECRETARY
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CHAIRMAN'S STATEMENT

Dear Fellow Shareholder,

On behalf of the Board of Directors of SolGold, I take pleasure in presenting the Annual Report for 2013.

During the year, the Company has continued to focus the majority of its efforts on the exploration of Cascabel, its 50% owned flagship copper gold porphyry project in Ecuador, culminating in the First Phase drilling campaign that commenced in September 2013 following the tireless efforts of all involved in obtaining the necessary Governmental drilling clearances and permits. SolGold holds a 50% interest, and can earn up to 85% interest, in Exploraciones Novomining S.A. ("ENSA"), an Ecuadorean registered company, which holds 100% of the Cascabel concession in northern Ecuador. Cornerstone Capital Resources Inc. ("Cornerstone") currently holds the other 50% of ENSA. SolGold has recently exercised its rights to acquire a further 35% of ENSA to take its interest to 85%.

The Cascabel project is located in north-western Ecuador in an under-explored northern section of the richly endowed Andean Copper Belt. World class deposits located within this belt include the 982 million tonnes at 0.89% Cu Junin copper project located some 60 km to the southwest of Cascabel, the 3.3 billion tonne at 0.36% Cu Cobre Panama deposit located to the north in Panama and the 905 million tonnes at 0.92 g/t Au La Colosa porphyry deposit located to the north in Colombia, containing 26 million ounces of gold. The Alpala Prospect exhibits surface mineralisation and alteration patterns indicative of a porphyry copper gold system and has a similar footprint to large porphyry systems around the world.

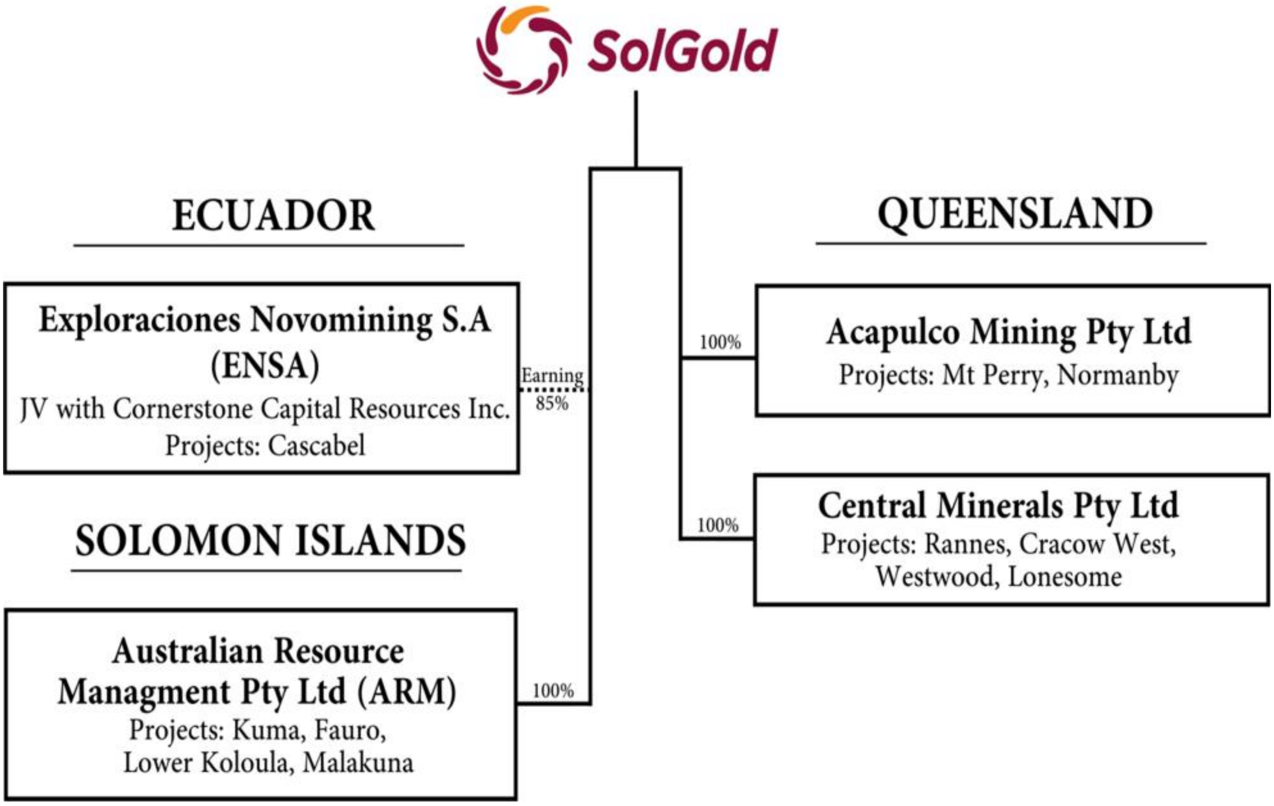
As reported during the October to December quarter of 2013, drilling results from the Alpala Prospect to date have been highly encouraging, and the First Phase drilling program is set to be expanded from the initial 5 holes (for 2,500 metres) to a total of 11 holes (for 6,600 metres). SolGold is working closely with its JV partner Cornerstone Capital Resources in managing the operational and logistical aspects of the Cascabel Project.

In May 2013 we were extremely pleased to welcome Mr Alan Martin to SolGold as its CEO, and to the Board as Managing Director in October 2013. Alan came to SolGold with more than 20 years of technical, commercial and financial investment experience in the Australian resources industry. Alan was prior to the SolGold leadership role, Global Funder Manager for Colonial First State's Global Resources Fund. He has a strong passion for exploration and considerable financial experience which will continue to stand the Company in good stead for the future.

SolGold has a number of other smaller projects in its portfolio, including in Australia and in the Solomon Islands, and these are either being advanced or joint ventured. The Company continues to receive proposals to participate in new projects and a number are actively being assessed. If any of these proposals represent a high quality gold-copper opportunity, they will be pursued vigorously.

SolGold's continued aim is to advance a portfolio of exploration assets and deliver shareholder growth through the discovery of gold and copper deposits. On behalf of the Board, I would like to thank you for your support of the Company and I look forward to bringing you further news as our exploration efforts continue.

Brian Moller



*** As at 30 June 2013 SolGold had a 30% interest in ENSA. On 28 August 2013 SolGold satisfied conditions to increase its interest to 50% and on 16 December exercised its right to increase its interest to 85%**

Figure 1 – SolGold Corporate Structure

Corporate Strategy

The Company's corporate strategy is to:

- Create substantial wealth for its shareholders by exploring, discovering and defining large inventories of, but not limited to, copper and gold metal resources.
- Target regions with world class deposits.
- Target grass roots level exploration opportunities to enable low cost entry into projects.
- Adopt a disciplined and systematic approach to exploration.
- Primary focus on copper and gold.
- Maximise shareholder funds on "in the ground" exploration expenditure as a proportion of the total budget to generate high-quality results and provide shareholders with "bang for buck".
- Secure additional exploration projects by the application for new tenements and/or farm-in style agreements.
- On-going review of potentially '*value accretive*' opportunities that are presented to the company from time to time.
- Respect for the Communities and Environment in which we operate.
- Strong focus on Health and Safety for our employees and contractors.

SolGold has a commitment to Corporate Social Responsibility and has active community programs in its areas of exploration. SolGold also has a commitment to environmental responsibility and undertakes, as appropriate, environmental baseline studies and rehabilitation programs as part of its exploration programs.

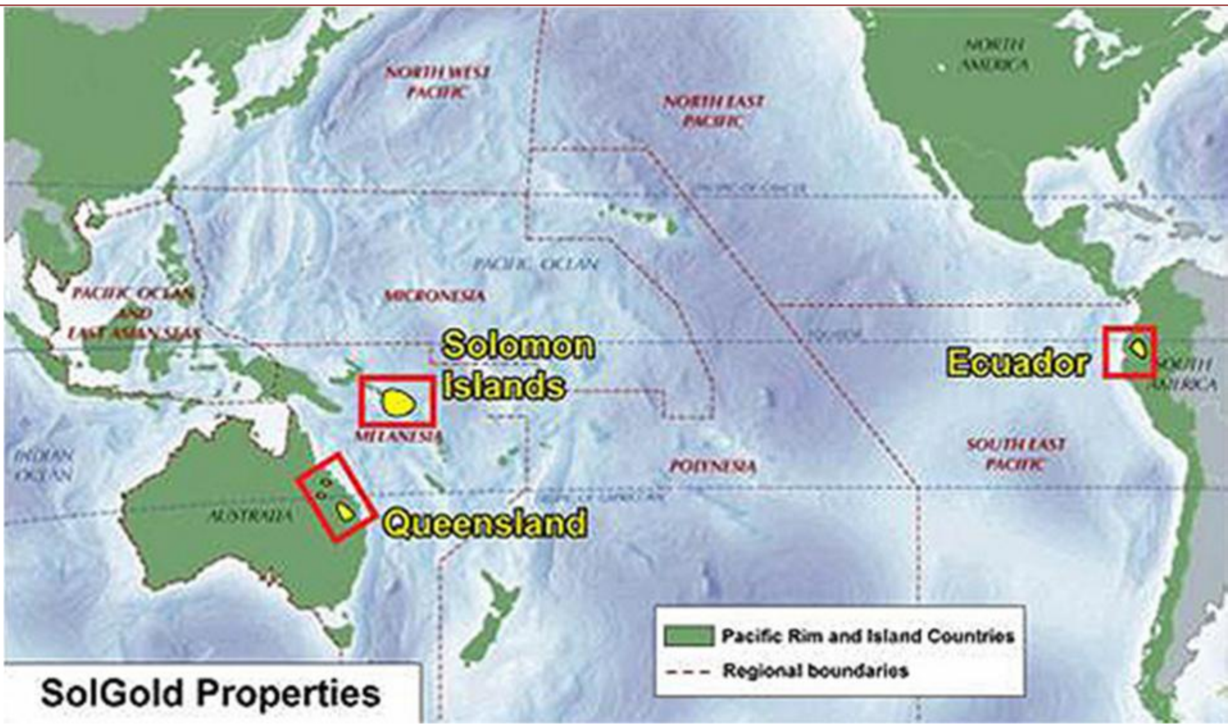


Figure 2 - SolGold areas of interest.

Exploration Strategy

The company's exploration strategy includes the following elements:

- Capitalise on the company's track record of success in the discovery of mineral resources.
- Detailed due diligence of project opportunities.
- A disciplined approach to the evaluation of projects to produce exploration datasets that may include all or some of the following exploration activity: geological mapping, stream, soil and rock chip sampling geochemistry, geophysical surveying (magnetics, radiometrics and Induced Polarisation techniques).
- Generation of drill targets to test ore deposit models based on exploration datasets.
- Drill testing targets to define economic mineral resources that the company can take to feasibility study stage.

SolGold has a track record of experience at both management and board levels to define and develop mineral resources from discovery through to feasibility and development.

Table 1 – SolGold exploration projects

Project	Location	Style	Ownership
Cascabel JV	Ecuador	Copper Gold Porphyry	JV, SolGold earning in
Rannes	Queensland, Australia	Disseminated and Vein Gold	100% owned
Mt Perry	Queensland, Australia	Porphyry and Vein Gold	100% owned
Normanby	Queensland, Australia	Gold Copper Porphyry	100% owned
Cracow West	Queensland, Australia	Epithermal Gold	100% owned
Westwood	Queensland, Australia	Gold Copper Porphyry and PGE Layered Gabbros	100% owned
Lonesome	Queensland, Australia	Epithermal Gold	100% owned
Fauro	Solomon Islands	Epithermal Gold and Gold Copper Porphyry	100% owned
Kuma	Solomon Islands	Copper Gold Porphyry	100% owned
Lower Koloula	Solomon Islands	Copper Gold Porphyry	100% owned
Malakuna	Solomon Islands	Copper Gold Porphyry	100% owned

ECUADOR

Cascabel Project (Earning 85% interest)

Location: *180 km north of the capital Quito, Ecuador*
Ownership: *100% Exploraciones Novomining S.A (ENSA).*
SolGold owns 50% of ENSA and has exercised its right to increase its interest to 85%
Tenement Area: *50 km^2*
Primary Targets: *Porphyry copper-gold plus low- and high-sulphidation epithermal deposits*

The Cascabel concession is geographically located in northwest Ecuador in the province of Imbabura, situated 180 km by road north of the capital city of Quito and 24 km west-southwest of the city of Tulcan that is located on the border of Ecuador with Colombia. Northern Ecuador lies within the relatively under-explored northern section of the richly endowed Andean Copper Belt, which extends from Chile in the south to Colombia to the north and then north-west into Panama. In this northern-most sector of the Andean trend, some of the major deposits include the 982 million tonnes at 0.89% Cu Junin copper project located some 60 km to the south-west of Cascabel, the 905 million tonnes at 0.92 g/t Au La Colosa porphyry deposit located to the north in Colombia and the 3.3 billion tonne at 0.36% Cu Cobre Panama deposit located to the north in Panama and containing 26 million ounces of gold.

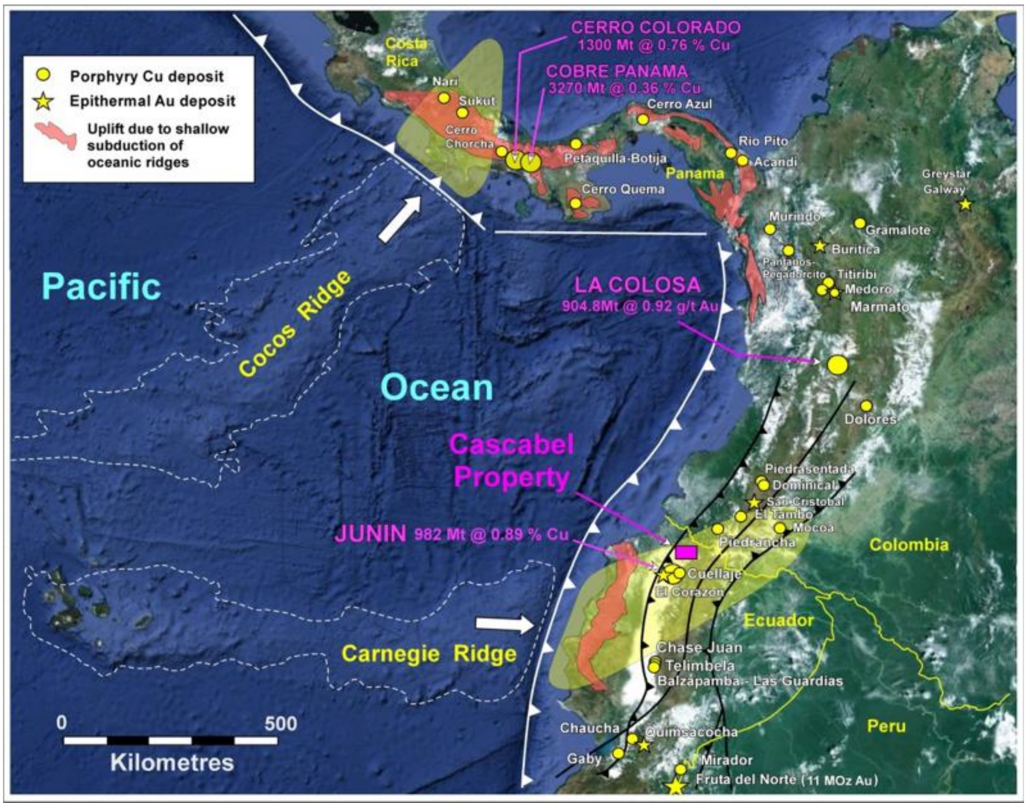


Figure 3: Tectonic setting of the Cascabel property in northern Ecuador, located above the eastward subducted extension of the Carnegie Ridge. The location of major porphyry Cu-Au +/ Mo and epithermal Au deposits are shown in yellow.

The Cascabel concession area is rugged with steep-sided hills at elevations of 1,000 metres to 2,000 metres. Climate is tropical-savannah and vegetation is tropical forest with a well-developed soil horizon. A first-order paved highway provides year round access and crosses the north-east corner of the concession (Figure 4). A gravel road in good condition provides access to the village of Santa Cecilia located in the centre of the concession.

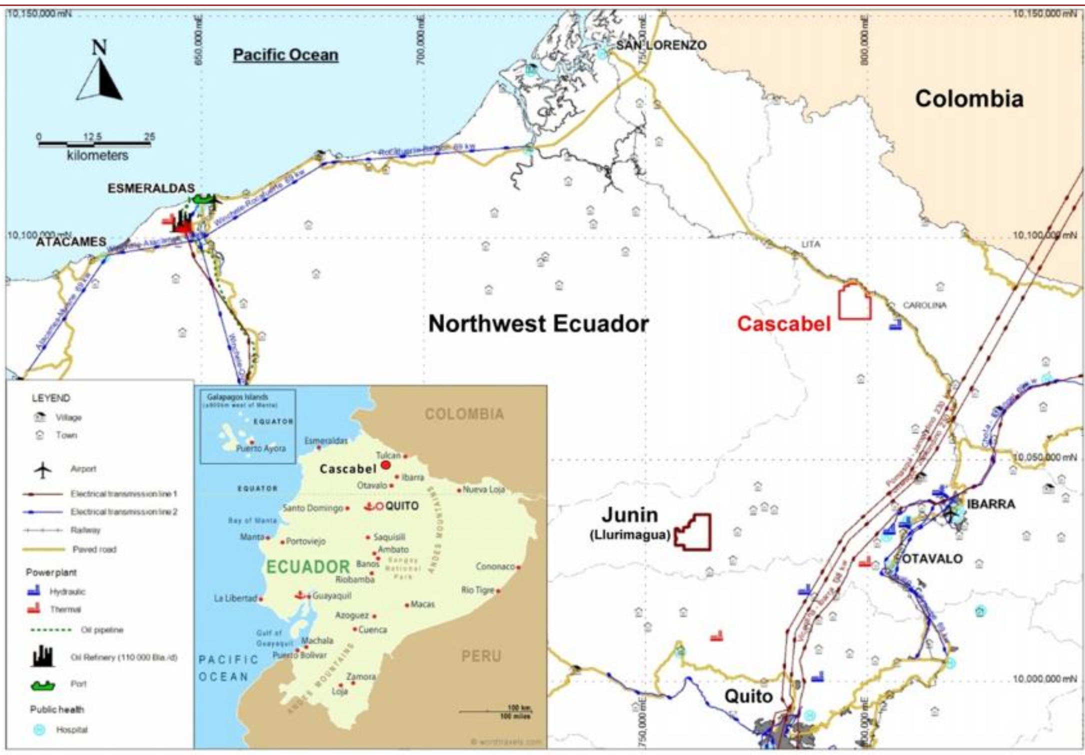


Figure 4: Location of the Cascabel concession, the nearby giant Junin porphyry deposit and infrastructure in the northwest part of Ecuador.

At 30 June 2013 SolGold held a 30% interest in Exploraciones Novomining S.A. ("ENSA"), an Ecuadorean registered company, which holds 100% of the Cascabel concession in northern Ecuador. On 28 August 2013 SolGold satisfied conditions and increased its holding in ENSA to a 50% interest, and on 16 December 2013 exercised its right to increase its interest to an 85% interest. Cornerstone Capital Resources Inc. ("Cornerstone") will hold the other 15% of ENSA.

The Cascabel concession contains an early-stage exploration prospect that indicates the potential for a large tonnage copper-gold porphyry system. The geology of the Cascabel region has similarities to the Maricunga Belt in Chile and to the recently recognised gold porphyry belt in west-central Columbia that is centred on the recently discovered La Colosa gold porphyry. These porphyry systems are Miocene age and are associated with diorite and quartz diorite stocks with porphyritic textures.

The project is located in the Cordillera Occidental of the Ecuadorian Andes, within a north northeast trending structural zone parallel to the principal fault Pallatanga situated along the eastern margin. Basement rocks consist of ocean floor basalts and sediments of Cretaceous age. High-level batholiths of Miocene age and associated granite, granodiorite and diorite bodies of Late Miocene age intrude volcanic and sedimentary rocks of Cretaceous to Tertiary age. Upper Miocene age stocks are associated with the principal porphyry and epithermal deposits located in the district (Figure 5).

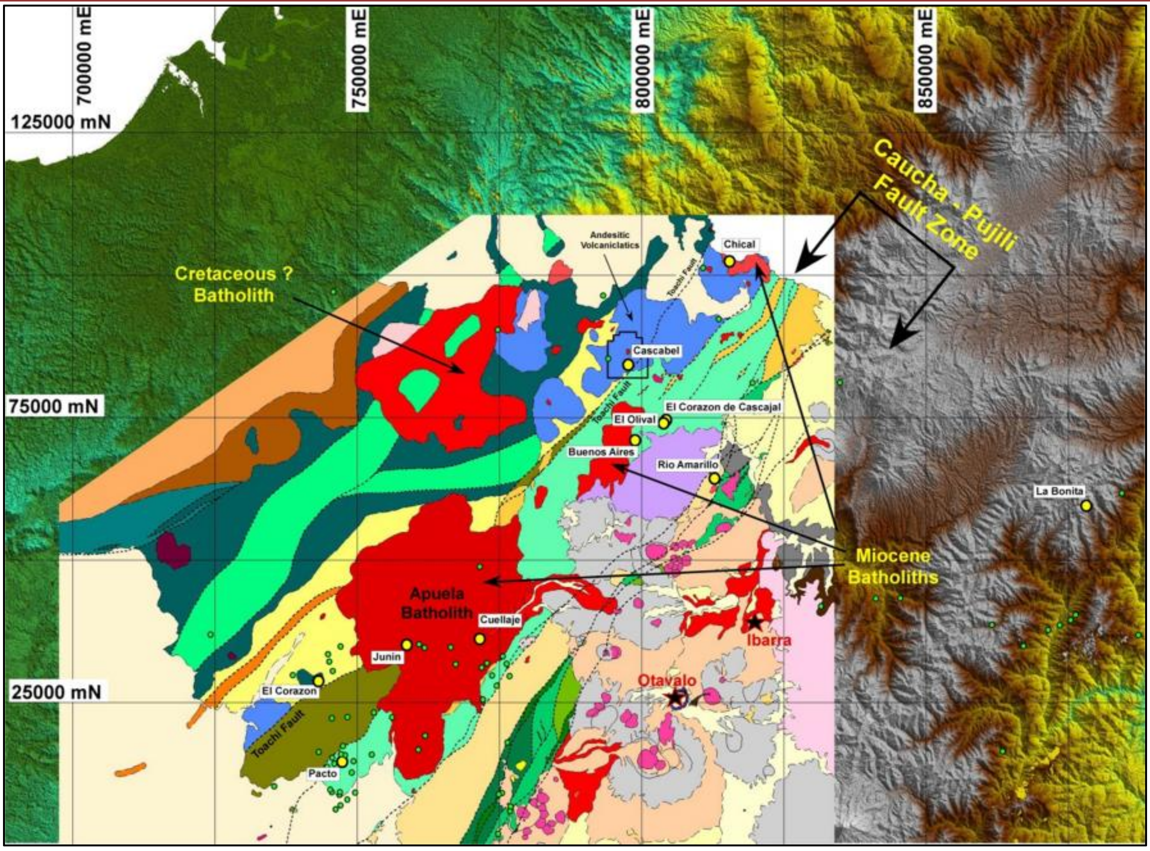


Figure 5: Regional geology of northern Ecuador, showing the north-east trending array of Miocene-age batholiths and intrusions associated with mineralisation at Cascabel, Junin, Cuellaje, Buenos Aires and Chical.

