



HALF YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014
(UNAUDITED)

CORPORATE INFORMATION

DIRECTORS

Brian Moller (Non-Executive Chairman)
Alan Martin (Managing Director)
Nicholas Mather (Executive Director)
Robert Weinberg (Non-Executive Director)
John Bovard (Non-Executive Director)

COMPANY SECRETARY

Karl Schlobohm

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DIRECTORS' REPORT

Your Directors present their report on the company and its controlled entities for the half year ended 31 December 2014. SolGold plc is a public limited company incorporated in England and Wales.

DIRECTORS

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

Brian Moller (Non-Executive Director)
Alan Martin (Managing Director and CEO)
Nicholas Mather (Executive Director)
Robert Weinberg (Non-Executive Director)
John Bovard (Non-Executive Director)

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

PRINCIPAL ACTIVITIES

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

REVIEW AND RESULTS OF OPERATIONS

The loss after income tax for the Company for the half-year ended 31 December 2014 was \$1,392,444 (31 December 2013 loss of \$782,452).

Exploration Activities

SolGold has interests in exploration tenements in Queensland, Australia, the Solomon Islands and Ecuador.

During the period, the following activity was completed:

Cascabel Project, Ecuador (SolGold 85% through its 85% equity interest in Exploraciones Novomining SA, ENSA);

The Cascabel tenement is located in the highly prolific Andean Copper Belt, approximately 60km to the north-northeast of the Junin porphyry copper deposit (982Mt @ 0.89% copper). In the same belt, and 550km to the north is located the giant La Colosa porphyry gold deposit (24Mozs gold).

During the reporting period, SolGold carried out the following exploration activities on the Cascabel Project:

1. Geological mapping incorporating the "Anaconda Geological Mapping" technique, which is an effective exploration tool for porphyry environments.
2. Completion of soil sampling program for the Cascabel tenement. Samples were assayed for multiple elements and TerraSpec analysis. Interpretation of the results is still in progress.
3. Completion of 14 km² Induced Polarisation (IP) and Magnetotelluric (MT) "Orion" survey at Alpala by Quantec Geophysics. The Orion IP system is an advanced IP geophysical survey technique to provide deep detection of sulphides in porphyry systems.
4. Completion of 9 km² Orion IP and MT survey at Aguinaga target.
5. Continuation of diamond drilling with the completion of Holes 7 and 8 and near completion of Hole 9 for a total of 3,432.8 metres.

Key results from Holes 7, 8 and 9 are as follows:

- Hole 7; 958m @ 0.40% Cu & 0.17 g/t Au (from 654m to 1612m), including 238m @ 0.65% Cu & 0.35 g/t Au (from 1056m to 1294m).
- Hole 8; 914.45m @ 0.41% Cu & 0.44 g/t Au (from 396m to 1310.45m), including 282m at 0.60% Cu and 0.76 g/t Au (from 904m to 1186m).
- Hole 9; 1050.8m @ 0.68% Cu & 0.92 g/t Au (from 650m to 1700.8m), including 772m @ 0.80% Cu & 1.19 g/t Au (from 710m to 1482m).

Following the reporting date, drilling on Hole 10 commenced on 26 January 2015.

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Exploration Activities (continued)

Queensland Projects (SolGold 100%)

Given the strategy to focus the exploration effort on the Cascabel tenement in Ecuador, joint venture interest was investigated for all of the tenements in Queensland, especially Mt Perry, Rannes and Normanby. While Confidentiality Agreements were signed with numerous interested parties, being both exploration and mining companies, the continued challenging markets for raising exploration funds in the sector meant that no joint venture agreements were established during the period. SolGold is currently evaluating the forward exploration programs for these projects and the optimum avenue to create value for shareholders. Joint venture agreements are still being investigated with the strategy for the joint venture partner to commit funds and carry out the exploration to earn an interest in the tenements.

As a result of the review, no exploration was carried out on the Company's Queensland projects during the reporting period.

Kuma Project, Solomon Islands (SolGold 100%)

Limited exploration work was carried out on the Kuma tenement in the Solomon Islands. This work included the following:

- Soil sampling program - 171 soil samples collected for assay and TerraSpec investigation.
- Rock samples - 15 samples collected.

The results for the soil and rock sampling programs above are being interpreted to determine the next steps to be taken for this project.

No exploration or other activity was carried out for the Fauro, Lower Koloula and Malukuna tenements.

