



SOLGOLD PLC
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AN EMERGING

ANNUAL REPORT 2020



THURSDAY



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SOLGOLD IS AN EMERGING COPPER- GOLD-SILVER MAJOR,

SOLGOLD IS RAPIDLY EXPLORING THE LENGTH AND BREADTH OF THIS HIGHLY PROSPECTIVE SECTION OF THE ANDEAN COPPER BELT, HOME OF MULTIPLE TIER 1 COPPER AND GOLD PROJECTS AND HALF OF THE WORLD'S COPPER RESOURCES.

The Alpa a Project in northern Ecuador, with its 1km-plus copper-gold-silver intersections, is the first of many discoveries in the country. SolGold has identified 13 priority projects that have similar potential to Alpa a and will be systematically explored using the blueprint created at Alpa a.

SolGold is committed to a sustainable and transparent approach to all operations in exploration and mining. SolGold's ambition is to become a major mining company in Ecuador, therefore our business model, corporate governance practices and operations are structured with sustainable and responsible practices in mind. We strive to create an equal opportunity work environment where employees can be safe and healthy at all times, while feeling valued and supported. We also strive to improve our already strong community relations in our zone of influence through a number of different initiatives and programmes in place.

In an effort to build and contribute to a more sustainable world, we continuously aim to support the UN's Sustainable Development Goals (SDGs) and have linked these topics throughout this report to demonstrate our input toward these goals.

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VIEW OUR ANNUAL REPORT ONLINE AT WWW.SOLGOLD.COM.AU/AR2020



ABOUT SOLGOLD

ARE GROUPED INTO THESE SIX PILLARS

OUR SIX PILLARS ARE:



HEALTH AND SAFETY



OUR PEOPLE



GOVERNANCE



OUR COMMUNITY



OUR ENVIRONMENTAL STEWARDSHIP



VALUE CREATION

SOLGOLD IS AN EMERGING COPPER-GOLD-SILVER MAJOR,

SUSTAINABILITY GOALS AND PERFORMANCE HIGHLIGHTS

OUR SUSTAINABILITY GOALS ARE:

- Injury and incident free workplace
- Equal opportunities for all employees
- Proactive engagement with and contribution to local communities and employment generation
- Positive understanding of benefits of responsible mining
- Rehabilitation and reforestation of land, starting at the exploration stage
- Responsible use of energy, water and other resources

Our in-depth sustainability section of this report can be found on pages 78 to 99.



PERFORMANCE HIGHLIGHTS

- BHP Billiton Holdings Limited ('BHP') became the largest shareholder by investing US\$22 million for a further 77 million shares at 22.15p
- Completion of Phase 1 & 2 metallurgical test work programmes confirming Alpala's clean concentrate quality
- Updated Alpala Mineral Resource Estimate confirms 9.9Mt of copper, 21.7Moz of gold and 92.2Moz silver in Measured and Indicated Resources
- Process conducted with established international commodity traders for the offtake of Alpala concentrate, with SolGold receiving 10 qualifying bids
- Royalty Financing Package of US\$100 million with upscale to US\$150 million from Franco-Nevada Corporation ("Franco-Nevada"), (financing was completed post reporting period), which will see Alpala funded through to the completion of Feasibility studies. Prior to the finalisation of the Royalty Financing Package a Bridging Loan of US\$15 million was immediately available as an advance
- Successful equity raising of US\$40 million with proceeds to advance our regional exploration portfolio
- Progression of the 13 priority regional explorations projects identified to date
- US\$46.9 million cash balance (2019: US\$41.7 million)
- Appointment of an additional independent Non-Executive Director, appointment of Independent Chair, and the establishment of our Board Nominations Committee, demonstrating commitment to Board governance
- Retention of staff and continued progress during COVID-19
- Strengthening of our technical team with the appointment of Director of Studies and Technical Mining Manager roles

ABOUT SOLGOLD CONTINUED

SOLGOLD IS AN EMERGING COPPER-GOLD-SILVER MAJOR

MRE#3

9.9MT OF COPPER,
21.7MOZ OF GOLD
AND 92.2MOZ SILVER

US\$22.0M
INVESTMENT BY BHP

US\$46.9M
CASH BALANCE

2019: A\$41.73M

\$62M

EQUITY RAISINGS,
\$22 MILLION FROM
BHP, \$40 MILLION
FROM SOPHISTICATED
INVESTORS

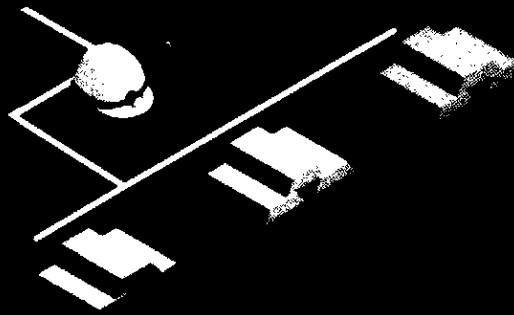
COVID-19 IMPACT

The COVID-19 pandemic created unexpected variables to SolGold's operations, some of which were unforeseen. SolGold acted and adapted quickly during the crisis, ensuring the safety of our employees and community members was the number one priority.

The Emergency Operations Committee (COE) of Ecuador in March 2020, announced a 'Stay at home' policy in Ecuador which enforced the temporary suspension of businesses across the country. SolGold is committed to the safety and well-being of its employees and communities, and as a result of the state policy and the reaction from many communities within our areas of operations to the potential of transferring COVID-19, SolGold halted all on-site activities in line with government preventative measures and has reduced operations throughout Ecuador.

This hiatus of activities across all projects globally, and in particularly in Ecuador, has slightly impacted SolGold's operations, mainly in the form of delays. The temporary closure of drilling activities halted the regional exploration programme and has pushed back scout drilling at two of the priority projects by three months. The hiatus of on-site activities at the Aipala Project has caused slight delays in finalising the Franco-Nevada royalty financing, the release of the Pre-Feasibility Study in 2020 and Feasibility study in 2021. Field activities including drilling have resumed to the extent COVID-19 restrictions allow. Maximum numbers of personnel accommodated at the camp remain as one of the obstacles to returning to normal operations.

TONNES OF COPPER



OUNCES OF GOLD

92.2M

OUNCES OF SILVER

13

PRIORITY REGIONAL
PROJECTS IDENTIFIED

2019: 10

US\$100.0M

ROYALTY FINANCING
PACKAGE FROM
FRANCO NEVADA,
SUBJECT TO FINAL
COMPLETION

10

QUALIFYING BIDS
FROM INTERNATIONAL
COMMODITY TRADERS
FOR THE OFFTAKE OF
ALPALA CONCENTRATE



A GOOD BUSINESS PARTNER

EMPLOYMENT OPPORTUNITIES

We recognise that in order to contribute to a sustainable social and economic environment, employing and empowering local people is hugely important. SolGold facilitates long term employment opportunities for community members and the Ecuadorean workforce.



READ OUR FULL STORY ON PAGE 80

>600

EMPLOYEES

98%

ARE LOCAL
WORKFORCE

86

GEOLOGISTS
IN ECUADOR



A GOOD BUSINESS PARTNER

RESPONSIBLE MINING

As a natural resources company, we place utmost importance on protecting and conserving the natural environment to the best of our ability. We are committed to minimising our environmental footprint and the impacts our operations have on the environment.

 READ OUR FULL STORY ON **PAGE 92**

100%

**OF WATER USED IN
DRILLING ACTIVITIES IS
TREATED BEFORE RELEASE**

100%

**OF HAZARDOUS WASTE IS
PROCESSED EXTERNALLY
BY AN INDEPENDENT
WASTE DISPOSAL
COMPANY**

350,000

**PLANTS PRODUCED TO
DATE IN THE CASCABEL
NURSERY TO DATE AS PART
OF THE 1 MILLION PLANTS
PROGRAMME**



SOLGOLD AT A GLANCE

WITH THE MOST GEOLOGISTS ON THE GROUND



The Company is listed on the London Main Board and Toronto Stock Exchange under the code 'SOLG'.

SolGold has a large portfolio of copper, gold and silver projects in Ecuador, Australia and Solomon Islands.

The Company's focus since 2012, has been on the riches of the underexplored section of the Andean Copper Belt in Ecuador. In addition to the Tier 1 Alpala

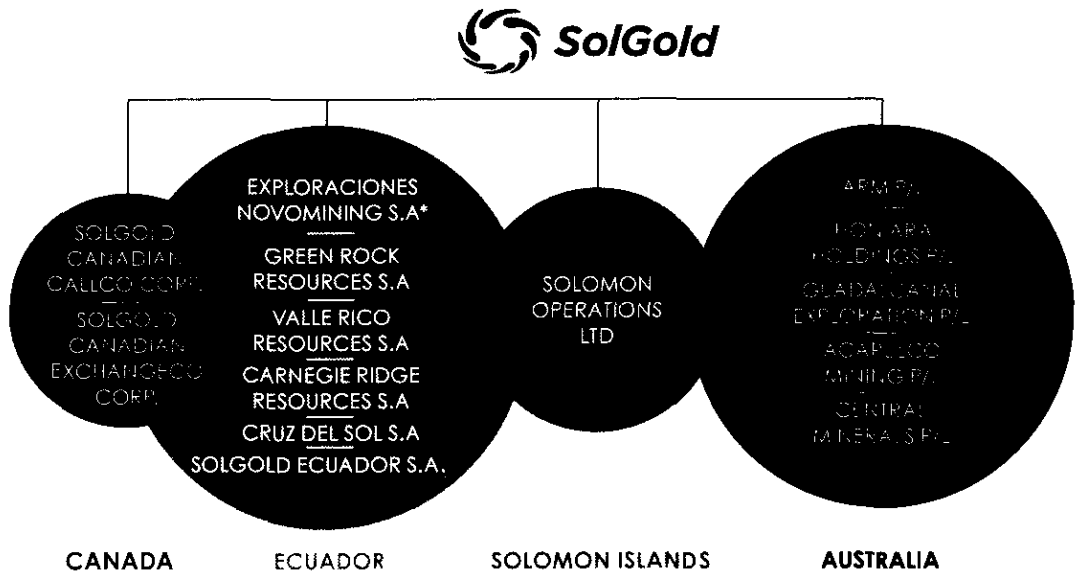
Project, SolGold has identified 13 highly prospective priority projects throughout Ecuador and is exploring these in parallel with the development of Alpala.

SolGold has a highly experienced and significantly invested Board and throughout 2017 SolGold's management team was recognised as an example of excellence in the industry and continues to strive to deliver objectives efficiently and in the interests of shareholders.

SOLGOLD CORPORATE STRUCTURE

SolGold plc is the overall corporate entity of the business, listed on the London Stock Exchange and Toronto Stock Exchange

* 85% SolGold owned
All other subsidiaries
100% SolGold owned.



FOUR 100% OWNED SUBSIDIARIES FOR THE REGIONAL EXPLORATION PROGRAMME



● ECUADOR

SOLOMON ISLANDS

AUSTRALIA

- Projects
- Offices
- Listings
- Headquarters

SPOTLIGHT ON ECUADOR

EMERGING MINING SECTOR

LOCATED AT THE NORTHERN END OF THE ANDEAN COPPER BELT, ECUADOR IS HOST TO AN UNTAPPED WEALTH OF GEOLOGICAL PROSPECTIVITY

The President of the Republic of Ecuador, Lenin Moreno stated that "Mining will be an engine of our development, as long as it is responsible with nature, with water sources, and with the populations that live in its surroundings". For his last year as President, Lenin Moreno designated René Ortiz as Minister of Energy and Natural Non-Renewable Resources, who has worked as secretary of OPEC and has extensive experience in this sector.

The country's economy has historically relied on export revenues from oil and agricultural produce. Now, the mining industry is emerging as a key sector for growth and development and will be a priority for the Ecuadorean government for the foreseeable future.

In 2019, Ecuador debuted as a mining country, with the commencement of production from the Mirador (Ecuacorriente) and Fruta del Norte (Lundin Gold) mines. The country has another nine large scale mining projects that are currently underway.

Already, some of the world's top mining companies, including SolGold, are uncovering this potential using state-of-the-art exploration techniques. Such techniques led to the discovery of SolGold's Alpala project, one of the world's most significant discoveries of the last decade.

While there are several dozen exploration and development projects across the country, just two mines are in operation: Fruta del Norte and Mirador. In the coming years, this number is expected to increase as further capital is invested, helping to bring development projects into production.

This development of the country's mining sector would not have been possible without the support of all spheres of the Government of Ecuador, with whom SolGold has a strong relationship. In addition, SolGold is also working closely with the communities in which it operates as a key element of its social licence to operate.

PROJECT	OPERATOR
OPERATING MINES	
15 Mirador	Tongling
17 Fruta del Norte	Lundin Gold
DEVELOPMENT PROJECTS	
1 Alpala	SolGold, Cornerstone
2 Llurimagua	Enami, Codelco
3 El Palmar - Los Mandariyacus	Edgar Salazar
4 La Plata	Toachi Mining
5 Curipamba	Adventus, Salazar
6 Rio Blancas	Junefield
7 Velas Grandes	Cornerstone
8 Ruta de Cobre	Southern Copper
9 Loma Larga	INV Metals
10 Pananzá	Tongling
11 Warintza	Solaris Resources
12 Bella Maria	Cornerstone
13 Cangrejos	Lumina Gold
14 Caña Brava	Cornerstone
16 Rio Zarza	Ecometals
18 Condor Gold	Lumina Gold

METAL	
PRIMARY	BYPRODUCTS
Au	Au
Au	Au
Cu	Au
Cu	Au
Au	Cu
Au	Cu
Au	Cu
Au	Cu
Cu	Cu
Au	Cu
Cu	Cu
Cu	Cu
Au	Cu
Au	Cu
Au	Cu
Au	Cu
Au	Cu
Au	Cu



OVERVIEW OF ECUADOR'S MINING SECTOR



PROJECTS
OPERATING MINES

See number key on page 12
for locations and further details

ECUADOR'S EMERGING MINING SECTOR CONTINUED

IS ATTRACTING A GROWING SHARE OF GLOBAL EXPLORATION EXPENDITURE

ECUADOR IS ATTRACTING A GROWING SHARE OF GLOBAL EXPLORATION EXPENDITURE

Global exploration expenditure was estimated at US\$9.8 billion in 2019, a 3% decrease compared to the prior year (for nonferrous exploration, according to S&P Global World Exploration Trends 2019). Latin America remains the world's top destination for exploration funding, with 28% of expenditure spent in the region. Six countries account for ~90% of this exploration spending: Argentina, Brazil, Chile, Ecuador, Mexico and Peru. Of all the countries in the world, Ecuador received the fourth largest increase in annual exploration budgets in 2019. This is testament to the growing realisation of the country's untapped mineral wealth and supportive regulatory framework. SolGold is in a prime position to take advantage of this.

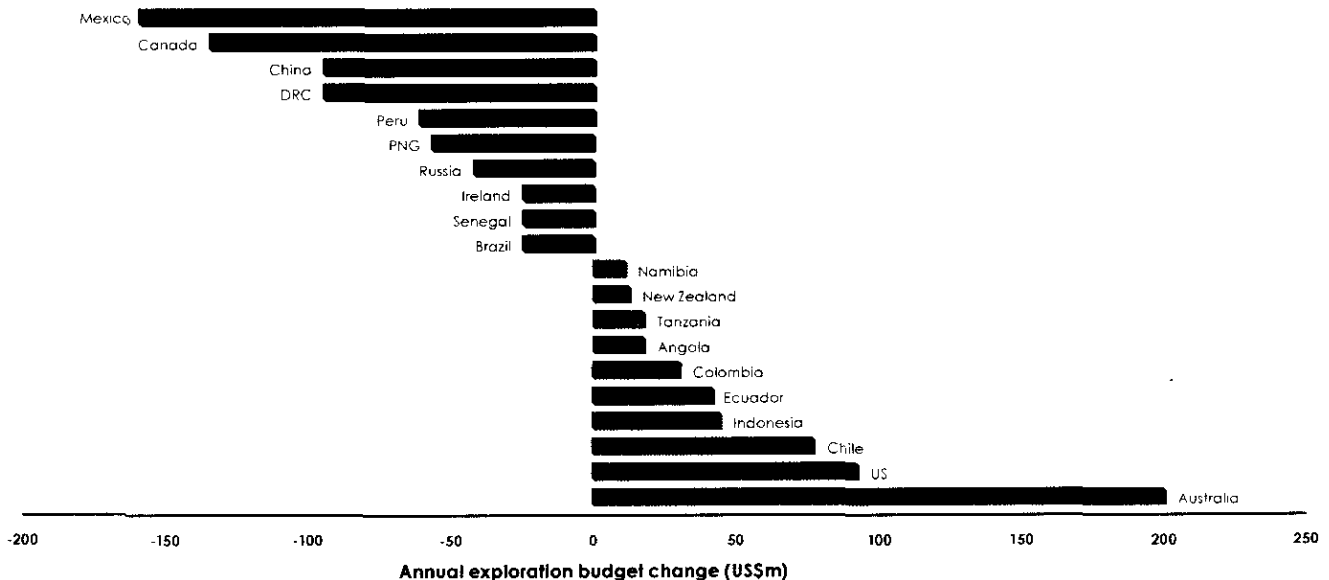
US\$9.8 BILLION -3%
GLOBAL EXPLORATION EXPENDITURE.

28%
OF GLOBAL EXPLORATION
EXPENDITURE SPENT IN THE LATIN
AMERICA REGION.

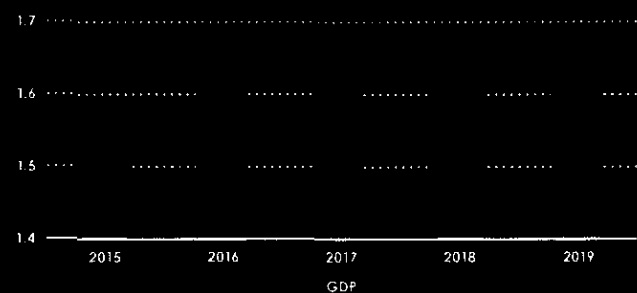
90%
OF EXPLORATION SPENDING IN
ARGENTINA, BRAZIL, CHILE,
ECUADOR, MEXICO AND PERU.