Early regional mineral exploration surveys in Ecuador were funded by government agencies and consisted of geological mapping, rock and silt sampling. The World Bank supported Prodeminca, a non-profit mineral exploration organisation setup by Ecuador in 1988 to attract foreign investment into the mining sector. The British Geological Survey funded regional surveys during the 1970's and 1980's to provide the geological framework to identify potential areas of mineralisation worthy of more detailed evaluation. The early survey work led to the discovery of several porphyry deposits, of which the most significant is the giant Junin copper-molybdenum porphyry. Junin is located approximately 60 km SSW of Cascabel, and has a reported inferred tonnage of 982 Mt at a grade of 0.89 % copper and 0.04 % molybdenum. It is hosted by quartz granodiorite porphyry of late Miocene age, which intrudes the Apuela batholith. Mineralisation consists mainly of bornite, chalcopyrite and molybdenite as disseminations and associated with quartz veins and quartz stockworks related to phyllic – potassic hydrothermal alteration.

The first documented report of work at Cascabel was carried out by Santa Barbara Copper and Gold SA during 2008. Stream silt surveys and prospecting indicated the presence of a copper-gold porphyry system. Cornerstone Ecuador SA carried out prospecting, regional geological mapping and a heavy mineral stream sediment survey during June and July 2011 with the discovery of numerous gold mineralised zones. A 4 km by 5 km area was highlighted for follow-up work.

On the 24th July 2012, SolGold Plc entered into a definitive option agreement with Cornerstone Capital Resources Inc. to acquire up to an 85% interest in the Cascabel copper-gold property in Ecuador. Exploration survey work was initiated by Cornerstone during May 2012 under the proposed terms of the option agreement with SolGold and continued through 2012 and 2013 under the technical guidance of SolGold.

Regional survey works in 2012 included:

- Stream silt sampling.
- Rock chip sampling.
- Geological mapping to complete reconnaissance coverage throughout the concession.
- Orientation soil sampling (3 lines).
- Soil sampling over an approximate 20 km^2 area at a sample spacing of 200m x 100m and 100m x 100m.
- Regional TerraSpec spectral sampling program conducted on soil samples.
- Channel sampling at Quebrada Moran, Quebrada Tandayama and Quebrada America.
- A combined helimagnetic and radiometric survey over the concession area.
- Aerial photographic data was acquired and a DEM (digital elevation model) generated over the concession area.

This work generated five key areas of interest (Figure 6):

1) Quebrada Alpala – Outcropping porphyry Cu-Au mineralisation.
2) Quebrada Moran - Outcropping porphyry Cu-Au mineralisation overprinted by polymetallic veins.
3) Quebrada Tandayama and Quebrada America - Outcropping porphyry Cu-Au mineralisation.
4) Aguinaga – Extensive soil Cu-Au-Mo anomalism (porphyry Cu-Au prospect).
5) Rio Cachaco – Low- to intermediate sulphidation Au-Ag-basemetal veins systems.

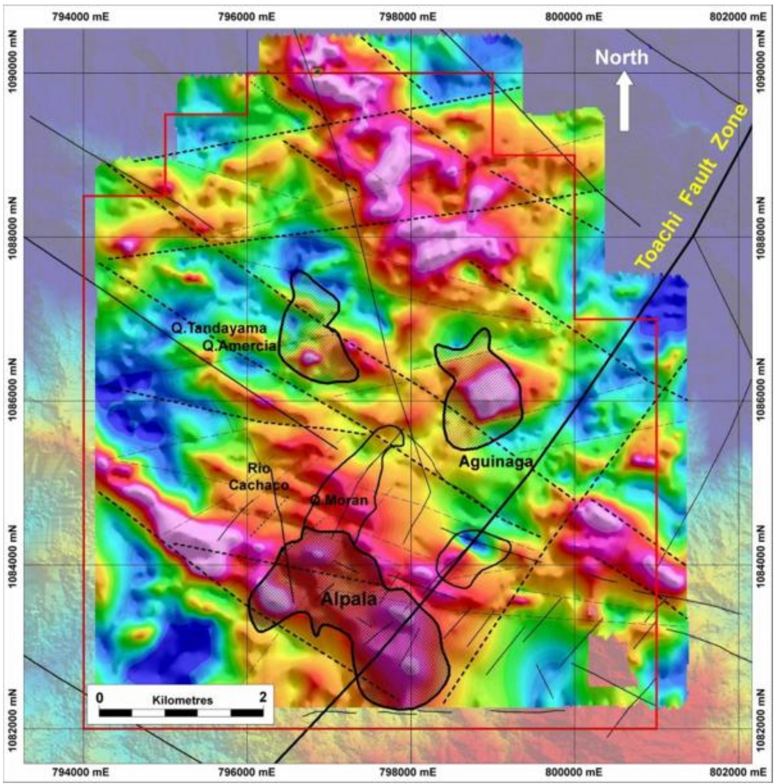


Figure 6: RTP (Reduce-To-Pole) magnetic image over the Cascabel concession and showing five principal target areas at 1. Alpala, 2. Quebrada Moran, 3. Quebradas Tandayama and America, 4. Aguinaga and 5. Rio Cachaco.

Regional exploration activity in 2013 focused in the southern part of the concession area in the vicinity of the Alpala porphyry copper-gold prospect. Principal programs included:

- Channel sampling at Quebrada Alpala (576 samples).
- 3D modelling of magnetic imagery.
- Completion of an Environmental Impact Study and subsequent issuance of the environmental license on the 27th August that allowed the central part of the concession area to progress from Early Stage to Advanced Stage Exploration status, enabling diamond drilling to commence at the Alpala prospect.
- Establishment of the Alpala field camp and the Rocafuerte field office.
- Commencement of Stage 1 drill program at Alpala on 1st September, being 5 holes for 2500 metres.
- Completion of diamond drill holes CSD-13-001, 002, 003 and 004 with drill hole CSD-13-005 in progress at Alpala (Stage 1 drill program).
- On-going activities include planning for a Stage 2 drill program and planning for an electrical 3D IP (Induced Polarization) survey covering an area of approximately 9 km^2 over the Alpala region.

Channel sampling at Alpala was conducted between December 2012 and April 2013. A total of 576 samples were collected along linear channels cut into bedrock (using a rock saw) from along the sides of Alpala Creek and from adjacent tributaries that flow into Alpala Creek. The trenching covered an area of approximately 0.3 km^2 and was centred on outcrops of mineralised and sheeted quartz veins that were assayed in 2012 at 4m grading 0.99 % Cu and 3.3 g/t Au. The follow-up channel sampling yielded a large number of significant intersections at surface (Figure 7). These included:

TR46	45.64m	@	0.59 % Cu,	0.81 g/t Au
TR56A	56.93m	@	0.34 % Cu,	1.16 g/t Au
TR56B	34.35m	@	0.46 % Cu,	0.19 g/t Au
TR57	45.50m	@	0.25 % Cu,	0.46 g/t Au
TR64D	61.03m	@	0.19 % Cu,	0.18 g/t Au
TR73D	6.97m	@	1.07 % Cu,	0.45 g/t Au

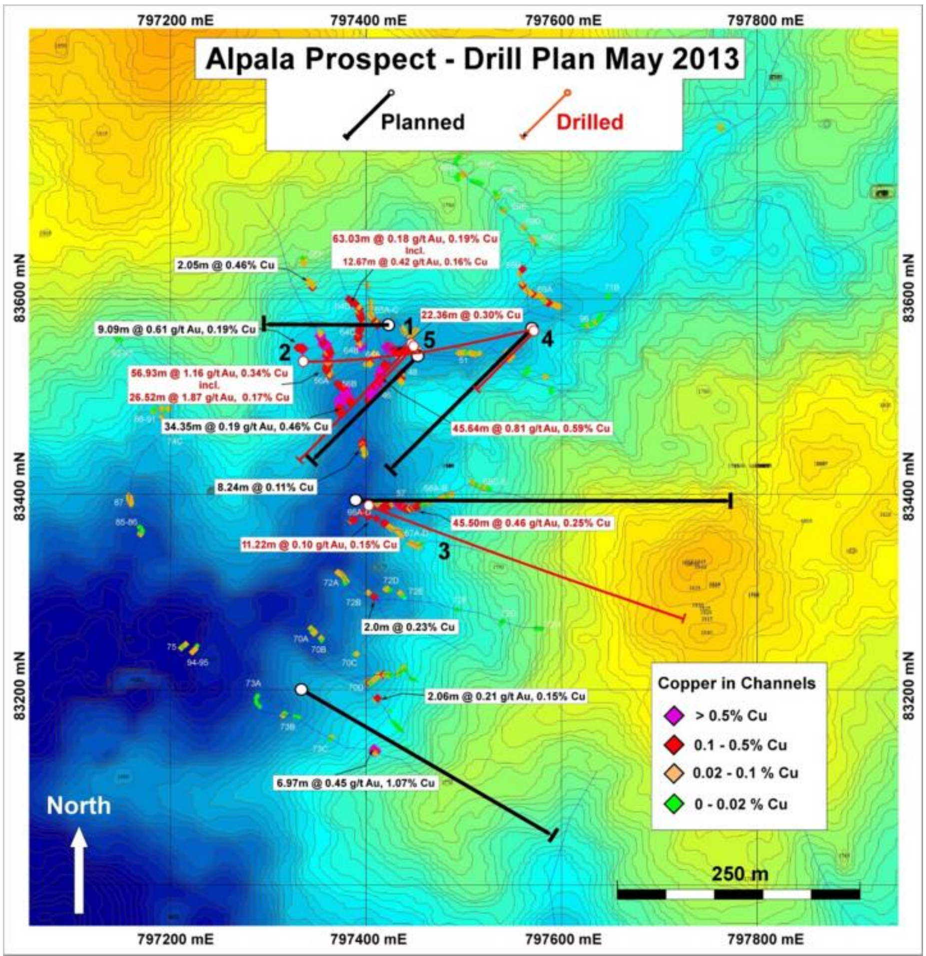


Figure 7: Location of channel samples collected between December 2012 and April 2013, channel intersections, plus the location of planned Stage 1 holes (black drill traces) and completed Stage 1 holes (red drill traces).

Four regions of the helimagnetic data acquired in late 2012 were modelled with 3D inversion methods by Chris Moore of Moore Geophysics in January 2013. The models were created over the northern, central and southern parts of the concession. Refinements to the southern (Alpala) magnetic model were made in May 2012. Magnetic data from the southern sectors (Alpala region) were visualised with 3D imaging software. The models identified a magnetic complex below the mapped zone of argillic alteration at Alpala (i.e. below the 'lithocap'). The magnetic basement around this magnetic complex is at approximately 2 kilometres depth. The magnetic complex in detail comprises a series of convex-shaped areas that culminate in a magnetic apophysis (Figures 8 and 9). Several of these magnetic protuberances may represent the cupola region of a larger batholith at depth and are targets for porphyry copper-gold mineralisation.

Figure 10 shows a schematic NE-SW cross-section through the magnetic model while Figure 11 shows a NW-SE slice through the magnetic model. Drill targets for porphyry copper-gold mineralisation have been developed around the interpreted cupola positions around the carapace of an interpreted deep magnetic batholith.

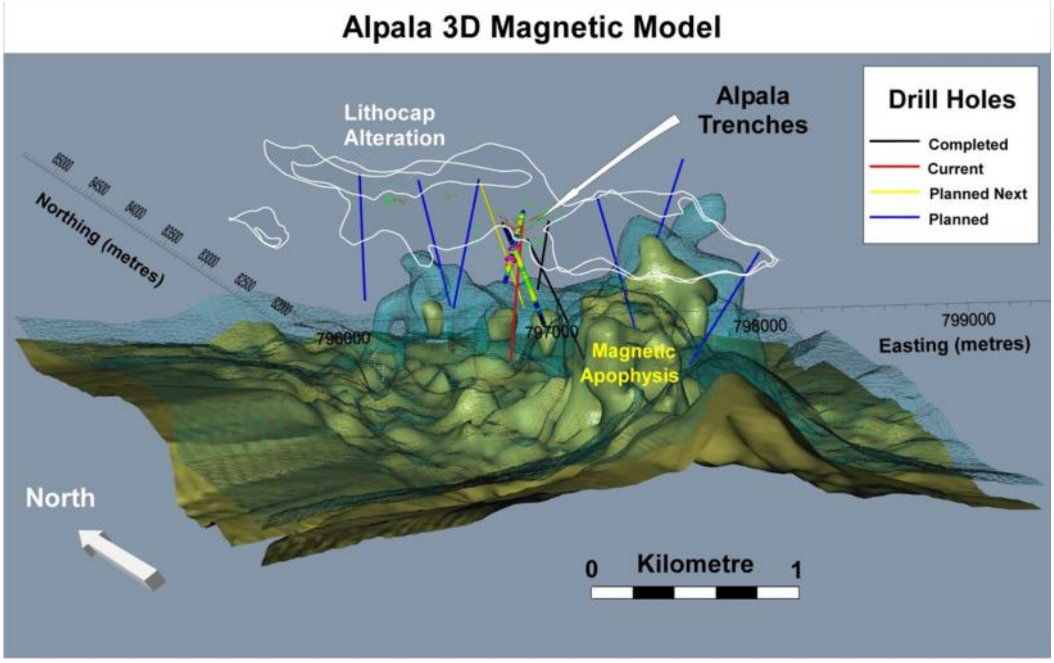


Figure 8: Two surfaces of equal magnetic susceptibility in the Alpala 3D inversion model (view looking towards the north-east) and location of completed, current and planned drill holes at Alpala.

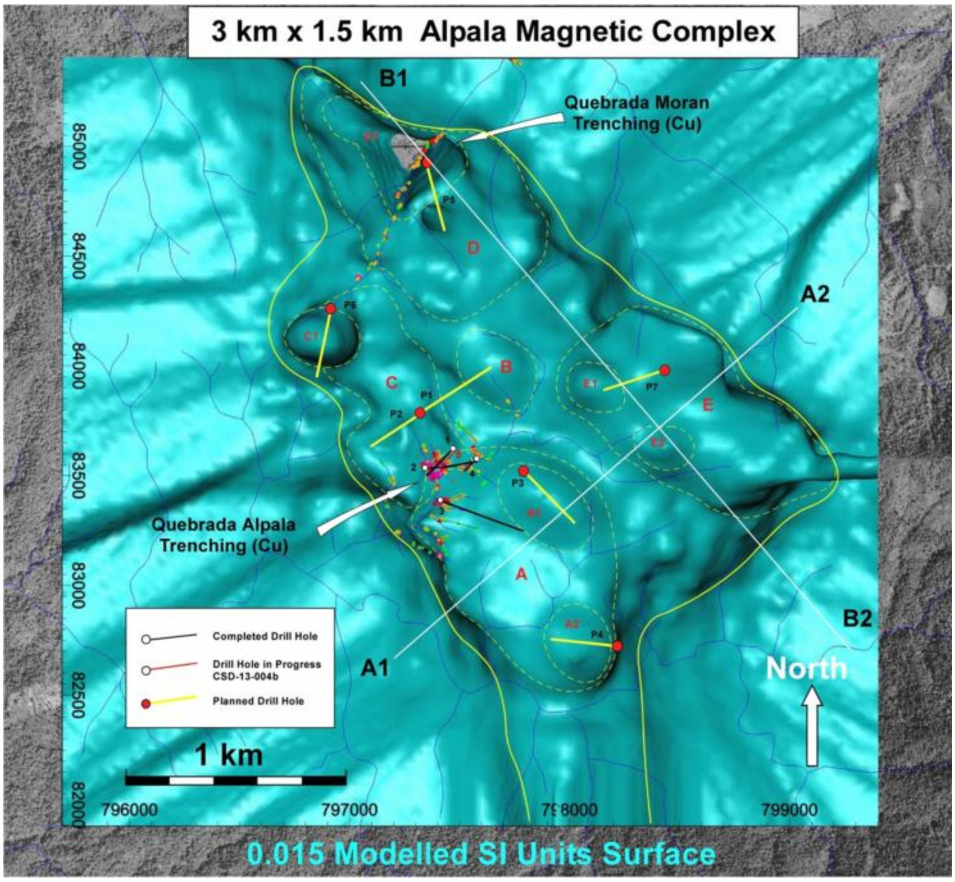


Figure 9: Plan view of the Alpala 3D inversion magnetic model, showing completed, current and planned drill holes and cross-sections A1-A2 (schematic section) and B1-B2 (to scale model slice) across the magnetic model (Figures 10 and 11 below).

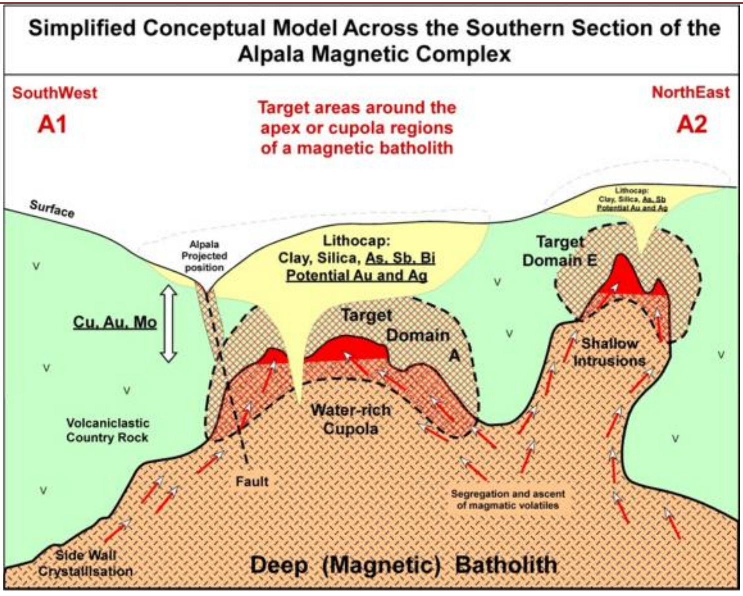


Figure 10: NE-SW cross-section through the Alpala magnetic complex, showing interpreted batholith and cupola positions that are being targeted for porphyry copper-gold mineralisation (cross-section location is shown in Figure 9 above).

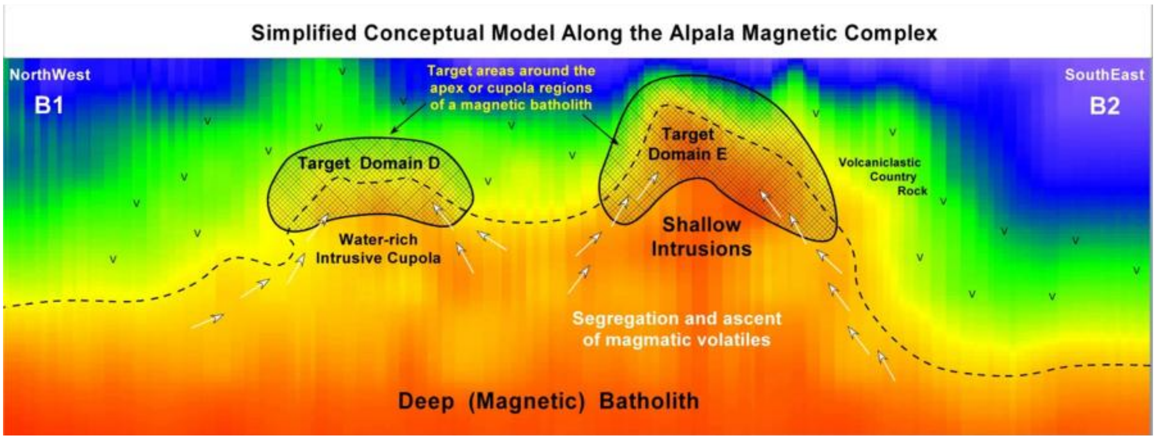


Figure 11: NW-SE long-section through the Alpala magnetic complex, showing interpreted batholith and cupola positions that are being targeted for porphyry copper-gold mineralisation (cross-section location is shown in Figure 9 above).

SolGold commenced a Stage 1 diamond drill program on the 1st September 2013. The first five drill holes were all collared within the confines of the area of channel sampling at Alpala. To date four holes were completed and a fifth drill hole is underway (Figure 7).

Drill hole CSD-13-001, the first hole to test the Alpala Prospect at the Cascabel Project, intersected coherent porphyry copper mineralisation across two zones, a stockwork zone in the upper part of the hole and a strongly sheeted quartz vein zone in the lower part of the hole. A bulked intersection of <u>302m grading 0.39% Cu and 0.48 g/t Au</u> (Table 2) was obtained from CSD-13-001, and contained higher grade intervals including 100m grading 0.65 % Cu and 1.00 g/t Au (Figure 11).

Drill hole CSD-13-002 was centred in the area of mineralised channel samples at Alpala and drilled to test the extension of porphyry stockwork mineralisation at depth to the east of hole CSD-13-001. The hole intersected a number of zones of visible copper-sulphide minerals within diorite intrusives and volcanic country-rock, extending from near surface to near the bottom of the hole. Visible fine-grained and coarse-grained bornite and/or chalcopyrite were observed in these intervals. The hole yielded a shallow intersection of 18m length grading 0.33% Cu, 0.41 g/t Au (from 6m depth) and a long and deeper intersection of <u>292m length grading 0.37% Cu, 0.30 g/t Au</u> (from 126m depth) (see Figure 12).

The Company's current interpretation is that the northwest-striking zone of porphyry copper-gold mineralisation encountered in Alpala Creek is structurally-controlled and may be rooted at depth - either directly below or along structural strike - to the margin of a larger body of mineralisation which is the principal conceptual target in the Alpala region.

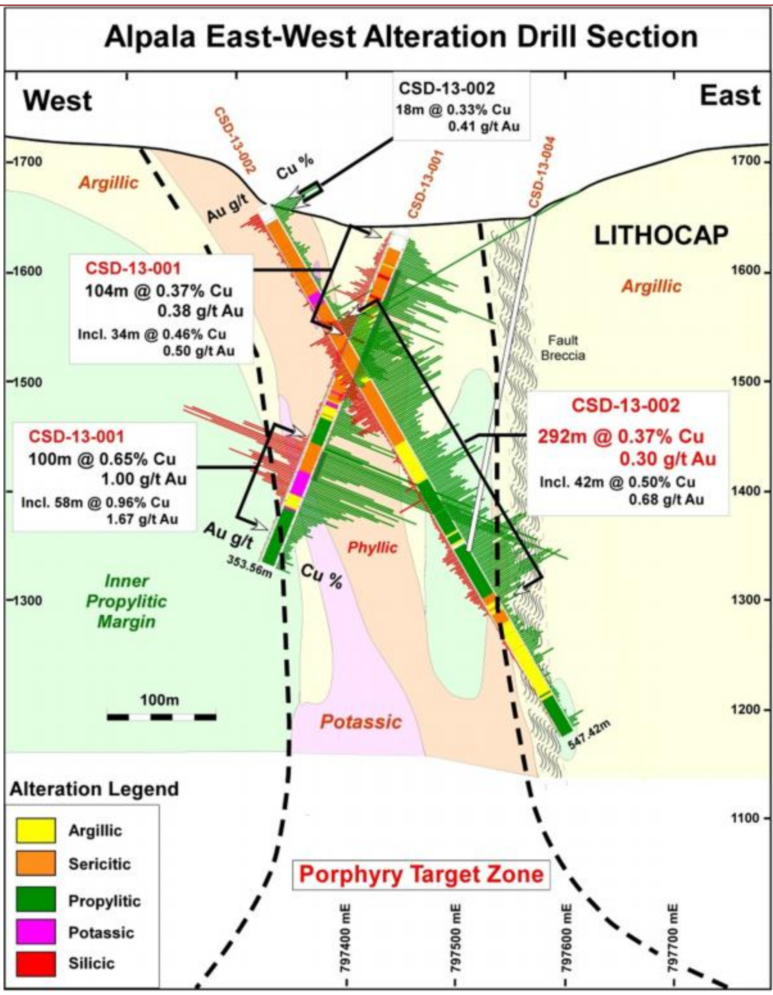


Figure 12: Cross section showing copper and gold grades for entire drill hole CSD-13-001 and CSD-13-002. The interpreted northwest-trending zone of structurally-controlled mineralisation (dashed black lines) is being targeted at depth with current drill-hole CSD-13-005.