Equity

On 17 December 2014, the Company issued an additional 33,591,828 shares at £0.03 to raise approximately £1,000,000 pursuant to a share placement to institutional and other investors. The proceeds of the placement are to be used for the continued exploration of the Company's Cascabel project including the continuation of the Phase 2 drilling program at the Alpala Prospect and related exploration costs, costs associated with the maintenance of the Company's tenements in Australia and the Solomon Islands and for working capital purposes.

MATTERS SUBSEQUENT TO THE HALF YEARLY FINANCIAL PERIOD

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.

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



Alan Martin
Managing Director and CEO
Brisbane
20 February 2015

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 27 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	Notes	31 December 2014 A\$ (Unaudited)	30 June 2014 A\$ (Audited)
Assets			
Current assets			
Cash and cash equivalents		1,070,057	4,547,229
Other receivables and prepayments		163,358	1,112,340
Total current assets		1,233,415	5,659,569
Non-current assets			
Other financial assets		63,527	169,353
Investments in available-for-sale securities		2,239,705	2,942,116
Investment in associates		-	-
Property, plant and equipment		27,395	133,742
Exploration and Evaluation Assets	5	26,842,909	21,451,449
Total non-current assets		29,173,536	24,696,660
Total assets		30,406,951	30,356,229
Current liabilities			
Trade and other payables		892,204	787,301
Lease liabilities		-	-
Total current liabilities		892,204	787,301
Non-current liabilities			
Lease liabilities		-	-
Total non-current liabilities		-	-
Total liabilities		892,204	787,301
Net assets		29,514,747	29,568,928
Equity			
Issued capital	6	91,357,793	89,541,509
Reserves		2,285,025	2,763,046
Accumulated losses		(64,218,278)	(62,826,199)
Non-controlling interest		90,207	90,572
Total equity		29,514,747	29,568,928

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2014

Notes	Share capital A\$ (Unaudited)	Available for Sale Financial Asset Reserve A\$ (Unaudited)	Share option reserve A\$ (Unaudited)	Foreign currency translation reserve A\$ (Unaudited)	Non- Controlling interest reserve A\$ (Unaudited)	Accumulated losses A\$ (Unaudited)	Non-controlling interests A\$ (Unaudited)	Total A\$ (Unaudited)
Balance 30 June 2013	75,780,281	10,390	3,222,873	-	-	(60,209,103)	-	18,804,441
Loss for the period	-	-	-	-	-	(782,452)	-	(782,452)
Other comprehensive income for the period	-	548,659	-	-	-	-	-	548,659
Total comprehensive income for the period	-	548,659	-	-	-	(782,452)	-	(233,793)
New share capital subscribed	6,426,116	-	-	-	-	-	-	6,426,116
Share issue costs	(322,506)	-	-	-	-	-	-	(322,506)
Share options issued to employees and consultants	-	-	16,793	-	-	-	-	16,793
Balance 31 December 2013	81,883,891	559,049	3,239,666	-	-	(60,991,555)	-	24,691,051
Loss for the period	-	-	-	-	-	(4,048,764)	-	(4,048,764)
Other comprehensive income for the period	-	1,154,961	-	72,158	-	-	-	1,227,119
Total comprehensive income for the period	-	1,154,961	-	72,158	-	(4,048,764)	-	(2,821,645)
New share capital subscribed	8,057,972	-	-	-	-	-	-	8,057,972
Share issue costs	(400,354)	-	-	-	-	-	-	(400,534)
Shares and options issued to Directors, employees and consultants	-	-	19,196	-	-	-	-	19,196
Share options forfeited during the period	-	-	(2,214,120)	-	-	2,214,120	-	-
Non-controlling interest in subsidiary acquired	-	-	-	-	(67,864)	-	90,572	22,708
Balance 30 June 2014	89,541,509	1,714,010	1,044,742	72,158	(67,864)	(62,826,199)	90,572	29,568,928
Loss for the period	-	-	-	-	-	(1,392,079)	(365)	(1,392,444)
Other comprehensive income for the period	-	(497,283)	-	(1,697)	-	-	-	(498,980)
Total comprehensive income for the period	-	(497,283)	-	(1,697)	-	(1,392,079)	(365)	(1,891,424)
New share capital subscribed	1,901,475	-	-	-	-	-	-	1,901,475
Share issue costs	(85,191)	-	-	-	-	-	-	(85,191)
Value of shares and options issued to Directors, employees and consultants	-	-	20,959	-	-	-	-	20,959
Balance 31 December 2014	91,357,793	1,216,727	1,065,701	70,461	(67,864)	(64,218,278)	90,207	29,514,747