TOP 20 COUNTRY BUDGET CHANGES YEAR ON YEAR IN 2019

Data as of Jan. 15, 2020 Source: S&P Global Market Intelligence

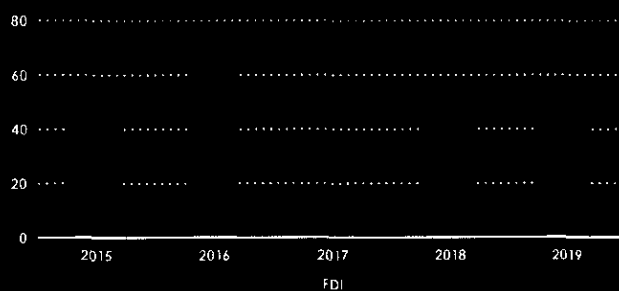


MINING GDP



Source: Fondo Monetario Internacional

2019 FOREIGN DIRECT INVESTMENT



Other companies are also progressing exploration in Ecuador, including some of the world's largest miners:

- BHP Group
- Anglo American
- Codelco
- First Quantum Minerals
- Newcrest Mining
- Southern Copper Corporation
- Fortescue Metals Group
- Hancock Prospecting
- Equinox Gold
- Lundin Gold
- Lumina Gold
- INV Metals
- Aurania Resources
- Luminex Resources
- Cornerstone Capital Resources
- Lucky Minerals
- Solaris Resources
- Titan Minerals
- Salazar Resources

As Ecuador's oil output is expected to decline over the coming decades, its historical reliance on these exports will no longer be sustainable. The growth of the country's exports of copper and gold are therefore well positioned to help diversify its trade portfolio to alleviate declines in oil exports. In the operating phase, Alpala will become a significant and important source of inflows for Ecuador.

According to the Fraser Institute Annual Survey of Mining Companies 2019, Ecuador's ranking in the Investment Attractiveness Index has improved to 57th out of 76 in 2019 from 92nd out of 109 in 2015. More broadly, the Fraser Institute also ranks Ecuador (out of 162 countries) on the basis of economic freedom with a recovery from 131st in 2010 to 124th in 2015 and 118th in 2017.

Since 2013, Foreign Direct Investment (FDI) has been increasing as the Government of Ecuador has supported a more investor friendly environment. The oil and mining sector has consistently accounted for the bulk of FDI into the country since 2010. As an example of the scale of the project, annual capital and operating expenditures at Alpala will exceed the average annual investment flow for both oil and mining sectors from 2014 to 2019.

FDI in millions of dollars:

- 2018: US\$1,455 million / US\$773 million in mining
- 2019: US\$966 million / US\$421 million in mining

Ecuador's fiscal regime is tax and royalty based, but also features some less-common levies such as a currency export tax as well as other minor taxes based on balance sheet values or concession acreage. Three main bases will underpin the Alpala project's fiscal contribution, namely Government Royalties, Profit Sharing and Corporate Tax. For metals, the royalty rates are currently 5% for copper, 8% for gold and 8% for silver.

ECUADOR'S MINING CADASTRE

The Government is working with the World Bank and Inter-American Development Bank to consolidate the mining cadastre. With the knowledge and economic help of these two influential bodies, Ecuador is working on a new mining cadastre that will help to locate and control the existing mining concessions and deliver new ones. The Deputy Minister of Mines stated that the mining cadastre will be ready at the end of 2020. Once the mining cadastre is ready the Government can start granting new concessions, further aiding the development of Ecuador's mining industry over the decades ahead.

ECUADOR'S EMERGING MINING SECTOR CONTINUED

EXTENSIVE REGIONAL EXPLORATION PROGRAMME AIMS TO UNCOVER FURTHER ECONOMIC DEPOSITS OF GOLD AND COPPER

METALLIC MINERALS MINING CONCESSIONS – ECUADOR

Concessions Granted:

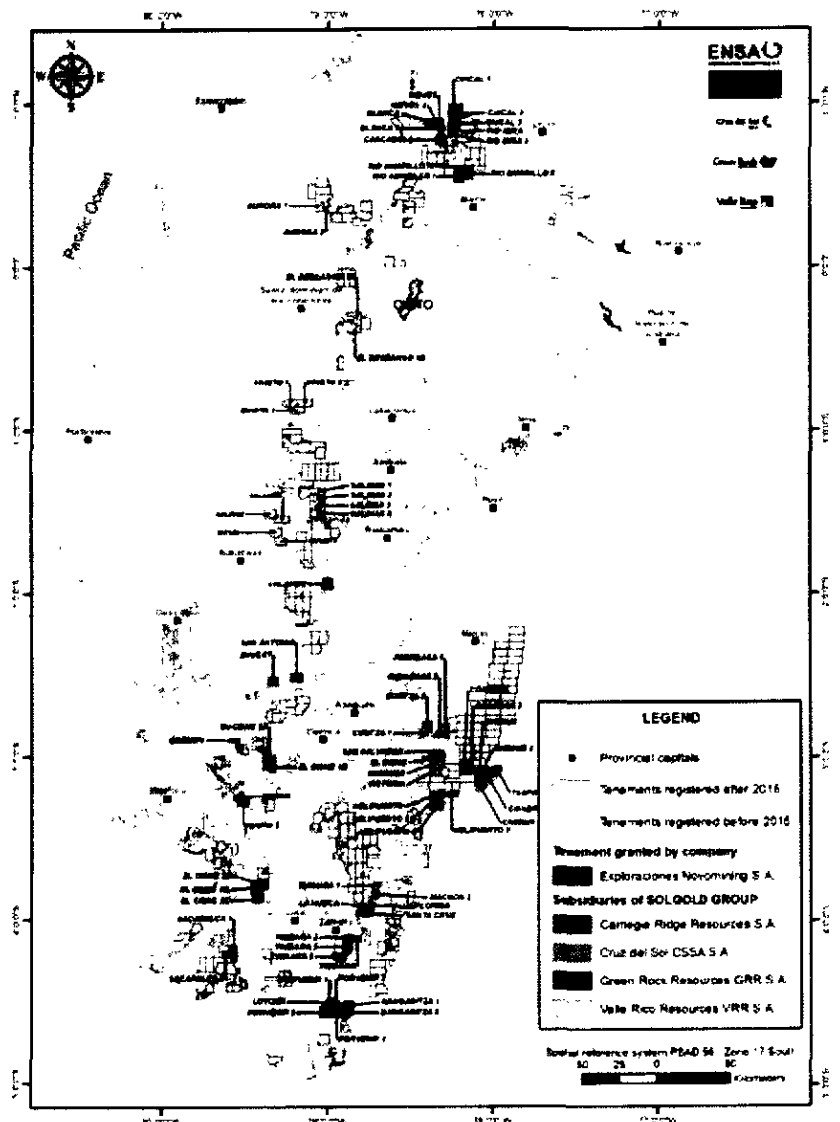
- There are more than 1,000 mining concessions in Ecuador.
- The Government of President Lenín Moreno has granted 275 concessions.

SOLGOLD'S EXTENSIVE REGIONAL EXPLORATION PROGRAMME AIMS TO UNCOVER FURTHER ECONOMIC DEPOSITS OF GOLD AND COPPER

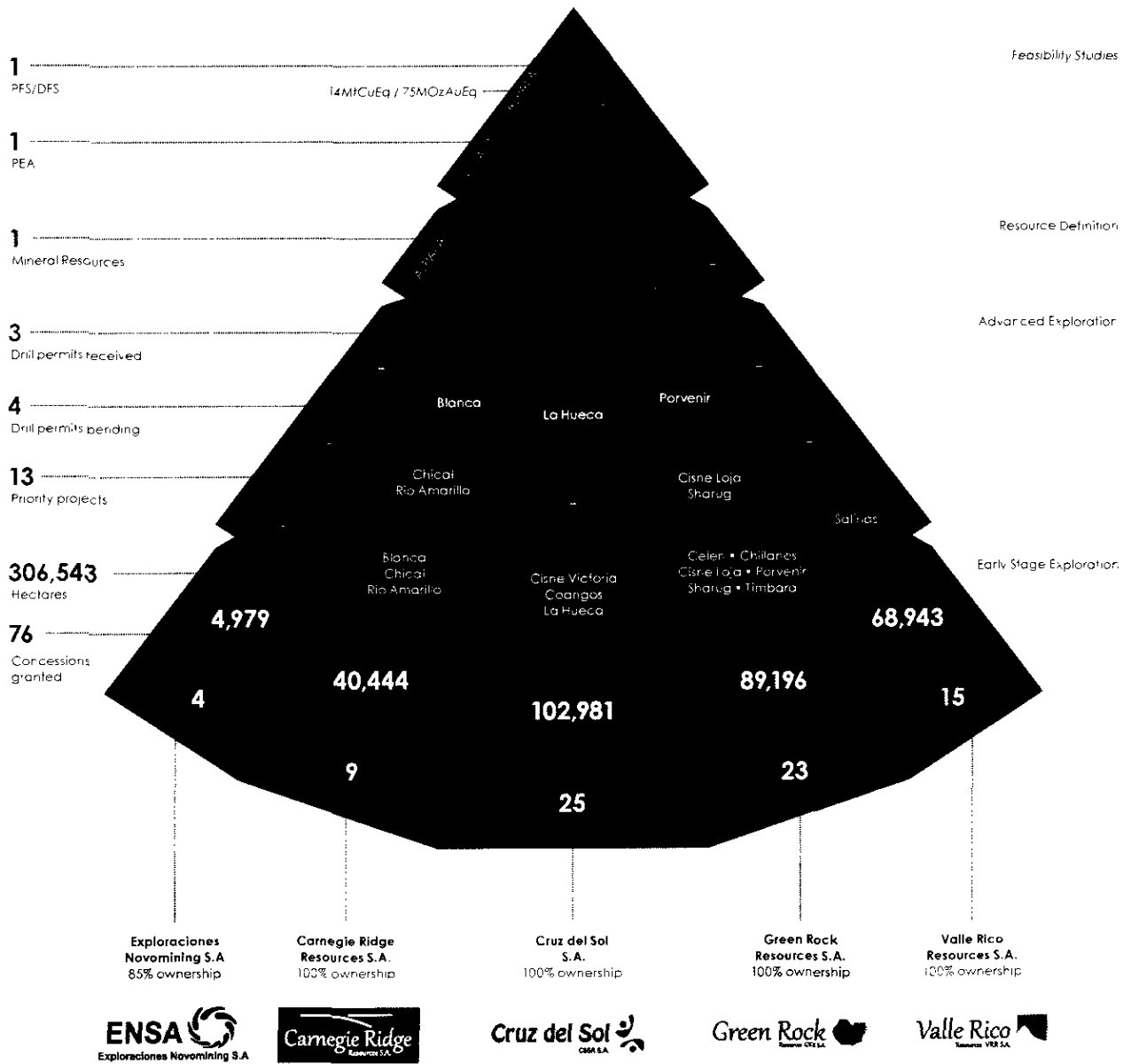
SolGold started exploring in Ecuador in 2012 on the basis of strong support from all levels of government and local communities as well as the country's untapped geological wealth. The Company is now the largest holder of exploration concessions across Ecuador. These concessions cover some of the most geologically prospective areas of the northern extension of the Andean Copper Belt.

Each concession is being systematically assessed by our team of 86 Ecuadorean geologists using SolGold's comprehensive exploration methodology based on state-of-the-art geochemistry, geophysics and drilling. Already, this methodology has been successful in the discovery of the world-class Alpala copper-gold porphyry deposit.

Looking ahead SolGold is optimistic that, given the indication of similar geologies across the Company's exploration licences, further world-class discoveries will be made as its 75 concessions are advanced to the next level. Already, the Company is focussed on 13 high priority targets where permission to drill has been received at three of these.



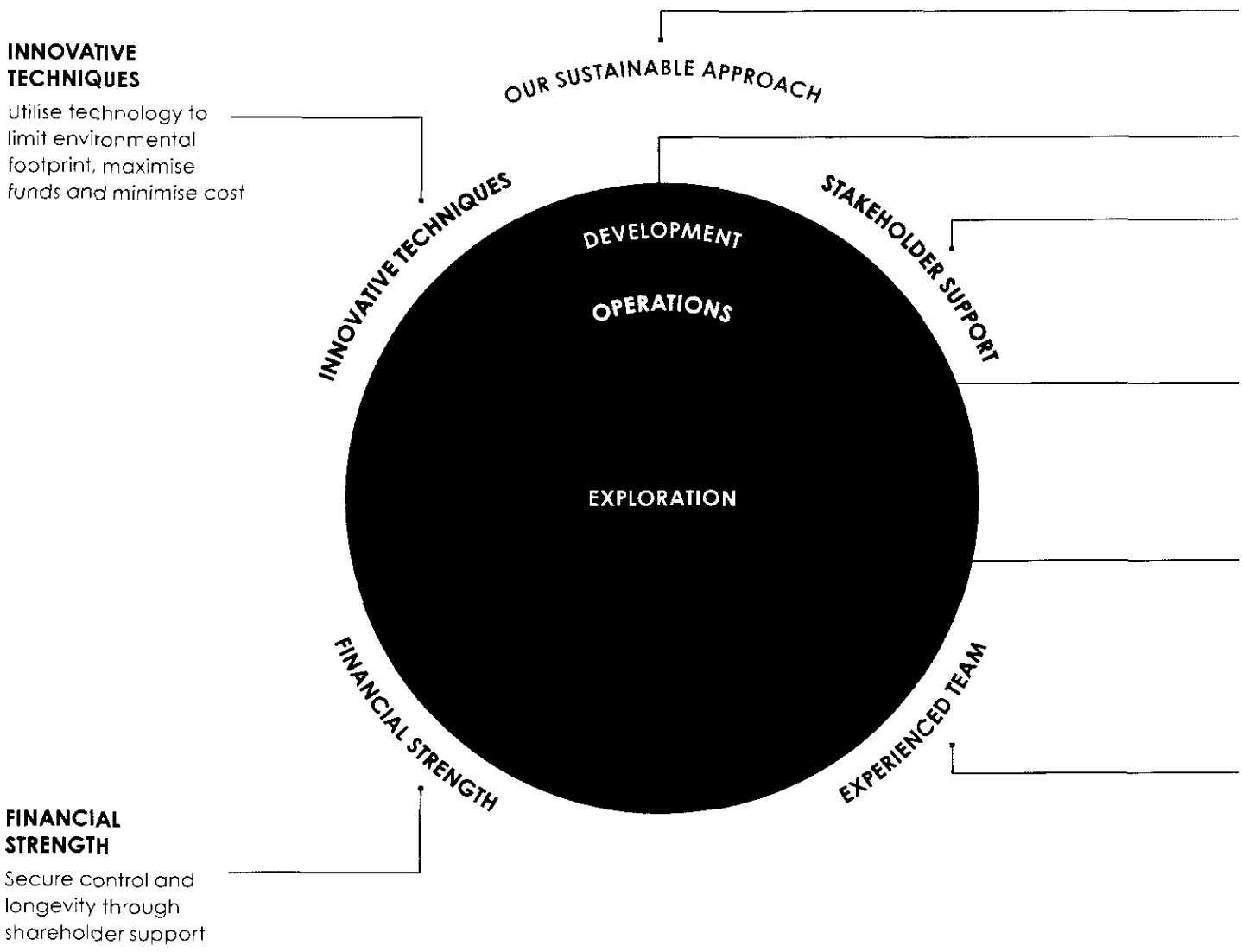
SOLGOLD PROJECT PIPELINE

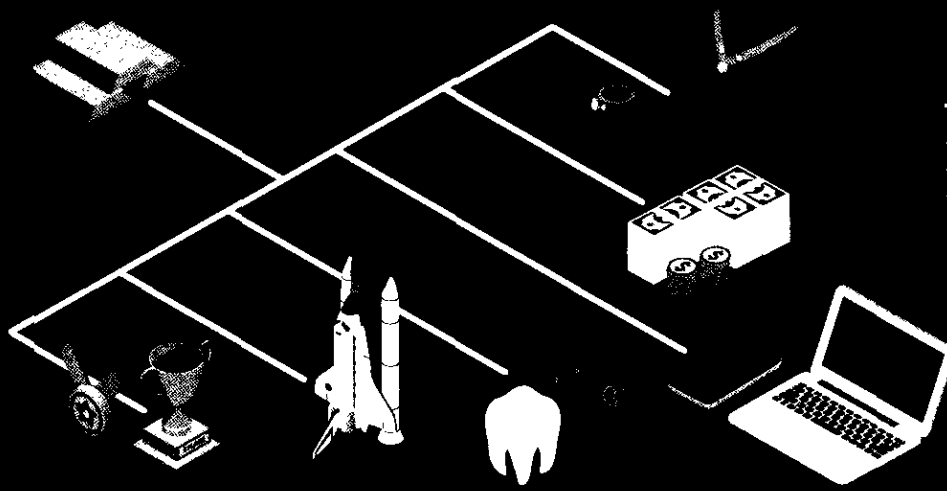


BUSINESS MODEL

EXPLORATION IS CORE TO OUR BUSINESS MODEL

The exploration of copper and gold is core to our business model. We generate value by discovering and defining world-class projects. We maximise funds using an established systematic and disciplined approach to exploration targeting grass roots opportunities to ensure low cost entry in to projects. Our vision is to become a leading copper and gold miner underpinned by our exceptional portfolio of project options.





THE TOP SIX USES:

- JEWELLERY
- FINANCE
- ELECTRONICS/COMPUTERS
- DENTISTRY/MEDICINE
- AEROSPACE
- MEDALS/AWARDS

OUR SUSTAINABLE APPROACH

Ensuring our social licence to operate compliments our sustainable business model

DEVELOPMENT

Deliver growth by initially developing low capex, high value projects

STAKEHOLDER SUPPORT

Invest in and safeguard relationships with communities, employees, governments and shareholders

OPERATIONS

Maximise value by reinvesting a portion of profits to develop a pipeline of projects to form a unique portfolio

EXPLORATION

Utilise our highly experienced team and our first mover advantage in Ecuador to identify multiple potential world-class copper and/or gold projects

EXPERIENCED TEAM

Create a culture of creativity and productivity through ownership and transparency

STATEMENT OF THE CHAIR

AS A BUSINESS WE ARE MOVING FORWARD WITH OUR



Chair

Dear Shareholders,

As the recently appointed Chair, it is my first order of business to thank Brian Moller for his Chairmanship and hard work over the past seven years.

SolGold is the custodian of a Tier one and the largest independent new copper-gold-silver mine development project the world has seen in the last ten years. Over the past year, SolGold has entered its newest chapter as it transforms from explorer to developer, with the Company and our management team receiving strong endorsements from the global finance community. Franco-Nevada's US\$100-150 million Net Smelter Royalty Agreement not only endorses the value of our Alpala Project, it also demonstrates its overall financing capabilities.

SolGold is unique, owing to its extensive tenure position, experienced management team, and the development of coincident work streams which we believe will see the delivery of project feasibility, development finance, permitting and an agreed fiscal framework with the government of Ecuador over the coming 18 months.