HoleID	DepthFrom	DepthTo	Interval (m)	Cu_%	Au_g/t
CSD-13-001	**16**	**318**	**302**	**0.39**	**0.48**
CSD-13-001	**16**	**120**	**104**	***0.37***	***0.38***
Includes	*50*	*84*	*34*	*0.46*	*0.50*
Includes	100	118	18	0.38	0.73
CSD-13-001	***128***	***160***	***32***	***0.17***	***0.09***
CSD-13-001	***188***	***212***	***24***	***0.32***	***0.06***
CSD-13-001	***222***	***322***	***100***	***0.65***	***1.00***
Includes	*226*	*284*	*58*	*0.96*	*1.67*
Includes	232	248	16	1.87	3.25
CSD-13-002	**6**	**24**	**18**	**0.33**	**0.41**
CSD-13-002	**126**	**418**	**292**	**0.37**	**0.30**
Includes	130	140	10	0.91	0.44
Includes	184	226	42	0.5	0.68

Table 2: Significant intersection encountered in drill holes CSD-13-001 and CSD-13-002 at the Alpala prospect.

Drill hole CSD-13-003 was collared south of holes CSD-13-001 and CSD-13-002 (Figure 7) and drilled at 60 degrees inclination towards 110 degrees azimuth to test a broad and variable magnetic anomaly that lies east of the area of trenching at Alpala. The hole was terminated at 751.33m depth near the margins of this modelled magnetic body.

Hole CSD-13-003 intersected long runs of variably weak but very persistent chalcopyrite and molybdenite mineralisation, with minor visible chalcopyrite encountered from 76 metres to 751.33 metres (end-of-hole). Visible chalcopyrite was more pronounced at 590 metres to 690 metres down hole. Visible molybdenite was most apparent from 283 metres to 635 metres. An eastward trend of slowly increasing stockwork veining in hole CSD-13-003 is consistent with the hole drilling obliquely through the marginal halo of a porphyry system whose centre may be located to the northwest or southeast.

Following completion of the Stage 1 drill program at Alpala, SolGold plans to transition to a Stage 2 drill program which will comprise an additional seven deep diamond drill holes to test a range of high quality magnetic, geochemical and conceptual regional targets around Alpala in an attempt to quantify the potential scale of the Alpala mineralising system in as short a time frame as possible.

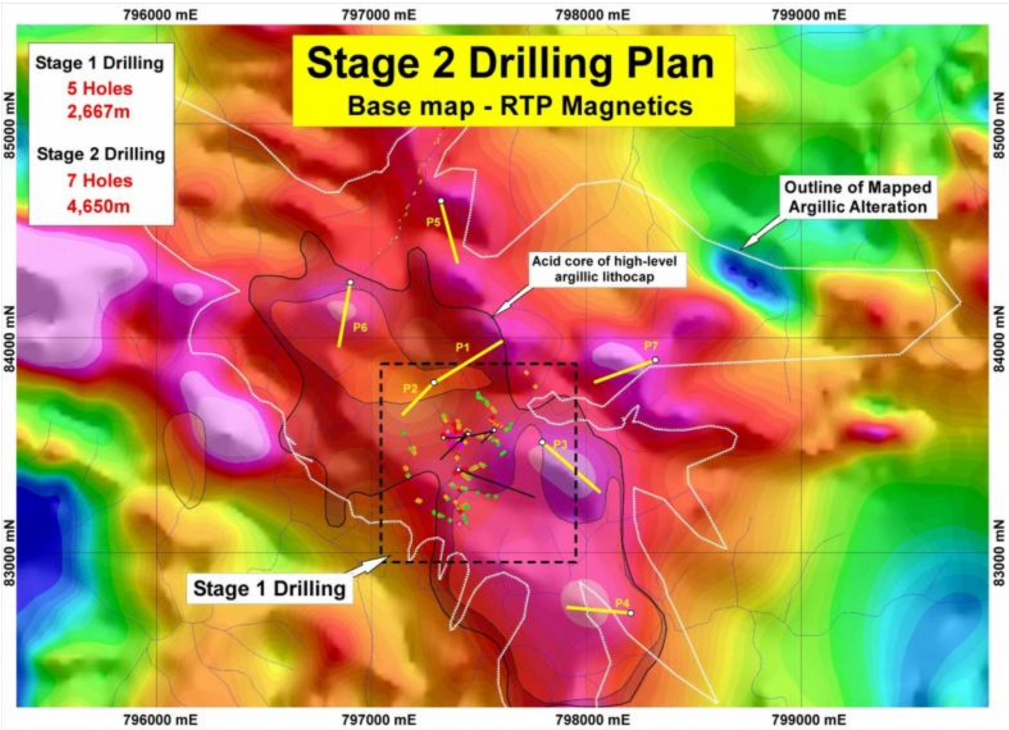


Figure 13: Plan view of RTP (Reduced-To-Pole) magnetics, showing the extent of Stage 1 drill program holes (black hole traces) and Stage 2 drill program holes (yellow hole traces).

Environmental and social management programs in 2013 have expanded and built on the programs initially established in 2012. Local concerns regarding mining and exploration relate primarily to issues of water use and management. The Cascabel property is situated within the boundaries of three communities. The main community of Santa Cecilia located in the central part of the concession is very supportive. SolGold and partner Cornerstone are continuing to build strong community relations with the three main communities at Cascabel.

QUEENSLAND - AUSTRALIA

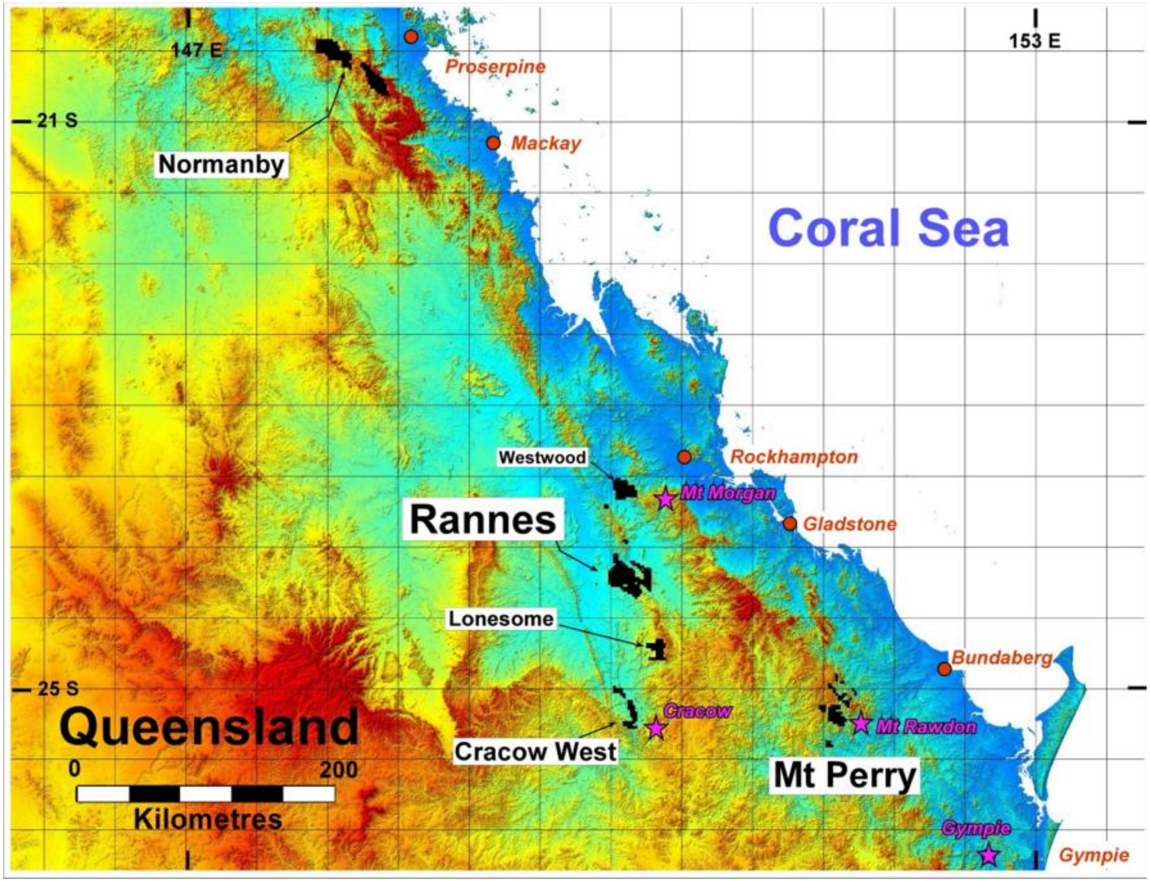


Figure 14: Location of tenements held by SolGold in Queensland, Australia.

Mount Perry (100% SolGold)

Location: 130km north-west of Gympie, Queensland, Australia
Ownership: 100% owned
Tenement Area: *89* granted sub-blocks (*circa* 277km^2) and 103 application sub-blocks (circa 336km^2; primarily tenement consolidation areas).
Primary Targets: High grade, lode gold deposits and possible gold porphyry deposits

The Mt Perry Goldfield is located four hours by road from Brisbane and is host to more than 60 named and numerous other unnamed historical mines and workings (see Figure 15). The area lies adjacent to Evolution's 100kozpa Mt Rawdon Gold Mine which lies at the intersection of two major geological fault structures; the Mt Bania and Darling Lineaments. Current published resources at Mt Rawdon stand at 36.7 million tonnes at 0.87g/t gold for 1 million ounces, and historical production has been approximately 1 million ounces.

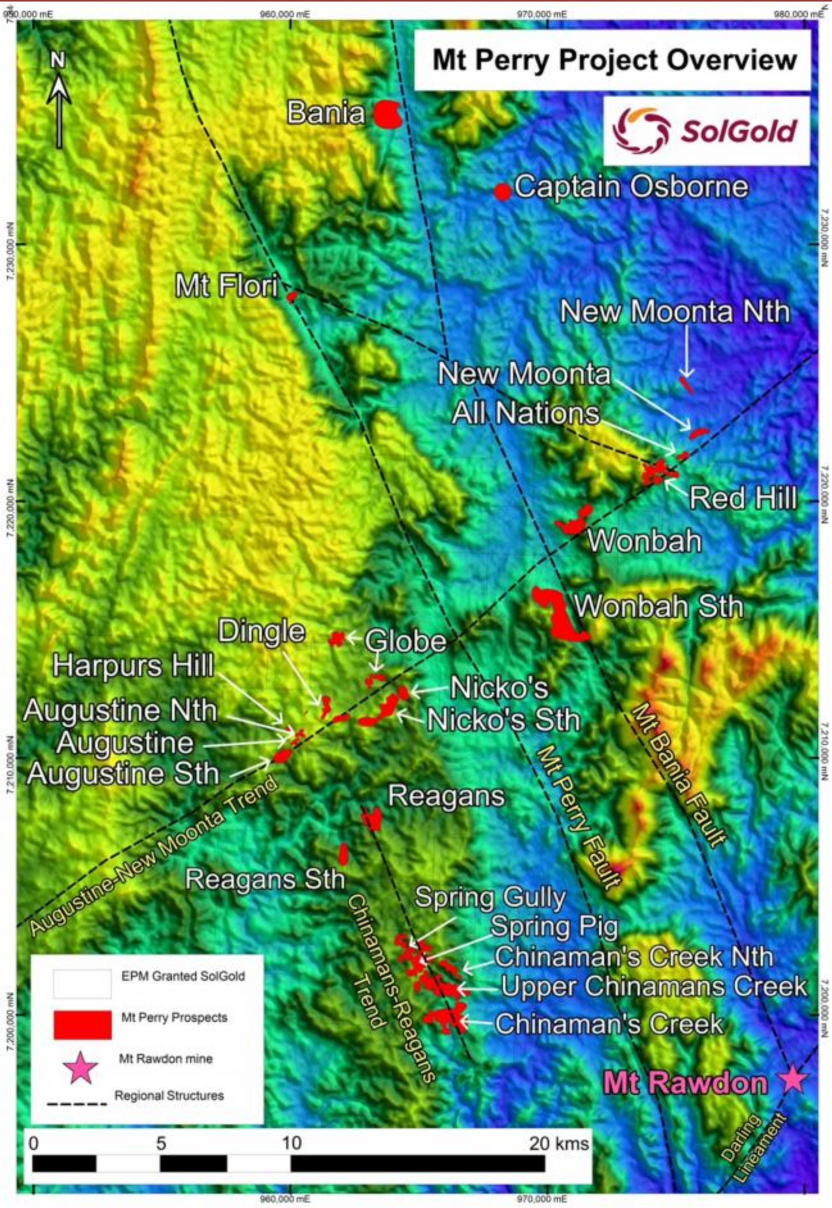


Figure 15 – An Overview of the Mt Perry project highlighting the prospects (defined by Au soil anomalies), the Mt Rawdon mine (a 2 million ounce Au deposit) and the major regional structures. SolGold's exploration has focussed along the Augustine-New Moonta trend (which is a similar orientation to the Darling lineament) and the Chinamans-Reagans trend, which has a similar orientation as the Mt Bania and Mt Perry fault.

SolGold's exploration at Mt Perry has focussed along two mineralised structural zones (The Augustine-New Moonta trend and the Chinamans-Reagans trend (see Figure 15). The structural orientations of these are similar to the major structures that host the Mt Rawdon gold mine.

The 'Augustine-New Moonta trend' extends over a 20km long north-east trending corridor from Augustine in the south-west to the New Moonta mines in the north-east (see Figure 15). Sulphide-mineralised breccia bodies with variable gold, silver, base metals and with occurrences of uranium characterise the Augustine- New Moonta trend. The second target zone is the 'Chinamans-Reagans trend'. This target zone is characterised by copper-molybdenum porphyries with gold and zinc anomalous halos in the south of the project area, and it merges with the 7km long and strongly mineralised Chinaman's Creek – Reid's Creek – Spring Creek – Reagan's target immediately to the north.

Extensive airborne magnetic and electromagnetic surveys have been conducted over the Mt Perry Project area, together with detailed soil sampling, rock chip sampling and geological mapping surveys. This has been followed by drilling programs that conducted first pass reconnaissance drilling on numerous targets. Exploration at Mt Perry has identified several high grade vein-style targets and lower grade, high-tonnage porphyry-style gold targets.

During 2013 a detailed review of the Mt Perry project was carried out. The aim of the review was to evaluate the geological potential of the seven main prospects to establish the geological resource potential for the region. The report concluded that the prospects have a combined potential to host between 200,000 ozs (base case) and 700,000 ozs (geological potential) of gold. A significant amount of the tenement remains unexplored, leaving the potential for unrecognised prospects to be discovered within the area. Currently SolGold is seeking a JV partner to continue exploration at Mt Perry.

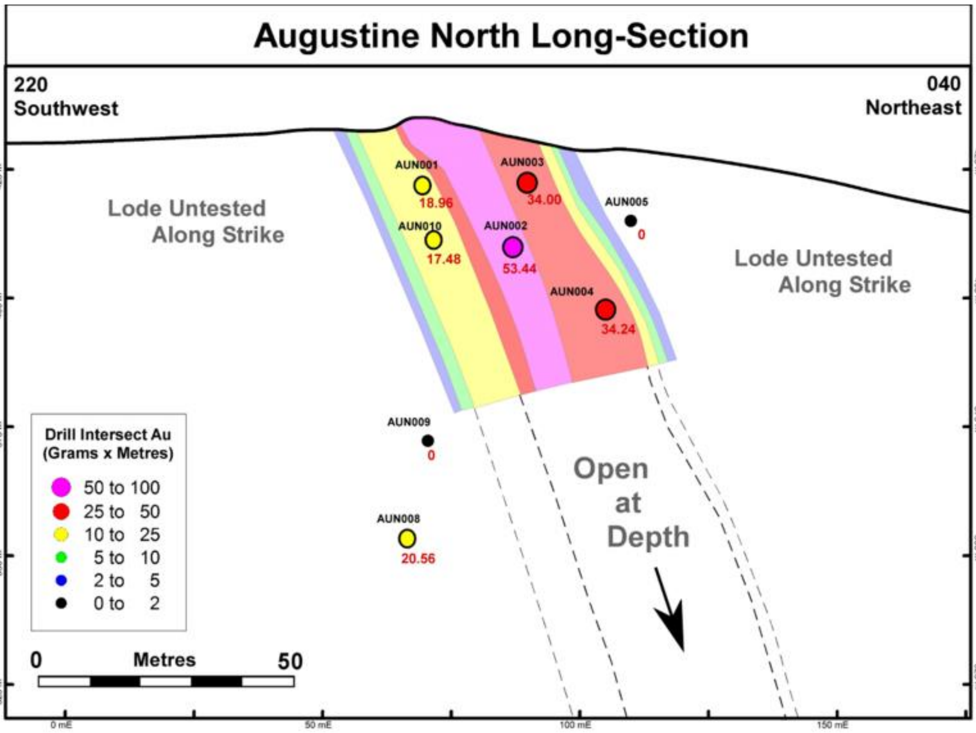


Figure 16 – Augustine North long-section displaying an interpreted high-grade shoot dipping to the north-east.

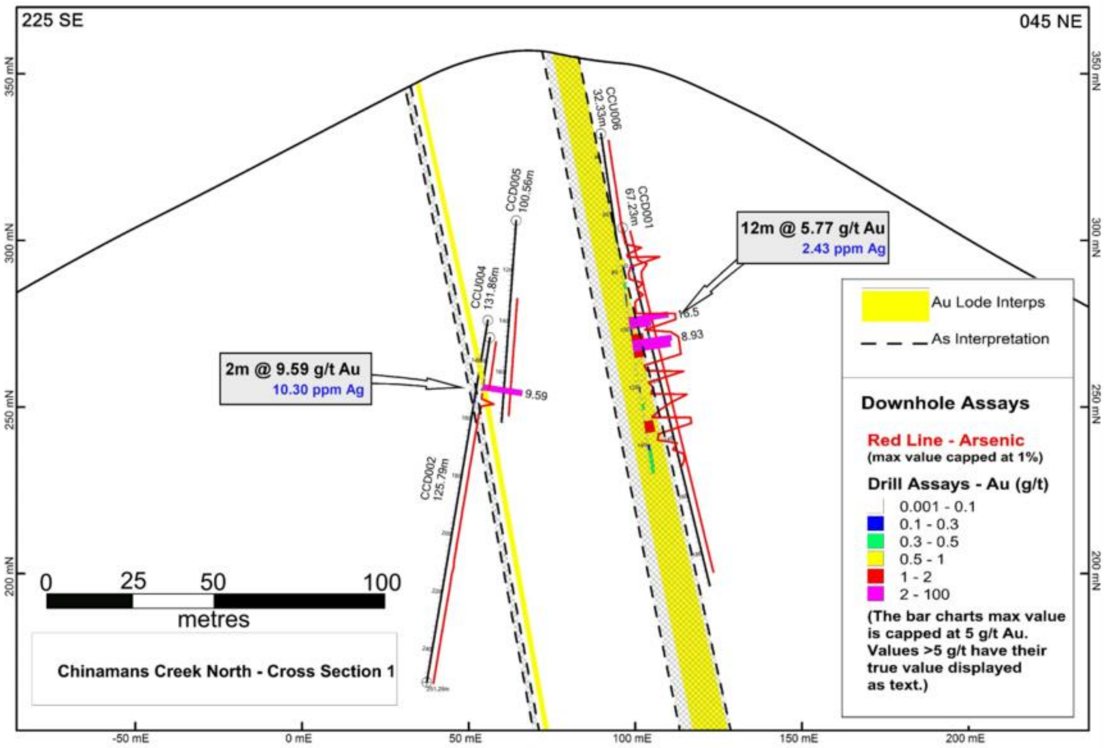


Figure 17 – Chinamans Creek North cross-section displaying interpreted Au and As lodes through the SW lode (Caledonian Reef) and Middle lode.

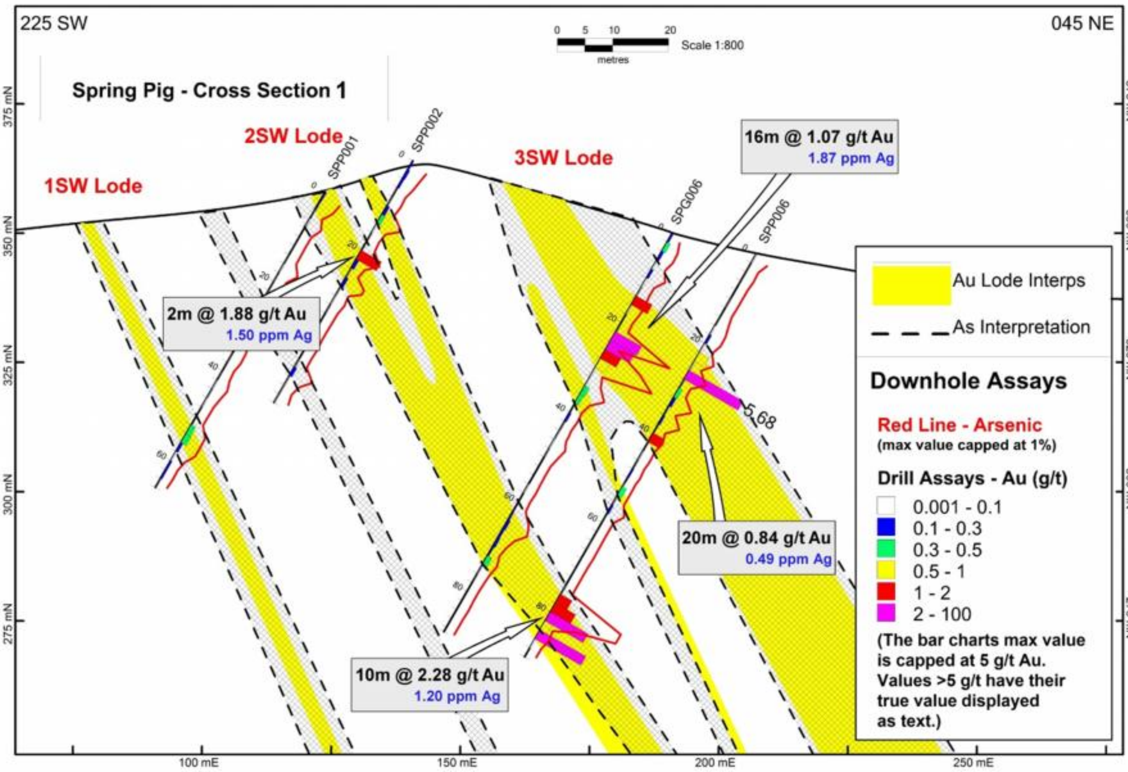


Figure 18 – Spring Pig cross section, displaying interpreted Au and As lodes.