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Notes	Half-Year	
		2014 A\$ (Unaudited)	2013 A\$ (Unaudited)
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(1,162,017)	(842,911)
Interest received		9,981	320
Interest paid		(111)	(1,058)
Net cash outflow from operating activities		(1,152,147)	(843,649)
Cash flows from investing activities			
Proceeds from sale (Acquisition) of property, plant and equipment		(3,890)	20,336
Investments in available-for-sale securities		-	(528,877)
Refund of (payment for) security deposits		10,000	5,000
Acquisition of exploration and evaluation assets		(4,886,586)	(2,052,544)
Net cash (outflow)/inflow from investing activities		(4,880,476)	(2,556,085)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		2,640,642	6,428,567
Payment of issue costs		(85,191)	(322,506)
Net repayment of finance leases		-	(23,576)
Net cash inflow from financing activities		2,555,451	6,082,485
Net (decrease)/increase in cash and cash equivalents		(3,477,172)	2,682,750
Cash and cash equivalents at beginning of period		4,547,229	880,424
Cash and cash equivalents at end of period		1,070,057	3,563,174

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This general purpose consolidated half year financial report for the half year ended 31 December 2014 has been prepared in accordance with IAS 34 *Interim Financial Reporting* and International Financial Reporting Standards ('IFRSs').

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

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

It is recommended that the half year financial report be read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by SolGold plc and its controlled entities during the half year ended 31 December 2014.

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

Material Uncertainty Regarding Going concern

The half year financial report has 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 Group has not generated revenues from operations. As such, the Group's ability to continue to adopt the going concern assumption will depend upon a number of matters including subsequent successful raisings in the future of necessary funding and the successful exploration and subsequent exploitation of the Company's tenements. In the absence of these matters being successful, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the ordinary course of business.

Comparatives

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

Basis of consolidation

The half year consolidated financial statements comprise the financial statements of SolGold plc and its controlled entities as at 31 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 2 OPERATING SEGMENTS

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 *Operating Segments*, namely that the relative revenue, asset or profit / (loss) position of the operating segment equates to 10% or more of the Group's respective total. The Group reports information to the Board of Directors along company lines. That is, the financial position of SolGold and each of its subsidiary companies is reported discreetly, together with an aggregated Group total. Accordingly, each company within the Group that meets or exceeds the threshold tests outlined above is separately disclosed below.

31 December 2014 (Unaudited)							
	Finance Income \$	Other Income \$	Result \$	Share Based Payments \$	Depreciation \$	Assets \$	Liabilities \$
SolGold	9,858	-	(1,383,727)	20,959	5,038	31,015,140	806,257
Australian Resource Management	115	-	(2,211)	-	1,435	655,925	32,852,767
Central Minerals	4	-	(912)	-	769	3,672,559	13,201,929
Acapulco Mining	4	-	(2,825)	-	2,616	5,925,036	3,752,721
Solomon Operations	-	-	-	-	-	12	81,457
Honiara Holdings	-	-	(286)	-	-	2,051	957,562
Guadalcanal Exploration	-	-	(50)	-	-	5,931	1,216,580
ENSA	-	-	(2,433)	-	-	7,004,031	6,219,355
Consolidation/Elimination	-	-	-	-	-	(17,873,734)	(58,196,424)
Total	9,981	-	(1,392,444)	20,959	9,858	30,406,951	892,204

31 December 2013 (Unaudited)							
	Finance Income \$	Other Income \$	Result \$	Share Based Payments \$	Depreciation \$	Assets \$	Liabilities \$
SolGold	156	-	(766,922)	16,793	5,543	31,922,520	386,899
Australian Resource Management	124	-	(10,415)	-	10,179	1,510,225	32,724,857
Central Minerals	6	-	(2,193)	-	1,376	3,617,975	13,106,856
Acapulco Mining	34	-	(2,406)	-	2,175	5,906,700	3,683,950
Solomon Operations	-	-	-	-	-	29,758	81,457
Honiara Holdings	-	-	(167)	-	-	3,263	956,514
Guadalcanal Exploration	-	-	(349)	-	-	1,143,267	1,202,314
Consolidation/Elimination	-	-	-	-	-	(18,950,795)	(51,650,985)
Total	320	-	(782,452)	16,793	19,273	25,182,913	491,862

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	31 December 2014 A\$ (Unaudited)	31 December 2013 A\$ (Unaudited)
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NOTE 3 REVENUES AND EXPENSES