These overarching credentials combined with the extraordinary project attributes from its favourable location, the outlook for copper, gold and silver prices and the willingness of the Ecuadorean government to foster the development of a mining industry in-country, place SolGold with the enviable prospect of managing a world class producing mine by 2025.

Moreover, the spectacular efforts of SolGold's technical team in the virgin discovery of nearly 10 million tonnes of copper, 22 million ounces of gold and 92 million ounces of silver demonstrates that SolGold has the skills and dedication required for the replication of this exploration success across the Company's extensive exploration licences. Impressively, according to S&P Global, the gold alone discovered at Alpala represents 10% of gold discovered globally over the past decade in new deposits, highlighting the truly world class status of Alpala.

“ I AM EXTREMELY PLEASED WITH THE SIGNIFICANT AND VALUABLE PROGRESS THAT HAS BEEN DELIVERED AT BOTH OPERATIONAL AND CORPORATE LEVELS.”

MINES & MONEY TORONTO 2017 (LATIN AMERICA)



COUNTRY OF THE YEAR

CEO OF THE YEAR SOLGOLD

EXPLORATION AWARD

MINES & MONEY LONDON 2017



COUNTRY OF THE YEAR

CEO OF THE YEAR SOLGOLD

EXPLORATION AWARD

MINES & MONEY ASIA 2017



CEO OF THE YEAR SOLGOLD

CANADIAN MINING 2019



CEO OF THE YEAR SOLGOLD

MINES & MONEY LONDON 2018



CEO OF THE YEAR SOLGOLD

EXPLORATION AWARD

SolGold's blueprint for the discovery, definition and planned development of a major porphyry system at Alpala in Northern Ecuador can be replicated throughout the 700km length of the country at 13 additional, priority projects which SolGold wholly owns.

We place top priority on ensuring safety is at the core of the business. Both I and my fellow Directors are proud of each employee's innovative, highly adaptable and dedicated work ethic during the COVID-19 pandemic. The pandemic saw the temporary closure of operations throughout Ecuador and the mandatory 'lockdown' we saw across the globe. During the lockdown period, our number one priority has been the health, safety and wellbeing of our workforce and suppliers together with our local communities in Ecuador. Progress at SolGold continued with staff 'working from home', using the extensive database and secure IT infrastructure already established. In this period, the Company released its third Mineral Resource Estimate, filed a new National Instrument 43-101 technical report, received a number of Expressions of Interest for the offtake of Alpala concentrate from leading commodity traders, starting off-take negotiations with smelters directly, announced a Royalty Financing Package with Franco-Nevada and completed an equity raising of US\$40 million to fund its regional exploration programme.

During the year, the Company also continued to strengthen its existing relationships with Ecuadoreans at all levels, emphasising the positive contribution SolGold is making in Ecuador. The support from communities in the Cascabel area during the rejected constitutional applications opposing mining in Imbabura and Carchi Provinces are testament to the growing national support for the emergence of a mining industry and the recognition of the daily economic contributions SolGold makes to the communities in which it operates.

These strong relationships have been further enhanced during the initial phase of the COVID-19 pandemic, with SolGold working with and closely supporting local communities, the families of employees, local government and federal government bodies. SolGold has continued to employ 100% of its Ecuadorean workforce on full pay, demonstrating our continued commitment to Ecuador and a sign of the potential for employment and economic contribution to come through SolGold's nationwide programme.

STATEMENT OF THE CHAIR CONTINUED

We continue to place strong sustainability principles and practices at the heart of all its business and operations. The long-term development and success of not just the Company, but of the world as we know it, relies on a consistent and transparent approach to sustainability, which is embedded within the SolGold business model. We strive to be a responsible business that acts in the best interests of all of our stakeholders, and this has been evidenced by the strong progress made across our environmental, social and governance initiatives during the year, examples of these are shown throughout this report.

I am extremely pleased with the significant and valuable progress that has been delivered at both operational and corporate levels over the past 12 months, all of which truly adds substance to the ultimate goal of becoming a major copper and gold mining company.

I'm also very pleased to provide an update on SolGold's ongoing Corporate Governance initiatives relating to the Company's Board and Management structure, function and remuneration to ensure the Company takes the most appropriate way forward on its transition from explorer to developer over the coming 18 months. As part of our ongoing engagement with its investors and the continuing commitment to adopt best practice Corporate Governance standards, SolGold has developed new governance policies, processes and guidelines.

The first tangible outcomes of this process include:

- Board refreshment with the appointment of Mrs Elodie Grant Goodey as an independent Non-Executive Director on 17 July 2020, replacing long-standing Non-Executive Director, Dr Robert Weinberg who will retire at the 2020 AGM;
- Adopting and progressing toward full compliance with the UK Corporate Governance Code;
- The establishment of a Nominations Committee;
- Improvements to the Remuneration Committee;
- No payments of any non-audit related fees to our independent auditors to help ensure independence; and
- The appointment of two leading corporate governance proxy solicitation firms CMI2i and Boudicca, whom will help accelerate the development of SolGold's Corporate Governance framework, and increase the Company's shareholder engagement activities.

I would like to thank all of our shareholders, employees and wider stakeholders for their continued support and increased interest in SolGold as we transition to a fully-fledged developer and producer. We couldn't do it without you and value your support. It has been an exciting and extremely busy year for the Company, further contributing to the value SolGold will deliver in Ecuador.

I would like to extend a huge thank you to Robert Weinberg for his significant contribution to SolGold over the past 13 years.

I also thank my fellow Directors and CEO Nicholas Mather for another year filled with hard work, dedication and success. The Board is confident in the outlook ahead and I look forward to updating you on these future developments.

Yours faithfully




LIAM TWIGGER
CHAIR

SOLGOLD CONTINUES TO PLACE STRONG SUSTAINABILITY PRINCIPLES





WITH CHIEF EXECUTIVE DIRECTOR



Q HOW DO YOU VIEW THE PROGRESS THAT HAS BEEN MADE AT SOLGOLD OVER THE PAST 12 MONTHS?

A Over the past 12 months, the Company has made impressive progress on the Pre-Feasibility Study (PFS) and Feasibility Study work streams. In accordance with our strategy of running the component actions to development decision in parallel, SolGold has also made significant advances in the area of development funding finance negotiations, having received Expressions of Interest for over US\$1 billion in debt and streaming packages. Operationally, the Company has continued to make great strides, for example with the third Mineral Resource Estimate adding 1.6Mt copper, 2.5 Moz gold and 92.2 Moz silver to Measured plus Indicated Mineral Resources.

Investing in our people remains a priority for the Company and we are strengthening the management team, having recently made a number of significant hires in metallurgy, finance, study direction and management, human resources and detailed mine planning.

We have also continued to build relations with local communities and government bodies during the year, demonstrating the mutual benefit of SolGold's operations across Ecuador.

This has been particularly important during the COVID-19 pandemic, where we have worked closely to support local communities, our employees and the Government of Ecuador.

To integrate sustainability in our day-to-day management and risk system, we sent our letter of commitment to the UN Global Compact in May 2020 and fast-tracked the assessment of environmental and social impacts guided by standards and principles such as Equator Principles and the IFC Performance Standards framework.

Q WHY GOLD, AND WHY COPPER?

A SolGold's focus on copper and gold is based on increasing global demand for copper, declining resource grades, declining concentrate quality and a lack of significant discoveries and development opportunities other than Alpala.

Long-term demand for copper is expected to rise in line with the global economy's transition to a low-carbon future, and late cycle growth in emerging markets, with increased consumer uptake of electronics, electric vehicles, urbanisation and electrification and renewable energy sources ensuring strong demand for copper metal in the decades ahead.

SOLGOLD IS FOCUSING ON THE ANDEAN COPPER BELT



Gold, which occurs within the copper in SolGold's target settings, is the world's oldest form of money. J.P Morgan once famously noted in 1912 that "Gold is money. Everything else is credit". Since the Global Financial Crisis in 2008, the central banks of the world's OECD Nations, particularly the USA, have printed large sums of money in paper currency and other instruments. Global reserves of gold and limited increases in production will see the gold price, in our view, increase significantly. This appears to be the view of the world's major gold development finance houses as well, particularly in the current macroeconomic environment.

Q WHY THE ANDES, WHY ECUADOR?

A SolGold is focussing on the Andean Copper Belt because the region is the richest, most prolific copper porphyry belt in the world. The geology and mineralisation are well understood, and predictable, with the region currently hosting numerous tier one copper mines such as Chuquicamata, Escondida, Collahuasi and Cerro Verde.

SolGold chose Ecuador because it had not previously been the subject of serious copper porphyry exploration programmes but was likely to share the same geological patterns. An area the size of Ecuador superimposed over northern Chile would cover a region that produces approximately 25% of the world's copper resources and production.

The SolGold team could see the same potential in Ecuador and, following the discovery of Alpala in 2014, the Company moved quickly to establish a first mover advantage with a comprehensive string of 13 different projects covered by 75 granted licences in four wholly owned SolGold subsidiaries throughout the length of Ecuador.

Ecuador's declining oil output and hard-hit tourism industry will need the boost of a developing mining industry and SolGold has found liaison and interaction with the government of Ecuador to be thoroughly constructive and progressive. Other companies such as Newcrest and Lundin Gold and its financiers, who have developed the US\$692 million Fruta del Norte gold mine in southern Ecuador, also appear to be of the same view.

Q&A WITH CHIEF EXECUTIVE DIRECTOR CONTINUED

Q WHAT ARE THE NEXT STEPS FOR THE ALPALA PROJECT?

A We are currently on track to complete the PFS for Alpala, the Feasibility Study in 2021, along with advance permitting, fiscal negotiations and the development funding package to align with completion of the Feasibility Study.

Supported by its high-grade core, we believe that in a low capital cost environment as is currently enjoyed worldwide, Alpala will be funded with a combination of debt instruments and alternative investments. The Company's policy is to raise the balance of the funding required with reference to the assessed value of the project, rather than the low market capitalisation for SolGold. This strategy has the advantage of being less dilutive for shareholders while minimising its cost of capital.

The current plans are to make a development decision as soon as the project financing, permitting and fiscal agreement with the Ecuadorean government are aligned. SolGold is currently targeting the commencement of production in 2025.

Q HOW HAS THE REGIONAL EXPLORATION STRATEGY BEEN DEVELOPED?

A SolGold's regional copper gold porphyry exploration strategy is based on the experiences and knowledge gained from the discovery, definition and appraisal of Alpala. As a result, SolGold has developed a team of well-trained geologists supported by field staff for rapid exploration, discovery and appraisal for Andean copper gold porphyry systems and is applying this blueprint to its 13 wholly owned priority projects throughout the rest of Ecuador.

Most companies have single or, at most, a couple of projects in each jurisdiction in which they operate. SolGold has the benefit of at least 13, providing the basis for rapid and cost-efficient engagement in its new project areas.

Each has the benefit of having, for the most part, the same geology, government and regulatory framework and, for the most part, same operating environment and environmental and social framework.

Q WHAT COMPANY DEVELOPMENTS ARE CONTRIBUTING TO THE ULTIMATE GOAL OF BECOMING A COPPER GOLD MAJOR MINER?

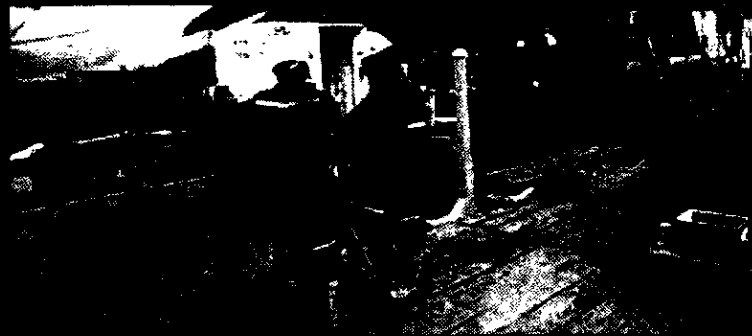
A The current perceived market value in SolGold is based on the Alpala Project alone. The potential upside on the Alpala project alone is significant, and that's without considering improvements in technology around mining, metallurgy and materials handling. It also does not take into account the significant upside potential for copper and precious metals prices.

The discovery of more projects like Alpala or even bigger and richer discoveries, which we believe are highly likely given the extent of the SolGold exploration pipeline, provides the foundation for a paradigm shift in the value of the Company.

The geology of Ecuador and the structural kinks in the Andean Copper Belt provide the locus for placement of porphyry systems with multiple mineralisation phases and high grade, gold rich cores. This metallogenic characteristic is a repeated theme in SolGold's exploration targets and we believe will be evidenced by impressive cash flow profiles, demonstrating the potential to fund successive developments internally.

We're aiming to establish good sustainability now, in the planning and process, in order to ensure the development of Alpala is done with best practices.

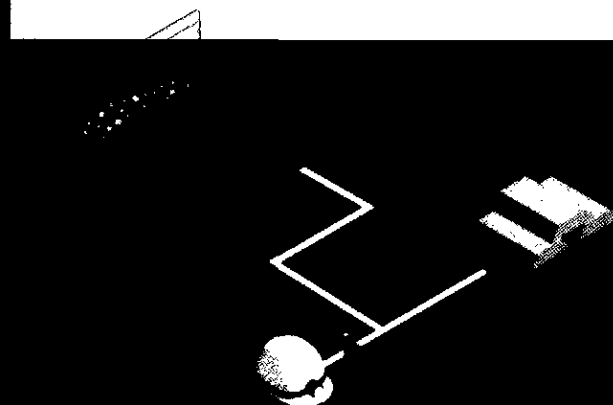
This long-term strategy provides SolGold with the basis to emerge as a copper, gold and silver producer of global importance and to provide Ecuador with the basis for the establishment of a copper gold porphyry mining industry.



9.9
MILLION TONNES OF COPPER
CONTAINED WITHIN THE
ALPALA PROJECT



21.7
MILLION OUNCES
OF GOLD AT THE
ALPALA PROJECT



Copper prices have recovered sharply since the height of the COVID-19 crisis earlier this year. While short-term demand may be impacted by lower levels of global economic activity, longer term demand is expected to remain strongly supported by supply-side constraints as well as the impact of substantial levels of stimulus spending across the world. Furthermore, the global shift towards the electrification of the world including Electric Vehicles, and copper used for more sustainable transportation methods over the next decade will also count in copper's favour as more of the metal is consumed.

A fundamental driver of copper demand over the past 20 years has been the urbanisation and industrialisation of developing economies. Looking forward, the global energy transition and increased demand for high copper intensive green technologies, including electric vehicles and renewable energy generation, will continue to drive significant demand growth for copper. As potential upside to the outlook for copper, we expect that to meet the IEA Sustainable Development Scenario target (two-degrees or lower warming), an additional 10% increase in copper usage would be needed. In turn, this would potentially increase the copper price by approximately 6%.

The Alpala project, which contains 9.9 million tonnes of copper, is perfectly placed to take advantage of this long-term demand for copper.

Gold prices have responded positively to the COVID-19 crisis, highlighting the metal's inherent value as a safe haven asset. In addition, the current low interest rate environment and further quantitative easing by central banks continue to support prices, given ongoing levels of uncertainty in global financial markets. Looking ahead, the prospect of higher levels of stimulus spending makes gold an attractive hedge against inflation.

The Alpala project, which contains 21.7 million ounces of gold, will be able to supply strong production of gold over the decades ahead.

WHY INVEST IN SOLGOLD?



The most under-explored and prospective section of the Andean Copper Belt, the world's biggest and richest area for copper production. SolGold has first mover advantage and is the largest concession holder throughout Ecuador.



Alpala, our flagship project has delivered world class intersections of continuous copper and gold mineralisation. Location and infrastructure to deliver CAPEX advantage and proposed block cave mine to deliver OPEX savings.

>9.9MT CU, 21.7MOZ AU
AND 92.2MOZ AG
IN THE MEASURED PLUS
INDICATED CATEGORIES



SEE OUR CASE STUDY ON **PAGES 12 AND 13**



SEE OUR CASE STUDY ON **PAGE 32**

THE GEOLOGY AND MINERALISATION ARE WELL UNDERSTOOD, AND PREDICTABLE, WITH THE REGION CURRENTLY HOSTING NUMEROUS TIER ONE COPPER MINES



72 carefully selected concessions in 100% owned Subsidiaries and three regional concessions in ENSA, which are perceived (by SolGold) to be the most prospective areas granted across Ecuador.

CAREFULLY SELECTED CONCESSIONS

 SEE OUR CASE STUDY ON **PAGE 42**



Strongly invested Board and Management and an award-winning exploration team.

YEARS OF EXPERIENCE WITHIN THE MINING INDUSTRY

 SEE OUR CASE STUDY ON **PAGE 100**

OPERATIONS OVERVIEW

HAS CONTINUED TO ACTIVELY EXPLORE ITS CONCESSIONS IN ECUADOR AND AUSTRALIA



227,225m

OF DRILLING NOW
COMPLETED AT THE
ALPALA PROJECT

During the financial year ended 30 June 2020, SolGold continued to actively explore its concessions in Ecuador and Australia, and continued pursuing key prospecting licences in the Solomon Islands.

SolGold's flagship project the Alpala deposit, is the main target in the Cascabel concession, located on the northern gold rich section of the heavily endowed Andean Copper Belt. This entire region is renowned as the base for nearly half of the world's copper production. The project area hosts mineralisation of Eocene age, the same age as numerous Tier 1 deposits along the Andean Copper Belt in Chile and Peru to the south. The project base is located at Rocafuerte within the Cascabel concession in northern Ecuador, an approximately three-hour drive on sealed highway north of Quito, close to water, power supply and Pacific ports.

During the financial year ended 30 June 2020, significant progress has been made at the Alpala Project with a total of over 227,225m of drilling now completed.

Alpala has produced some of the greatest drill hole intercepts in porphyry copper-gold exploration history. Another significant milestone was reached at Alpala during the financial year, with the delivery of the third Mineral Resource Estimate ('MRE#3'). SolGold has to date defined 9.9 million tonnes of contained copper,

21.7 million ounces of gold and 92.2 million ounces of silver in Measured and Indicated Resources, and 1.3 million tonnes of contained copper and 1.9 million ounces of gold in Inferred Resources as per MRE#3. The total project expenditures to date are US\$173 million, which correlates to US\$1.97 spent to define an ounce of gold (on a gold equivalence basis).

