SOLIDUS GOLD INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

JUNE 30, 2019 AND 2018

(UNAUDITED – PREPARED BY MANAGEMENT)

SOLIDUSGOLD INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these condensed consolidated interim financial statements in accordance with the standards established by CPA Canada for a review of interim financial statements by an entity's auditors.

SOLIDUSGOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2019 AND MARCH 31, 2019

(Expressed in Canadian Dollars)

		June 30, 2019		March 31, 2019
ASSETS				
Current				
Cash	$	83,185	$	96,034
Short-term investment		5,200		5,200
Amounts receivable		72		-
Prepaid expenses		3,400		6,503
		91,857		107,737
Exploration and evaluation assets (Note 3)		41,854		41,854
	$	133,711	$	149,591
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	154,301	$	138,080
EQUITY				
Share capital (Note 4)		3,099,598		3,099,598
Share-based payment reserves		271,605		271,605
Deficit		(3,391,793)		(3,359,692)
		(20,590)		11,511
	$	133,711	$	149,591

CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS (Notes 1 and 2(c))

Approved by the Board of Directors on August 8, 2019

"Raj Chowdhry"
Raj Chowdhry, Director

"Rick Van Nieuwenhuyse"
Rick Van Nieuwenhuyse, Director

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

SOLIDUSGOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

FOR THE THREE MONTHS ENDED JUNE 30, 2019 AND 2018

(Expressed in Canadian Dollars)

		2019		**2018**
EXPENSES				
Professional and consulting fees	$	11,286	$	12,076
Office, administration and miscellaneous		3,283		5,121
Management fees		15,000		15,000
Regulatory and transfer agent fees		2,415		2,483
Foreign exchange gain (loss)		7		(35)
Interest and bank charges		110		101
NET LOSS AND COMPREHENSIVE LOSS	$	(32,101)	$	(34,746)
LOSS PER SHARE – BASIC AND DILUTED	$	(0.00)	$	(0.00)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING		55,731,865		52,891,413

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

SOLIDUSGOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED JUNE 30, 2019 AND 2018

(Expressed in Canadian Dollars)

		2019		**2018**
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net loss for the period	$	(32,101)	$	(34,746)
Changes in non-cash working capital balances:				
Amounts receivable		(72)		(696)
Prepaid expenses		3,103		3,290
Accounts payable and accrued liabilities		16,221		12,307
Cash used in operating activities		(12,849)		(19,845)
CHANGE IN CASH DURING THE PERIOD		(12,849)		(19,845)
CASH, BEGINNING OF PERIOD		96,034		205,565
CASH, END OF PERIOD	$	83,185	$	185,720

SUPPLEMENTAL CASH DISCLOSURES				
Interest paid	$	-	$	-
Income taxes paid	$	-	$	-

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

SOLIDUSGOLD INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)

FOR THE THREE MONTHS ENDED JUNE 30, 2019 AND 2018

(Expressed in Canadian Dollars)

	Common Shares				
	Number of Shares	Amount	Share-based payment reserves	Deficit	Total
Balances at April 1, 2018	55,731,865	$ 3,099,678	$ 271,605	$ (3,163,968)	$ 207,317
Net loss and comprehensive loss	-	-	-	(34,746)	(34,746)
Balances as at June 30, 2018	55,731,865	$ 3,099,678	$ 271,605	$ (3,198,712)	$ 172,571
Balances at April 1, 2019	55,731,865	$ 3,099,598	$ 271,605	$ (3,359,692)	$ 11,511
Net loss and comprehensive loss	-	-	-	(32,101)	(32,101)
Balances as at June 30, 2019	55,731,865	$ 3,099,598	$ 271,605	$ (3,391,793)	$ (20,590)

(The accompanying notes are an integral part of these condensed consolidated interim financial statements)

1. CORPORATE INFORMATION AND NATURE OF CONTINUANCE OF OPERATIONS

SolidusGold Inc. (the “Company”) was incorporated on April 13, 2011 under the laws of British Columbia under the name of “Mantra Capital Inc.”. On September 4, 2014 the Company changed its name to SolidusGold Inc. and commenced trading on the TSX Venture Exchange (“TSX-V”) under the new symbol of “SDC”. The address of the Company’s corporate office and its principal place of business is 10th Floor, 595 Howe Street, Vancouver, British Columbia, V6C 2T5, Canada.