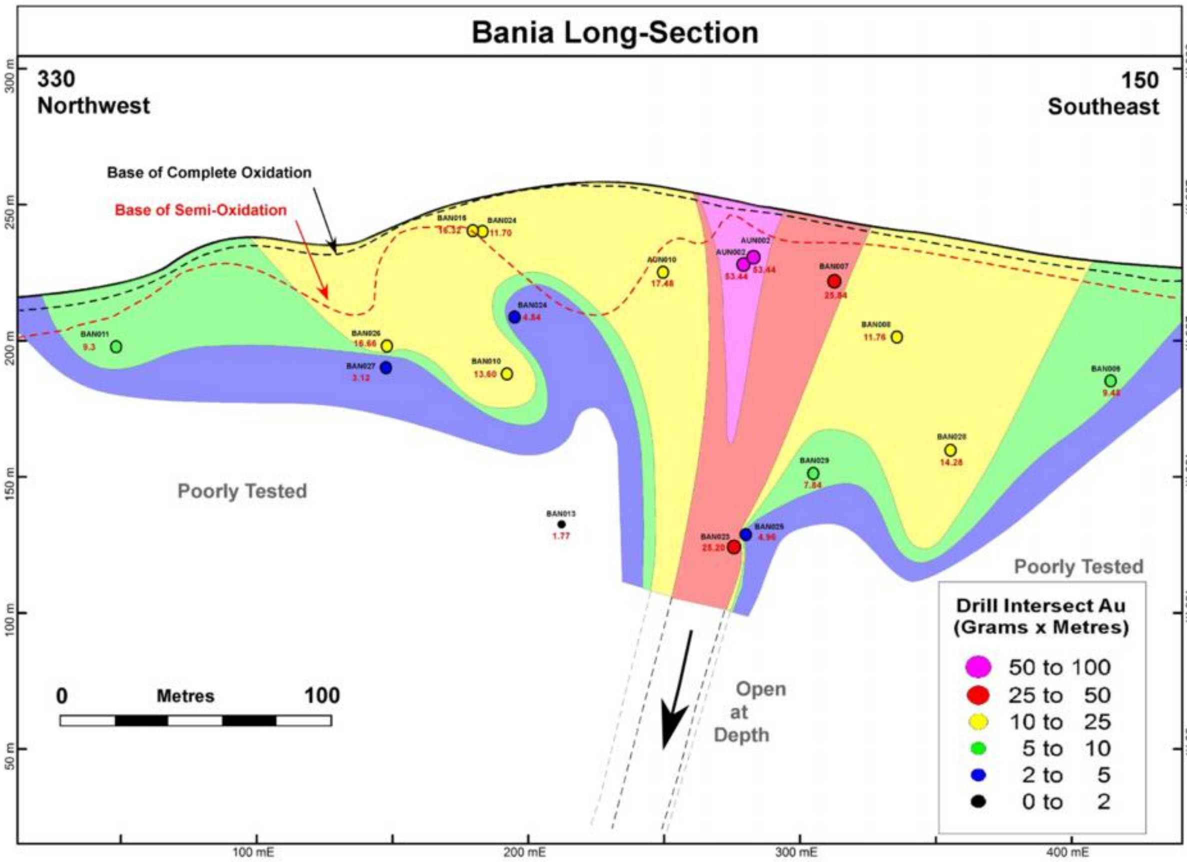


Figure 19– **Bania lode long-section**, showing gram-metre values over the approximate 400m strike length of drill testing.

Normanby Project (100% SolGold)

Location: *120km north-west of Mackay, Queensland, Australia*
Ownership: *100% owned*
Tenement Area: *171 granted sub-blocks (circa 550 km^2) and 100 application sub-blocks (circa 321 km^2 which are primarily consolidation areas).*
Primary Targets: *Cu-Au porphyry deposits and batholith associated gold vein deposits*

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

SolGold's exploration to date has primarily focussed around the Normanby Goldfield, a collection of 70 historical workings. Work programs have included extensive stream sediment, soil and rock chip sampling, an airborne magnetic survey and 50 drill holes totalling 1523 metres in length. The most significant intersections were at the Mt Flat Top prospect and included an intersection of 42m grading 1.16 g/t gold and 34m grading 1.22 g/t gold. The mineralisation has the geological features of a porphyry copper system with a high gold to copper ratio. A second phase of drilling may be carried out to test the lateral and vertical extension of this potential porphyry target. Regional-scale stream sediment and rock chip sampling has identified numerous anomalous areas, including the Mt Crompton breccia pipe.

No field exploration was conducted in 2013 at Normanby as SolGold is seeking expressions of interest to joint venture the Normanby project.

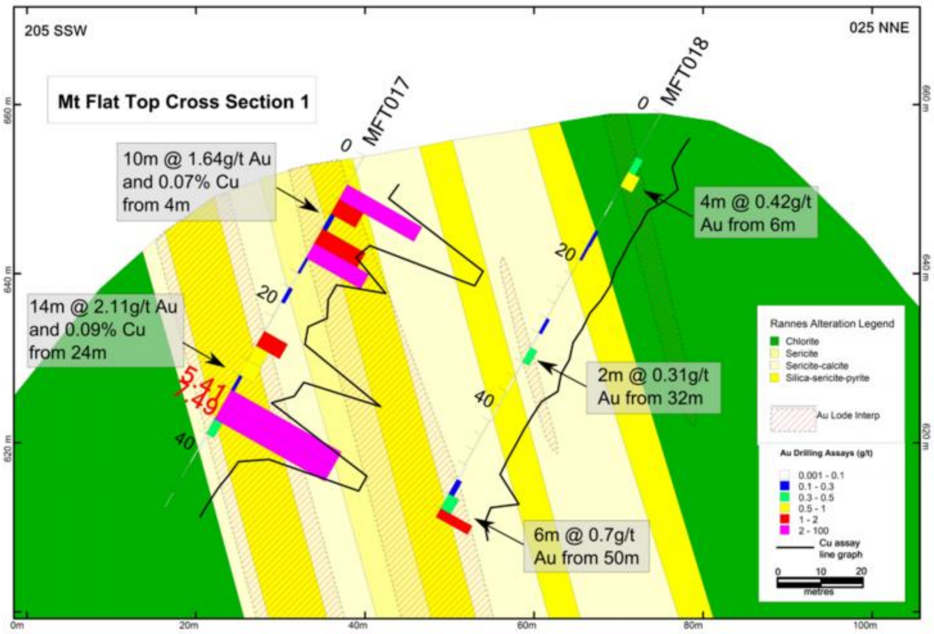


Figure 20: Mt Flat Top cross-section, displaying Au (colour histograms) and Cu (black line) assay grades.

Rannes Project (100% SolGold)

Location: *140km west of Gladstone, Queensland, Australia*
Ownership: *100% owned*
Tenement: *209 granted sub-blocks (circa 655km^2) and 203 application sub-blocks (circa 651.5 km^2) which are primarily consolidation areas).*
Primary Targets: *Disseminated and vein gold and silver deposits*

SolGold's principal targets at the Rannes project are structurally-controlled, low-sulphidation epithermal gold-silver deposits. Thirteen prospects have been identified within the Permian-aged Camboon Volcanics, with the majority lying along north-north-west trending fault zones.

Exploration by SolGold has included tenement wide stream sediment, soil and rock chip sampling surveys. A detailed airborne magnetic survey has also been flown and recently re-interpreted to enhance the structural model development of the belt. At a prospect scale, exploration methods have included a 3-D IP (Induced Polarisation) survey, geological mapping, and trenching all contributing to additional drill targets being defined at several prospects.

A total of 473 holes have been drilled at the Rannes project for a total of 58,887m. The majority of this drilling has been focussed at the Kauffmans prospect (151 holes) and the Crunchie prospect (90 holes), while lower metreage drill programs have occurred at the Shilo, Cracklin Rosie, Porcupine, Brother, Spring Creek and Police Camp Creek prospects.

Based on these drilling programs, the current combined indicated and inferred resource estimate stands at 12.23 million tonnes at 0.6 g/t gold and 23.18 g/t silver; for 237,240 ozs Au and 9,105,072ozs Ag (23rd May 2012). Table 3 lists the current resource estimates at the five main prospects. These estimates are based on gold to silver ratio of 1:50 and a 0.5 g/t Au equivalent cut-off.

Mineral resources estimates were completed by Hellman & Schofield Pty Ltd, and by H&S Consulting Pty. Ltd., independent geological consultancies. The most recent resource estimate includes resources in both Indicated and Inferred categories for reporting under the JORC Code for Reporting of Mineral Resources and Ore Reserves.

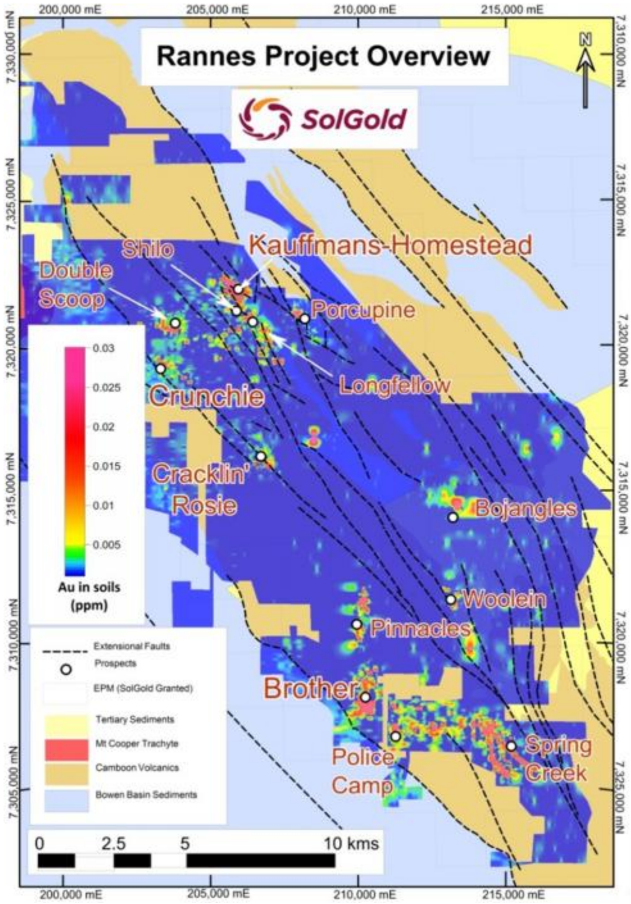


Figure 21: An overview of the Rannes project displaying the main prospects, soil gold anomalies and a simplified geology map. Indicated and inferred gold resources exist at Kauffmans and Crunchie, while untested prospect targets exist at Woolein, Bojangles and Longfellow.

	AuEq Cut off	Category	M Tonnes	Au g/t	Ag g/t	Au ozs	Ag ozs	*AuEq ozs 1:50 Au:Ag*
Kauffmans	0.5	Indicated	1.58	0.79	10.3	40,304	522,074	***50,729***
		Inferred	3.49	0.74	8.9	83,060	999,278	***103,092***
Crunchie	0.5	Indicated	2.4	0.46	42.4	35,833	3,310,000	***102,100***
		Inferred	3.2	0.49	39.8	49,797	4,040,000	***130,676***
Cracklin'	0.5	Inferred	0.43	0.59	5.6	8,023	76,145	***9,544***
Porcupine	0.5	Inferred	0.57	0.5	7.5	9,202	137,085	***11,941***
Brother	0.5	Inferred	0.57	0.6	1.1	11,021	204,90	***11,434***
	TOTAL (All Prospects)		**12.24**	**0.63**	**34.80**	**237,240**	**9,105,072**	**419,516**

Table 3 – Resource estimates at Kauffmans, Crunchie, Cracklin, Porcupine and Brother as of the 23rd May 2012. Note the gold equivalent values are based on a ratio of 1:50 (Au:Ag).

During 2013 a detailed review of the Rannes prospects was carried out. The aim of this review was to evaluate the geological potential of the project. The report concluded the following:

1. The resources at Kauffmans and Crunchie, at the current gold price, will require further higher grade zones to enhance the prospects economic viability.
2. Numerous untested prospects exist within the project (Longfellow, Woolein and Bojangles). The geological potential of these prospects has been estimated to be 50,000 ozs of gold.
3. Potentially deeper targets exist at Rannes but no geophysical technique, to date, has effectively identified target mineralisation.

Currently SolGold is seeking a JV partner to continue exploration at Rannes.

<u>Cracow West Project (100% SolGold)</u>

Location: 260km west-north-west of Gympie*, Queensland, Australia*
Ownership: *100% owned*
Tenement: *47 granted sub-blocks (circa* 146 *km^2) and 30 application sub-blocks (circa 93.16 km^2)*
Primary Targets: *Low-sulphidation epithermal Au-Ag deposits*

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

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

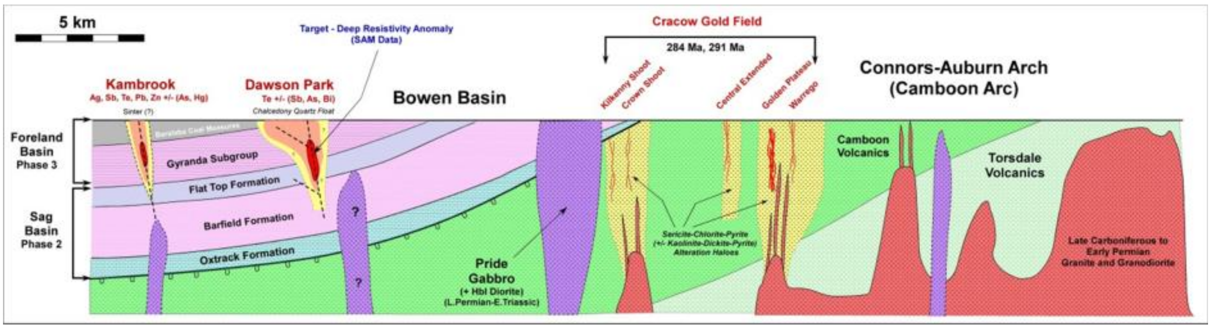


Figure 22: A conceptual geological cross-section through the Cracow West project and the surrounding area. The age of the intrusions interpreted below Dawson Park and Theodore has been interpreted to be Late Permian to Early Triassic.

<u>Westwood Project (100% SolGold)</u>

Location: *50km south-west* of Rockhampton*, Queensland, Australia*
Ownership: *100% owned*
Tenement: *63 granted sub-blocks (circa* 198 *km^2)*
Primary Targets: *Au porphyry and disseminated PGE (platinum group elements) in layered gabbro intrusions*

SolGold are currently reviewing two prospects at Westwood. These include:

- The Westwood prospect, which is a layered gabbro intrusion enriched in PGE's, Cu and Au. The area has had some historic exploration by BHP and Glengarry Resources that was focussed in a small proportion of the intrusion. SolGold's exploration concept is to screen the rest of the intrusion with soil sampling to locate untested PGE-bearing horizons within the layered gabbro.
- The Fred Creek prospect is located in the north of the tenement. SolGold has carried out a small soil sampling program and a brief field investigation. Historic drilling by BHP included assay results of 33m grading 0.97 g/t Au from 12m depth (the hole ended in mineralisation) and 43m grading 0.52 g/t Au from 2m depth. The principal target is a gold porphyry system.

Lonesome Project (100% SolGold)

Location: *200km west* of Bundaberg*, Queensland, Australia*
Ownership: *100% owned*
Tenement: *43 granted sub-blocks (circa* 134 *km^2)*
Primary Targets: *Epithermal Au-Ag and Cu-Au porphyry deposits*

The tenement is situated 61km north of the Cracow Au-Ag mine. The geological setting of Lonesome is similar to that of the Cracow gold mine, with the principal target being a low-sulphidation epithermal system. SolGold have yet to carry out work at the Lonesome project.

SOLOMON ISLANDS

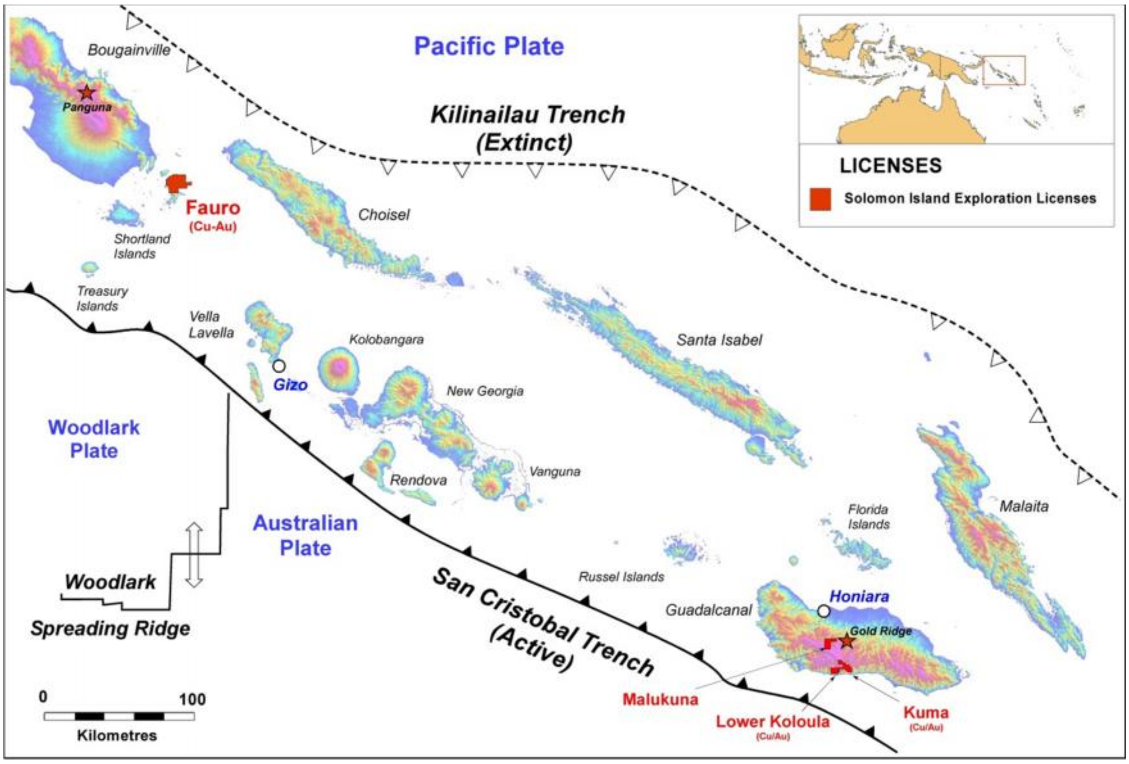


Figure 23: Location of exploration licenses held by SolGold in the Solomon Islands.

Fauro Island Project (100% SolGold)

Location: *380km northwest of the capital Honiara, Solomon Islands*
Ownership: *100% owned*
Tenement Area: *30 km^2*
Primary Targets: *Epithermal gold and copper-gold Porphyry deposits*

The Fauro Prospecting Licence (PL 12/09) was granted to Australian Resource Management (ARM, a 100% owned subsidiary company) on 20th November 2009. The project lies 82km south-east of the giant 'Panguna' copper gold porphyry deposit on Bougainville Island in neighbouring Papua New Guinea. SolGold interprets the geology of the Fauro Project to be favourable for the discovery of epithermal gold and porphyry copper gold deposits similar to those within other parts of the belt. The Fauro property was acquired following concept development in 2007-2008 that targeted environments with demonstrated gold mineralisation within a Lihir-style volcanic caldera setting.

The key prospects are Ballyorlo, Kiovakase, Meriguna and Ballteara (see Figure 24). Available datasets across the project include airborne magnetics, airborne EM, electrical IP, surface geochemistry (BLEGS, soils, rock chips), geological mapping, trenching and diamond drilling. Geochemical highlights include rock chips with assays up to 169 g/t Au at Kiovakase (with visible free gold) and up to 173 g/t Au from Meriguna. Trench results and drilling results are summarised in Figure 24.

No field exploration was conducted during 2013 at Fauro as SolGold is seeking expressions of interest to joint venture the project.

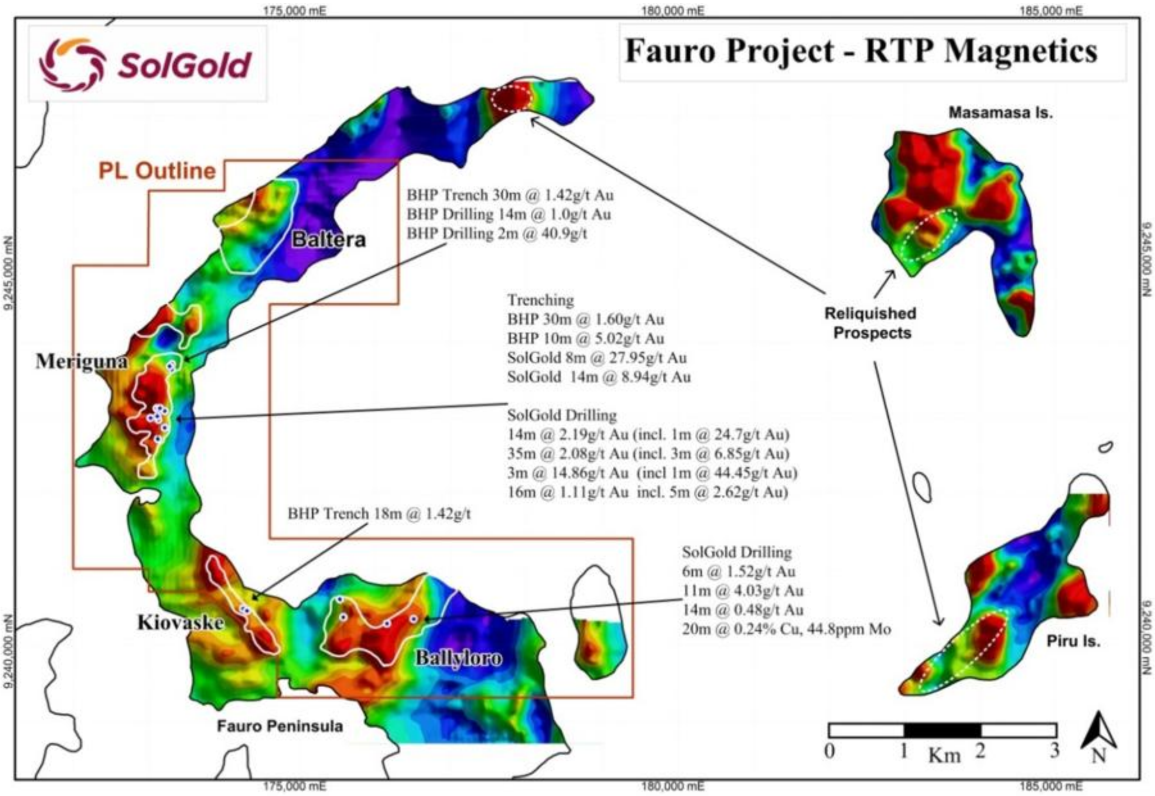


Figure 24: An overview of the Fauro prospects and the significant intersects to data. The base map comprises RTP (Reduced-To-Pole) magnetic imagery.