Included in the profit / (loss) are the following revenues and expenses:

Interest revenue - external parties	9,981	320
Other income	-	-
	9,981	320
 Depreciation	 9,858	 19,273
Defined contribution superannuation expense	28,549	32,565

NOTE 4 LOSS PER SHARE

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

Loss per ordinary share		
Basic loss per share (cents per share)	(0.2)	(0.4)
Diluted loss per share (cents per share)	(0.2)	(0.4)
Net loss used in calculating basic and diluted loss per share	(1,392,444)	(1,346,461)
	Number	Number
Weighted average number of ordinary share used in the calculation of basic loss per share	654,723,069	380,425,233
The options are non-dilutive as the company is incurring losses.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 5 EXPLORATION AND EVALUTATION ASSETS

	Half Year Ended 31 December 2014 A\$ (Unaudited)	Full Year Ended 30 June 2014 A\$ (Audited)
Carrying amount at the beginning of the period	21,451,449	14,578,178
Additions - expenditure	5,391,460	6,022,676
Additions - business combinations	-	3,097,086
Exploration expenditure written off	-	(2,246,491)
Carrying amount at the end of the period	<u>26,842,909</u>	<u>21,451,449</u>

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

NOTE 6 ISSUED CAPITAL

	Half Year Ended 31 December 2014 A\$ (Unaudited)	Full Year Ended 30 June 2014 A\$ (Audited)
a) Issued capital		
Ordinary shares fully paid up	<u>91,357,793</u>	<u>89,541,509</u>
b) Movement in ordinary shares		
At the beginning of the reporting period	89,541,509	75,780,281
Shares issued during the period	1,901,475	14,484,088
Transaction costs on share issue	(85,191)	(722,860)
At reporting date	<u>91,357,793</u>	<u>89,541,509</u>
c) Movement in number of ordinary shares on issue		
Shares at the beginning of the reporting period	652,153,202	553,354,342
- 6 September 2013 ⁽¹⁾	-	700,000
- 25 September 2013 ⁽²⁾	-	49,840,967
- 10 March 2014 ⁽³⁾	-	488,560
- 21 March 2014 ⁽⁴⁾	-	47,769,333
- 17 December 2014 ⁽⁵⁾	33,591,828	-
- Shares at the reporting date	<u>685,745,030</u>	<u>652,153,202</u>

(1) On 6 September 2013, 700,000 \$0.22 ordinary shares were issued on achievement of certain employment related milestones.

(2) On 25 September 2013, 49,840,967 \$0.128 ordinary shares were issued for cash pursuant to a share placement.

(3) On 10 March 2014, 488,560 \$0.202 ordinary shares were issued to Cornerstone Capital Resources as part consideration for SolGold moving to 85% ownership of Exploraciones Novomining S.A.

(4) On 21 March 2014, 47,769,333, \$0.165 ordinary shares were issued for cash pursuant to a share placement.

(5) On 17 December 2014, 33,591,828, \$0.057 ordinary shares were issued for cash pursuant to a share placement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 7 RELATED PARTIES

Transactions with Directors and Director-Related Entities

- (i) SolGold plc has a standing Administration and Services Agreement with DGR Global Ltd, an entity associated with Nicholas Mather (a Director) and Brian Moller (a Director) whereby DGR Global Ltd has agreed to provide certain services including the provision by DGR Global Ltd of its premises (for the purposes of conducting the Company's business operations), use of existing office furniture, equipment and certain stationery, together with general telephone, reception and other office facilities ("Services"). In consideration for the provision of the Services, the Company shall reimburse DGR Global Ltd for any expenses incurred by it in providing the Services. DGR Global Ltd was paid \$180,000 (2013: \$132,000) for the provision of administration, management and office facilities to the Company during the half year. The total amount outstanding at half year end is \$nil (2013: \$nil).
- (ii) Mr Brian Moller (a Director), is a partner in the Australian firm Hopgood Ganim Lawyers. Hopgood Ganim were paid \$44,277 (2013: \$26,999) for the provision of legal services to the Company during the half year. These services were based on normal commercial terms and conditions. The total amount outstanding at half year end is \$nil (2013: \$14,683).

NOTE 8 COMMITMENTS AND CONTINGENT ASSET AND LIABILITIES

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

NOTE 9 SUBSEQUENT EVENTS

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

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes thereto comply with IAS 34 '*Interim Financial Reporting*' and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors



Alan Martin
Managing Director and CEO

Brisbane
20 February 2015