



HALF YEAR FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015
(UNAUDITED)

CORPORATE INFORMATION

DIRECTORS

Brian Moller (Non-Executive Chairman)
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 2015. SolGold plc is a public limited company incorporated in England and Wales.

DIRECTORS

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

Brian Moller (Non-Executive Director)
Nicholas Mather (Executive Director)
Robert Weinberg (Non-Executive Director)
John Bovard (Non-Executive Director)

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 2015 was \$1,254,445 (31 December 2014 loss of \$1,392,444).

Exploration Activities

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

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).

The 50 square kilometre Cascabel project area holds a cluster of porphyry copper-gold targets which have been identified by SolGold's geologists based on magnetic and conductivity anomalies combined with molybdenum and high copper zinc ratios in soil samples and in some cases also by outcropping porphyry style mineralization. Drilling to date has focussed on defining the extent of the **Alpala Central** deposit, whilst field mapping and sampling activities have focussed on upgrading advanced prospects at **Aguinaga** and **Trivinio**, and identifying other targets at **Alpala Southeast** and **Cristal**.

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

At **Alpala Central**, drill holes 12 and 13 were completed and holes 14 and 15 commenced in the six months ended 31 December 2015. During the period a second drill rig was introduced on site and remains active at the time of this report. Assay results continued to be highly encouraging with mineralisation encountered consistently. In particular, Hole 13 has increased the known strike extent of the copper and gold mineralisation along the north-west striking Alpala trend by 200m, to over 600m in total.

Magnetic data from drill holes was used to constrain the 3D MVI magnetic model, and suggests the greater Alpala mineralised trend could be very large. The zone of strong magnetic response covers up to 2.5kms in length, and up to 500m in width, over a vertical column approaching 1.5km. This zone has only been drill tested to date over 600m of the 2500m strike length.

At **Trivinio**, an infill soil geochemistry sampling grid, at 50m x 50m spacing, was completed over the prospect area. Outcropping mineralisation at Trivinio was exposed, mapped and sampled in detail over an area of approximately 300m x 400m and remains open in all directions. The outcrops show stockworks of strong copper veining as well as fine disseminated chalcopyrite in the host rock and represent the strongest occurrence of porphyry copper-gold mineralization, veining and alteration discovered at surface to date within volcanic host rocks which overlie the mineralised porphyries at Cascabel.

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Exploration Activities (continued)

An initial field program at **Aguinaga** was completed. This work involved outcrop exposure and trenching with follow up geological mapping, Terra Spec clay sampling to determine alteration styles diagnostic of mineralised zones, and rock saw channel sampling of outcrops. Only one outcrop occurrence was located at the Aguinaga prospect and a ridge and spur pitting program is underway to locate more in-situ rock under a pervasive soil profile on Aguinaga Hill. Compilation of field data and interpretation of mapping completed over the Aguinaga prospect is in progress prior to defining drill targets. A drill rig will be mobilised to drill test Aguinaga during 2016.

Similar field programs over the **Alpala Southeast** and **Cristal** prospects are being planned, and emerging targets at **Tandayama America**, **Chinambicito** and **Alpala West** will also be assessed by Company geologists during 2016.

Other Projects

No material exploration was conducted in the Solomon Islands or Australia, as the Company chose to focus its efforts on the world class Cascabel project in Ecuador.

Equity

On 19 November 2015, the Company issued an additional 62,263,534 shares at £0.015 to raise approximately £933,953 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 drilling program at the Alpala Prospect and related exploration costs as well as 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.