<u>Guadalcanal Joint Venture</u>

The Guadalcanal Joint Venture between SolGold and Newmont was terminated as of 5th May 2013. SolGold has entered into an agreement with Gold Ridge Mining Limited, who may secure suitable tenure over the Sutakiki, Central, Koloula and Mbetilonga tenements. SolGold have retained the Kuma project from the joint venture area.

<u>Kuma Project (100% SolGold)</u>

Location:	*37km south-east of the capital Honiara, Solomon Islands*
Ownership:	*100% owned*
Tenement Area:	*43 km^2*
Primary Targets:	*Copper gold porphyry deposits*

The Kuma project lies just to the south-west of a series of major NW-SE-trending arc-parallel faults. These faults are associated with numerous Cu and Au anomalies, including the Sutakiki prospect and the Mbetilonga prospect (formerly part of the Guadalcanal Joint Venture). At Kuma, the surface geology is dominated by a 4km by 1km lithocap. This extensive zone of argillic and advanced argillic alteration is caused by hydrothermal fluids that emanate from the top of porphyry copper-gold mineralising systems, and thus provides a buried porphyry copper (gold) target for SolGold.

Exploration completed at Kuma under the previous Guadalcanal Joint Venture between SolGold and Newmont included extensive geochemical sampling (BLEG, rock chip and channel samples), geological mapping, a magnetic survey and an electromagnetic survey.

Figure 25 shows the outline of the mapped lithocap and also highlights magnetic highs which may represent the apex of porphyry stocks.

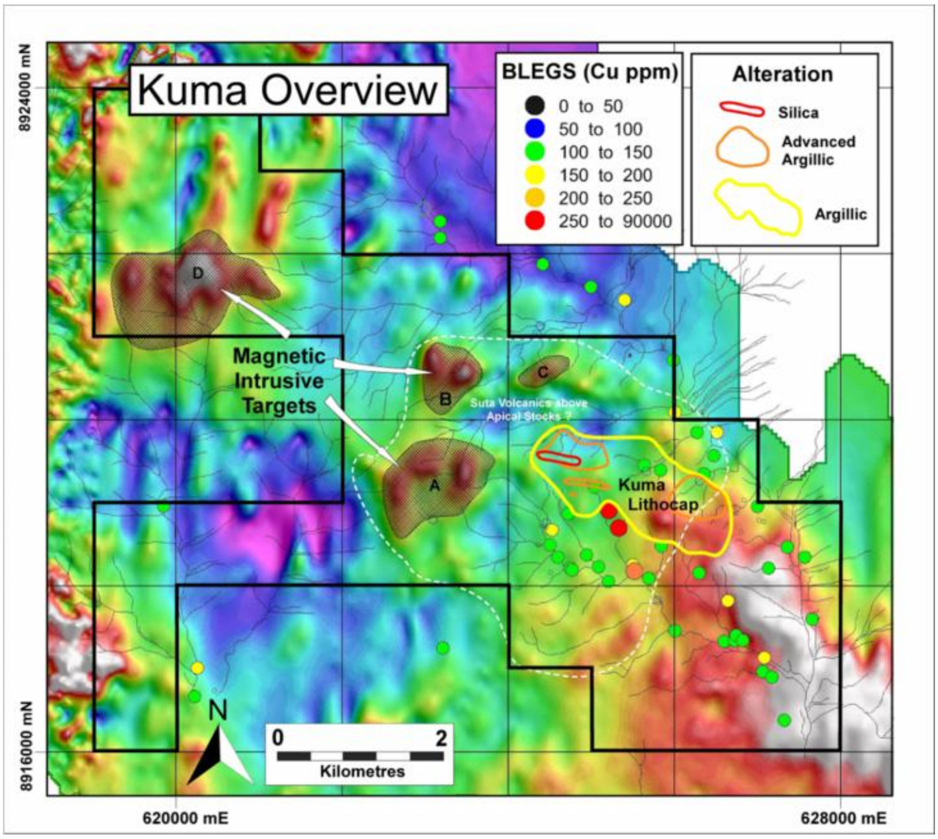


Figure 25: An overview of the Kuma tenement. The principal target is a 'lithocap' 4km by 1km in area. The outlines define the mapped alteration as follows: yellow=argillic, orange=advanced argillic and red=silica. The magnetic high anomalies that are labelled A, B, C and D are additional targets on the prospecting licence area.

Lower Koloula Project (100% SolGold)

Location:	*20km south-east of the capital Honiara, Solomon Islands*
Ownership:	*100% owned*
Tenement Area:	*20 km^2*
Primary Targets:	*Copper-gold porphyry*

The Lower Koloula tenement (PL 01/10) lies along the southern 'weather coast' of Guadalcanal. The Lower Koloula area has geology dominated by intrusions of the Koloula Igneous Complex, with over eight phases of intrusions mapped at surface.

Exploration to date has included geochemical surveys (BLEG, soil and rock chip sampling), an airborne magnetic survey and geological mapping. These work programs have identified two main areas of interest; the Big Frog prospect and the Pepechichi prospect.

The most significant prospect is Big Frog, an area of multiple intrusive rock types that include five phases of tonalite and three phases of diorite and quartz diorite. This intrusive complex is defined by coincident Cu, Au and Mo soil anomalies that collectively span an area approaching a square kilometre. These soil anomalies are open to the west and southwest beneath alluvial deposits of the Koloula River. Outcrops of porphyry stockwork veins (predominantly B-veins) at surface occur near central to the Big Frog prospect, confirm the presence of a porphyry system at Big Frog, and corroborate the Cu-Au-Mo association in soil samples from the region. Also extensively observed at Big Frog are north-west-trending zones of argillic and advanced argillic alteration. Other highlights at Big Frog include a rock chip sample grading 2.47 g/t Au, 100 g/t Ag and >0.1 % Cu. Pepechichi is currently defined by a Cu-Au soil anomaly.

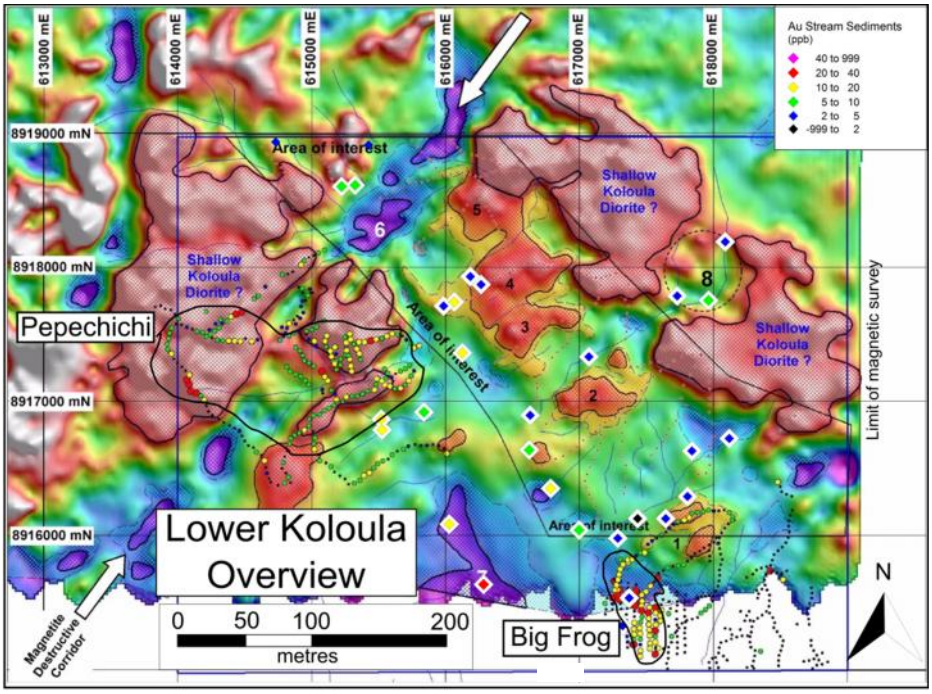


Figure 26: RTP magnetic image over the Lower Koloula license area. Besides the Big Frog prospect and the area adjoining the southwest margin of Big Frog, other areas of interest are labelled 1-8. The three extensive and strong magnetic high anomalies are likely to be shallow outcropping areas of the Koloula Diorite. Areas of anomalous Cu and Au soil geochemistry at Big Frog lie south-west of the magnetic high labelled '1'. Magnetic lows appear to lie along structures, the clearest example being the northeast-trending series of magnetic lows that encapsulate the magnetic low feature labelled '6'.

Malukuna Project (100% SolGold)

The Malukuna project is located 23km south-east of the capital Honiara, Solomon Islands and comprises of one tenement that covers an area of 36 km^2. The project is relatively new to the SolGold portfolio and has yet to have systematic exploration work carried out on it.

SolGold is completing a detailed review of its tenements in the Solomon Islands with a view of recommending exploration activities in 2014.

Qualified Person:
Information in this report relating to the exploration results is based on data reviewed by Dr Bruce Rohrlach (BSc (Hons), PhD), the GM Exploration of the Company. Dr Rohrlach is a Member of the Australasian Institute of Mining and Metallurgy who has in excess of 25 years' experience in mineral exploration and is a Qualified Person under the AIM Rules. Dr Rohrlach consents to the inclusion of the information in the form and context in which it appears.

The data in this report that relates to Mineral Resources using the Ordinary Kriging (OK) method is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code and guidelines"). Mr Tear is a full-time employee of H&S Consultants Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.

INTERESTS IN TENEMENTS

EPM	EPM Name	Principal Holder	Project	Expiry	
Queensland					
14279	Mount Perry North	Acapulco Mining Pty Ltd	Mt Perry	24/Jan/14	**
14280	Mount Perry South	Acapulco Mining Pty Ltd	Mt Perry	03/Mar/15	
14283	Mount Perry	Acapulco Mining Pty Ltd	Mt Perry	23/May/15	
17362	Reid Creek	Acapulco Mining Pty Ltd	Mt Perry	16/Sep/15	
18494	Spring Creek	Acapulco Mining Pty Ltd	Mt Perry	23/Jan/14	**
11343	Normanby Gold	Acapulco Mining Pty Ltd	Normanby	12/Sep/15	
16456	Normanby extended	Acapulco Mining Pty Ltd	Normanby	23/Aug/12	**
17354	Clarke Range	Acapulco Mining Pty Ltd	Normanby	27/Feb/16	
18280	Normanby South	Acapulco Mining Pty Ltd	Normanby	18/Apr/14	
18032	Cracow West	Central Minerals Pty Ltd	Cracow West	11/Oct/14	
18035	Tim Shay	Central Minerals Pty Ltd	Cracow West	03/Nov/15	
15779	Cooper	Central Minerals Pty Ltd	Rannes	20/Dec/11	**
15803	Cooper Extended	Central Minerals Pty Ltd	Rannes	28/Jan/14	**
16420	Dee Valley	Central Minerals Pty Ltd	Rannes	20/Sep/12	**
17079	Banana North	Central Minerals Pty Ltd	Rannes	19/Jan/14	**
17937	Goovigen	Central Minerals Pty Ltd	Rannes	20/Oct/12	**
18743	Woolein	Central Minerals Pty Ltd	Rannes	11/Oct/13	**
18744	Pinnacles West	Central Minerals Pty Ltd	Rannes	11/Oct/15	
18760	Westwood	Central Minerals Pty Ltd	Rannes	22/Jan/15	
19243	Lonesome	Central Minerals Pty Ltd	Rannes	22/Jan/15	
19348	Black Plains	Central Minerals Pty Ltd	Rannes	02/Aug/15	
19349	Mt Cooper	Central Minerals Pty Ltd	Rannes	20/Nov/15	
19639	Goovigen Consolidated	Central Minerals Pty Ltd	Rannes	n/a	*
19466	Cattle Creek North	Central Minerals Pty Ltd	Cracow West	n/a	*
19467	Cattle Creek South	Central Minerals Pty Ltd	Cracow West	n/a	*
19469	Dawson Gap	Central Minerals Pty Ltd	Cracow West	n/a	*
25245	Mt Perry Consolidated	Central Minerals Pty Ltd	Mt Perry	n/a	*
25300	Cooper Consolidated	Central Minerals Pty Ltd	Rannes	n/a	*
19410	Normanby Consolidated	Acapulco Mining Pty Ltd	Normanby	n/a	*
Solomon Islands					
PL 08/06	Kuma	Australian Resources Management Pty Ltd	Kuma	11/Apr/15	
PL 12/09	Fauro	Australian Resources Management Pty Ltd	Fauro	04/Feb/15	
PL 02/01	Malukuna	Guadalcanal Exploration Pty Ltd	Malukuna	14/Jul/13	***
PL 01/10	Lower Koloula	Guadalcanal Exploration Pty Ltd	Lower Koloula	14/Jul/13	***
Ecuador					
402288	Cascabel	Cornerstone (through subsidiaries CESA and ENSA)	Cascabel	26/Apr/35	

* EPM Applications have been lodged. Expiry dates determined at time of EPM grant.
** Renewal Applications have been lodged, the Company sees no reason as to why these tenements will not be renewed in the near future.
*** Application for renewal of the PL, for a period of 2 years, has been lodged, the Company sees no reason as to why these tenements will not be renewed in the near future.
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RISKS AND UNCERTAINTIES

The Directors consider that the factors and risks described below are the most significant.

Funding Risks

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

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

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

General Exploration and Extraction risks

There is no certainty that the 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 are subject to various conditions, obligations and regulations. 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. 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.

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 used 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 value of the Ordinary Shares 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 some but not all of the costs of exploration 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.

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 claims under the Native Title Act 1993 (Cth). 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.

In the case of mining and exploration operations in Solomon Islands, there is a complex land tenure structure and while the Tenements and those Access Agreements entered into between Australian Resource Management (ARM) Pty Ltd ("ARM") and Honiara Holdings Pty. Ltd. and various landowners entitle it to explore for the duration of the term of each PL, the existing legislative framework only provides for limited forms of negotiation between the landowners/community leaders on the one hand and mining companies on the other. It is also incumbent on the Director of Mines and the mining tenement holder to identify which landowners and community leaders they need to negotiate with. SolGold does not guarantee that the identifications made to date and upon which the Access Agreements are currently based may not be contested. As a consequence there may be unexpected difficulties experienced in progressing a promising resource into a commercial mining operation.

SolGold has also procured Access Agreements for areas within the Tenements. Whilst SolGold believes that it is entitled to rely upon the same to conduct exploration within these areas, no assurance can be given that there may not be some future challenge to SolGold's ability to do so.

Land Access Risk (continued)

Whilst SolGold has the Access Agreements with landowners covering the majority of the prospective areas identified by SolGold within the Tenements, its ability to carry out exploration in the residual areas will require additional access agreements to be entered into. The ability of SolGold to secure the benefits of all the Access Agreements is dependent upon, inter alia, the contracting parties' willingness to perform and discharge their obligations thereunder. There may be legal and commercial limitations in respect of enforcement of contractual rights. Additionally, SolGold will not be permitted to explore in areas nominated by the landowners as reserved or protected areas in the Solomon Islands under section 4(2) of the Mining Act. Whilst SolGold is actively seeking to liaise with landowners to identify relevant reserved or protected areas, some considerable uncertainty exists as to the precise location of these areas, the identification of which requires the input of the indigenous population. The inability of SolGold to identify these areas, or a claim by landowners that reserved or protected areas exist over areas identified by SolGold as prospective, may have a material adverse effect on the ability of SolGold to conduct its exploration programme in the manner identified in this document.

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.

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.

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.

Geopolitical, regulatory and sovereign risk (continued)

Ecuador

SolGold's Cascabel project in Ecuador may be exposed to potentially adverse risks associated with the evolving rules and laws governing mining expansion and development in that jurisdiction. 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.

FINANCIAL REVIEW

The Company achieved several milestones during the financial year ended 30 June 2013. These included:

- The appointment of Alan Martin as Chief Executive Officer of SolGold and its subsidiaries effective 10 May 2013;
- Earning a 30% interest in Exploraciones Novomining S.A. and completing a successful exploration program in the southern part of the Cascabel concession. Subsequent to year end, on 28 August 2013 SolGold satisfied conditions to increase its interest in ENSA to 50% and on 16 December exercised its right to increase its interest to 85%; and
- The completion of successful raisings totalling approximately $9.15 million during the year from institutional and professional investors.

Results

The Group incurred a loss of $29,895,902 for the year, including the impairment and write off of exploration expenses during the year of $27.3 million. The Group considered it necessary to make a provision for impairment of $24,734,063 as it relates to the deferred exploration assets of the Rannes and Fauro projects. A decision was also made to expense $2,566,578 for exploration expenditure associated with other tenements that were dropped during the year. A detailed assessment of the carrying values of deferred exploration costs is provided in Note 25.

Statement of Financial Position

As at 30 June 2013, the Group had net assets of approximately $18.8 million, a decrease of approximately $21 million over the previous financial year. This decrease was largely associated with the exploration write off and impairment charge of $27.3 million recognised over the Groups' exploration assets, and annual operating expenses of approximately $2.6 million, offset by the completion of $8.8 million in placements net of costs.

The only interest-bearing debt incurred by the Group includes minor leasing facilities totalling $23,576 secured over the leased assets.

Cash Flow

Our cash expenditure for the year was approximately $8.1 million, including the repayment of borrowings. Cash of approximately $8.6 million was received from the issue of securities. Accordingly, the net cash inflow of the Company for the year was approximately $0.4 million.

Cash of approximately $5.2 million was invested by the Group on exploration expenditure during the year.

Post Balance Sheet Events

On 15 July 2013, the Company issued 7,500,000 options to its Chief Geologist. The options consist of three tranches with varying exercise prices and vesting conditions which are dependent on the Company's share price. The options expire on 15 July 2016.

On 15 July 2013, a total of 1,584,000 employee options exercisable at 50p were forfeited due to employees ceasing employment with the Company.

On 6 September 2013, the Company issued an additional 700,000 shares at £0.13 pursuant to the achievement of certain employment related milestones on the conversion of the Convertible Redeemable Preference Shares.

On 24 September 2013, the Company issued 7,320,000 options to contractors and staff. The options consist of three tranches with varying exercise prices and vesting conditions which are dependent on the Company's share price. The options expire on 24 September 2016.

On 25 September 2013, the Company issued an additional 49,840,967 shares at £0.075 to raise $6.4 million 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.

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

Outlook

The exploration programs for 2014 will focus on Cascabel along with finding joint venture partners for the Group's Fauro, Rannes, Normanby, and Mt Perry projects. Discussions on the future exploration program at each of the projects is detailed in the Operations Report.

Financial Controls and Risk Management

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

Nominated Advisors and Brokers

RFC Corporate Finance Limited ("RFC") and SP Angel Corporate Finance LLP act as Nominated Advisor and Broker to the Company respectively.

Equity

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

On 17 July 2012, the Company issued 33,333,333 shares at £0.04 to raise $2 million 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 23 July 2012, the Company issued a total of 10,700 Convertible Redeemable Preference Shares (CRPS) to certain executive employees subsequent to the approvals granted by shareholders at the Company's AGM on 28 June 2012.

On 28 September 2012, the Company issued 3,000,000 options to the underwriter of the private placement raising $3 million on 9 October 2012. For accounting purposes the options were issued on 28 September 2012 and following approval at the Annual General Meeting held on 19 August 2013 and formally allotted on 6 September 2013. The options vested on 19 August 2013, are exercisable at 6 pence each, and expire 19 August 2014.

On 9 October 2012, the Company issued 55,555,556 shares at £0.035 to raise $3 million 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 12 October 2012, the Company issued an additional 21,972,143 shares at £0.035 to raise $1.14 million 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 8 April 2013, the Company issued an additional 119,801,376 shares at £0.015 to raise $2.6 million 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 10 May 2013, the Company issued 16,000,000 options to the Chief Executive Officer as part of his remuneration arrangements. For accounting purposes the options were issued on 28 September 2012 and following approval at the Annual General Meeting held on 19 August 2013 and formally allotted on 6 September 2013. The options consist of three tranches with varying exercise prices and vesting conditions which are dependent on the Company's share price. The options expire on 6 September 2017.

On 14 June 2013, the Company issued an additional 8,200,000 shares at £0.03 to raise $0.4 million 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 28 June 2013, the Company issued an additional 1,110,000 shares at £0.038 as a result of the conversion of Convertible Redeemable Preference Shares (CRPS) to ordinary shares.

On 15 July 2013, the Company issued 7,500,000 options to its Chief Geologist. The options consist of three tranches with varying exercise prices and vesting conditions which are dependent on the Company's share price. The options expire on 15 July 2016.

On 6 September 2013, the Company issued an additional 700,000 shares at £0.13 pursuant to the achievement of certain employment related milestones, including under the CRPS.

On 24 September 2013, the Company issued 7,320,000 options to contractors and staff. The options consist of three tranches with varying exercise prices and vesting conditions which are dependent on the Company's share price. The options expire on 24 September 2016.

On 25 September 2013, the Company issued an additional 49,840,967 shares at £0.075 to raise $6.4 million 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.

At year end the Company had a total of 553,354,342 shares and 28,372,000 options on issue. As at the date of this report, the Company had a total of 603,895,309 shares and 41,608,000 options on issue.

DIRECTORS AND COMPANY SECRETARY

The Board consists of two Executive Directors and three Non-Executive Directors.

Alan Martin
(Managing Director and Chief Executive Officer)

Alan Martin (52), appointed Chief Executive Officer 10 May 2013 and appointed Managing Director 8 October 2013, brings to SolGold more than 20 years of technical, commercial and financial investment experience in the Australian resources industry. He has a strong passion for exploration and considerable financial experience.

Alan graduated from Lakehead University, in Ontario, Canada. After completing an Honours Bachelor of Science Degree (Geology major) in 1985, he moved to Australia and joined Delta Gold NL as an exploration geologist with a focus on gold and base metal projects. In 1992, he entered the Australian investment industry as a mining analyst at Westpac Investment Management and has worked with major Australian financial institutions over the last 20 years. Alan was particularly successful during his tenure at IAG Asset Management from 2005 to 2008, delivering outstanding investment returns from his successful investment recommendations of major and junior mining stocks. Over the last 3 years at Colonial First State Global Asset Management, he has specialised in junior mining and exploration companies with particular focus on identifying the exploration projects that enable junior companies to create exceptional shareholder value.

Alan also has direct corporate experience in leading exploration ventures. In 1995, he was a founding director of Austminex NL, a private exploration company which raised $8 million in an IPO in 2000.

Nicholas Mather
(Executive Director)

Nicholas Mather (56), appointed 11 May 2005, graduated in 1979 from the University of Queensland with a B.Sc. (Hons, Geology). He has over 25 years' experience in exploration and resource company management in a variety of countries. His career has taken him to numerous countries exploring for precious and base metals and fossil fuels. Nicholas Mather has focused his attention on the identification of and investment in large resource exploration projects.