At June 30, 2019, the Company had not yet determined whether its property contains ore reserves that are economically recoverable. The recoverability of amounts shown for exploration and evaluation assets is dependent upon the discovery of economically recoverable reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development, and upon future profitable production or proceeds from the disposition of the resource property. The outcome of these matters cannot be predicted at this time and the uncertainties cast significant doubt upon the Company’s ability to continue as a going concern.

These interim condensed financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”), including IAS 34 – *Interim Financial Reporting.* For these purposes, IFRS comprise the standards issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The accounting policies applied in these interim condensed financial statements are consistent with those applied in the preparation of, and disclosed in, the Company’s audited annual consolidated financial statements for the year ended March 31, 2019, except as discussed in Note 2(d).

b) Basis of presentation

These consolidated financial statements include the assets and operations of the Company and its wholly owned subsidiaries, Solidus Holdings Inc. (“Solidus Holdings”) and SolidusGold US Inc. (“Solidus US”). Solidus Holdings was incorporated on October 30, 2014 under the British Columbia Business Corporations Act. Solidus US was incorporated on July 15, 2014 in Nevada, USA. All significant inter-company balances and transactions have been eliminated upon consolidation.

The condensed consolidated interim financial statements have been prepared on the historical cost basis, with the exception of financial instruments which are measured at fair value, as explained in the accounting policies set out below. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Going concern

These condensed consolidated interim financial statements are prepared on a going concern basis, which assumes that the Company will continue its operations for a reasonable period of time. The Company has incurred losses since its inception and had an accumulated deficit of $3,391,793 as at June 30, 2019. Management has determined that the Company will be able to continue as a going concern for a reasonable period of time, and realize its assets and discharge its liabilities and commitments in the normal course of business.

d) Changes in accounting standards

New accounting standards adopted effective April 1, 2019:

IFRS 16 – Leases

In June 2016, the IASB issued IFRS 16, Leases which establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. However, lessees are no longer classifying leases as either operating leases or finance leases as it is required by IAS 17. The adoption of this standard did not have any impact on the Company's consolidated financial statements as the Company does not have any leases.

(Expressed in Canadian Dollars)

3. EXPLORATION AND EVALUATION ASSETS

Expenditure for the three months ended June 30, 2019 and the year ended March 31, 2019 are as follows:

		April 1, 2019		Acquisition Costs		June 30, 2019
Honeymoon	$	41,854	$	-		41,854
Total	$	41,854	$	-	$	41,854

		April 1, 2018		Acquisition Costs		March 31, 2019
Honeymoon		41,854		-		41,854
Total	$	41,854	$	-	$	41,854

During the three months ended June 30, 2019 and 2018, the Company did not incur any exploration costs.

Honeymoon Property

The Honeymoon Property is an early stage gold-silver-copper property located on the west side of Adams Lake, British Columbia and is comprised of 4 claim blocks for a total of 3,415 hectares.

On May 27, 2015, the Company and the Optionor mutually cancelled the previous agreement and concurrently entered into a purchase and sale agreement for an undivided 100% right, title and interest in and to the Honeymoon Property. Pursuant to the terms of the sale and purchase agreement the Company agreed to pay $3,500 (paid) and issue 70,000 common shares (issued) as consideration for the property.

The Optionor will retain a 0.5% Net Smelter Returns royalty on the property and the royalty may be purchased by the Company at any time for $1,500,000.

(Expressed in Canadian Dollars)

4. SHARE CAPITAL

a) Authorized:

The Company is authorized to issue an unlimited number of common shares without par value.

b) Issued and Outstanding as at June 30, 2019: 55,731,865 (June 30, 2018: 55,731,865) common shares.

Warrants

The following table summarizes the continuity of the Company's warrants:

Exercise Price	**April 1, 2019**	**Issued**	**Exercised**	**June 30, 2019**	**Expiry Date**
$0.14	3,571,429	-	-	3,571,429	February 9, 2020
	3,571,429	-	-	3,571,429	

As at June 30, 2019, the Company had 3,571,429 warrants outstanding with an exercise price of $0.14 for a period of two (2) years after issuance. (June 30, 2018 – 3,571,429)

5. STOCK OPTION PLAN AND SHARE-BASED PAYMENTS

On July 8, 2011, the Company adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with TSX-V regulations, grant to directors, officers, employees and consultants non-transferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares at the time of the grant. Such options will be exercisable for a period of up to ten years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors.