Nicholas Mather
Executive Director
Brisbane
24 February 2016

Qualified Person

Information in this report relating to the exploration results is based on data reviewed by Mr Nicholas Mather (B.Sc. Hons Geol.), the Chief Executive Officer of the Company. Mr Mather is a Fellow of the Australasian Institute of Mining and Metallurgy who has in excess of 30 years' experience in mineral exploration and is a Qualified Person under the AIM Rules. Mr Mather consents to the inclusion of the information in the form and context in which it appears.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Notes	31 December 2015 A\$ (Unaudited)	30 June 2015 A\$ (Audited)
Assets			
Current assets			
Cash and cash equivalents		348,910	321,440
Other receivables and prepayments		173,755	151,295
Total current assets		522,665	472,735
Non-current assets			
Other financial assets		151,839	159,433
Investments in available-for-sale securities		844,743	896,197
Property, plant and equipment		416,750	419,898
Exploration and Evaluation Assets	5	35,791,296	30,748,723
Total non-current assets		37,204,628	32,224,251
Total assets		37,727,293	32,696,986
Current liabilities			
Bank overdraft		239,530	-
Trade and other payables		3,383,890	2,338,446
Interest bearing liabilities		797,777	-
Total current liabilities		4,421,197	2,338,446
Non-current liabilities			
Interest bearing liabilities		2,332,000	-
Total non-current liabilities		2,332,000	-
Total liabilities		6,753,197	2,338,446
Net assets		30,974,096	30,358,540
Equity			
Issued capital	6	97,378,290	95,397,031
Reserves		1,658,812	1,761,936
Accumulated losses		(68,261,368)	(67,023,534)
Non-controlling interest		198,362	223,107
Total equity		30,974,096	30,358,540

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 2015

	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 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
Loss for the period		-	-	-	-	-	(2,805,256)	(40,961)	(2,846,217)
Other comprehensive income for the period		-	(1,548,636)	-	986,911	-	-	173,861	(387,864)
Total comprehensive income for the period		-	(1,548,636)	-	986,911	-	(2,805,256)	132,900	(3,234,081)
New share capital subscribed		4,333,066	-	-	-	-	-	-	4,333,066
Share issue costs		(293,828)	-	-	-	-	-	-	(293,828)
Value of shares and options issued to Directors, employees and consultants		-	-	38,636	-	-	-	-	38,636
Balance 30 June 2015		95,397,031	(331,909)	1,104,337	1,057,372	(67,864)	(67,023,534)	223,107	30,358,540
Loss for the period		-	-	-	-	-	(1,237,834)	(16,611)	(1,254,445)
Other comprehensive income for the period		-	(57,029)	-	(46,095)	-	-	(8,135)	(111,259)
Total comprehensive income for the period		-	(57,029)	-	(46,095)	-	(1,237,834)	(24,746)	(1,365,704)
New share capital subscribed		1,997,419	-	-	-	-	-	-	1,997,419
Share issue costs		(16,160)	-	-	-	-	-	-	(16,160)
Balance 31 December 2015		97,378,290	(388,938)	1,104,337	1,011,277	(67,684)	(68,261,368)	198,362	30,974,096

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 2015

	Notes	Half-Year	
		2015 A\$ (Unaudited)	2014 A\$ (Unaudited)
Cash flows from operating activities			
Receipts from customers		-	-
Payments to suppliers and employees		(952,205)	(1,162,017)
Interest received		143	9,981
Interest paid		(9,569)	(111)
Net cash outflow from operating activities		(961,631)	(1,152,147)
Cash flows from investing activities			
Proceeds from sale (Acquisition) of property, plant and equipment		(6,343)	(3,890)
Investments in available-for-sale securities		-	-
Refund of (payment for) security deposits		-	10,000
Acquisition of exploration and evaluation assets		(3,535,587)	(4,886,586)
Net cash (outflow)/inflow from investing activities		(3,541,930)	(4,880,476)
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		1,215,215	2,640,642
Payment of issue costs		(16,160)	(85,191)
Proceeds from borrowings		760,449	-
Proceeds from convertible notes		2,332,000	-
Net cash inflow from financing activities		4,291,501	2,555,451
Net (decrease)/increase in cash and cash equivalents		(212,060)	(3,477,172)
Cash and cash equivalents at beginning of period		321,440	4,547,229
Cash and cash equivalents at end of period		109,380	1,070,057

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 2015

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 2015 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 2015 and considered together with any public announcements made by SolGold plc and its controlled entities during the half year ended 31 December 2015.