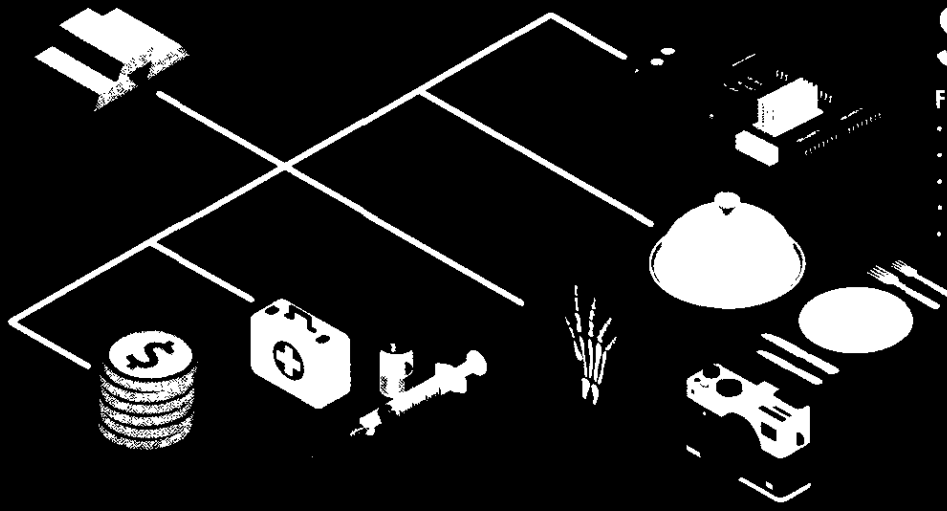
SolGold will be remodelling the Alpala economics on the basis of a significantly higher gold price, more detail on costs and considering substantial opportunities for recovery of numerous by products, this will be outlined in the PFS.

SolGold has continued the acquisition of landholdings in the Cascabel project area for the anticipated infrastructure requirements ahead of development of the project during the year. This has resulted in the acquisition of a total of 691.2 hectares of land up to the end of the financial year ended 30 June 2020. SolGold employs 626 people, 98% of whom are Ecuadorean. The staff mix comprises both permanent and temporary/contractor employees. The average number of employees over the 12-month period ended 30 June 2020 was 603 employees. This headcount is expected to grow over the coming 12 months as the operations at Alpala, and across the regional programmes in Ecuador, expand.

SILVER

FIVE COMMON USES:

- JEWELLERY AND SILVERWARE
- ELECTRONICS
- X-RAY AND PHOTOGRAPHY
- ANTI-BACTERIAL
- COINS, ROUNDS, BULLION



86

GEOLOGISTS ARE EMPLOYED ON THE GROUND IN ECUADOR LOOKING FOR COPPER AND GOLD

SolGold ensures its operations are safe, environmentally responsible and the Company maintains close relationships with its local communities. SolGold has engaged an increasingly skilled, refined and experienced team of geoscientists using state-of-the-art geophysical and geochemical modelling applied to an extensive data base to enable the delivery of ore grade intersections from nearly every drill hole at Alpala. SolGold has 86 geologists on the ground in Ecuador looking for copper and gold.

Whilst not a strategic priority ahead of Alpala's development in Ecuador, preliminary exploration activities continue in the Solomon Islands on the Kuma prospecting licences which is considered prospective for porphyry copper and gold mineralisation; however, activities were reduced during the COVID-19 lockdown period.

SolGold maintains its interest in Australia through its Queensland tenements. SolGold remains optimistic about the potential of these holdings with encouraging drilling results and geophysics supporting further exploration, and target prioritisation.

COVID-19 IMPACT

The COVID-19 pandemic created unexpected variables to SolGold's operations of which were unforeseen. SolGold acted and adapted quickly during the crisis and ensured the safety of our employees and community members was the number one priority.

The Emergency Operations Committee (COE) of Ecuador in March 2020, announced a 'Stay at home' policy in Ecuador which meant the temporary suspension of businesses across the country. SolGold is committed to the safety and wellbeing of its employees and communities, and as a result of the state policy and the reaction from many communities within our areas of operations to the potential of transferring COVID-19, SolGold halted all on site activities with government preventative measures and has reduced operations throughout Ecuador. The Ecuadorean government publicly recognised the critical role the mineral mining and exploration industry will play in rebuilding national and local economies post COVID-19. To achieve this goal and resume activities in-country, SolGold in June 2020, started liaising with government authorities and local emergency committees at each of the Company's project locations to develop extensive COVID-19 related work protocols that has allowed a staged and safe return to field activities.

OPERATIONS OVERVIEW CONTINUED

ALPALA PROJECT



US\$ **35.96M**

OUR SPEND IN
2019/2020
ON THE ALPALA
PROJECT

During the 12 months ended 30 June 2020, the Company spent US\$35.96 million on the Alpala Project.

The Alpala Project is located in Northern Ecuador, lying upon the gold rich section of the northern section of the prolific Andean Copper belt, renowned as the base for nearly half of the world's copper production. The project area hosts mineralisation of Eocene age, the same age as numerous Tier 1 deposits along the Andean Copper Belt in Chile and Peru to the south. The project is a three-hour drive north of Quito, close to water, power supply and Pacific ports (Figure 1).

During the fiscal year, supplementary work including geotechnical mining studies using downhole optical and acoustic Televiwer imaging, and rock-mechanics investigations using in-situ over-coring (3D stress testing), as well as in-situ measurement of rock mass permeability by packer testing were completed to use toward the Mineral Resource Update and the PFS.

THIRD MINERAL RESOURCES ESTIMATE ('MRE#3')

Following a further 83,650m of infill drilling since the previous Mineral Resource Estimate ('MRE#2') reported in November 2018, the Company successfully delivered the conversion of considerable tonnages into the Measured Resource category, plus the addition of 1.6 Mt Cu, 2.5 Moz Au, and 92.2 Moz Ag (not previously estimated) to Measured plus Indicated Mineral Resources. Increased drill hole density throughout the deposit has also yielded a dramatic increase in the confidence and economic viability of the Alpala Mineral Resource. Highlights of MRE#3 include:

- Mineral Resource of 544 Mt @ 0.31% CuEq for 1.3 Mt Cu, 1.9 Moz Au and 10.6 Moz Ag in the Inferred category
- High-grade core of 442 Mt at 1.40% CuEq for 3.8 Mt Cu, 12.3 Moz Au and 33.3 Moz Ag in the Measured plus Indicated categories supports early cash flows and accelerated pay back of initial capital
- The contained metal stands at 9.9 Mt Cu and 21.7 Moz Au in the Measured plus Indicated categories, which includes 5.7 Mt Cu and 15.0 Moz Au in the Measured category, and 4.2 Mt Cu and 6.6 Moz Au in the Indicated category. The Inferred category contains an additional 1.3 Mt Cu and 1.9 Moz Au

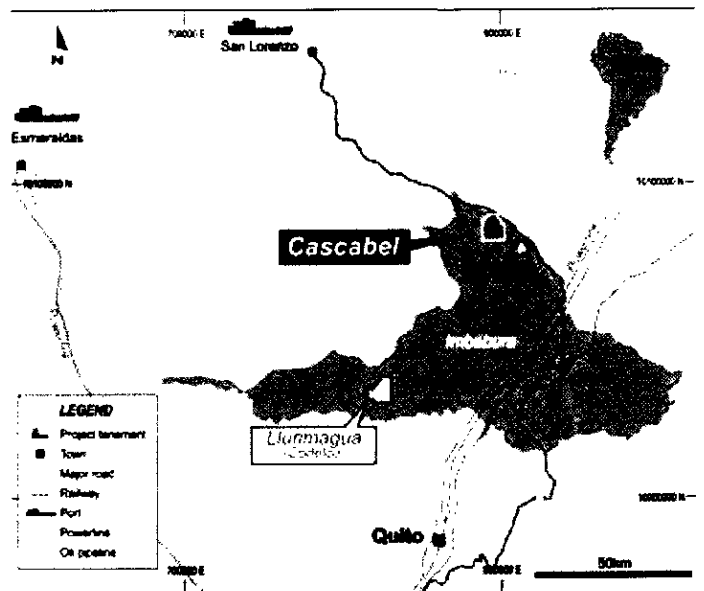


Figure 1 – Map of Cascabel concession

- Mineral Resource of 2,663 Mt @ 0.53% CuEq for 9.9 Mt Cu, 21.7 Moz Au and 92.2 Moz Ag in the Measured plus Indicated categories

THE PROJECT IS A 3-HOUR DRIVE NORTH OF QUITO,



THE ALPALA PROJECT IS LOCATED IN NORTHERN ECUADOR, LYING UPON THE GOLD RICH SECTION OF THE NORTHERN SECTION OF THE PROLIFIC ANDEAN COPPER BELT, RENOWNED AS THE BASE FOR NEARLY HALF OF THE WORLD'S COPPER PRODUCTION.

CUT-OFF GRADE	MINERAL RESOURCE CATEGORY	GRADE				CONTAINED METAL				
		MT	CUEQ (%)	CU (%)	AU (G/T)	AG (PPM)	CUEQ (MT)	CU (MT)	AU (MOZ)	AG (MOZ)
0.21	Measured	1,192	0.72	0.48	0.39	1.37	8.6	5.7	15.0	52.4
	Indicated	1,470	0.37	0.28	0.14	0.84	5.5	4.2	6.6	39.8
	Measured + Indicated	2,663	0.53	0.37	0.25	1.08	14.0	9.9	21.7	92.2
	Inferred	544	0.31	0.24	0.11	0.61	1.7	1.3	1.9	10.6
	<i>Planned dilution</i>	5	0.00	0.00	0.00	0.00	0.0	0.0	0.0	0.0

- Mrs Cecilia Artica, SME Registered Member, Principal Geology Consultant of Mining Plus, is responsible for this Mineral Resource statement and is an 'Independent Qualified Person' as such term is defined in NI 43-101.
- The Mineral Resource is reported using a cut-off grade of 0.21% copper equivalent calculated using [copper grade (%)] + [gold grade (g/t) x 0.613] as discussed above. Metal prices used were US\$3.40/lb for copper and US\$1,400/oz for gold.
- The Mineral Resource is considered to have reasonable prospects for eventual economic extraction by underground mass mining such as block caving.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- The statement uses the terminology, definitions and guidelines given in the CIM Standards on Mineral Resources and Mineral Reserves (May 2014) as required by NI 43-101.
- MRE is reported on 100 percent basis within an optimised shape as described below.
- Figures may not compute due to rounding.

MEASURED + INDICATED CATEGORY										INFERRED CATEGORY									
CUT-OFF GRADE	MT	GRADE				CONTAINED METAL				CUT-OFF GRADE	MT	GRADE				CONTAINED METAL			
		CUEQ (%)	CU (%)	AU (G/T)	AG (G/T)	CUEQ (MT)	CU (MT)	AU (MOZ)	AG (MOZ)			CUEQ (%)	CU (%)	AU (G/T)	AG (G/T)	CUEQ (MT)	CU (MT)	AU (MOZ)	AG (MOZ)
0.20	2,770	0.51	0.36	0.25	1.06	14.2	10.0	21.9	94.0	0.20	593	0.30	0.24	0.11	0.60	1.8	1.4	2.1	11.4
0.21	2,663	0.53	0.37	0.25	1.08	14.0	9.9	21.7	92.2	0.21	544	0.31	0.24	0.11	0.61	1.7	1.3	1.9	10.6
0.25	2,159	0.60	0.42	0.29	1.19	13.0	9.1	20.4	82.8	0.25	384	0.36	0.28	0.12	0.63	1.4	1.1	1.5	7.8
0.30	1,763	0.68	0.47	0.34	1.30	11.9	8.3	19.1	73.9	0.30	267	0.39	0.31	0.13	0.66	1.0	0.8	1.1	5.7
0.35	1,390	0.77	0.53	0.40	1.45	10.7	7.3	17.8	64.8	0.35	157	0.44	0.35	0.15	0.71	0.7	0.6	0.7	3.6
0.40	1,079	0.89	0.59	0.47	1.62	9.6	6.4	16.4	56.2	0.40	84	0.50	0.40	0.17	0.77	0.4	0.3	0.5	2.1
0.45	850	1.01	0.66	0.56	1.81	8.6	5.7	15.4	49.5	0.45	44	0.57	0.44	0.21	0.87	0.3	0.2	0.3	1.2
0.50	707	1.12	0.72	0.64	1.98	7.9	5.1	14.6	44.9	0.50	23	0.66	0.50	0.26	1.04	0.2	0.1	0.2	0.8
0.55	635	1.19	0.76	0.70	2.08	7.5	4.8	14.2	42.4	0.55	14	0.76	0.56	0.32	1.16	0.1	0.1	0.1	0.5
0.60	610	1.21	0.77	0.72	2.11	7.4	4.7	14.1	41.4	0.60	11	0.80	0.58	0.35	1.22	0.1	0.1	0.1	0.5
0.65	591	1.23	0.78	0.73	2.14	7.3	4.6	13.9	40.6	0.65	10	0.83	0.60	0.36	1.27	0.1	0.1	0.1	0.4
0.70	557	1.26	0.80	0.76	2.18	7.0	4.5	13.6	39.0	0.70	8	0.86	0.63	0.36	1.32	0.1	0.1	0.1	0.3
0.75	505	1.32	0.83	0.80	2.25	6.7	4.2	13.0	36.5	0.75	7	0.89	0.66	0.38	1.36	0.1	0.0	0.1	0.3
0.80	442	1.40	0.87	0.86	2.34	6.2	3.8	12.3	33.3	0.80	5	0.92	0.68	0.40	1.44	0.0	0.0	0.1	0.2
0.85	380	1.49	0.91	0.94	2.44	5.7	3.5	11.5	29.8	0.85	4	0.96	0.70	0.42	1.58	0.0	0.0	0.0	0.2
0.90	330	1.58	0.96	1.02	2.53	5.2	3.2	10.9	26.8	0.90	2	1.00	0.72	0.45	1.77	0.0	0.0	0.0	0.1
0.95	290	1.68	1.00	1.10	2.61	4.9	2.9	10.3	24.3	0.95	2	1.01	0.72	0.47	1.83	0.0	0.0	0.0	0.1
1.00	258	1.76	1.04	1.18	2.67	4.5	2.7	9.8	22.2	1.00	0	1.19	0.81	0.62	1.79	0.0	0.0	0.0	0.0

OPERATIONS OVERVIEW CONTINUED

ALPALA PROJECT CONTINUED

MEASURED CATEGORY										INDICATED CATEGORY									
CUT-OFF GRADE	MT	GRADE				CONTAINED METAL				CUT-OFF GRADE	MT	GRADE				CONTAINED METAL			
		CUEQ (%)	CU (%)	AU (G/T)	AG (G/T)	CUEQ (MT)	CU (MT)	AU (MOZ)	AG (MOZ)			CUEQ (%)	CU (%)	AU (G/T)	AG (G/T)	CUEQ (MT)	CU (MT)	AU (MOZ)	AG (MOZ)
0.20	1,218	0.71	0.47	0.39	1.35	8.6	5.7	15.1	52.8	0.20	1,551	0.36	0.28	0.14	0.83	5.6	4.3	6.8	41.2
0.21	1,192	0.72	0.48	0.39	1.37	8.6	5.7	15.0	52.4	0.21	1,470	0.37	0.28	0.14	0.84	5.5	4.2	6.6	39.8
0.25	1,054	0.79	0.52	0.43	1.47	8.3	5.5	14.7	49.9	0.25	1,148	0.42	0.32	0.16	3.72	5.9	3.6	5.7	32.9
0.30	937	0.85	0.56	0.47	1.57	8.0	5.2	14.3	47.4	0.30	839	0.48	0.37	0.18	3.07	4.9	3.0	4.8	26.6
0.35	814	0.93	0.61	0.53	1.69	7.6	4.9	13.8	44.3	0.35	580	0.55	0.42	0.21	2.41	4.0	2.4	3.9	20.5
0.40	692	1.03	0.66	0.60	1.83	7.1	4.6	13.3	40.7	0.40	389	0.63	0.48	0.25	1.85	3.2	1.8	3.1	15.5
0.45	587	1.14	0.72	0.68	1.98	6.7	4.2	12.8	37.3	0.45	265	0.73	0.54	0.31	1.43	2.6	1.4	2.6	12.1
0.50	516	1.23	0.77	0.75	2.10	6.3	4.0	12.4	34.9	0.50	192	0.83	0.60	0.37	1.15	2.3	1.1	2.2	10.0
0.55	478	1.28	0.80	0.79	2.18	6.1	3.8	12.2	33.5	0.55	157	0.89	0.64	0.41	1.01	2.1	1.0	2.1	8.8
0.60	463	1.31	0.81	0.81	2.21	6.0	3.7	12.1	32.9	0.60	148	0.91	0.65	0.42	0.96	2.0	1.0	2.0	8.5
0.65	453	1.32	0.82	0.82	2.23	6.0	3.7	12.0	32.4	0.65	139	0.93	0.66	0.43	0.92	1.9	0.9	1.9	8.2
0.70	434	1.35	0.83	0.84	2.25	5.9	3.6	11.8	31.5	0.70	123	0.96	0.68	0.45	0.84	1.8	0.8	1.8	7.5
0.75	401	1.40	0.86	0.88	2.31	5.6	3.4	11.4	29.7	0.75	104	1.01	0.71	0.48	0.74	1.6	0.7	1.6	6.8
0.80	359	1.47	0.90	0.94	2.38	5.3	3.2	10.9	27.4	0.80	84	1.06	0.74	0.52	0.62	1.4	0.6	1.4	5.9
0.85	318	1.56	0.94	1.01	2.45	5.0	3.0	10.4	25.1	0.85	62	1.14	0.78	0.59	0.49	1.2	0.5	1.2	4.8
0.90	283	1.64	0.98	1.08	2.52	4.6	2.8	9.9	23.0	0.90	46	1.24	0.83	0.66	0.39	1.0	0.4	1.0	3.9
0.95	253	1.73	1.02	1.16	2.59	4.4	2.6	9.4	21.0	0.95	37	1.32	0.87	0.72	0.32	0.9	0.3	0.9	3.3
1.00	230	1.80	1.05	1.23	2.65	4.1	2.4	9.1	19.6	1.00	29	1.42	0.92	0.81	0.26	0.7	0.3	0.7	2.6

This fiscal year has seen SolGold broaden its focus to include the collection of additional metallurgical, geotechnical, hydrological and hydrogeological data, which has fed into the completion of MRE#3, Phases 1 and 2 of the metallurgical test work programmes, which form the central basis for the upcoming PFS.

The PFS currently underway is concentrating primarily on field and laboratory work to ensure all other inputs are available as planned including:

- Geotechnical;
- Surface geotechnical investigation on areas identified for major infrastructure;
- Hydrogeological;
- Surface hydrology;
- Topographical surveys;
- Metallurgical test work (next phase);
- Geo-metallurgical model; and
- Site assessment for Tailings Storage Facility (TSF).