	Number of options	**Weighted average exercise price**
Balance, April 1, 2018	3,105,000	$ 0.07
Expired	(200,000)	$ 0.20
Balance, March 31 and June 30, 2019	2,905,000	$ 0.06

The following table summarizes stock options outstanding and exercisable at June 30, 2019:

	Options Outstanding			Options Exercisable	
Exercise Price $	Number of Shares	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price $	Number Exercisable	Weighted Average Exercise Price $
0.025	2,400,000	2.47	0.025	2,400,000	0.025
0.25	505,000	5.13	0.25	505,000	0.25
	2,905,000	2.94	0.06	2,905,000	0.06

Stock options outstanding at June 30, 2019 will expire between December 19, 2021 and August 15, 2024.

(Expressed in Canadian Dollars)

6. RELATED PARTY BALANCES AND TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company had the following related party balances at June 30:

		2019		2018
Due to MA2 Capital Inc.	$	90,000	$	30,000
Due to Sandfire America Resources Inc.		19,153		19,153
Due to Chief Financial Officer		4,575		2,850
Due to former Chief Executive Officer (“CEO”)		15,000		15,000
Total due to related parties	$	128,728	$	67,003

MA2 Capital Inc. is controlled by the current CEO. Sandfire America Resources Inc. was formerly related by common directors.

The amounts due to related parties were incurred in the normal course of business and have been included in accounts payable. The balances are non-interest bearing, unsecured and are due on demand.

Key management personnel receive compensation in the form of short-term employee benefits, share-based payments, and post-employment benefits. Key management personnel include the Chief Executive Officer, Chief Financial Officer, and directors of the Company. The remuneration of key management is as follows:

		2019		2018
Management fees	$	15,000	$	15,000
Consulting fees		3,019		2,925
Total remuneration	$	18,019	$	17,925

7. MANAGEMENT OF CAPITAL

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to pursue the sourcing and exploration of its resource property. The Company does not have any externally imposed capital requirements to which it is subject.

The Company considers the aggregate of its equity as capital. As at June 30, 2019, the Company had capital resources consisting of cash and amounts receivable. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares or dispose of assets or adjust the amount of cash.

The Company’s investment policy is to invest its cash and cash equivalents in investment instruments in high credit quality financial institutions with terms to maturity selected with regards to the expected time of expenditures from continuing operations.

(Expressed in Canadian Dollars)

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK

Financial Instruments and Fair Value Measurements

IFRS 13 – *Fair Value Measurement*, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Assets measured at fair value on a recurring basis were presented on the Company's statements of financial position are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2019:				
Cash and cash equivalents	$ 83,185	$ –	$ –	$ 83,185
Short-term investment	5,200	–	–	5,200
March 31, 2019:				
Cash and cash equivalents	$ 96,034	$ –	$ –	$ 96,034
Short-term investment	5,200	–	–	5,200

Financial risk management objectives and policies

The Company's risk associated with its financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) *Currency risk*

The Company has operations in the United States which are transacted into U.S. dollars. Accordingly, the Company is exposed to foreign exchange risk with respect to these transactions. The Company has not undertaken hedging activities to mitigate this risk.

The Company does not have any significant foreign currency denominated monetary liabilities.

(ii) *Interest rate risk*

The Company is exposed to interest rate risk on the variable rate of interest earned on bank deposits. The fair value interest rate risk on bank deposits is insignificant as the deposits are short-term.

The Company has not entered into any derivative instruments to manage interest rate fluctuations.

8. FINANCIAL INSTRUMENTS AND FINANCIAL RISK (continued)

Financial risk management objectives and policies (continued)

(iii) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The credit risk on cash equivalents is limited because the cash equivalents are composed of financial instruments issued by Canadian banks and companies with high credit ratings as assigned by international credit-rating agencies. Therefore, the Company is not exposed to significant credit risk.

(iv) *Liquidity risk*

In the management of liquidity risk of the Company, the Company maintains a balance between continuity of funding and the flexibility through the use of borrowings. Management closely monitors the liquidity position and expects to have adequate sources of funding to finance the Company's projects and operations. As at June 30, 2019, the Company had working capital deficit of $62,444. As at June 30, 2019, the Company had cash and short-term investment of $88,185 to settle accounts payable of $154,301 which fall due for payment within twelve months of the financial position date.

9. BASIC AND DILUTED LOSS PER SHARE

The calculation of basic and diluted loss per share for the periods ended June 30, 2019 and 2018 was based on the loss attributable to common shareholders of $32,101 (2018 – $34,746) and the weighted average number of common shares outstanding of 55,731,865 (2018 – 52,491,413). Stock options of 2,905,000 and warrants of 3,571,429 outstanding at June 30, 2019 were not included in the diluted loss per share calculation as the effect is anti-dilutive.