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

Nicholas Mather is Chief Executive of DGR Global Limited and non-executive Director of ASX-listed companies Armour Energy Limited, AusNiCo Limited, Navaho Gold Limited, Orbis Gold Limited and Lakes Oil NL.

Brian Moller
(Non-Executive Chairman)

Brian Moller (54), appointed 11 May 2005, is a corporate partner in the Brisbane-based law firm Hopgood Ganim Lawyers, the Australian solicitors to the Company. He was admitted as a solicitor in 1981 and has been a partner at Hopgood Ganim since 1983. He practices almost exclusively in the corporate area with an emphasis on capital raising, mergers and acquisitions.

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

Brian Moller acts for many publicly-listed resource and industrial companies and brings a wealth of experience and expertise to the board, particularly in the corporate regulatory and governance areas. He is a non-executive Director of ASX listed DGR Global Limited, Navaho Gold Limited and Platina Resources Limited, and the non-executive Chairman of ASX-listed AusNiCo Limited.

Dr Robert Weinberg
(Non-Executive Director)

Rob Weinberg (66), appointed 22 November 2005, gained his doctorate in geology from Oxford University in 1973. He has more than 35 years' experience of the international mining industry and is an independent mining research analyst and consultant. He is a Fellow of the Geological Society of London and also a Fellow of the Institute of Materials, Minerals and Mining.

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

Dr Weinberg is a non-executive Director of the ASX listed Kasbah Resources Limited, Medusa Mining Limited, which is a company listed on the ASX and LSE and of Chaarat Gold Holdings Limited, a company listed on AIM.

John Bovard
(Non-Executive Director)

John Bovard (68), appointed 2 November 2009, is a civil engineer with over 40 years' experience in mining, heavy construction, project development and corporate management throughout Australia. His career to date has included roles as CEO of public companies and both Executive and Non-Executive Directorships. He holds a Bachelors Degree in Civil Engineering, is a Fellow of the Australasian Institute of Mining and Metallurgy, and a Fellow of the Australian Institute of Company Directors.

Mr Bovard is currently the Non-Executive Chairman of the ASX-listed Mt Isa Metals Limited and Australian Pacific Coal Limited Mr Bovard is currently the Non-Executive Chairman of ASX listed Orbis Gold Ltd and a Non-Executive Director of Austin Mining Ltd (ASX). Other recent board roles board have included Non-Executive Director and interim CEO of Australian Solomons Gold (ASX), Non-Executive Chairman of Axiom Mining (ASX), Managing Director of Danae Resources (ASX) and Greenwich Resources (LSE). He was President and CEO of Asia Pacific Resources Ltd (TSX) for four years developing a large potash resource in Thailand

He was Project Manager for the $800 million Phosphate Hill fertiliser project in Qld for WMC. Other previous project experience includes Project Manager of the Porgera mine in PNG, CEO of the SuperPit expansion of Kalgoorlie and General Manager of the Ok Tedi mine in PNG.

Mr Bovard currently also provides corporate advisory and management advice as a consultant to limited range of selected client companies in the resources sector.

COMPANY SECRETARY

Karl Schlobohm
(Company Secretary)

Karl Schlobohm (45) has over twenty (20) years' experience in the accounting profession across a wide range of businesses and industries. He has previously been contracted into CFO roles with ASX-listed resource companies Discovery Metals Limited and Meridian Minerals Limited, and as Company Secretary of ASX-listed Linc Energy Limited, Agenix Limited, Discovery Metals Limited and Global Seafood Australia Limited.

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

Mr Schlobohm is also contracted to act as the Company Secretary of the ASX-listed DGR Global Limited, Navaho Gold Limited, AusNiCo Limited and Armour Energy Limited.

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the year ended 30 June 2013.

PRINCIPAL ACTIVITIES

The principal activities of SolGold plc (the "Company") and its subsidiaries (together "SolGold" or the "Group") are gold and mineral exploration in Ecuador, the Solomon Islands, and Queensland, Australia. Details of the Group's activities, together with a description of the principal risks and uncertainties facing the Group, and the development of the business, are given in the Operations Report. Effective 14 May 2012 the Company changed its name from Solomon Gold plc to SolGold plc.

The principal activity of the Company is that of a holding company.

BUSINESS REVIEW

A detailed review of the Group's business and future developments is set out in the Operations Report and Financial Review.

The principal risks and uncertainties facing the Group at its present stage of development are given under Risks and Uncertainties.

LAND AND BUILDINGS

The Directors are of the view that the book value and market value of land and buildings are not materially different. The land and buildings were acquired during 2007 and no independent valuation has been obtained since its acquisition.

GOING CONCERN

In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. The Group and the Company has not generated revenues from operations. As such, the Group's and Company's ability to continue to adopt the going concern assumption will depend upon a number of matters including the successful capital raisings in the future of necessary funding and the successful exploration and subsequent exploitation of the Group's tenements. In the absence of these matters being successful, the current working capital levels will not be sufficient to bring the Company's projects into full development and production and, in due course further financing will be required.

Subsequent to the year end, the Company successfully completed a placement on 25 September 2013 raising a total of $6.4 million. This means that the company should have sufficient capital to fund and progress its exploration and project development efforts across its portfolio of projects in the Solomon Islands, Ecuador and Queensland, Australia. It should be noted that the current working capital levels will not be sufficient to bring the Company's projects into full development and production and, in due course, further funding will be required. In the event that the Company is unable to secure further finance either through third parties or capital raising, it may not be able to fully develop its projects.

CURRENCY

The functional and presentational currency is Australian dollars ("A$") and all amounts presented in the Directors' Report and financial statements are presented in Australian dollars unless otherwise indicated.

RESULTS

The Group's consolidated loss for the period was $29,895,902 (2012: $22,505,208).

CHANGES IN SHARE CAPITAL DURING 2013

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

KEY PERFORMANCE INDICATORS

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

DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend.

FINANCIAL INSTRUMENTS

The Company does not undertake financial instrument transactions that are speculative or unrelated to the Company's or Group's activities. The Company's financial instruments consist mainly of deposits with banks, accounts payable, and loans to subsidiaries. Further details of financial risk management objectives and policies, and exposure of the group to financial risks are provided in Note 21 to the financial statements.

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The Group policy on the payment of creditors is to settle bills in accordance with the terms agreed with suppliers.

At the year-end there were 29 days (2012: 27 days) worth of purchases in Group trade creditors and 25 days (2012: 41 days) worth of purchases in Company trade creditors.

DIRECTORS AND DIRECTORS' INTERESTS

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

Malcolm Norris	CEO & Managing Director (resigned 7 February 2013)
Alan Martin	CEO & Managing Director (appointed CEO 10 May 2013 and appointed Managing Director 8 October 2013)
Cameron Wenck	Non-Executive Chairman (resigned 28 February 2013)
Nicholas Mather	Executive Director
Brian Moller	Non-Executive Chairman (appointed Chairman 28 February 2013)
Robert Weinberg	Non-Executive Director
John Bovard	Non-Executive Director

The Company has a Directors' and Officers' Liability insurance policy with Chartis Australia Insurance Limited for all its Directors.

The Directors who held office at the end of the financial year held direct and indirect interests in the ordinary shares and unlisted options of the Company as shown in the tables below.

Shares held	At 30 June 2013	At 30 June 2012
Nicholas Mather	62,521,748	39,001,319
Brian Moller	1,811,720	1,158,017
Robert Weinberg	2,055,530	738,287
John Bovard	3,103,958	591,365

No options were issued to Directors during the year (2012: 1,200,000).

Share options held	At 30 June 2013	At 30 June 2012	Option Price	Exercise Period
Cameron Wenck	-	1,100,000	50p	31/05/12 -31/05/14
Malcolm Norris	-	1,200,000	14p - 28p	28/06/13 – 28/06/15
Nicholas Mather	4,200,000	1,200,000	6p - 50p	31/05/12 -31/05/14
Brian Moller	880,000	880,000	50p	31/05/12 -31/05/14
Robert Weinberg	880,000	880,000	50p	31/05/12 -31/05/14
John Bovard	880,000	880,000	50p	31/05/12 -31/05/14

MAJOR SHAREHOLDERS

The following parties represented the top 10 shareholders visible on the Company's Register in the Company as at 3 December 2013.

Major Shareholders	Number of Shares	% of Issued Capital
Tenstar Trading Limited	85,308,855	14.13
Pershing Nominees Limited <PERNY>	61,105,731	10.12
Barclayshare Nominees Limited	49,675,448	8.23
TD Direct Investing Nominees (Europe) Limited <SMKTNOMS>	45,213,851	7.49
HSDL Nominees Limited	30,864,088	5.11
Samuel Holdings Pty Ltd <SAMUELDT>	24,951,225	4.13
Pershing Nominees Limited <WRCLT>	19,976,409	3.31
HSBC Client Holdings Nominee (UK) Limited <731504>	19,085,952	3.16
Hargreaves Lansdown (Nominees) Limited <HLNOM>	18,204,368	3.01
W B Nominees Limited	15,013,385	2.49

CORPORATE GOVERNANCE

In formulating the Company's corporate governance procedures the Board of Directors takes due regard of the principles of good governance set out in the UK Corporate Governance Code issued by the Financial Reporting Council in June 2010 (as appended to the Listing Rules of the Financial Services Authority) so far as is practicable for a company of SolGold's size.

The Board of SolGold plc is made up of two Executive Directors and three Non-executive Directors. Up until his resignation, Cameron Wenck chaired the Board and subsequently by Brian Moller. Nicholas Mather is an Executive Director and Alan Martin is the Company's Chief Executive Officer. Alan Martin was appointed as Managing Director on 8 October 2013. It is the Board's policy to maintain independence by having at least half of the Board comprising Non-executive Directors who are free from any material business or other relationship with the Group. The structure of the Board ensures that no one individual or group is able to dominate the decision making process.

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

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

The Audit Committee, which meets not less than twice a year, is responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored as well as liaising with the Company's auditor to discuss accounts and the Group's internal controls. The Committee is comprised of the entire Board of Directors. The Audit Committee has reviewed the systems in place and considers these to be appropriate.

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

The remuneration of the non-executive Directors is determined by the executive Directors who consider it essential, notwithstanding the small size of the Company and the fact that it is not yet revenue earning, to recruit and retain individuals of the highest calibre for that role. Consequently they believe that it is in the interests of shareholders that non-executive Directors should be provided with share options in addition to the level of fees considered affordable. The number of such options currently amounts to 2,640,000 in total, or just under 0.44% of the current issued share capital, and in the opinion of the executive Directors is not of sufficient magnitude as to affect their independence.

The Board attaches importance to maintaining good relationships with all its shareholders and ensures that all price sensitive information is released to all shareholders at the same time, in accordance with London Stock Exchange rules. The Company's principal communication with its investors is through the Annual General Meeting and through the annual report and accounts and the interim statement.

The 2013 Annual General Meeting will provide an opportunity for the Chairman and/or Chief Executive Officer to present to the shareholders a report on current operations and developments and will enable the shareholders to question and express their views about the Company's business. A separate resolution will be proposed on each substantially separate issue, including the receipt of the financial statements and shareholders will be entitled to vote either in person or by proxy.

A Health, Safety, Environment and Community Committee (HSEC Committee) is responsible for the overall health, safety and environmental performance of the Company and its operations and its relationship with the local community in Ecuador, Solomon Islands and Queensland, the Committee is comprised of the entire Board of Directors.

EXECUTIVE REMUNERATION STRATEGY

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

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Group made no political or charitable donations in the year (2012: A$ nil).

AUDITOR

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

SUBSEQUENT EVENTS

The Directors are not aware of any significant changes in the state of affairs of the Company after the balance date that is not covered in this report.

DIRECTORS' RESPONSIBILITIES STATEMENT

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

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

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

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

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

Website publication

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

DISCLOSURE OF AUDIT INFORMATION

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

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

This report was approved by the board on 18 December 2013 and signed on its behalf.

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

INDEPENDENT AUDITOR'S REPORT

To the members of SolGold PLC

We have audited the financial statements of SolGold Plc for the year ended 30 June 2013 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated and company statements of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the–parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2013 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - going concern and availability of project finance

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in note 1(b) to the financial statements concerning the group's and the company's ability to continue as a going concern and the requirement for the group to raise further funding if it is to bring its exploration projects into the development stage. As explained in note 1(b), the company raises finance for the group's exploration and appraisal activities in discrete tranches, and will need to raise further funds to continue with its planned exploration programme and subsequent exploitation of its tenements and to provide working capital. The future of the group depends on the ability of the company to raise such finance. This indicates the existence of a material uncertainty which may cast significant doubt about the company's and the group's ability to continue as a going concern. If the company is unable to secure such additional funding to develop its projects further, 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. The financial statements do not include the adjustments that would result if the group and company were unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

BDO LLP

David Pomfret (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
Date: 18 December 2013

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2013

	Notes	Group 2013 $	Group 2012 $
Revenue		-	-
Cost of sales		-	-
Gross profit		**-**	**-**
Other income		-	468
Expenses			
Exploration costs written-off	12	(27,300,641)	(18,606,445)
Administrative		(2,631,766)	(4,122,328)
Operating loss		**(29,932,407)**	**(22,728,305)**
Share of associate profits		29,775	-
Finance income	6	7,448	223,097
Finance costs	6	(718)	-
Loss before income tax	3	**(29,895,902)**	**(22,505,208)**
Income tax expense	7	-	-
Loss for the year		**(29,895,902)**	**(22,505,208)**
Other comprehensive income			
Change in fair value of available-for-sale financial assets	10b	10,390	-
Total comprehensive income for the year		**(29,885,512)**	**(22,505,208)**
Loss for the year attributable to:			
Owners of the parent company		(29,895,902)	(22,505,057)
Non-controlling interest		-	(151)
		(29,895,902)	**(22,505,208)**
Total comprehensive income for the year attributable to:			
Owners of the parent company		(29,885,512)	(22,505,057)
Non-controlling interest		-	(151)
		(29,885,512)	**(22,505,208)**

Earnings per share		**Cents per share**	**Cents per share**
Basic earnings per share	8	(6.9)	(7.7)
Diluted earnings per share	8	(6.9)	(7.7)

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

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

As at 30 June 2013

Registered Number 5449516

	Notes	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Assets					
Property, plant and equipment	11	167,130	297,677	22,700	27,065
Intangible assets	12	14,578,178	40,255,104	29,209	222,208
Investment in subsidiaries	9	-	-	15,361,177	41,726,237
Investment in associates	10(a)	2,769,647	-	2,769,647	-
Investment in available for sale securities	10(b)	458,510	-	458,510	-
Loans receivable and other non-current assets	13	92,893	98,413	5,569	7,569
Total non-current assets		**18,066,358**	**40,651,194**	**18,646,812**	**41,983,079**
Other receivables and prepayments	15	311,088	469,062	272,745	250,803
Cash and cash equivalents	16	880,424	440,623	826,768	343,736
Total current assets		**1,191,512**	**909,685**	**1,099,513**	**594,539**
Total assets		**19,257,870**	**41,560,879**	**19,746,325**	**42,577,618**
Equity					
Share capital	17	9,361,755	5,791,534	9,361,755	5,791,534
Share premium	17	66,418,526	61,216,133	66,418,526	61,216,133
Other reserves		3,233,263	3,145,297	3,233,263	3,145,297
Accumulated loss		(60,209,103)	(30,325,921)	(59,610,996)	(28,491,681)
Non-controlling interest		-	(46,183)	-	-
Total equity		**18,804,441**	**39,780,860**	**19,402,548**	**41,661,283**
Liabilities					
Finance lease liabilities	18	14,428	80,498	-	-
Total non-current liabilities		**14,428**	**80,498**	**-**	**-**
Finance lease liabilities	18	9,148	52,362	-	-
Trade and other payables	19	429,853	1,647,159	343,777	916,335
Total current liabilities		**439,001**	**1,699,521**	**343,777**	**916,335**
Total liabilities		**453,429**	**1,780,019**	**343,777**	**916,335**
Total equity and liabilities		**19,257,870**	**41,560,879**	**19,746,325**	**42,577,618**

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

The financial statements were approved and authorised for issue by the Board and were signed in its behalf on 18 December 2013.

Alan Martin
Director

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 June 2013

Consolidated statement of changes in equity

	Notes	Share capital $	Share premium $	Available-for-sale financial assets reserve $	Share option reserve $	Convertible Redeemable Preference Share reserve $	Accumulated loss $	Non-controlling interests $	Total $
Balance at 30 June 2011	17	**5,365,926**	**58,402,290**	**-**	**1,116,380**	**-**	**(7,820,864)**	**-**	**57,063,732**
Loss for the year		-	-	-	-	-	(22,505,057)	(151)	(22,505,208)
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**(22,505,057)**	**(151)**	**(22,505,208)**
New share capital subscribed		425,608	3,003,414	-	-	-	-	-	3,429,022
Share issue costs		-	(189,571)	-	-	-	-	-	(189,571)
Value of shares and options issued to Directors, employees and consultants		-	-	-	2,028,917	-	-	-	2,028,917
Non-controlling interest in subsidiary acquired		-	-	-	-	-	-	(46,032)	(46,032)
Balance at 30 June 2012	17	**5,791,534**	**61,216,133**	**-**	**3,145,297**	**-**	**(30,325,921)**	**(46,183)**	**39,780,860**
Loss for the year		-	-	-	-	-	(29,895,902)	-	(29,895,902)
Other comprehensive income		-	-	10,390	-	-	-	-	10,390
Total comprehensive income for the year		**-**	**-**	**10,390**	**-**	**-**	**(29,895,902)**	**-**	**(29,885,512)**
New share capital subscribed		3,551,968	5,596,692	-	-		-	-	9,148,660
Share issue costs		-	(394,299)	-	74,461	-	-	-	(319,838)
Value of share options issued to Directors, employees and consultants		-	-	-	30,477	-	-	-	30,477
Value of share options forfeited during the year		-	-	-	(27,362)	-	-	-	(27,362)
Value of performance shares issued to employees		-	-	-	-	77,156	-	-	77,156
Conversion of preference shares to ordinary shares		18,253	-	-	-	(77,156)	58,903	-	-
Disposal of non-controlling interest in subsidiary acquired		-	-	-	-	-	(46,183)	46,183	-
Balance at 30 June 2013	17	**9,361,755**	**66,418,526**	**10,390**	**3,222,873**	**-**	**(60,209,103)**	**-**	**18,804,441**

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

CONSOLIDATED AND COMPANY STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

For the year ended 30 June 2013

Company statement of changes in equity

	Notes	Share capital $	Share premium $	Available-for-sale financial assets $	Share option reserve $	Convertible Redeemable Preference Share reserve $	Accumulated loss $	Total $
Balance at 30 June 2011	17	**5,365,926**	**58,402,290**	**-**	**1,116,380**	**-**	**(6,456,536)**	**58,428,060**
Loss for the year		-	-	-	-	-	(22,035,145)	(22,035,145)
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**-**	**(22,035,145)**	**(22,035,145)**
New share capital subscribed		425,608	3,003,414	-	-	-	-	3,429,022
Share issue costs		-	(189,571)	-	-	-	-	(189,571)
Value of shares and options issued to Directors, employees and consultants		-	-	-	2,028,917	-	-	2,028,917
Balance at 30 June 2012	17	**5,791,534**	**61,216,133**	**-**	**3,145,297**	**-**	**(28,491,681)**	**41,661,283**
Loss for the year		-	-	-	-	-	(31,178,218)	(31,178,218)
Other comprehensive income		-	-	10,390	-	-	-	10,390
Total comprehensive income for the year		**-**	**-**	**10,390**	**-**	**-**	**(31,178,218)**	**(31,167,828)**
New share capital subscribed		3,551,968	5,596,692	-	-	-	-	9,148,660
Share issue costs		-	(394,299)	-	74,461	-	-	(319,838)
Value of shares and options issued to Directors, employees and consultants		-	-	-	30,477	-	-	30,477
Value of share options forfeited during the year		-	-	-	(27,362)	-	-	(27,362)
Value of performance shares issued to employees		-	-	-	-	77,156	-	77,156
Conversion of performance shares to ordinary shares		18,253	-	-	-	(77,156)	58,903	-
Balance at 30 June 2013	17	**9,361,755**	**66,418,526**	**10,390**	**3,222,873**	**-**	**(59,610,996)**	**19,402,548**

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

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS
For the year ended 30 June 2013

	Notes	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Cash flows from operating activities					
Operating loss		(29,932,407)	(22,728,305)	(31,178,218)	(22,233,466)
Depreciation		62,550	77,457	9,075	8,850
Share based payment expense		80,271	1,345,410	80,271	1,345,410
Write-off of exploration expenditure		27,300,641	18,606,445	-	-
Loss on sale of property, plant and equipment		2,244	-	-	-
Impairment of investments in subsidiaries		-	-	28,651,475	18,311,066
(Increase) decrease in other receivables and prepayments		157,974	(102,555)	(21,942)	115,255
Increase (decrease) in trade and other payables		402,284	544,842	(84,196)	292,170
Net cash outflow from operating activities		**(2,006,714)**	**(2,256,706)**	**(2,543,545)**	**(2,183,692)**
Cash flows from investing activities					
Interest received		7,448	223,097	5,988	221,297
Interest paid		(718)	-	(690)	-
Security deposit (payments)/refunds		5,520	-	2,000	
(Acquisition)/Disposal of property, plant and equipment		(4,710)	(18,413)	(4,710)	(15,037)
Proceeds from the sale of property, plant and equipment		72,707	-	-	-
Acquisition of exploration and evaluation assets		(2,822,260)	(12,249,212)	(29,209)	(222,208)
Acquisition of subsidiaries (net of cash)	24	1	5,853	-	-
Investment in available for sale securities		(448,120)	-	(448,120)	
Investment in associates		(2,517,664)	-	(2,517,664)	-
Loans advanced to third parties		-	-	-	(211,256)
Loans advanced to subsidiaries		-	-	(2,254,043)	(11,853,287)
Net cash outflow from investing activities		**(5,707,797)**	**(12,038,675)**	**(5,237,029)**	**(12,080,491)**
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital		8,575,084	3,429,022	8,575,084	3,429,022
Payment of issue costs		(311,488)	(189,571)	(311,488)	(189,571)
Repayment of borrowings		(109,284)	(47,197)	-	-
Net cash inflow from financing activities		**8,154,312**	**3,192,254**	**8,263,596**	**3,239,451**
Net (decrease)/increase in cash and cash equivalents		**439,801**	**(11,103,127)**	**483,032**	**(11,024,732)**
Cash and cash equivalents at the beginning of period		440,623	11,543,750	343,736	11,368,468
Cash and cash equivalents at end of period	16	**880,424**	**440,623**	**826,768**	**343,736**

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

NOTE 1 ACCOUNTING POLICIES

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

(a) Statement of compliance

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

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

(b) Basis of preparation of financial statements, going concern and availability of project finance

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

The Company was incorporated on 11 May 2005. The Group has elected, from incorporation, to prepare annual consolidated financial statements in accordance with IFRS. A separate statement of comprehensive income for the parent company has not been presented as permitted by section 408 of the Companies Act 2006.