FURTHER ALPALA ACTIVITIES

In parallel with the above activities, study work concerning the mining, ore processing and infrastructure component of the PFS are proceeding as the above inputs become available.

SolGold conducted a process with established international commodity traders for the submission of terms for the offtake of Alpala concentrate. The Company received 10 qualifying bids. The offtake terms, though non-binding, are sufficiently detailed to give SolGold confidence that binding agreements can be reached during forthcoming negotiations. The demand from traders for the Alpala concentrate was significantly in excess of planned production volumes and all received submissions were an improvement on the commercial assumptions relating to off-take made previously by SolGold (in particular relating to the payability of metals and treatment and refining charges for precious metals).



DURING THE REPORTING PERIOD, SOLGOLD COMPLETED PHASE 1 AND 2 OF THE METALLURGICAL TEST WORK PROGRAMME AT ALPALA.

Concurrently, SolGold has engaged directly with state-of-the-art copper smelters in Canada, China, Europe, India, Japan and Korea known to be able to process high quality concentrate. The reactions have been overwhelmingly positive and SolGold's concentrate assays which have been further confirmed by test results undertaken by smelters, evidence that *Alpala's concentrate is likely to establish itself as a premier global concentrate coveted by smelters*. Discussions with traders and smelters will continue, as a complementary, integral process of SolGold's overall project finance strategy.

SolGold has also commenced geotechnical drilling to allow geotechnical characterisation of the ore body, and hydrogeological drilling to allow characterisation of the quantity and quality of ground water and contribute to catchment scale water balance studies.

NET SMELTER RETURNS – ROYALTY FINANCING

During the reporting period, SolGold entered into a US\$100 million Net Smelter Returns Financing Agreement with Franco-Nevada Corporation, with an option to upsize the financing to US\$150 million at the Company's election, with reference to the Alpala project and the remainder of the Cascabel licence in northern Ecuador. SolGold and Franco-Nevada also entered into a US\$15 million secured Bridge Loan Agreement of immediately available funds as an initial advance prior to closing the NSR Financing Agreement for an initial four month period, with an option to extend for another four months. The US\$15 million (net of legal costs) pursuant to the BLA was received during the reporting period.

Key terms to the financing include:

- Funding Amount: US\$100 million with upscale option to US\$150 million
- Royalty Terms: 1.0% NSR for \$100 million + further 0.5% NSR on additional upscaled US\$50 million
- Buyback: A 50% buy-back option exercisable at SolGold's election for six years from closing at a price delivering Franco-Nevada a 12% IRR

- Gold conversion: option in favour of Franco-Nevada to convert the NSR interest into a gold-only NSR interest (six years from year two of operations)
- Proceeds to fund the costs to complete Feasibility Study, with any surplus to be used for SolGold's share of the development of Alpala
- Conditions precedent to the NSR Financing are expected to be satisfied in the near future

Franco-Nevada also indicated its interest to participate in the financing of SolGold's share of the mine development at Alpala via a gold stream (subject to further studies).

METALLURGY AT ALPALA

During the reporting period, SolGold completed Phase 1 and 2 of the metallurgical test work programme. The Phase 1 metallurgical test work included the analysis of 980 kg of drill core across 20 variability samples and three Master Composites, together broadly representative of the first 10 years of the mine life at Alpala. The results of this Phase 1 test work were announced on 28 October 2019 ('Metallurgical Test Work Yields High Grade Copper and Gold Content at Alpala').

Phase 1 test work included the results from comminution (crushing and grinding) and metallurgical test work programme for the Alpala project. These results included updates to the recovery parameters for copper, gold and silver and a comprehensive analysis of concentrate specifications from Locked Cycle test work completed and published in the ALS Metallurgical Testing Cascabel Copper-Gold Project – Phase 1 Report.

The flotation locked cycle test is critical to simulating plant operation with regard to recirculating loads, water quality and reagents and has been the industry standard for developing circuit design for several decades. The locked cycle programme from Phase 1 showed that Alpala material responds rapidly to flotation, with low circulating loads and reagent addition.

OPERATIONS OVERVIEW CONTINUED

ALPALA PROJECT CONTINUED

LOCKED CYCLE TEST RESULT SUMMARY

PRODUCT	WEIGHT		ASSAY (% OR G/T)				DISTRIBUTION (%)				
	T	CU	FE	S	AU	AG	CU	FE	S	AU	AG
KM5754-31 Low Copper Master Composite											
Copper Ro Feed	100	0.79	6.63	3.51	0.80	2.00	100	100	100	100	100
Copper Concentrate	2.2	30.4	28.8	36.8	28.3	45.0	86.0	9.7	23.4	79.4	56.3
Flotation Tailing	97.8	0.11	6.13	2.75	0.17	0.80	13.96	90.29	76.60	20.56	43.7
KM5754-32 Intermediate Copper Master Composite											
Copper Ro Feed	100	1.17	8.61	5.35	2.29	2.00	100	100	100	100	100
Copper Concentrate	3.9	27.6	32.2	38.0	46.2	39.0	93.2	14.7	27.9	79.3	74.2
Flotation Tailing	96.1	0.08	7.64	4.02	0.49	0.50	6.83	85.27	72.10	20.70	25.8
KM5754-33 High Copper Master Composite											
Copper Ro Feed	100	2.03	8.94	4.85	2.97	5.00	100	100	100	100	100
Copper Concentrate	6.2	30.5	30.6	37.3	41.0	58.0	93.0	21.1	47.4	85.2	78.8
Flotation Tailing	93.8	0.15	7.51	2.72	0.47	1.01	6.95	78.85	52.57	14.84	21.2

In Phase 2 of the metallurgical test work, a further 1,520 kg of drill core was analysed across 33 variability samples and four Master Composites in the second half of 2019. Together, these samples are broadly representative of Alpala's mid to later mine life. Laboratory metallurgical test work is undertaken at ALS Metallurgical Laboratories in Kamloops, Canada as well as Balcatta, Western Australia.

The ALS Report for Phase 2 was finalised in March 2020 and the results certify the progressively reported results:

- Process Optimisation – Four Master Composites were used for process optimisation and locked cycle tests, with the optimised circuit and conditions used for locked cycle tests. The locked cycle tests were run with site sourced water, initially without water recycle. The tests were then repeated on all four of the composites with recycled water to simulate process water use. Based on sufficient sample material, this produced seven sets of locked cycle results, with feed grades that varied from 0.21% copper to 1.56% copper. Copper concentrate grade ranged from 25.7% copper to 30.1% copper. Gold varied from 10.3 g/t to 16.7 g/t, and silver from 45 g/t to 93 g/t. Extended analysis showed very low deleterious elements in concentrate, well below penalty limits.

Following completion of master composite locked cycle tests the mineral processing programme completed settling tests on tailing, concentrate regrind evaluation tests and variability flotation tests. The test work has confirmed that concentrate grades above 26% Cu can be achieved with limited change in copper recovery by reducing the rougher concentrate regrind size to 10 µm, for low grade feed (<0.2% Cu, <0.1 g/t Au). Preliminary settling tests indicate fast settling characteristics, with tailing thickener underflows of up to 60% solids predicted. Further dewatering tests on rougher tailing are currently in progress to mitigate any impacts from tailing storage facilities, in line with emerging global standards.

- Magnetite concentrate recovery – The rougher tailing from each of the rougher flotation variability tests was subjected to Davis Tube Recovery (DTR) tests to evaluate potential for magnetite recovery. The tests were conducted at the received grind size (typically 150 µm) at a magnetic intensity of 4,000 Gauss, providing a preliminary magnetite roughing evaluation. Magnetite recoveries were calculated based on the flotation feed mineralogy. The results indicate that above a feed grade of 2.5% magnetite, concentrate grades of >40% magnetite are produced, potentially suitable for regrind and cleaning to saleable magnetite concentrate specifications. Magnetite recoveries to these concentrates averaged 85%.

- Pyrite Concentrate – Test work was completed in March 2020 at ALS Perth. The copper cleaner tailing from the flotation programme was collected and formed into ten composites, with bottle roll cyanidation testwork completed to evaluate extraction of copper, gold and silver to enhance recovery. An additional two composites were formed to evaluate biological and thiosulphate leach. The grade of the cyanidation composites varied from 0.29 g/t to 2.68 g/t, with gold extraction from the cleaner tailing, based on a 72-h residence time, varying from 46% to 88%. Leach enhancement via an acid wash increased gold extraction to between 58% and 89%.

Twenty-one days of biological oxidation followed by cyanidation increased the gold extraction to 93%. Cyanide consumption varied between 0.8 kg/t and 6.2 kg/t. Testwork from ALS Metallurgical Laboratories, Kamloops, Ca is effectively complete with their report issued. Longer term planning includes a bulk sampling programme to generate 20t to 30t of material for pilot plant evaluation. This will include vendor thickening and filtration tests, transportable moisture limits (TML) for shipment, rheology tests for concentrate and tailing pipelines and further tailing characterisation work. In addition, selected sample will be used for crushing tests and pyrite concentrate will be produced for further leach evaluation. If warranted, tailing will be evaluated for more detailed magnetite recovery.

Composite recoveries and concentrate grades (based on test work mass balance) for Phase 1 and Phase 2 test programmes.

PHASE	SAMPLE	RECOVERY			CONCENTRATE GRADE		
		CU %	AU %	AG %	CU G/T	AU G/T	AG G/T
1	Low Copper Master Composite	86.0	78.7	56.3	30.4	28.3	45.0
1	Intermediate Copper Master Composite	92.5	81.2	74.2	28.4	46.2	39.0
1	High Copper Master Composite	93.1	85.8	78.8	30.7	41.0	58.0
2 (Fresh site water)	Low Grade Master Composite	78.2	50.1	26.8	28.5	10.3	48.0
	Medium Grade Master Composite No 1	83.3	68.7	62.3	29.5	10.4	52.0
	Medium Grade Master Composite No 2	87.7	63.6	62.4	27.2	10.7	46.0
	High Grade Master Composite	94.9	70.0	56.4	29.7	16.1	93.0
2 (Fresh water/ no water recycle)	Low Grade Master Composite	81.8	46.5	19.3	27.9	10.5	47.0
	Medium Grade Master Composite No 1	83.3	67.1	26.6	28.0	10.8	53.0
	Medium Grade Master Composite No 2	86.0	65.7	60.5	25.7	10.9	45.0
	High Grade Master Composite	94.8	75.9	79.3	30.1	16.7	91.0

OPERATIONS OVERVIEW CONTINUED

ALPALA PROJECT CONTINUED

EXTENDED ANALYSIS – LOCKED CYCLE TEST COPPER CONCENTRATE QUALITY (PHASE 2 REPORT)

ELEMENT	SYMBOL	UNITS	SAMPLE			
			LG	MG1	MG2	HG
			T54 CYCLE V+VI COPPER CON	T50 55 V+VI COPPER CON	T52 56 V+VI COPPER CON	T53 57 V+VI COPPER CON
Antimony	As	g/tonne	18	21	92	70.5
Arsenic	Bi	g/tonne	5.3	6.3	8.0	9.4
Bismuth	Cd	g/tonne	12.6	4.6	9.1	16.3
Cadmium	Cl	g/tonne	<50	<50	<50	<50
Chlorine	Cu	%	27.9	28.8	26.4	29.9
Copper*	F	g/tonne	60	55	60	<20
Fluorine	Au	g/tonne	10.3	10.6	10.8	16.4
Gold*	Fe	%	28.0	28.9	30.7	30.5
Iron*	Pb	g/tonne	533	83	88	148
Lead	Mg	%	0.30	0.18	0.21	0.05
Magnesium	Hg	g/tonne	<1	<1	<1	<1
Mercury	TOC	%	0.11	0.08	0.06	0.04
Organic Carbon	Se	g/tonne	110	135	140	180
Selenium	Ag	g/tonne	47	53	46	92
Silver*	S	%	32.8	33.9	35.4	36.0
Sulphur(S)*	Te	g/tonne	7.8	5.35	7.9	10.1
Tellurium	Zn	g/tonne	1260	260	785	2420
Zinc	Zn	g/tonne	1260	260	785	2420

Source: ALS Phase 2 Report 2020

Notes:

- *Cu, Fe, Au, Ag and S assays were taken from locked cycle test assays completed at ALS Metallurgy Kamloops, Canada; results for other metals were sourced from assays completed at ALS Geochemistry in North Vancouver, Canada.
- Values indicate averages of determinations completed on individual concentrates from each locked-cycle test.
- Complete multi-element ICP analyses along with other external concentrate assays can be located in Appendix V – Special Data in the full ALS Phase 2 Report.
- Details of extended analysis as included in the full ALS Phase 2 Report.

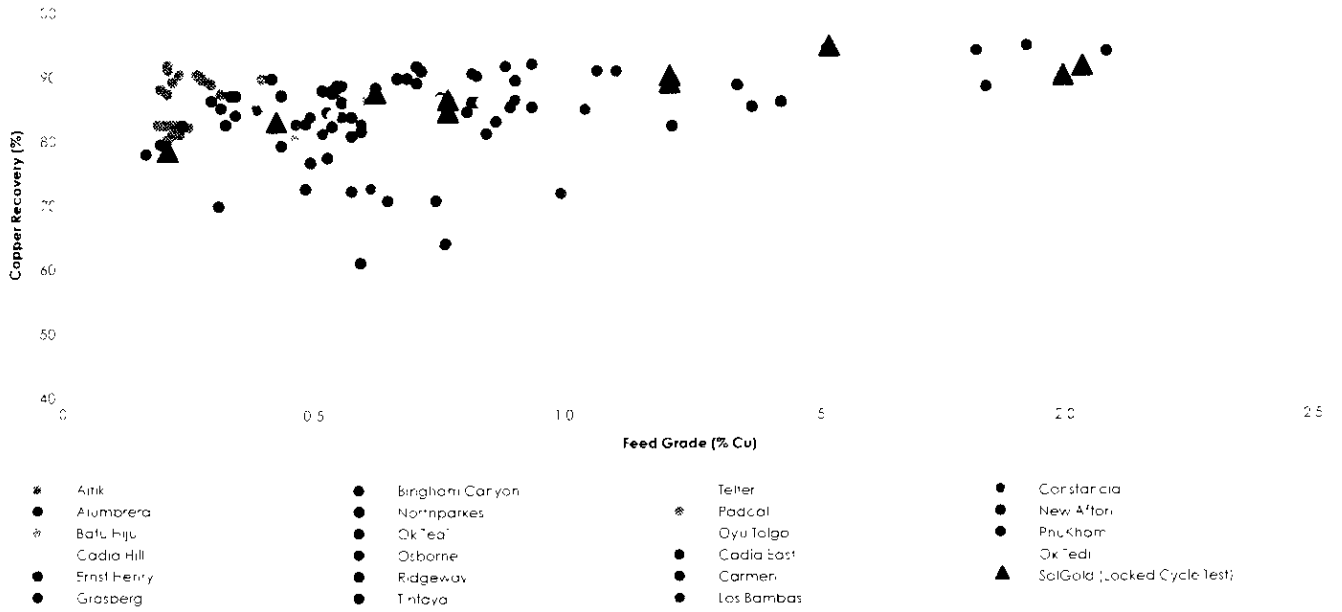
RECOVERIES

Improved recoveries in metallurgical tests between Phase 1 and Phase 2 test results across all valuable minerals indicates a value uplift for Alpala. The metallurgical test programme completed during the reporting period expanded on previous work and produced improvements in copper, gold and silver recovery and in copper concentrate grade. These results are supported by both locked cycle and leach diagnostic tests.

- Ongoing large-scale tests are planned to more clearly define gold leach extraction, process power requirements, and concentrate handling requirements for future CAPEX and OPEX evaluations.

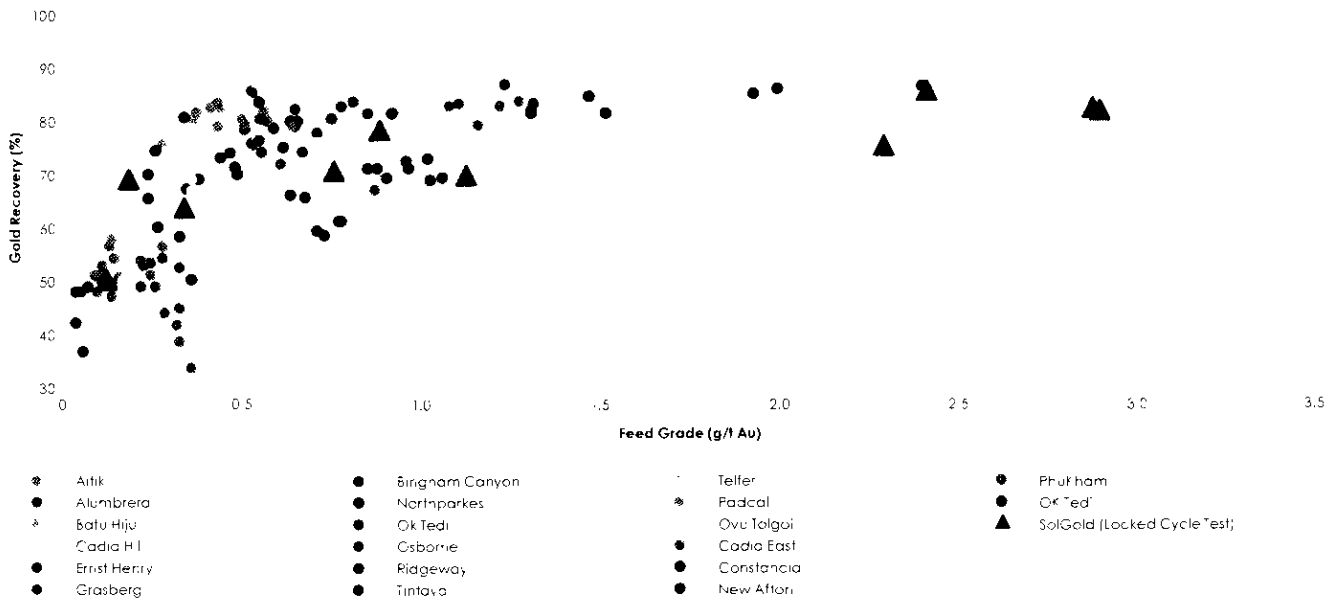


COPPER RECOVERY BENCHMARKING



Data sourced from published third party Company Reports.