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 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 2 OPERATING SEGMENTS

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

The Group has outlined below the separately reportable operating segments, having regard to the quantitative threshold tests provided in IFRS 8 *Operating Segments*, namely that the relative revenue, asset or profit / (loss) position of the operating segment equates to 10% or more of the Group's respective total. The Group reports information to the Board of Directors along company lines. That is, the financial position of SolGold and each of its subsidiary companies is reported discreetly, together with an aggregated Group total. Accordingly, each company within the Group that meets or exceeds the threshold tests outlined above is separately disclosed below.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	31 December 2015 A\$ (Unaudited)	31 December 2014 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	143	9,981
Other income	-	-
	143	9,981
 Depreciation	 7,894	 9,858
Defined contribution superannuation expense	23,658	28,549

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)	(0.2)
Diluted loss per share (cents per share)	(0.2)	(0.2)
Net loss used in calculating basic and diluted loss per share	(1,254,445)	(1,392,444)
	Number	Number
Weighted average number of ordinary share used in the calculation of basic loss per share	774,743,062	654,723,069

The options are non-dilutive as the company is incurring losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

NOTE 5 EXPLORATION AND EVALUATION ASSETS

	Half Year Ended 31 December 2015 A\$ (Unaudited)	Full Year Ended 30 June 2015 A\$ (Audited)
Carrying amount at the beginning of the period	30,748,723	21,451,449
Additions - expenditure	5,042,573	10,472,446
Exploration expenditure written off	-	(1,175,172)
Carrying amount at the end of the period	35,791,296	30,748,723

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 2015 A\$ (Unaudited)	Full Year Ended 30 June 2015 A\$ (Audited)
a) Issued capital		
Ordinary shares fully paid up	97,378,290	95,397,031
b) Movement in ordinary shares		
At the beginning of the reporting period	95,397,031	89,541,509
Shares issued during the period	1,997,419	6,234,541
Transaction costs on share issue	(16,160)	(379,019)
At reporting date	97,378,290	95,397,031
c) Movement in number of ordinary shares on issue		
Shares at the beginning of the reporting period	760,453,071	652,153,202
- 17 December 2014 ⁽¹⁾	-	33,591,828
- 9 April 2015 ⁽²⁾	-	74,708,041
- 19 November 2015 ⁽³⁾	62,263,534	-
- Shares at the reporting date	822,716,605	760,453,071

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

(2) On 9 April 2015, 74,708,041 \$0.0581 ordinary shares were issued for cash pursuant to a share placement.

(3) On 19 November 2015, 62,263,534 \$0.0321 ordinary shares were issued for cash and in lieu of fees pursuant to a share placement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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 (2014: \$180,000) for the provision of administration, management and office facilities to the Company during the half year. The total amount outstanding at half year end is \$150,000 (2014: \$nil).
- (ii) SolGold plc issued 1,250,000 \$1.00 convertible notes to DGR Global Ltd to raise \$1,250,000 on 2 October 2015. The notes are convertible to ordinary shares in SolGold plc, at the Noteholder's election up until 2 October 2016. The number of shares to be converted will be dependent on the conversion price, which is the higher of £0.0175 or the price equal to 80% of the 5 Trading Day VWAP of the Company's ordinary shares prior to a notice of intention to convert.
- (iii) Mr Brian Moller (a Director), is a partner in the Australian firm Hopgood Ganim Lawyers. Hopgood Ganim were paid \$29,842 (2014: \$44,277) 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 \$104,547 (2014: \$nil).

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 2015 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.

On behalf of the Directors



Nicholas Mather
Executive Director

Brisbane
24 February 2016