The 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 current asset position of $752,511, compared with a net current liability position in 2012 of $789,836. As such, the Company's ability to continue to adopt the going concern assumption will depend upon a number of matters including the successful raising in the future of necessary funding for the successful exploration and subsequent exploitation of the Company's tenements and to provide working capital.

Subsequent to year end, the Company successfully completed a placement on 25 September 2013, raising a total of $6.4 million. This means that the Company should have sufficient capital to fund and progress its exploration and project development efforts across its portfolio of projects in the Solomon Islands, Ecuador and Queensland, Australia. It should be noted that the current working capital levels will not be sufficient to bring the Company's projects into full development and production and, in due course, further funding will be required. In the event that the Company is unable to secure further finance either through third parties or capital 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.

(c) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is recognised where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

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

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

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

NOTE 1 ACCOUNTING POLICIES (continued)

(c) Basis of consolidation (continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income where applicable. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

(iii) Transactions eliminated on consolidation

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

(d) Foreign currency

The Company's functional and presentation currency is Australian dollars (A$). The exchange rates at 30 June 2013 were £0.6002/A$1.0, US$0.9218/A$1.0 and SBD$6.6372/A$1.0 (30 June 2012: £0.6505/A$1.0, US$1.0159/A$1.0 and SBD$6.8688/A$1.0).

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

The functional currency of the subsidiaries in Australia is considered to be Australian Dollars (A$). The functional currency of the subsidiaries in Solomon Islands is considered to be Solomon Islands Dollars (SBD$). The assets and liabilities of the entities are translated to the group presentation currency at rates of exchange ruling at the balance sheet date. Income and expense items are translated at average rates for the period. Any exchange differences are taken directly to reserves. On disposal of an entity, cumulative deferred exchange differences are recognised in the income statement as part of the profit or loss on sale.

(e) Property, plant and equipment

(i) Owned assets

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

NOTE 1 ACCOUNTING POLICIES (Continued)

(f) Intangible assets

Deferred exploration and evaluation costs

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

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

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

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

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

(g) Loans receivables, other receivables and prepayments

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

(h) Cash and cash equivalents

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

(i) Impairment

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

Impairment reviews for deferred exploration and evaluation 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:

- Unexpected geological occurrences that render the resource uneconomic;
- Title to the asset is compromised;
- Variations in metal prices that render the project uneconomic; and
- Variations in the currency of operation.

(j) Share capital

The Company's ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 1 ACCOUNTING POLICIES (Continued)

(k) Employee benefits

(i) Share based payment transactions

Certain Group employees are rewarded with share based instruments. Shares may also be issued to third parties as consideration for goods or services. Shares are recorded at their market value at the time of their issue. Option instruments are stated at fair value at the date of grant and this is expensed on a straight line basis over the estimated vesting period. The latter is based on the Group's estimate of shares that will eventually vest. The fair value of an option instrument is estimated using the Black-Scholes valuation model. The estimated life used in the model represents management's best estimate of the effects of non-transferability, exercise restrictions and behavioural considerations.

(ii) Retirement benefits

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

(l) Provisions

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

(m) Trade and other payables

Trade and other payables are not interest bearing and are stated at their nominal value. The effect of discounting is immaterial.

(n) Revenue

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

(o) Other income

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

(p) Financing costs and income

(i) Financing costs

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

(ii) Finance income

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

(q) Taxation

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

NOTE 1 ACCOUNTING POLICIES (Continued)

(r) Segment reporting

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

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

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

(s) Business Combinations

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

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

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

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

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

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

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

(t) Project Financing / Farm-outs

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

NOTE 1 ACCOUNTING POLICIES (Continued)

(u) Leases

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

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

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

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

(v) Financial Instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

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

Classification and Subsequent Measurement

(i) *Loans and receivables*

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

(ii) *Financial assets at fair value through profit or loss*

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

(iii) *Available-for-sale financial assets*

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

(iv) *Financial liabilities*

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

Fair value

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

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2013

Note 1: Summary of Significant Accounting Policies (continued)

Accounting Policies (continued)

(v) Financial Instruments (continued)

Impairment of financial assets

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

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

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

(w) Accounting policies for the Company

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

(i) Company statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the Company has not been separately presented in these financial statements. The Company's loss for the year was $31,178,218 (2012: $22,035,145).

(ii) Subsidiary investments

Investments in subsidiary undertakings are stated at cost less impairment losses.

(x) Changes in accounting policies

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the accounting periods commencing 1 July 2012 but are not applicable to the group and had no impact on these financial statements.

The Group has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board but have not been adopted will have a material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 2 SEGMENT REPORTING

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

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

30 June 2013	Finance Income $	Total Income $	Loss for the year $	Assets $	Liabilities $	Share Based Payments $	Depreciation $
SolGold	5,988	5,988	(31,178,218)	37,993,519	318,681	80,271	9,522
ARM	507	507	(12,893,152)	1,485,034	32,689,251	-	21,073
Central Minerals	118	118	(8,582,984)	3,582,305	13,068,993	-	23,382
Acapulco Mining	835	835	(16,750)	5,837,534	3,612,378	-	8,573
Solomon Operations	-	-	(12)	29,758	81,457	-	-
Honiara Holdings	-	-	(998,381)	3,122	956,044	-	-
Guadalcanal Exploration	-	-	(12,363)	1,127,428	1,186,126	-	-
Consolidation / Elimination	-	-	23,785,958	(40,834,726)	(51,459,501)	-	-
Total	**7,448**	**7,448**	**(29,895,902)**	**19,257,870**	**453,429**	**80,271**	**62,550**

30 June 2012	Finance Income $	Total Income $	Loss for the year $	Assets $	Liabilities $	Share Based Payments $	Depreciation $
SolGold	221,297	221,765	(22,035,145)	42,682,244	916,335	1,345,410	8,850
ARM	381	381	(18,225,172)	13,901,046	32,316,738	-	25,445
Central Minerals	302	302	(479,350)	11,321,143	12,224,848	-	32,187
Acapulco Mining	1,116	1,116	(76,256)	5,616,786	3,374,880	-	10,975
Solomon Operations	1	1	(131)	29,770	81,457	-	-
Honiara Holdings	-	-	(69)	854,030	804,099	-	-
Guadalcanal Exploration	-	-	(151)	989,209	1,035,544	-	-
Consolidation / Elimination	-	-	18,311,066	(33,833,349)	(48,973,882)	-	-
Total	**223,097**	**223,565**	**(22,505,208)**	**41,560,879**	**1,780,019**	**1,345,410**	**77,457**

Honiara Holdings Pty Ltd and Guadalcanal Exploration Pty Ltd joined the Group on 17 February 2012 and 18 April 2012 respectively.

Geographical information

Non-current assets	2013 $	2012 $
UK	-	-
Australia	12,860,582	26,526,703
Solomon Islands	2,611,879	13,902,283
Ecuador	2,593,897	222,208

The Group had no revenue during the year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 3 LOSS BEFORE TAX

	Group 2013 $	Group 2012 $
Loss is stated after charging (crediting)		
Auditors' remuneration:		
Fees payable to the company's auditor for the audit of the company's annual accounts	55,000	40,500
Fees payable to the company's auditor and its associates for other services:		
Other assurance related services	37,000	4,944
Tax services	-	-
Depreciation	62,550	77,457
Foreign exchange losses	9,205	28,983
Share based payments	80,271	1,345,410

NOTE 4 STAFF NUMBERS AND COSTS

	Group 2013	Group 2012	Company 2013	Company 2012
Corporate finance and administration	7	9	7	9
Technical	4	8	4	3
	11	**17**	**11**	**12**

The aggregate payroll costs of these persons were as follows:

	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Wages and salaries	1,218,074	1,651,378	1,218,074	787,584
Contributions to defined contribution plans	93,532	61,346	93,532	61,346
Share based payments	80,271	1,345,410	80,271	1,345,410
Total staff costs	**1,391,877**	**3,058,134**	**1,391,877**	**2,194,340**

Included within total staff costs is $648,712 (2012: $1,893,719) which has been capitalised as part of deferred exploration costs.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 5 REMUNERATION OF KEY MANAGEMENT PERSONNEL

	Basic Annual Salary $	Other Benefits[1] $	Pensions $	Total Remuneration $
2013				
Directors				
Malcolm Norris	291,288	12,508	25,380	329,176
Cameron Wenck	52,883	-	-	52,883
Nicholas Mather	146,250	-	-	146,250
Brian Moller	47,917	-	-	47,917
Robert Weinberg	47,917	-	-	47,917
John Bovard	47,917	-	-	47,917
Non-Directors	526,746	18,717	42,337	587,800
TOTAL	**1,160,918**	**31,225**	**67,717**	**1,259,860**

	Basic Annual Salary $	Other Benefits[1] $	Pensions $	Total Remuneration $
2012				
Directors				
Malcolm Norris	219,760	12,508	19,778	252,046
Cameron Wenck	70,000	-	-	70,000
Nicholas Mather	183,333	-	-	183,333
Brian Moller	50,000	-	-	50,000
Robert Weinberg	50,000	-	-	50,000
John Bovard	50,000	-	-	50,000
Non-Directors	281,684	7,342	15,777	304,803
TOTAL	**904,777**	**19,850**	**35,555**	**960,182**

[1] Share based payments issued.

During the year no directors exercised options granted under the employee share option plan (2012: nil)

During the year, employer's social security costs of $67,717 (2012: $35,555) were paid in respect of remuneration for key management personnel.

NOTE 6 FINANCE INCOME AND COSTS

	Group 2013 $	Group 2012 $
Interest income	7,448	223,097
Finance income	**7,448**	**223,097**
Interest cost – convertible note	-	-
Finance costs	**(718)**	**-**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 7 INCOME TAX EXPENSE

Factors affecting the tax charge for the current period

The tax credit for the period is lower than the credit resulting from the application of the standard rate of corporation tax in Australia of 30% (2012: 30%) being applied to the loss before tax arising during the year. The differences are explained below.

	Group 2013 $	Group 2012 $
Tax reconciliation		
Loss before tax	(29,895,902)	(22,505,208)
Tax at 30% (2012: 30%)	(8,968,771)	(6,751,562)
Effects at 30% (2012: 30%) of:		
Short term temporary differences	7,740,809	3,492,330
Non-deductible expenses	21,505	480,116
Tax losses carried forward	1,206,457	2,779,116
Tax on loss	-	-

Factors that may affect future tax charges

The Group has carried forward tax losses of approximately $39.0 million (2012: $35.0 million). These losses may be deductible against future taxable income dependent upon the on-going satisfaction by the relevant Group company of various tax integrity measures applicable in the jurisdiction where the tax loss has been incurred. The jurisdictions in which tax losses have been incurred include Australia and the Solomon Islands.

NOTE 8 LOSS PER SHARE

The calculation of basic loss per ordinary share on total operations is based on losses $29,895,902 (2012: $22,505,208) and the weighted average number of ordinary shares outstanding of 430,235,731 (2012: 293,763,384).

There is no difference between the diluted loss per share and the basic loss per share presented as the share options in issue during the period and prior period were not considered dilutive. At 30 June 2013 there were 28,372,000 share options in issue (2012: 12,972,000).

NOTE 9 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Country of incorporation and operation	Principal activity	SolGold plc's effective interest	
			2013	2012
Australian Resources Management (ARM) Pty Ltd	Australia	Exploration	100%	100%
Acapulco Mining Pty Ltd	Australia	Exploration	100%	100%
Central Minerals Pty Ltd	Australia	Exploration	100%	100%
Solomon Operations Ltd	Solomon Islands	Exploration	100%	100%
Honiara Holdings Pty Ltd	Australia	Exploration	100%	100%
Guadalcanal Exploration Pty Ltd	Australia	Exploration	100%	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 9 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS (continued)

	Investment in subsidiary undertakings		
	Shares $	Loans $	Total $
Cost			
Balance at 30 June 2011	**11,085,656**	**34,916,212**	**46,001,868**
Acquisitions and advances in the year	50,000	13,985,435	14,035,435
Balance at 30 June 2012	**11,135,656**	**48,901,647**	**60,037,303**
Acquisitions and advances in the year	1	2,286,414	2,286,415
Balance at 30 June 2013	**11,135,657**	**51,188,061**	**62,323,718**
Amortisation and impairment losses			
Balance at 30 June 2011	**-**	**-**	**-**
Provision for impairment	-	(18,311,066)	(18,311,066)
Balance at 30 June 2012	**-**	**(18,311,066)**	**(18,311,066)**
Provision for impairment	(5,016,948)	(23,634,527)	(28,651,475)
Balance at 30 June 2013	**(5,016,948)**	**(41,945,593)**	**(46,962,541)**
Carrying amounts			
Balance at 30 June 2011	11,085,656	34,916,212	46,001,868
Balance at 30 June 2012	11,135,656	30,590,581	41,726,237
Balance at 30 June 2013	**6,118,709**	**9,242,468**	**15,361,177**

The write-down of the deferred exploration and evaluation costs associated with certain projects in Queensland and the Solomon Islands lead to the Company recording a provision for impairment of $23,634,527 on the loans receivable from Australian Resource Management (ARM) Pty Ltd, Central Minerals Pty Ltd and Honiara Holdings Pty Ltd.

Details of all loans within the group made during the year are set out below:

	Shares $	Loans $	Total $
Cost			
Total investment in subsidiaries by the Company at 30 June 2011	**11,085,656**	**34,916,212**	**46,001,868**
Advances in the period from SolGold plc to ARM Pty Ltd	-	5,724,967	5,724,967
Advances in the period from SolGold plc to Acapulco Mining Pty Ltd	-	648,151	648,151
Advances in the period from SolGold plc to Central Minerals Pty Ltd	-	5,919,046	5,919,046
Acquisition and advances during the period to Honiara Holdings Pty Ltd	50,000	650,556	700,556
Acquisition and advances during the period to Guadalcanal Exploration Pty Ltd	-	1,042,715	1,042,715
Total investment in subsidiaries by the Company at 30 June 2012	**11,135,656**	**48,901,647**	**60,037,303**
Advances in the period from SolGold plc to ARM Pty Ltd	-	509,183	509,183
Advances in the period from SolGold plc to Acapulco Mining Pty Ltd	-	308,334	308,334
Advances in the period from SolGold plc to Central Minerals Pty Ltd	-	1,311,769	1,311,769
Advances during the period to Honiara Holdings Pty Ltd	-	79,394	79,394
Acquisition and advances during the period to Guadalcanal Exploration Pty Ltd	1	77,734	77,735
Total investment in subsidiaries by the Company at 30 June 2013	**11,135,657**	**51,188,061**	**62,323,718**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

NOTE 10 INVESTMENTS

(a) Investments accounted for using the equity method

Name	Country of incorporation	Principle Activity	Shares	Ownership Interest		Carrying Amount	
				2013 %	2012 %	2013 $	2012 $
Exploraciones Novomining S.A.	Ecuador	Mineral Exploration	ORD	30%	-%	2,769,647	-
						2,769,647	**-**

(i) Movements during the year in equity accounted investments	2013 $	2012 $
Balance at beginning of year	-	-
Carrying value of investment on transfer of intangible assets	222,208	
Fair value of investment on initial recognition	2,517,664	-
Share of associates profits after income tax	29,775	-
Balance at end of year	**2,769,647**	**-**

(ii) Summarised financial information of associates

The Group's share of the results of its associates and its aggregated assets (including goodwill) and liabilities are as follows:

	Ownership interest %	Assets $	Liabilities $	Revenues $	Profit $
2013					
Exploraciones Novomining S.A.	30%	77,114	69,785	39,938	29,775
2012					
Exploraciones Novomining S.A.	-%	-	-	-	-

(b) Investments accounted for as available for sale assets

	2013 $	2012 $
Movements in available for sale financial assets		
Opening balance at 1 July	-	-
Additions	448,120	-
Fair Value adjustment through other comprehensive income	10,390	-
	458,510	**-**

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

	Group						
	Land and Buildings	Plant and Equipment	Motor Vehicles	Office Equipment	Furniture & Fittings	Total	Company
	$	$	$	$	$	$	$
Cost							
Balance 30 June 2011	**208,144**	**95,989**	**267,722**	**61,270**	**14,711**	**647,836**	**30,187**
Additions	-	2,500	-	11,132	4,782	18,414	15,037
Balance 30 June 2012	**208,144**	**98,489**	**267,722**	**72,402**	**19,493**	**666,250**	**45,224**
Additions	-	-	-	3,030	1,680	4,710	4,710
Disposals	-	-	(147,207)	-	-	(147,207)	-
Balance 30 June 2013	**208,144**	**98,489**	**120,515**	**75,432**	**21,173**	**523,753**	**49,934**
Depreciation and impairment losses							
Balance 30 June 2011	**(76,260)**	**(60,579)**	**(88,644)**	**(52,833)**	**(12,800)**	**(291,116)**	**(9,309)**
Depreciation charge for the year	(17,322)	(11,141)	(41,348)	(5,161)	(2,485)	(77,457)	(8,850)
Balance 30 June 2012	**(93,582)**	**(71,720)**	**(129,992)**	**(57,994)**	**(15,285)**	**(368,573)**	**(18,159)**
Depreciation charge for the year	(17,321)	(8,276)	(28,302)	(7,696)	(955)	(62,550)	(9,075)
Disposals	-	-	74,499	-	-	74,500	-
Balance 30 June 2013	**(110,903)**	**(79,996)**	**(83,795)**	**(65,690)**	**(16,240)**	**(356,623)**	**(27,234)**
Carrying amounts							
At 30 June 2011	131,884	35,410	179,078	8,437	1,910	356,720	20,878
At 30 June 2012	114,562	26,769	137,730	14,408	4,206	297,677	27,065
At 30 June 2013	**97,241**	**18,493**	**36,720**	**9,742**	**4,933**	**167,130**	**22,700**

The net book value of assets pledged as security for lease finance is $21,073 (2012: $137,730).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

NOTE 12 INTANGIBLE ASSETS

	Deferred Group exploration costs $	Deferred Company exploration costs $
Cost		
Balance 30 June 2011	**45,566,793**	**-**
Additions – expenditure	12,422,506	222,208
Additions – business combinations	1,718,703	-
Disposals	-	-
Balance 30 June 2012	**59,708,002**	**222,208**
Additions – expenditure	1,623,715	29,209
Transfer to equity accounted investments		(222,208)
Disposals	-	-
Balance 30 June 2013	**61,331,717**	**29,209**
Impairment losses		
Balance at 30 June 2011	**(846,453)**	**-**
Impairment charge	(18,606,445)	-
Balance 30 June 2012	**(19,452,898)**	**-**
Impairment charge	(27,300,641)	-
Balance 30 June 2013	**(46,753,539)**	**-**
Carrying amounts		
At 30 June 2011	44,720,340	-
At 30 June 2012	40,255,104	222,208
At 30 June 2013	**14,578,178**	**29,209**

Impairment loss

The Group considered it necessary to make a provision for impairment of $24,734,063 as it relates to the deferred exploration assets of the Rannes and Fauro projects. A decision was made to expense $2,566,578 (2012: $653,721) for exploration expenditure associated with other tenements that were dropped during the year. A detailed assessment of the carrying values of deferred exploration costs is provided in Note 25.

NOTE 13 LOAN RECEIVABLES AND OTHER NONCURRENT ASSETS

	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Loans receivables	-	-	-	-
Security bonds	92,893	98,413	5,569	7,569
	92,893	**98,413**	**5,569**	**7,569**

Security bonds relate to cash security held against office premises, Lvl 27, 111 Eagle St, Brisbane, Queensland Australia and cash security held by Queensland Department of Natural Resources and Mines against Queensland exploration tenements held by the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 14 DEFERRED TAXATION

Recognised deferred tax assets

	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Deferred tax assets:				
Tax losses	3,724,771	5,021,142	-	-
Deferred tax liabilities:				
Temporary timing differences arising on intangible assets	(3,724,771	(5,021,142)	-	-
Net deferred taxes	-	-	-	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following amounts. Deferred tax has been calculated at the expected future rate of corporation tax of 30%.

	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Temporary differences	7,796,272	1,693,992	326,481	267,017
Tax losses	11,699,667	10,505,233	11,699,667	2,406,783
	19,495,939	**12,199,225**	**12,026,148**	**2,673,800**

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

NOTE 15 OTHER RECEIVABLES AND PREPAYMENTS

	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Other receivables	289,088	285,484	250,745	67,225
Prepayments	22,000	183,578	22,000	183,578
	311,088	**469,062**	**272,745**	**250,803**

NOTE 16 CASH AND CASH EQUIVALENTS

	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Cash at bank	880,424	440,623	826,768	343,736
Call deposits	-	-	-	-
Cash and cash equivalents in the statement of cash flows	**880,424**	**440,623**	**826,768**	**343,736**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 17 CAPITAL AND RESERVES

(a) Authorised Share Capital

	2012 No. of Shares	2012 Nominal Value £
At 1 July 2011 – Ordinary shares	500,000,000	5,000,000
Creation of additional shares of £0.01 each on 28 June 2012	120,000,000	1,200,000
At 30 June 2012 – Ordinary shares	**620,000,000**	**6,200,000**

	2013 No. of Shares	2013 Nominal Value £
At 1 July 2012 – Ordinary shares	620,000,000	6,200,000
Creation of additional shares	-	-
At 30 June 2013 – Ordinary shares	**620,000,000**	**6,200,000**

(b) Changes in Issued Share Capital and Share Premium

	No. of Shares	Nominal Value $	Share Premium $	Total $
Ordinary shares of 1p each at 30 June 2011	284,623,489	5,365,926	58,402,290	63,768,216
Shares issued at $0.12 – placement 6 March 2012	28,758,445	425,608	3,003,414	3,429,022
Share issue costs charged to share premium account	-	-	(189,571)	(189,571)
Ordinary shares of 1p at 30 June 2012	**313,381,934**	**5,791,534**	**61,216,133**	**67,007,667**

	No. of Shares	Nominal Value $	Share Premium $	Total $
Ordinary shares of 1p each at 30 June 2012	313,381,934	5,791,534	61,216,133	67,007,667
Shares issued at £0.04 – placement 17 July 2012	33,333,333	500,000	1,500,000	2,000,000
Share issue costs charged to share premium account	-	-	(24,128)	(24,128)
Shares issued at £0.035 – placement 3 October 2012	55,555,556	857,167	2,142,833	3,000,000
Share issue costs charged to share premium account	-	-	(302,465)	(302,465)
Shares issued at £0.035 – placement 12 October 2012	21,972,143	325,188	819,094	1,144,282
Share issue costs charged to share premium account	-	-	(1,175)	(1,175)
Shares issued at £0.015 – placement 8 April 2013	119,801,376	1,736,281	868,097	2,604,378
Share issue costs charged to share premium account	-	-	(66,531)	(66,531)
Shares issued at £0.03 – placement 14 June 2013	8,200,000	133,332	266,668	400,000
Shares issued at £0.038 – Conversion of convertible redeemable preference shares 28 June 2013	1,110,000	18,253	-	18,253
Ordinary shares of 1p at 30 June 2013	**553,354,342**	**9,361,755**	**66,418,526**	**75,780,281**

Potential issues of ordinary shares

At 30 June 2013 the Company had 28,372,000 options outstanding for the issue of ordinary shares, as follows:

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..