GOLD RECOVERY BENCHMARKING

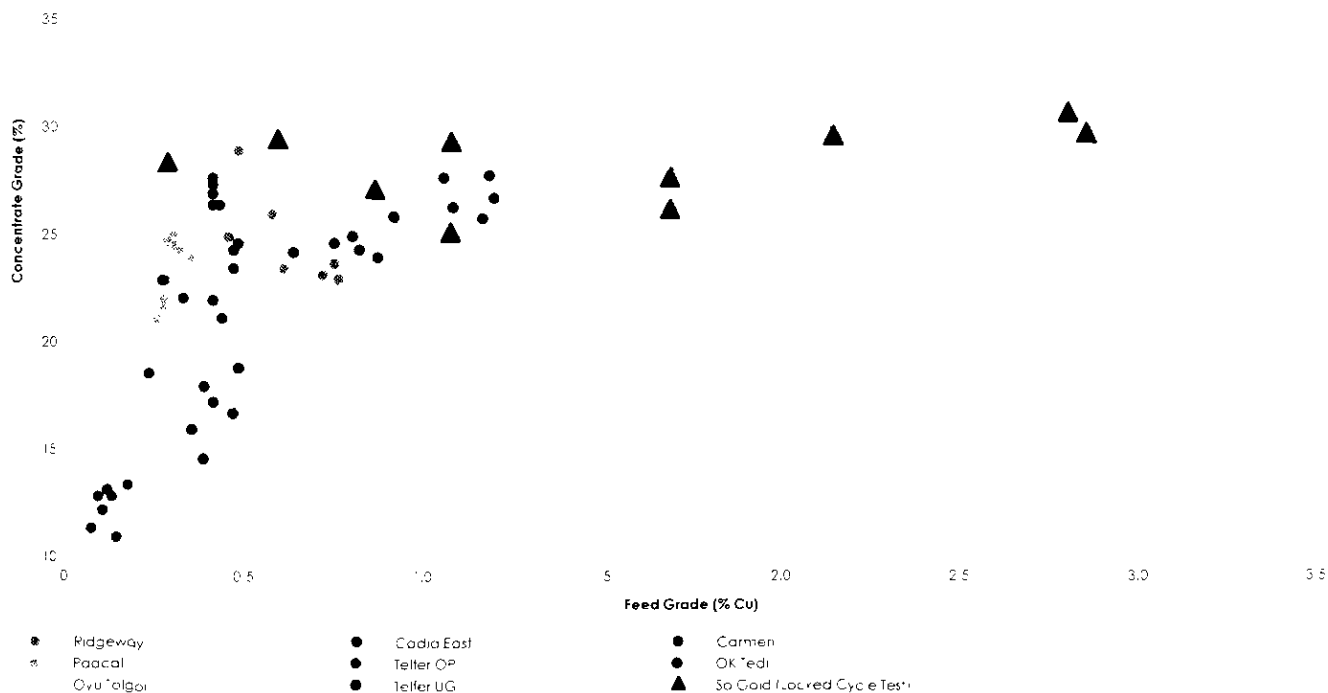


Data sourced from published third party Company Reports.

OPERATIONS OVERVIEW CONTINUED

ALPALA PROJECT CONTINUED

CONCENTRATE GRADE BENCHMARKING



Data sourced from published third party Company Reports.

In addition, Davis Tube Recovery (DTR) tests indicated that 60% of iron in tailing can be recovered to a rougher magnetic concentrate grading 50% Fe. This is comparable to operations where magnetite has been recovered as a by-product of copper treatment, such as Ernest Henry and Atlas Copper. Following regrind of concentrate it is anticipated that product grades >60% Fe can be achieved.

This is economically sensible plus also has a positive impact by reducing the material to be stored in tailing storage facilities.

COPPER CONCENTRATE EXPRESSION OF INTEREST PROCESS

During the fiscal year, the Company started engaging with leading copper smelters and established commodity traders to assess the extent of interest and commercial value of Alpala's copper concentrate which, based on metallurgical test work to date, contains:

- high copper
- high precious metals
- low deleterious elements
- a well-balanced combination of sulphur, iron and copper

Based on the high level of interest in this quality concentrate, the Company subsequently invited commodity traders to submit an initial Expression of Interest, covering:

- Their intended sales and marketing strategy for Alpala concentrate
- Proposed offtake volumes and tenure
- Comprehensive commercial terms
- Ability for short- and long-term financial support

The Company has to date received 10 qualifying Expressions of Interest (EoI). The offtake terms, while non-binding, are sufficiently detailed to give the Company confidence that binding agreements can be reached during forthcoming negotiations. Demand for Alpala's concentrate from traders was significantly in excess of planned production volumes, testament to the inherent quality and value of the material. Nevertheless, the Company expects further improvements in the final agreed off-take terms. In particular metal payabilities, precious metal refining charges and payment terms are expected to be finalised on better terms than previous conceptual assumptions.



The Company has also received material offers of funding in exchange for offtake from a number of traders. These include the provision of both short-term and longer-term capital with proceeds available for studies, mine construction and cost overruns as well as working capital during ramp-up. The Company is currently ranking and selecting a short-listed group of traders with a view to finalising offtake agreements as well as funding support.

CORNERSTONE OFFER

During the reporting period, SolGold formally commenced the offer to acquire all of the issued and outstanding common shares of Cornerstone Capital Resources Inc ('Cornerstone'). The all-stock transaction of 11 ordinary shares of SolGold (or at the election of certain shareholders subject to tax in Canada, 11 exchangeable shares) for each Cornerstone share represented a premium of approximately 22% over Cornerstone's closing price on the TSX Venture Exchange on 29 June 2020 and a premium of 56% based on the volume weighted average trading price from the 12 months before the offer was made. Should the offer be accepted by Cornerstone shareholders, the consolidation of the two companies will result in a more attractive ownership structure of the Alpala Project.

PRE-FEASIBILITY STUDY

Work on the Alpala PFS during the fiscal year included additional field data collection programmes to ensure all hydrogeological, geotechnical, surface hydrology, metallurgical test work, surface geotechnical investigations, topography surveys, TSF site identification and other inputs critical to the PFS were available as planned. In parallel with the above activities, study work concerning the mining, ore processing, infrastructure and HSEC components of the PFS is proceeding as the above inputs become available.

Outlined below is a summary of the main PFS activities undertaken during the fiscal year.

- Appointment of the independent consultants for each area of the PFS Study was completed.
- Geotechnical and hydrogeological data collection – Resource drill holes drilled mostly through the high-grade core of the orebody were logged in greater detail focussing on geotechnical properties such as RQD, UCS, core recovery, fracture counting, and joint conditions. Geotechnical and hydrogeological data from these holes including logging, downhole optical and acoustic televiwer imaging, in-situ over-coring for rock-mechanics investigations (3D stress testing), underground water testing and Packer testing to measure rock mass permeability will continue to be collected upon resumption of the geotechnical drilling program with laboratory testing of the cores samples to proceed immediately thereafter.
- Hydrology and meteorology – Surface water and meteorological data collection programme continued throughout the period.
- Hydrological modelling and water balance studies were conducted.
- Mine Planning – Mine planning activities included a review of the mining footprints based on the updated resource model (MRE #3) and a number of trade-off studies were initiated during the period.
- Ore Processing – The Phase 2 metallurgical testwork at the ALS laboratories at Kamloops in Canada continued during the period.
- Project Infrastructure:
 - Port – Discussions with the Esmeraldas port operators continued during the reporting period.
 - TSF Management – Continued to review the TSF location and tailings deposition options available to the Alpala Project, short-listing the most attractive options from social, economic, logistical, and environmental perspectives for subsequent TSF design.
 - Power Supply – A study on HV power supply and transmission options for the project is currently underway. A site visit and substation capacity review were undertaken during the period.
 - Access Roads – Currently reviewing options to upgrade existing access roads and looking at alternative routes to optimise project access.
- HSEC – Study work in the Environmental, Social, Community and Heritage areas of the PFS, including an update of ESIA Gap Assessment Report and IFC Performance Standard Compliance.
- Market Studies – The Market Study Commenced in support of the PFS which includes an outlook of global copper, gold and silver markets, price scenario planning and an outline of SolGold's concentrate market strategy along with Alpala's cost competitiveness.

OPERATIONS OVERVIEW CONTINUED

CONTINUED

REGIONAL EXPLORATION
PROGRAMME – ECUADOR

A comprehensive, nation-wide desktop study was undertaken by the Company's independent experts to analyse the available regional topographic, geological, geochemical and gravity data over the prospective magmatic belts of Ecuador, with the aim of understanding the controls to copper-gold mineralisation on a regional scale. The Company has delineated and ranked regional exploration targets for the potential to contain significant copper-gold deposits. As a result of this study, the Company formed and initially funded four new 100% owned subsidiary companies in Ecuador; Carnegie Ridge Resources S.A., Green Rock Resources S.A., Cruz del Sol S.A. and Valle Rico Resources S.A. These subsidiaries currently hold 72 mineral concessions over approximately 3,200km². A further three concessions, in addition to the Cascabel concession, are held in ENSA.



Based on the results of this initial exploration, 13 priority targets have been identified for second phase exploration in Ecuador. Ongoing exploration will continue to focus on advancing these priority projects, through geophysical surveys and detailed soil geochemistry, with a view to progress to drill testing as soon as permissions are in place.

The 13 priority projects are as follows:

- Rio Amarillo
- Porvenir
- Sharug
- Chical
- Timbara
- La Hueca
- Cisne Loja
- Celen
- Chillanes
- Salinas
- Cisne Victoria
- Coangos
- Blanca

The ongoing exploration programme on these projects continues to focus on:

- Drill testing targets
- Collection and interpretation of *geophysical data*
- Mapping and geochemical sampling of new areas

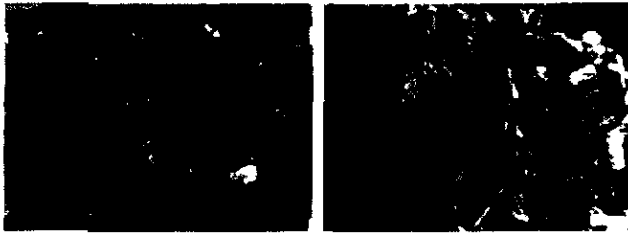
The reconnaissance programmes have demonstrated the presence of porphyry copper gold or epithermal gold style mineralisation in all 13 of the 100% owned granted SolGold priority regional project areas throughout the length of Ecuador, which is an exceptional outcome. Panned gold, magnetite and outcropping mineralisation are testament to the world class potential of all the SolGold project areas.

13 PRIORITY PROJECTS

BASED ON THE RESULTS OF THE INITIAL EXPLORATION, 13 PRIORITY TARGETS HAVE BEEN IDENTIFIED FOR SECOND PHASE EXPLORATION IN ECUADOR

Activities conducted on the priority projects are described in further detail below.

RIO AMARILLO PROJECT OVERVIEW



Field activities have resumed at Rio Amarillo, where three lithocaps have already been identified at Chalanes, Palomar and Varela (Varela and Target 1). Located in northern Ecuador, Rio Amarillo is ~35km south-east of Alpala.

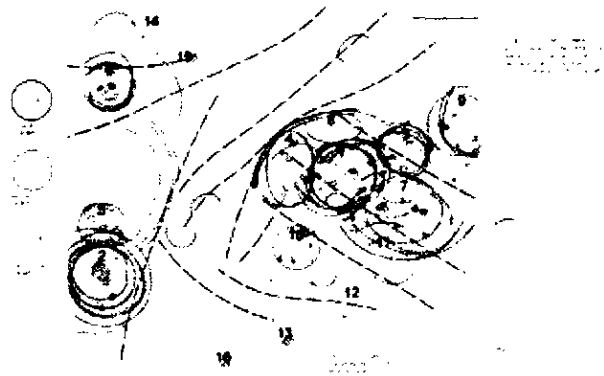
The Varela lithocap is extensive, measuring some 2km x 1km with a geochemical distribution typical of many preserved porphyry systems globally. It hosts the Varela and Target 1 prospects:

- At Varela, outcropping porphyry style A, M and B-type quartz vein stockworks occur in dioritic host rocks. These returned encouraging rock-saw channel sample results of:
 - 99m at 0.12% Cu, 0.29 g/t Au and 39ppm Mo, including 25m at 0.12% Cu, 0.61 g/t Au and 85ppm Mo.
- At Target 1, outcropping B-type quartz veins occur in volcano-sedimentary host rocks where rock-saw channel sampling is underway.

A drilling programme has been designed that awaits permitting.

Location: Imbabura province, Northern Ecuador
Ownership: 100%
Subsidiary: Carnegie Ridge Resources S.A.
Tenement Area: 3 concessions, 123km²
Primary Targets: Copper porphyry

Map Target: Scaevolar



OPERATIONS OVERVIEW CONTINUED

CONTINUED

PORVENIR PROJECT OVERVIEW



The Porvenir project is located in southern Ecuador and contains copper-gold mineralisation indicative of a well-preserved, vertically extensive porphyry system. Two geochemical anomalies, Derrumbo and Bartolo, have been identified within a larger 6.0km x 5.5km stream sediment anomaly.

Target 15 is the main target at Derrumbo and covers 1.5km x 1.0km. Drilling is scheduled to commence in Q3 2020 with approvals already received. Equipment is being mobilised, with logistics and camp construction nearing completion. Social, logistics and medical teams are also on site with helicopter support.

All regulatory requirements for scout drilling at Target 15 have been received and field camps have been established. Heli-magnetic surveys covering the entire Porvenir project area were completed during the fiscal year. Processing and initial interpretation of the Heli-mag and ground mag data collected over Porvenir was undertaken. Geology field teams continue mapping and sampling new areas in Porvenir and in concessions Nangaritza 1 and 2. A helicopter will be contracted to rapidly assist preparation for drilling, transporting drilling equipment and fuel to Target 15.

Location: Zamora Chinchipe province, Southern Ecuador

Ownership: 100%

Subsidiary: Green Rock Resources S.A.

Tenement area: 4 concessions, 244km²

Primary Targets: Copper-gold porphyry

The initial drilling programme will test the mineralisation below the Cacharposa and Mula Muerte prospects. As previously announced, rock saw sampling along the Cacharposa Creek has returned the mineralised intercept:

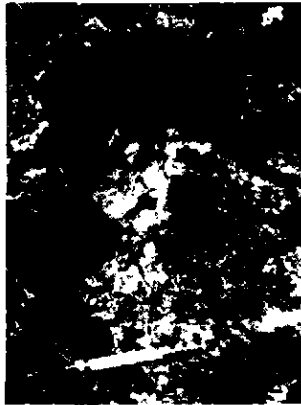
- 147.83m @ 0.64% CuEq (0.43 g/t Au, 0.37% Cu). This intercept is open-ended.
- Including 82.63m @ 0.96% CuEq (0.71 g/t Au, 0.55% Cu).

Mineralisation in the Cacharposa Creek continues to display similar characteristics to Alpala, Cascabel with Au:Cu = 1:1. Mapping and sampling of the Mula Muerta Creek on the northwest side of the ridge from the Cacharposa Creek has discovered similar mineralisation. Both areas are believed to be part of the same mineralised system. Both these areas form part of an 800m-wide, northeast trending mineralised corridor more than 1200m long. Porvenir contains mineralisation styles, size and geometry consistent with exposure of a vertically extensive, well-preserved porphyry copper-gold system.

3D geochemical modelling carried out by Fathom Geophysics has confirmed the potential for shallow porphyry style mineralisation extending at depth. Modelling also confirmed the potential for mineralisation at the Bartolo prospect along with two new target areas.

Drilling at Target 15 is expected to commence in Q4 2020.

SHARUG PROJECT OVERVIEW



Location: Azuay province, Southwest Ecuador

Ownership: 100%

Subsidiary: Green Rock Resources S.A.

Tenement area: 2 concessions, 52km²

Primary Targets: Copper-gold porphyry

Field activities have resumed with logistics teams back on site at the completed camps and core handling facilities. Drilling permits have been applied for with approvals pending. The Sharug project is located in southern Ecuador where SolGold has identified two targets, Quillosia and Santa Martha.

- Quillosia: an epithermal gold target where quartz vein samples have been defined over an area of 1.4km x 1.0km and yielded grades of up to 39.6 g/t Au, and
- Santa Martha: a copper-gold porphyry target where soil geochemistry, airborne magnetics and geological mapping have defined a target area of 1km x 1km.

A drilling programme has been designed at both the Quillosia and Santa Martha prospects that awaits permitting.

CHICAL PROJECT OVERVIEW



Location: Carchi province, Northern Ecuador

Ownership: 100%

Subsidiary: Carnegie Ridge Resources S.A.

Tenement area: 4 concessions 183km²

Primary Targets: Epithermal Copper-gold

SolGold has identified multiple targets at the Chical project, located 15km north-east of the Cascabel concession.

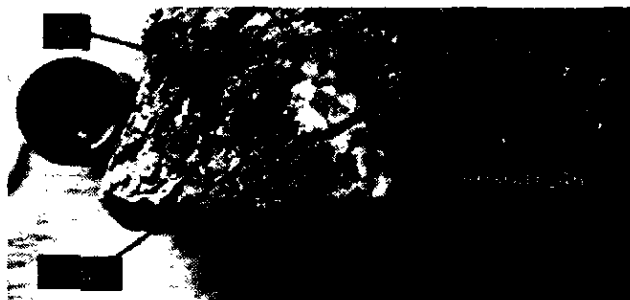
At Espinosa, a 1.5km x 1.0km soil anomaly has been defined with rock chip samples returning up to 7 g/t Au. At the Pascal and La Esperanza prospects, large copper-gold anomalies have been defined with rock chips returning up to 1% Cu, 0.4 g/t Au and 886 ppm Mo.

Field activities have resumed with applications to drill submitted and pending approval.

OPERATIONS OVERVIEW CONTINUED

CONTINUED

TIMBARA PROJECT OVERVIEW



Location: Zamora Chinchipe province, Southern Ecuador

Ownership: 100%

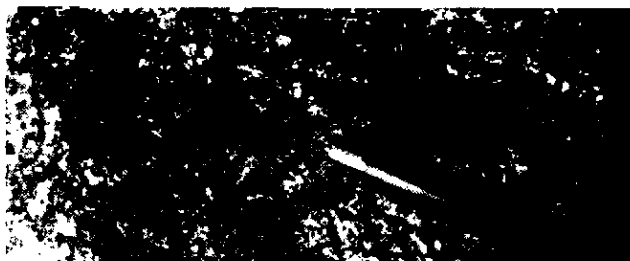
Subsidiary: Green Rock Resources S.A.