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 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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 17 CAPITAL AND RESERVES (continued)

Options (continued)

Date of grant	Exercisable from	Exercisable to	Exercise prices	Number granted	Number at 30 June 2013
29 April 2011	Longer of 12 months from grant or when the 30 day volume weighted average price ("VWAP") of the company share price reaches £0.50.	28 April 2014	£0.50	5,324,000	4,532,000
31 May 2011	Longer of 12 months from grant or when the 30 day VWAP of the company share price reaches £0.50.	30 May 2014	£0.50	5,940,000	3,840,000
28 June 2012*	12 months from date of grant	23 July 2015	£0.14	1,250,000	500,000
28 June 2012*	12 months from date of grant	23 July 2015	£0.28	1,250,000	500,000
28 September 2012**	Exercisable immediately and will expire 12 months from allotment date	19 August 2014	£0.06	3,000,000	3,000,000
10 May 2013***	When the Company's share price has traded at a minimum of £0.20 on a 30 day VWAP basis	6 September 2017	£0.14	3,000,000	3,000,000
10 May 2013***	When the Company's share price has traded at a minimum of £0.40 on a 30 day VWAP basis	6 September 2017	£0.28	5,000,000	5,000,000
10 May 2013***	When the Company's share price has traded at a minimum of £0.80 on a 30 day VWAP basis	6 September 2017	£0.50	8,000,000	8,000,000
				32,764,000	**28,372,000**

* The options were granted for accounting purposes on 28 June 2012, following approval at the AGM and formally issued on 23 July 2012.
** The options were granted for accounting purposes 28 September 2012, following approval at the Annual General Meeting held on 19 August 2013 and formally allotted on 6 September 2013.
***The options were granted for accounting purposes on 10 May 2013, following approval at the Annual General Meeting held on 19 August 2013 and formally allotted on 6 September 2013.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 17 CAPITAL AND RESERVES (continued)

Convertible Redeemable Preference Shares

Convertible redeemable preference shares are granted under the Company's Employee Share Plan, which is designed to enable the Company to secure and retain skilled and experienced personnel on appropriately incentivised terms.

A convertible redeemable preference share ("CRPS") will be issued at 1p each. Each CRPS will entitle the identified employees upon achievement of certain performance criteria, to convert the CRPS into one ordinary share, and such employees will in addition be entitled to subscribe for further ordinary shares, granting the employees, in total (following conversion and exercise of the subscription rights), 1000 ordinary shares per converted CRPS. The performance criteria in each instance have been structured to focus on performance in areas including project operational deliverable, share price and corporate performance, and are aligned with delivering shareholder growth.

A total of 10,700 CRPS were granted following approval at the AGM on 28 June 2012 and formally issued on 23 July 2012. The CRPS have an issue price of 1p each and the underlying ordinary shares had a price of 3.30p each, calculated as the volume weighted average trade price of each ordinary share for the 5 trading days immediately prior to the day upon which the CRPS were issued.

The issue of CRPS has been treated as an option grant in accordance with IFRS 2, *Share Based Payments*. In line with IFRS 2, *Share Based Payments*, the related expense for the CRPS is recorded from the date of grant through to when the performance criteria have been met.

Convertible Redeemable Preference Shares	2013 Number of CRPS	2012 Number of CRPS
Opening balance	-	-
Granted during the year	10,700	-
Converted to ordinary shares during the year	(1,410)	-
Cancelled during the period	(9,290)	-
Closing balance	-	-

During the year, 1,410 CRPS' were issued on meeting certain performance milestones and subsequently, the remaining CRPS' were cancelled.

Warrants

There were no warrants outstanding as at 30 June 2013.

Share options issued

On 28 September 2012, the company entered into an agreement to grant 3,000,000 unlisted options to Mather Investments (Qld) Pty Ltd (as Trustee), an entity associated with Nicholas Mather, a director of SolGold, pursuant to an Underwriting Agreement in connection with the Company's successful placement of AUD$3,000,000. The Options are exercisable at £0.06 each, and will expire 12 months from their allotment date. The allotment date was 19 August 2013, the date at which approval was obtained by shareholders at the AGM.

On 10 May 2013, the company entered into an agreement to grant 16,000,000 unlisted options to Alan Martin on his appointment as Chief Executive Officer. The share options were approved at the Annual General Meeting held on 19 August 2013 and formally allotted on 6 September 2013. The terms of the share options are as follows:

- 3 million Options exercisable at £0.14, vesting once the Company's share price has traded at a minimum of £0.20 on a 30 day VWAP basis;
- 5 million Options exercisable at £0.28, vesting once the Company's share price has traded at a minimum of £0.40 on a 30 day VWAP basis; and
- 8 million Options exercisable at £0.50, vesting once the Company's share price has traded at a minimum of £0.80 on a 30 day VWAP basis.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 17 CAPITAL AND RESERVES (continued)

Dividends

The Directors do not recommend the payment of a dividend.

Capital Management

Given the nature of the group's current activities the entity will remain dependant on equity funding in the short to medium term until such time as the group becomes self-financing from the commercial production of mineral resources.

NOTE 18 FINANCE LEASE LIABILITIES

	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Minimum lease payments				
- Due within one year	11,084	63,552	-	-
- Between one and two years	11,084	40,759	-	-
- Between two and five	4,619	49,723		
- Later than five years	-	-	-	-
Total minimum lease payments	26,787	154,034	-	-
- Future finance charges	(3,211)	(21,174)	-	-
Lease liability	23,576	132,860	-	-
- **Current Liability due within one year**	**9,148**	**52,362**	**-**	**-**
- **Non-current liability due between one and five years**	**14,428**	**80,498**	**-**	**-**

Lease liabilities are secured over the assets to which they relate.

NOTE 19 TRADE AND OTHER CURRENT PAYABLES

	Group 2013 $	Group 2012 $	Company 2013 $	Company 2012 $
Current				
Trade payables	158,107	1,290,584	149,013	725,160
Other payables	160,941	220,342	89,359	60,342
Accrued expenses	110,805	136,233	105,405	130,833
	429,853	**1,647,159**	**343,777**	**916,335**

NOTE 20 EMPLOYEE BENEFITS

Share-based payments

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

	Weighted average exercise price 2013	Number of options 2013	Weighted average exercise price 2012	Number of options 2012
Outstanding at the beginning of the period	£0.45	12,972,000	£0.50	11,264,000
Lapsed during the period	£0.38	(3,600,000)	£0.50	(792,000)
Granted during the period	£0.36	16,000,000	£0.21	2,500,000
Exercised during the period	-	-	-	-
Outstanding at the end of the period	£0.37	25,372,000	£0.45	12,972,000
Exercisable at the end of the period	£0.21	1,000,000	-	-

The options outstanding at 30 June 2013 have an exercise price of £0.14 - £0.50 (2012: £0.14 - £0.50) and a weighted average contractual life of 2.81 years (2012: 2.08 years).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 20 EMPLOYEE BENEFITS (continued)

Share-based payments (continued)

Share options held by Directors are as follows:

Share options held	At 30 June 2013	At 30 June 2012	Option Price	Exercise Period
Malcolm Norris	-	600,000	14p	28/06/13 – 28/06/15
	-	600,000	28p	28/06/13 – 28/06/15
Nicholas Mather	1,200,000	1,200,000	50p	31/05/12 – 30/05/14
Cameron Wenck	-	1,100,000	50p	31/05/12 – 30/05/14
Brian Moller	880,000	880,000	50p	31/05/12 – 30/05/14
Robert Weinberg	880,000	880,000	50p	31/05/12 – 30/05/14
John Bovard	880,000	880,000	50p	31/05/12 – 30/05/14

The total number of options outstanding at year end is as follows:

Share options held at 30 June 2013	Share options held at 30 June 2012	Option price	Exercise periods
4,532,000	5,324,000	£0.50	29/04/12 – 28/04/14
3,840,000	5,148,000	£0.50	31/05/12 – 30/05/14
500,000	1,250,000	£0.14	28/06/13 – 28/06/15
500,000	1,250,000	£0.28	28/06/13 – 28/06/15
3,000,000	-	£0.06	6/09/13 – 19/08/14
3,000,000	-	£0.14	Vesting from 30 day VWAP of 20p to 06/09/2017
5,000,000	-	£0.28	Vesting from 30 day VWAP of 40p to 06/09/2017
8,000,000	-	£0.50	Vesting from 30 day VWAP of 80p to 6/09/2017
28,372,000	**12,972,000**		

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 20 EMPLOYEE BENEFITS (continued)

Share-based payments (continued)

Fair value of share options and assumptions	**2012**	
	£0.28 Options 28 June 2012	**£0.14 Options 28 June 2012**
Fair value at issue date	£0.0137	£0.0199
Exercise price	£0.28	£0.14
Expected volatility	102.9%	102.9%
Option life	3.00 years	3.00 years
Expected dividends	0.00%	0.00%
Risk-free interest rate (short-term)	0.79%	0.79%
Valuation methodology	Black Scholes	Black Scholes

Fair value of share options and assumptions	**2013**			
	£0.50 Options 10 May 2013	**£0.28 Options 10 May 2013**	**£0.14 Options 10 May 2013**	**£0.06 Options 28 September 2013**
Fair value at issue date	£0.00000	£0.00003	£0.00014	£0.022
Exercise price	£0.50	$0.28	£0.14	£0.06
Expected volatility	127.46%	127.46%	127.46%	127.46%
Option life	4.00 years	4.00 years	4.00 years	1.00 years
Expected dividends	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate (short-term)	0.91%	0.91%	0.91%	0.68%
Valuation methodology	Monte Carlo	Monte Carlo	Monte Carlo	Black Scholes

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

NOTE 21 FINANCIAL INSTRUMENTS (GROUP AND COMPANY)

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

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

During the year ended 30 June 2013 no trading in commodity contracts was undertaken.

Foreign currency risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

NOTE 21 FINANCIAL INSTRUMENTS (GROUP AND COMPANY) (continued)

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

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

	Group 2013 $	Group 2012 $
Solomon Island dollar (SBD)	13,366	(25,463)

The main currency exposure relates to the effect of re-translation of the Group's assets and liabilities in Solomon Island dollar (SBD). A 10% change in the SBD/A$ exchange rate would give rise to a change of approximately $1,337 (2012: $2,546) in the Group net assets and reported earnings. In respect of other monetary assets and liabilities held in currencies other than Australian dollars, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The company did not have any monetary assets and liabilities in currencies other than the company functional currency.

Credit Risk

The Group is exposed to credit risk primarily on the financial institutions with which it holds cash and cash deposits. At 30 June 2013, the Group had $844,939 in cash accounts with Macquarie Bank Limited in Australia, $21,680 in cash accounts with the ANZ Bank in Australia, $438 in cash accounts with Westpac Bank in Australia, $11,556 in cash accounts with the ANZ Bank in Honiara, Solomon Islands, and $1,810 in cash accounts with Westpac Banking Corporation in Honiara, Solomon Islands. Including other receivables, the maximum exposure to credit risk at the reporting date was $1,191,512 (2012: $909,685).

Liquidity risks

The Group and Company raises funds as required on the basis of budgeted expenditure for the next 12 to 24 months, dependent on a number of prevailing factors. Funds are generally raised in capital markets from a variety of eligible private, corporate and fund investors, or from interested third parties (including other exploration and mining companies) which may be interested in earning an interest in the project. The success or otherwise of such capital raisings is dependent upon a variety of factors including general equities and metals market sentiment, macro-economic outlook, project prospectivity, operational risks and other factors from time to time. When funds are sought, the Group balances the costs and benefits of equity financing. When funds are received they are deposited with banks of high standing in order to obtain market interest rates. The Group deals with banks with high credit ratings assigned by international credit rating agencies. Funds are provided to local sites weekly, based on the sites' forecast expenditure. The maturity profile of the Group's non-current financial liabilities is disclosed in note 18.

Interest rate risks

The group's and company's policy is to retain its surplus funds on the most advantageous term of deposit available up to twelve month's maximum duration. The increase/decrease of 2% in interest rates will impact the group's income statement by a gain/loss of $17,608 and the company's income statement by $16,535. The group considers that a 2% +/- movement interest rates represent reasonable possible changes.

Fair values

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

All the group's financial assets are categorised as loans and receivables and all financial liabilities are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 22 COMMITMENTS

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

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

Location	Up to 12 Months	13 Months to 5 Years	Later than 5 Years
Ecuador	410,000	-	-
Solomon Islands	1,141,250	853,819	-
Queensland	1,455,917	973,083	-
	3,007,167	1,826,902	-

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.

NOTE 23 RELATED PARTIES

(a) Group

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

a) Transactions with Directors and Director-Related Entities

(i) The Company had a commercial agreement with Samuel Capital Ltd ("Samuel") for the engagement of Nicholas Mather as directorof the Company. For the year ended 30 June 2013 $143,750 was paid or payable to Samuel (2012: $183,333). These amounts are included in Note 5 (Remuneration of Key Management Personnel). The total amount outstanding at year end is $11,250 (2012: $37,500).

(ii) The Company has a long-standing commercial arrangement with DGR Global Ltd, an entity associated with Nicholas Mather (Director) and Brian Moller (Director), for the provision of various services, whereby DGR Global provides resources and services including the provision of its administration and exploration staff, its premises (for the purposes of conducting the Company's business operations), use of existing office furniture, equipment and certain stationery, together with general telephone, reception and other office facilities (''Services''). In consideration for the provision of the Services, the Company shall reimburse DGR Global for any expenses incurred by it in providing the Services. For the year ended 30 June 2013 $330,000 was paid or payable to DGR Global (2012: $378,000) for the provision of administration, management and office facilities to the Company during the year. The total amount outstanding at year end was $nil (2012: $nil).

(iii) Mr Brian Moller (a Director), is a partner in the Australian firm Hopgood Ganim lawyers. For the year ended 30 June 2013, Hopgood Ganim were paid $362,086 (2012: $208,016) 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 $18,988 (2012: $81,968).

(iv) Sterling Mining Group, an entity associated with Mr John Bovard (a Director), for the prior year ended 30 June 2012, was paid $11,900 (2013: $nil) for Mr Bovard's consultancy services to the company. The services were based on normal commercial terms and conditions.

b) Share and Option transactions of Directors are shown under Notes 5 and 20.

(b) Company

The Company has related party relationships with its subsidiaries (see note 9), Directors and other key personnel (see Note 20).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2013

NOTE 23 RELATED PARTIES (continued)

Subsidiaries

The Company has an investment in subsidiaries balance of $20,378,125 (2012: $41,726,237). The transactions during the year have been included in Note 9. As the Company does not expect repayment of this amount and will not call payment until the subsidiary can adequately pay it out of working capital, this amount has been included in the carrying amount of the investment in the Parent Entity's statement of financial position.

(c) Controlling party

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

NOTE 24 ACQUISITIONS

Honiara Holdings Pty Ltd

On 17 February 2012, SolGold plc acquired 100% of the capital of Honiara Holdings Pty Ltd, an Australian company with exploration assets in the Solomon Islands for cash consideration of $1. The Company has also converted debt to equity of $49,999. In accordance with IFRS 3, this transaction has been treated as an asset acquisition. The following table shows the assets acquired, liabilities assumed and the purchase consideration at acquisition date.

Identifiable assets and liabilities

	Acquiree's carrying amount $	Fair Value $
Cash	1,071	1,071
Intangible Assets - exploration expenditure	750,346	754,818
Trade creditors	(4,860)	(4,860)
Unsecured loans	(751,029)	(751,029)
	(4,472)	-
Less: Non-controlling interest		-
Identifiable assets acquired and liabilities assumed		**-**

Guadalcanal Exploration Pty Ltd

On 18 April 2012, SolGold plc entered into a "Put and Call Option Agreement" with Guadalcanal Exploration Pty Ltd. Under the "Put and Call Option Agreement", SolGold can elect to purchase the shares of Guadalcanal Exploration Pty Ltd at any time during the option period, resulting in SolGold having the potential to govern the financial and operating policies of Guadalcanal Exploration Pty Ltd. The following table shows the assets acquired and liabilities assumed at acquisition date.

Identifiable assets and liabilities

	Acquiree's carrying amount $	Fair Value $
Cash	4,782	4,782
Intangible assets - exploration expenditure	963,885	963,885
Other assets	2,000	2,000
Trade creditors	(5,760)	(5,760)
Unsecured loans	(1,010,939)	(1,010,939)
	(46,032)	(46,032)
Less: Non-controlling interest		46,032
Identifiable assets acquired and liabilities assumed		**-**

On 30 June 2013, SolGold exercised its rights under the "Put and Call Option Agreement" and acquired the shares of Guadalcanal Exploration Pty Ltd..

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

NOTE 25 ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

The key elements of the Statement of Financial Position that rely on the business judgment of the Directors as related to their carrying value include the capitalised exploration expenditure, and the business combination (also largely reflected in the consolidated carrying value of exploration expenditure).

The Directors have carried out an assessment of the carrying values of deferred exploration costs and any required impairment.

Cascabel Joint Venture

Under the terms of the JV venture agreement, SolGold has met the agreed expenditure commitments and has earned a 50% participating interest in Exploraciones Novomining S.A. ("ENSA") at the date of this report (30% at 30 June 2013), and has exercised its right to increase its interest to 85%. Cornerstone Capital Resources Inc. will hold the other 15% of ENSA. ENSA is an Ecuadorean registered company which holds 100% of the Cascabel concession.

Exploration on the Cascabel concession has included: geological mapping, stream silt sampling, soil sampling, orientation soil sampling, rock chip sampling, channel sampling, Terraspec spectral sampling, a helimagnetic survey (which has been modelled in 3D), a radiometric survey, petrography and drilling. The regional exploration has identified five main prospects: Quebrada Alpala, Quebrada Moran, Quebrada's Tandayama and America, Rio Cachaco and Aguinaga. The most significant of these is the Alpala prospect where five drill holes, totalling 2500m in length, have been drilled to date.

There has also been significant work in relationship to fulfil SolGold's social and environmental commitments. This has included, an Environmental Impact Study required for advanced stage exploration (drilling), a community relations program, the construction of a nursery (for rehabilitation), construction of the Alpala field camp to provided suitable living conditions for field staff and the establishment of the Rocafuerte field office.

The aggregate carrying value of $2.59 million is considered to be unimpaired.

Guadalcanal Joint Venture

In 2012, Newmont Ventures Limited informed SolGold that it is resigning as manager and ceased funding the JV. Consequently, this resulted in an impairment assessment over all the tenement areas comprising the JV and an impairment charge of $17.95 million being recognised during the year ended 30 June 2012.

On 5 June 2013, the Guadalcanal Joint Venture between SolGold and Newmont was terminated by mutual consent. A termination agreement has been executed by both parties, formally bringing the relationship to an end.

SolGold 100% owned Projects

Kuma PL 08/06

SolGold has retained the Kuma PL 08/06 prospect and has a 100% ownership. The project is at an early stage of exploration, which has included: geological mapping, rock chip sampling, stream sediment sampling and an airborne magnetic. This has identified a lithocap, which are often found above mineralised porphyry complexes. This buried target has the potential to deliver exploration success. There is currently insufficient exploration data to estimate the potential prospectivity of the tenement. The prospecting licence (PL 08-06) was renewed for a further term of two years commencing from 11th April 2013. The carrying value of $0.1 million is considered to be unimpaired.

Florida PL 57/07

Exploration on Florida was at an early stage and work had identified prospective rocks hosting significant nickel anomalies. During the year a decision was made to relinquish the tenement. Accordingly, the carrying value of $0.63 million is considered to be impaired and an impairment charge of $0.63 million was recognised during the year ended 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

NOTE 25 ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Fauro PL 12/09

Exploration on the island of Fauro is at an early stage and the airborne surveying, mapping and sampling phase of the program of testing of the key targets has resulted in the identification of extensive mineralised complexes which show potential to yield significant gold and copper occurrences. Initial drilling commenced and has defined several gold-copper targets. The company is actively seeking a JV partner to pursue drilling of gold-copper targets defined in the 2011/12 exploration program. As no JV partner has been found to date, the carrying value of $12.82 million is considered to be impaired and an impairment charge of $11.82 million was recognised during the year ended 30 June 2013.

Lower Koloula PL 01/10

Exploration on the Lower Koloula tenement is at a very early stage. Work has included stream sediment sampling, rock chip sampling, soil sampling, an airborne magnetic survey and geological mapping. Two anomalous prospects: Big Frog and Pepechichi have been identified from the geochemical surveys, while further potential targets have been interpreted from the magnetic data. The carrying value of $0.63 million is considered to be unimpaired.

Malakuna PL 02/10

Exploration on the Malakuna tenement is at a very early stage. An interpretation of the magnetic data has identified numerous potential targets and is waiting to be followed up with geochemical surveys and geological mapping**.** The carrying value of $0.19 million is considered to be unimpaired.

Acapulco Mining Projects

Acapulco has nine granted tenements and two applications across Queensland. The granted tenements comprise of 260 sub-blocks (circa 826km^2) and 203 sub-block (circa 657km^2) applications.

Extensive airborne magnetic and electromagnetic surveys have been conducted over some of the tenements, together with detailed stream sediment sampling, soil sampling, rock chip sampling and geological mapping programs. Furthermore, since May 2006 a total of 283 holes, equivalent to 24,377.8m have been drilled on the tenements.

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

The aggregated carrying value of $8.88 million is considered to be unimpaired.

Central Minerals Projects

Central Minerals comprises of twelve granted tenements and five applications. The granted tenements comprise of 337 sub-blocks (circa 1055km^2) and 233 sub-block applications (circa 745km^2).

Extensive airborne magnetic surveys have been conducted over the area, together with detailed soil and rock chip sampling, trenching, mapping programs and an induced polarisation geophysical survey. Since October 2007, a total of 473 holes, equivalent to 58,886.62m, have been drilled on the tenements.

On 23 May 2012, SolGold announced an updated Indicated and Inferred resource estimate at Rannes of 12.23 million tonnes at 0.6g/t gold and 23.18g/t silver; for 237,240ozs Au and 9,105,072ozs Ag (using a gold to silver ratio of 1:50 and a 0.5g/t Au equivalent cut-off) Several other prospects exist that contain known gold mineralisation that has not yet been included in the resource estimate. Drilling of these prospects maybe followed-up.

The Central Minerals projects have a carrying value of $16.81 million at 30 June 2013. Substantive expenditure on further exploration for and evaluation of mineral resources at the Central Minerals projects is neither budgeted nor planned and accordingly, the tenements were assessed for impairment, resulting in an impairment charge of $13.11 million being recognised during the year ended 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2013

NOTE 26 CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets and liabilities at 30 June 2013 (2012: none).

NOTE 27 SUBSEQUENT EVENTS

On 15 July 2013, the Company issued 7,500,000 options to its Chief Geologist. The options consist of three tranches with varying exercise prices and vesting conditions which are dependent on the Company's share price. The options expire on 15 July 2016.

On 15 July 2013, a total of 1,584,000 employee options exercisable at 50p were forfeited due to employees ceasing employment with the Company.

On 6 September 2013, the Company issued an additional 700,000 shares at £0.13 pursuant to the achievement of certain employment related milestones, including under the CPRS.

On 24 September 2013, the Company issued 7,320,000 options to contractors and staff. The options consist of three tranches with varying exercise prices and vesting conditions which are dependent on the Company's share price. The options expire on 24 September 2016.

On 25 September 2013, the Company issued an additional 49,840,967 shares at £0.075 to raise $6.4 million 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.

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