Tenement Area: 4 concessions, 152km²

Primary Targets: Copper-gold porphyry

Field activities have resumed at the Timbara project, located in southern Ecuador. Reconnaissance mapping and geochemical sampling have already located prospective mineralised outcrops with chalcopyrite and bornite. A rock chip sample from a bornite rich vein returned 28.89% Cu. These veins are believed to be a continuation of the porphyry corridor identified at SolGold's La Hueca project. Heli-magnetic surveys covering the entire Timbara project area were completed during the reporting period. Processing and initial interpretation of the Heli-mag data collected over the Timbara project has been completed.

LA HUECA PROJECT OVERVIEW



Location: Zamora Chinchipe province, Southern Ecuador

Ownership: 100%

Subsidiary: Cruz del Sol S.A.

Tenement area: 3 concessions, 160km²

Primary Targets: Copper-gold porphyry

The La Hueca project is located in southern Ecuador in the same belt which hosts other significant deposits, including:

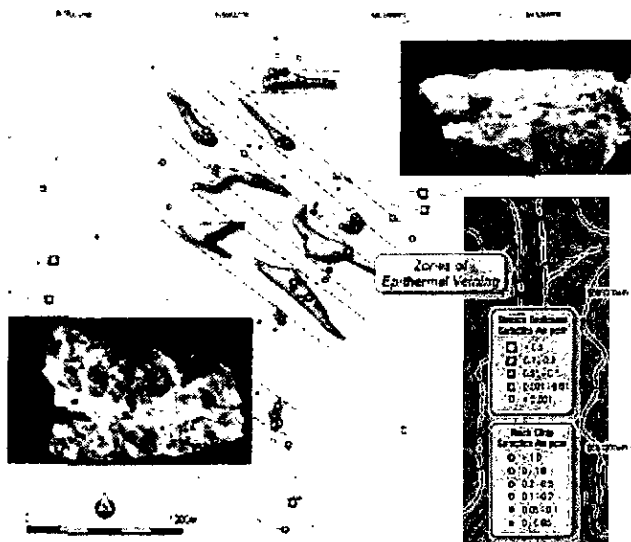
- The Fruta del Norte gold mine (14 Moz Au),
- The Mirador copper-gold porphyry deposit (3 Mt Cu); and
- The Santa Barbara gold-copper porphyry deposit (8 Moz Au).

La Hueca hosts six identified porphyry centres (Targets 1 to 6). Geological mapping, stream sediment sampling and rock chips (including a sample containing 13.8% Cu) indicate the presence of a quartz vein network containing several minerals characteristic of copper-gold porphyries such as chalcopyrite, bornite and molybdenite.

All regulatory requirements for scout drilling at Target 6 have been received and field camps have been established. A drilling rig was being mobilised to Target 6 during the reporting period to test an extensive area of mineralised outcrops comprising copper rich B type porphyry veins with coincident chlorite – biotite – sericite alteration. The scout drilling is designed to test the extent of copper porphyry mineralisation associated with B type vein stockworks mapped at surface. Surface copper mineralisation extends over 1km in a north north-west trend with rock chip values to 6% copper and 1% molybdenum.

Drilling at Target 6 commenced in August 2020.

CISNE LOJA PROJECT OVERVIEW



Location: Loja province, Southern Ecuador

Ownership: 100%

Subsidiary: Green Rock Resources S.A.

Tenement Area: 3 concessions, 146km²

Primary Targets: Epithermal gold and silver, Porphyry copper gold

The Cisne Loja project is located in southern Ecuador where SolGold has identified two high priority prospects, Cuenca Loma and Celen. At Cuenca Loma, epithermal quartz veins grade up to 15 g/t Au and outcrop over an area of 2km x 1km. At Celen, a 2km x 1km copper-gold-molybdenum soil anomaly has been discovered with rock chips grading up to 4.3% Cu and 4.5 g/t Au.

CUENCA LOMA PROSPECT

Recent follow up of gold anomalies has led to the discovery of outcropping epithermal style alteration and mineralisation over an area of 2.5km by 1.5km with several episodes of quartz veining, which shows similarities to the epithermal gold system at Fruta del Norte in Southern Ecuador. This northern epithermal prospect is called Cuenca Loma.

Numerous areas of epithermal quartz veins with alteration exhibiting silica-kaolinite-quartz clay assemblages together with vuggy quartz, indicate an intermediate to low sulphidation epithermal environment.

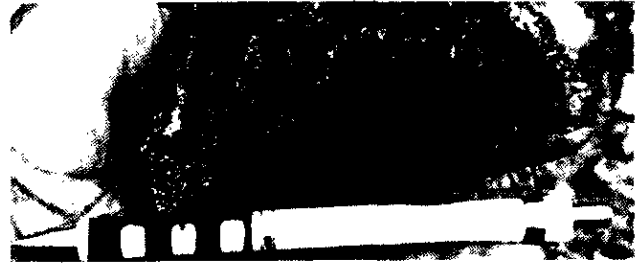
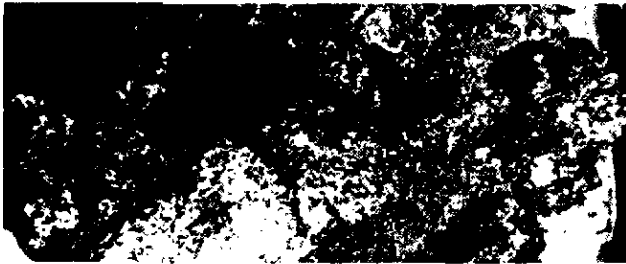
Streams over a 6km by 4km zone draining the area of interest were consistently rich in gold and magnetite indicating the prevalence of the copper gold mineralised porphyries in the area. Geological mapping of these anomalies defined alteration and quartz veining over an area of 2.5km by 1.5km. These were outcropping, epithermal style alteration and mineralisation with multiple episodes of quartz veining evident. Rock chip samples have returned gold and silver results greater than 1 g/t Au with a best rock chip sample of:

- R03000453: 15.25 g/t Au and 23.6g/t Ag

OPERATIONS OVERVIEW CONTINUED

CONTINUED

CELEN PROSPECT



Celen Prospect is located 7km south of the Cuenca Loma in the El Cisne 2C concession.

The host rock consists of granodiorite, quartz granodiorite and micro diorite. Of particular note are the high gold values. Gold grades are directly proportional to copper values and the highest grades both occur in the quartz magnetite veins. These magnetite rich outcrops are also rich in silver, molybdenum and barium with these anomalies extending at least 1km by 400m. The Celen project is a highly prospective Au-Cu-Mo porphyry target.

The copper mineralisation is best developed within magnetite-chalcopyrite porphyry veins in quartz diorite and microdiorite units with associated disseminated chalcopyrite mineralisation. Zones of high-grade copper and gold mineralisation are also developed proximal to the porphyry style veins with fractures containing diagnostic copper oxide and carbonate minerals, neotocite, malachite and azurite.

Outcrops are characterised by pervasive magnetite mineralisation to 3% of the rock with associated chlorite and epidote alteration. The main orientation of veins and fractures are north east trending with a secondary north west trending structural orientation. Weathered mineralised intrusive units are present in volcanic units to the north of the main zone of mineralisation containing quartz-hematite-goethite veining. There are numerous tourmaline breccias outcropping south of the mineralised zone.

Of the most recent 72 rock chip samples taken at the Celen prospect, 60 samples (83%) have returned grades greater than 0.6% CuEq with the average molybdenum results for all 72 samples of 51.95ppm Mo. Best rock chip results from recent sampling include:

- R03001325: 4.32% Cu, 4.51g/t Au, 20.8g/t Ag, 9.99ppm Mo
- R03001342: 3.90% Cu, 0.21g/t Au, >100g/t Ag, 76.1ppm Mo
- R03001304: 2.54% Cu, 3.04g/t Au, 15.4g/t Ag, 185.5ppm Mo
- R03001347: 2.52% Cu, 3.11g/t Au, 12.5g/t Ag, 13.4ppm Mo
- R03001303: 2.46% Cu, 0.10g/t Au, 54.5g/t Ag, 54.9ppm Mo
- R03001330: 1.99% Cu, 2.38g/t Au, 28.1g/t Ag, 8.69ppm Mo
- R03001333: 1.77% Cu, 0.12g/t Au, 35.9g/t Ag, 5.1ppm Mo
- R03001328: 1.63% Cu, 1.44g/t Au, 12.75g/t Ag, 31.3ppm Mo

CHILLANES PROJECT OVERVIEW

Location: Bolivar/Chimborazo province, Central Ecuador

Ownership: 100%

Subsidiary: Green Rock Resources S.A.

Tenement Area: 1 concession, 48km²

Primary Targets: Copper-gold porphyry Social teams have been working with government to ensure ongoing access to this project which is progressing well.

The Chillanes project is located in central Ecuador. Work to date includes stream sediment geochemical sampling (1,140ppm Cu and 1,110ppm Cu), mapping and rock chip sampling (1.42% Cu). Following initial anaconda mapping, a programme of auger soil geochemistry will help delineate priority drill targets. Hydrothermal alteration consists of phyllic alteration with abundant chalcopyrite and pyrite with lesser chalcocite and bornite mapped in outcrop.

SALINAS PROJECT OVERVIEW

Access to Salinas 3 and 4 concessions has now been granted and work is continuing on gaining field access to Salinas 1 and 2 concessions. Initial exploration work will commence at Salinas 3 and 4 and access is expected to be granted shortly for Salinas 1 and 2 concessions.

The Salinas project is prospective for both Ag-Au-Cu epithermal and Cu-Au porphyry systems. Previous drilling by Rio Tinto returned:

- 74.5m at 2.0 g/t Au and 137 g/t Ag, including
- 39.5m at 3.3 g/t Au and 168 g/t Ag.

Location: Bolivar province, Southwest Ecuador

Ownership: 100%

Subsidiary: Valle Rico Resources S.A.

Tenement Area: 4 concessions, 189km²

Primary Targets: Gold-silver-copper epithermal

Mineralisation is hosted in structurally controlled hydrothermal volcanic breccias. A hypogene covellite-enargite-chalcocite arsenopyrite paragenesis of phases suggests a nearby larger Cu-Au porphyry system.

OPERATIONS OVERVIEW CONTINUED

CONTINUED

CISNE VICTORIA PROJECT OVERVIEW



Location: Morona Santiago province, South-eastern Ecuador

Ownership: 100%

Subsidiary: Cruz del Sol S.A.

Tenement Area: 1 concession, 170km²

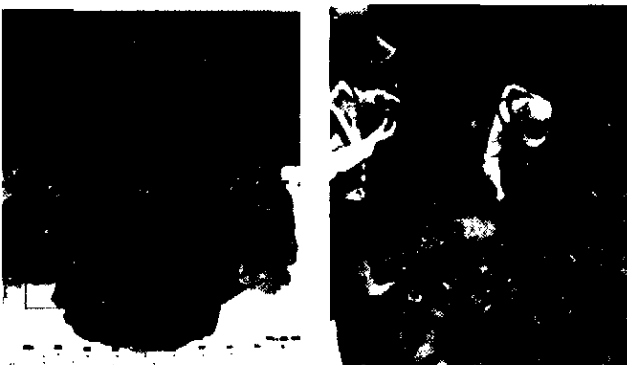
Primary Targets: Copper-gold porphyry

Located in south-eastern Ecuador, the Cisne Victoria project consists of an epithermal zone of alteration and mineralisation. Processing and initial interpretation of the Heli-mag and ground mag data collected over the Cisne-Victoria project was completed during the reporting period, indicative of a large porphyry system.

Sampling results have returned 7m at 2.3% Cu, 0.7 g/t Au and 8.8 g/t Ag.

Social, medical, logistics and technical teams have re-entered the concession site during the fiscal year following the COVID-19 hiatus.

COANGOS PROJECT OVERVIEW



Location: Morona Santiago province, South-eastern Ecuador

Ownership: 100%

Subsidiary: Cruz del Sol S.A.

Tenement Area: 7 concessions, 259km²

Primary Targets: Porphyry & Epithermal Copper-gold

Social, medical, logistics and technical teams are back on site at the Coangos project in southern Ecuador, where two areas of mineralised outcrops have been discovered at Anomaly 1 and Anomaly 2.

- Anomaly 1: Mineralisation is hosted in volcanoclastic rocks. The copper-silver zones contain primary chalcocite and chalcopyrite with secondary copper carbonates and oxides; chrysocolla, malachite, and tenorite. Near-source stream boulders with chrysocolla have returned very high grades of copper and silver.

- Anomaly 2: Mineralisation is associated with a 1.5m wide fault breccia containing quartz veins up to 8mm thick, sugary quartz clasts, rhodochrosite, barite and calcite in a zone of chlorite-sericite alteration. The breccia is exposed along strike in two separate streams, located 200m apart. The structure has not been closed off and mapping continues in streams along strike.

BLANCA PROJECT OVERVIEW



Sample: R01000562 – 617 g/t Au, 317g/t Ag, 0.59% Cu



Sample: R01000564 – 542g/t Au, 254g/t Ag, 0.54% Cu

Location: Carchi province, Northern Ecuador

Ownership: 100%

Subsidiary: Carnegie Ridge Resources S.A

Tenement Area: 4 concessions, 73km²

Primary Targets: Epithermal gold

The Blanca project is located just 8km north-west of the Cascabel concession.

Blanca hosts a silicified topographic dome which contains widespread gold mineralisation outcropping over an area of ~500m x 500m. Known as the Cerro Quiroz prospect, this represents a large, bulk-tonnage gold target. This silicified zone hosts quartz, pyrite and sericite alteration. Rock chips grade 0.5 g/t Au, on average.

Regulatory approvals have been received for drilling at Cerro Quiroz. Camps and core handling facilities are already in place. A rig is in the process of being mobilised to site to commence drilling.

Sampling has also identified several gold-rich, epithermal quartz veins known as the Cielito vein which extends over ~5km. Rock chips from the Cielito vein average over 80 g/t Au with the highest-grade sample returning 617 g/t Au. The eastern part of this vein system lies within the area of mutual interest with Cornerstone, but there has been no significant work on the extension into the area of mutual interest.

OPERATIONS OVERVIEW CONTINUED

In Queensland, Australia, the Company has identified the following major project areas:

1. Rannes
2. Mount Perry
3. Normanby
4. Mt Pring
5. Westwood
6. Cracow West

SolGold continues to hold tenements across central and southeast Queensland, through its wholly owned subsidiaries, Central Minerals Pty Ltd and Acapulco Mining Pty Ltd. Central Minerals Pty Ltd currently holds 5 exploration permits: EPM 25300 (Cooper Consolidated, Rannes Project); EPM 19639 (Goovigen Consolidated, Rannes Project); EPM 27211 (Mt Pring); EPM 18760 (Westwood) and EPM 18032 (Cracow West).

Acapulco Mining Pty Ltd currently holds exploration permits at EPM 25245 (Mount Perry) and EPM 19410 (Normanby).



RANNES PROJECT (EPM 19639, 25300) PROJECT OVERVIEW



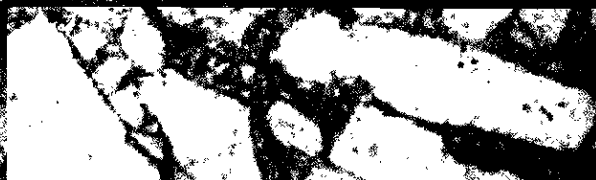
Location: 140km west of Gladstone, Queensland, Australia

Ownership: 100%

Subsidiary: Central Minerals Pty Ltd

Tenement Area: 126 granted sub-blocks (circa 403km²)

Primary Targets: Disseminated and vein-hosted low sulphidation gold-silver deposits



6

MAJOR PROJECT AREAS HAVE BEEN IDENTIFIED IN QUEENSLAND, AUSTRALIA: RANNES, MOUNT PERRY, NORMANBY, MT PRING, WESTWOOD AND CRACOW WEST

Located, 140km west of Gladstone (Queensland, Australia), 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-northwest trending fault zones. Surface exploration has included tenement wide stream sediment, soil and rock chip sampling surveys. A detailed airborne magnetic survey was recently re-interpreted to enhance the development of the structural model of the belt. Exploration methods have included a 3D IP survey, detailed airborne magnetics, geological mapping, and trenching all contributing to definition of additional drill targets at several prospects.

A variable time airborne electromagnetic survey (VTEM) identified several conductive anomalies located both below the depth of drilling at the Crunchie and Kauffman's prospects as well as larger anomalies along strike in areas that have no historic drilling. Preliminary 3DEM inversion modelling has resolved conductivities/resistivities down to 10 Ohm-m's and are considered prospective.

Mineral resource estimates completed by Hellman & Schofield Pty Ltd and by H&S Consulting Pty Ltd includes JORC-2012 compliant resources in both Indicated and Inferred categories for reporting under the Australasian Joint Ore Reserves Committee's 'Code for Reporting of Mineral Resources and Ore Reserves'. The table below lists the current mineral resource estimates at the Kauffman's, Crunchie, Cracklin' Rosie, Porcupine and Brother prospects as of 23 May 2012. These estimates are based on gold to silver ratio of 1:50 and a 0.5 g/t Au equivalent cut-off. The resource at 0.3 g/t Au cut-off was announced on 23 May 2012.

TABLE 3 – REPORTED RESERVES AND RESOURCES BY HELLMAN AND SCHOFIELD PTY LTD AND H&S CONSULTING PTY LTD

PROSPECT	CUT-OFF (AU EQ)	RESOURCE CATEGORY	MT	AU (G:T)	AG (G:T)	OUNCES (AU)	OUNCES (AG)	OUNCES (AU EQ)
Kauffman's	0.5	Indicated	1.58	0.79	10.30	40,304	522,074	50,729
		Inferred	3.49	0.74	8.90	83,060	999,278	103,092
Crunchie	1.5	Indicated	2.40	0.46	42.40	35,833	3,310,000	102,100
		Inferred	3.20	0.49	39.80	49,797	4,040,000	130,676
Cracklin' Rosie	0.5	Inferred	0.43	0.59	5.60	8,023	76,145	9,544
Porcupine	0.5	Inferred	0.57	0.50	7.50	9,202	137,085	11,941
Brother	0.5	Inferred	0.57	0.60	1.10	11,021	20,490	11,434
Total (All Prospects)			12.24	0.63	23.18	237,240	9,105,072	419,516

Exploration activities completed during this period include:

VTEM inversion modelling during Q3, 2019 identified a number of high priority basement conductors that appear to be located down-plunge from the inferred and indicated resources at both the Crunchie and Kauffman's prospects.

Work on the Rannes Project during Q4, 2019 focussed on drillhole data validation and completion of a 3D workspace to allow integration of 3DIP, VTEM and magnetic inversion model data.

Plate modelling of VTEM data will be completed in early Q3, 2020 to define the orientation and depth to top of conductor ahead of drill hole testing during Q4, 2020.

OPERATIONS OVERVIEW CONTINUED

CONTINUED

MOUNT PERRY PROJECT (EPM 25245) PROJECT OVERVIEW



The Mount Perry mineral field is located approximately 100km southwest of Bundaberg (Queensland, Australia) and comprises epithermal to mesothermal veins that cluster around mineralised porphyry intrusions and associated breccia bodies. The project is located approximately 25km northwest of Evolution Mining's 2 Moz Mt Rawdon breccia-hosted epithermal gold deposit.

The Chinaman's Creek prospect cluster has been identified as the most prospective area within the project to host a high-grade gold deposit based on observed scale and grade of mineralised lodes. In Q3, 2019, spectral analysis (PSM3500 spectral analyser) was completed on 28 drillholes (Upper Chinaman's Creek, Welcome and Spring Gully prospects) to characterise alteration assemblages and identify temperature and pH vectors to mineralisation. Data indicates earlier higher temperature phyllic \pm propylitic alteration assemblages (sericite \pm chlorite) are overprinted by mineralised lower-temperature intermediate (illite-smectite) to advanced argillic alteration assemblages (sericite-dickite-silica). Mineralisation is accompanied by increased quartz vein density and pervasive silicification.

Location: 130km northwest of Gympie, Queensland, Australia

Ownership: 100%

Subsidiary: Acapulco Mining Pty Ltd

Tenement Area: 64 granted sub-blocks (circa 205km²)

Primary Targets: High grade, intrusion-related lode gold deposits and possible porphyry deposits

A detailed air photo-based, litho-structural and geochemical interpretation of the Chinaman Creek epithermal goldfield was initiated late in Q4, 2019. This work was commissioned to better define the structural framework and gold distribution of the goldfield. Structural – geochemical interpretation indicates that the three main mineralised lodes occupy peripheral collapse structures surrounding the Chinaman's Creek porphyry, located 1km to the southwest of the Upper Chinaman's Creek prospect.

Ground access negotiations were initiated with the main landowner and it is anticipated that access will be granted in Q3, 2020. A detailed Gradient Array IP survey (50m line-spacing) is planned for Q4, 2020 over the Upper Chinaman's, Welcome and Spring Gully prospect, specifically, to identify larger sub-surface zones of silicification within the three main mineralised lodes.

NORMANBY PROJECT (EPM 19410) PROJECT OVERVIEW



Location: 120km northwest of Mackay, Queensland, Australia

Ownership: 100%

Subsidiary: Acapulco Mining Pty Ltd

Tenement Area: 60 granted sub-blocks (circa 192km²)

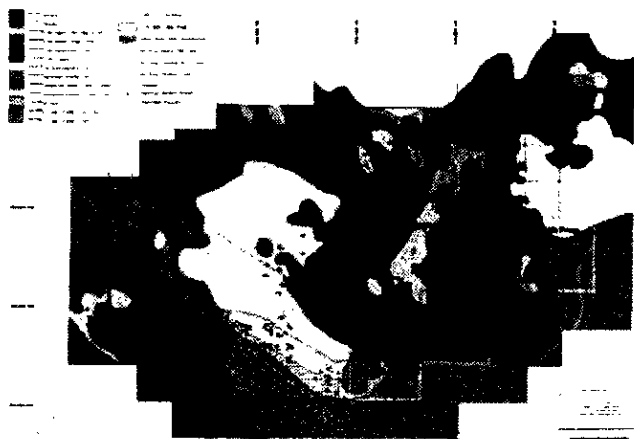
Primary Targets: Intrusion-related epithermal gold veins and potential porphyry Cu-Au deposits

The Normanby Goldfield comprises over 70 historic pits and shafts located within 14 prospects along an 8km structural zone. Gold-bearing quartz veins are hosted almost exclusively in the Shannon Vale Gabbro within a complex left-lateral dilation zone. In Q3 2019, soil geochemical sampling was completed within the western fringe of the Normanby Goldfield and reconnaissance mapping and sampling was completed at the Mt Crompton breccia complex, located in the southern third of the tenement.

A 1.8 x 0.8km soil survey (100 x 50m grid, 308 samples) was completed immediately west of the Black Snake / Rosebud prospects. Sampling focussed on the structural extension of the mineralised Black Snake / Rose Bud structures and was focussed on an east-

trending magnetic ridge within an area of known alluvial gold. Sampling failed to identify any new gold anomalies. An additional, 21 sample soil line was completed on the eastern end of the Mt Flat Top prospect and successfully closed out the lead anomaly that envelops the mineralised lode. An additional five rock and six stream sediment samples were collected surrounding the Mt Crompton breccia system in the southern third of the tenement. Stream samples were slightly anomalous and highlight the source as the partially outcropping Mt Crompton breccia. Rock chip samples returned low-level anomalism (max 653ppm Cu, 153ppm Zn, 6ppb Au) and reflect the poorly developed and mineralised nature of the breccia system.

MT PRING PROJECT (EPMA 27211) PROJECT OVERVIEW



Mt Pring litho-structural interpretation showing the location of the interpreted Mt Pring Ni-Cu and Otter Ridge porphyry Cu-Au metallogenic trends.

Location: 65km northwest of Proserpine, Queensland, Australia

Ownership: 100%

Subsidiary: Central Minerals Pty Ltd

Tenement Area: 40 sub-blocks (circa 120km²) in application

Primary Targets: Magmatic Ni-Cu-PGE sulphide and copper-gold porphyry deposits

OPERATIONS OVERVIEW CONTINUED

CONTINUED

MT PRING PROJECT (EPMA 27211) PROJECT OVERVIEW CONTINUED

The Mt Pring Project is located within the east-northeast trending Mt Carlton structural zone, approximately 60km east of Evolution Mining's Mt Carlton high-sulphidation Au-Ag deposit. The tenement was granted in Q1, 2020 and no fieldwork was completed in the reporting period. The project hosts several, under-explored ultramafic intrusive complexes that historically have never been assayed for gold or platinum group elements. Historical exploration is limited to Ni-Cu stream sediment sampling by WMC in the late 1970s and limited Ni-Cu soil sampling in the late 1980s.

Soil sampling at Mt Pring defined a 700 x 350m, +1,000ppm Ni anomaly that has not been followed up with more advanced exploration.

The Mt Pring tenement is considered prospective for magmatic nickel-copper sulphide and copper-gold porphyry type systems. Exploration within the first reporting period will include tenement-wide photo-structural interpretation, stream sediment sampling followed by mapping and soil sampling of identified targets.

WESTWOOD PROJECT (EPM 18760) PROJECT OVERVIEW



Palladium-Gold-Copper ± Platinum mineralisation at the Westwood project is associated with the Late Permian – Early Jurassic aged Bucknall mafic-ultramafic layered gabbro intrusive complex. No work was completed on the project during the reporting period.

The Company's exploration has included stream sediment, soil and rock chip sampling and RC / Diamond drilling. Metal anomalism is focussed in the southeast part of the gabbro and is defined by a 2km strike of sporadic soil anomalism (+125ppb Pd, +46ppb Au, +490ppm Cu, +27ppb Pt).

Location: 45km west-southwest of Rockhampton, Queensland, Australia

Ownership: 100%

Subsidiary: Central Minerals Pty Ltd

Tenement Area: 16 granted sub-blocks (circa 45km²)

Primary Targets: Ultramafic layered intrusion Pd-Au-Cu-Pt deposits

Drilling in early 2019 targeted lateral extension to known mineralisation and untested magnetic and electromagnetic anomalies in the northern limits of the complex. RC pre-collar assays include 46m @ 0.217 g/t Au, 0.157 g/t Pd, 0.13% Cu from 0m (WWD008) and 28m @ 0.176 g/t Pd from 2m (WWD010). Disseminated sulphide mineralisation (up to 5%) was identified in two drill holes adjacent to 2018 intercepts (WWD009, WWD010).

Drilling designed to follow-up initial success at the Magdalene and Magda One prospects in the 2018 drill program confirmed the presence of magmatic PGE-Cu sulphides in multiple holes and extended known mineralisation 50m southwest at Magdalene and 75m to the northwest at Magda One prospect.

CRACOW WEST PROJECT (EPM 18032) PROJECT OVERVIEW



Gold mineralisation at the Cracow mine is associated with Permian-aged, low-sulphidation, epithermal quartz veins which have been emplaced along northwest and north-northwest trending fault zones. The Company'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.

The Company's exploration at Cracow West has included stream sediment, soil and rock chip sampling. This has identified three significant

Location: 260km west-northwest of Gympie, Queensland, Australia

Ownership: 100%

Subsidiary: Central Minerals Pty Ltd

Tenement Area: 12 granted sub-blocks (circa 38km²)

Primary Targets: Low-sulphidation epithermal Au-Ag deposits

prospects: Dawson Park, Kambrook and Theodore Bends. A sub-audio magnetotellurics survey was completed over the Kambrook and Dawson Park prospect which identified a potential buried target at the Dawson Park prospect, which coincides with a distinct soil tellurium anomaly at surface.

EPM 18032 was renewed for a further three years (to 10 December 2020) and future work will include a re-interpretation of the geophysical and structural dataset with specific focus on identifying high-priority targets within the Dawson park, Kambrook and Theodore Bends prospects.



OPERATIONS OVERVIEW CONTINUED



The Kuma tenement in the Solomon Islands (South West Pacific) is considered by SolGold to be highly prospective for porphyry copper gold and epithermal gold deposits.

KUMA PROJECT OVERVIEW



The Kuma project lies just to the south-west of a series of major NW-SE-trending arc parallel faults, associated with numerous Cu and Au anomalies in streams and soils. The project area overlies a 3.5km wide, annular, caldera-like topographic feature. Annular and nested topographic anomalies in the region suggest the presence of extensive batholiths of the Kolouia Diorite beneath the volcanic cover of the Suta Volcanics. The prospect 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.

The geochemically anomalous portion of the Kuma lithocap (north-west end) lies within the annular topographic anomaly. Kuma has a spectacular oxidised float boulder trail along the Kuma River and was traced to Alemba and Kolovelo creeks which lead to discovery of broad hydrothermal alteration zones and lithocap.

Location: 37km South-east of Honiara on the island of Guadalcanal

Ownership: 100%

Tenement Area: 1 concession, 43km²

Primary Targets: Copper-gold porphyry

Previous exploration completed at Kuma under the 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. Geochemical results define a central zone of manganese depletion (Mn < 200 ppm) inferred to indicate the destruction of mafic minerals by hydrothermal alteration. Zinc > 75 ppm forms an annulus to this zone, and Molybdenum > 4 ppm lies along the margins of the manganese low indicating potential for porphyry CuAu mineralisation at depth. TerraSpec spectral analysis of sieved coarse fraction soil samples covering the Kuma lithocap in integration with known geology in the prospect area has highlighted a primary porphyry target centre in the northern portion of the lithocap which SolGold plans to drill test.

Further work is planned to test the high sulfidation Kuma prospect that focuses on the upper part of Kuma ridges and a drilling program was planned for mid-2020 however COVID-19 restrictions have impacted the programme plans. During the fiscal year, ongoing community consultations continued.

QUALIFIED PERSON:

Information in this report relating to the exploration results is based on data reviewed by Mr Jason Ward ((CP) B.Sc. Geol.), Exploration Manager Global of the Company. Mr Ward is a Fellow of the Australasian Institute of Mining and Metallurgy, holds the designation MAusIMM (CP), and has in excess of 20 years' experience in mineral exploration and is a Qualified Person for the purposes of the relevant LSE and TSX Rules. Mr Ward consents to the inclusion of the information in the form and context in which it appears.

FINANCIAL REVIEW

THE GROUP ACHIEVED SEVERAL MILESTONES

The Group achieved several milestones during the financial year ended 30 June 2020. These have helped to progress the development of SolGold, in particular the development of Alpala and the exploration of the surrounding licence areas, and have included:

- The raising of US\$22 million via the issue of 77,000,000 shares at 22.15p to BHP Billiton Holdings Limited.
- Royalty Financing Package of US\$100 million with upscale to US\$150 million from Franco-Nevada Corporation ('Franco-Nevada'), subject to final completion of due diligence with a Bridging Loan of US\$15 million.
- Successful equity raising of US\$40 million in June 2020.
- Exploration and evaluation expenditure of US\$53.12 million for the year including the filing of an updated NI 43-101 Technical Report for the Alpala Copper-Gold Silver Deposit and the release of the updated Alpala Mineral Resource Estimate (MRE#3).
- Continued acquisition of US\$5.88 million in landholdings in the Cascabel project area in anticipation of infrastructure requirements for project development.
- Operating loss of US\$13.79 million representing a decrease of US\$19.57 million over the prior year. The decrease in loss is largely attributable to a share-based payments expense of US\$23.88 million recognised on the fair value of share options granted to Directors, employee and contractors during the financial year ended 30 June 2019. This represents a decrease of US\$22.73 million for the current years share based payments expense of US\$1.16 million.

RESULTS

The Group incurred a loss before tax of US\$14,123,753 for the year (2019: US\$32,069,793). The decrease in the loss before tax is largely due to the 2019 share based payments expense of US\$23,883,159, which represents a decrease of US\$22,726,327 to US\$1,156,832 for the year ended 30 June 2020. This represented the Black-Scholes fair value of share options granted to Directors, employees and contractors expensed due to the options vesting immediately in the current year.

Additionally, the Group experienced an increase in insurance costs, depreciation and interest, and other expenditure. The insurance costs increased from US\$1,446,261 in 2019 to US\$1,884,388 in 2020 largely attributable to increases in the political risk insurance premiums as a result of the increase in value of the Group's exploration assets. Depreciation and interest expenses increased from US\$71,587 in 2019 to US\$1,110,772 in 2020 as a result of the change in the Company's accounting policy around operating leases. Interest also increased over the period as a result of the capitalisation of US\$248,303 on the US\$15,000,000 Bridging Loan. Other expenditure of US\$1,399,202 (2019: US\$752,081) represent an increase over the prior year as a result of the legal and professional fees paid to date on the proposed takeover of the Cornerstone Capital Resources and the Company's financing activities.

An income tax expense of US\$1,103,409 (2019: tax benefit of US\$614,906) was recognised predominantly relating to the derecognition of carried forward tax losses. This amount is offset by an income tax benefit of US\$590,626 recognised directly in equity with capital raising costs, and an income tax benefit of US\$512,783 recognised in other comprehensive income relating to the fair value movement of the Company's investment in Cornerstone Capital Resources Inc. Refer Note 7.

The Company recognised a total other comprehensive income loss of US\$1,935,418 (2019: US\$596,625) for the financial year ended 30 June 2020. A loss of US\$1,320,370 (2019: gain of US\$1,441,319) was recognised in comprehensive income representing the mark to market adjustment on the Company's investment in Cornerstone Capital Resources Inc. For the financial year ended 30 June 2020 the Company recognised a loss of US\$139,285 (2019: loss US\$2,037,944) on translation of foreign operations. The average exchange rate used to convert Australian dollars to United States dollars was 0.6899 at 30 June 2020 compared to 0.7032 for the financial year ended 30 June 2019. The Company also recognised an increase in the Ecuadorean pension reserve of US\$475,763.

FINANCIAL REVIEW CONTINUED

SEVERAL MILESTONES

STATEMENT OF FINANCIAL POSITION

As at 30 June 2020, the Group had net assets of approximately US\$282 million, an increase of approximately US\$43.79 million over the previous financial year. This increase was largely associated with the completion of US\$62 million in share placements, which were largely expended on the Group's exploration projects in Ecuador. With the adoption of IFRS 16 there was an increase in Right of Use Assets and a corresponding Lease Liability. The increase in Net Assets was also offset with the derivative liability associated with options issued to BHP in December 2019.

CASH FLOW

Cash expenditure (before financing activities) for the year ended 30 June 2020 was US\$68.47 million (2019: US\$88.2 million). During the financial year ended 30 June 2020, cash of US\$62.7 million (2019: US\$69.1 million) was received from the issue of shares via private placements and the exercise of share options and US\$14.8 million was received upon draw down of the Bridging Loan. Accordingly, the net cash inflow of the Group for the year ended 30 June 2020 was US\$6.6 million (2019: outflow of US\$19.24 million).

Cash of approximately US\$54.44 million (2019: US\$74.0 million) was invested by the Group on exploration expenditure during the year.

CLOSING CASH

As at 30 June 2020, the Group held cash balances of US\$46.90 million (2019: US\$41.7 million).

OUTLOOK

The focus of the Group during the financial year ending 30 June 2021 will be on the collection of additional metallurgical and geotechnical data and the delivery of the PFS and Definitive Feasibility Study at Alpala. The Franco-Nevada Royalty Financing is expected to be completed in Q4 2020, the PFS is targeted to be completed by Q4 2020 with a Definitive Feasibility Study expected to be scheduled for completion in 2021.

Furthermore, the Group is intent on the application of its strategy for its 13 additional wholly owned and highly prospective targets throughout Ecuador. Grassroots exploration will continue at all 13 priority projects during the next reporting period, as well as the commencement of drilling at Porvenir, La Hueca and other projects upon receiving permits, dependent on no further delays due to COVID-19 restrictions.

The Company is focussed on the creation of a copper gold major production company in Ecuador, substantially covering one of the world's most under explored and prolifically mineralised porphyry copper gold provinces in the northern Andean Copper Belt.

Should the Cornerstone offer be accepted by Cornerstone shareholders within the timeframe, the consolidation of the two companies will result in a more attractive ownership structure of the Alpala Project.

KEY PERFORMANCE INDICATORS

SolGold's current transition from explorer to developer during the reporting period has led to a change from exploration-based KPIs to development and corporate growth KPIs in order to establish and progress the Company seamlessly into its new phase of growth. Given the stage of the Group's operations, the Board monitors the following key performance indicators in measuring the Group's success:



- Environmental, Social and Governance Improvements.
- Cost management and performance against budget.
- Health and safety management.
- Advancement of pan-Ecuadorean strategy.
- Diversify and strengthen management and the Board.
- Engagement with communities.
- Evolving Company standards to be measured against UK Corporate Governance Code.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE IMPROVEMENTS

Whilst SolGold's environmental and social initiatives and programmes in place across Ecuador and Australia have strengthened year on year, SolGold recognised the need to further develop and improve its corporate government practices.

The Company also hired a third party consultant to undertake a desktop materiality assessment to identify and analyse key stakeholder groups, and understand current views on the Company from a public perspective. This allowed SolGold to construct a plan to address key concerns the wider stakeholder group had, including Corporate Governance and broader sustainability discussions and improvements.

We have begun to further diversify and broaden the Board and management team, with six new senior management/Board members appointed during the reporting period.

During the current transition from explorer to developer, SolGold has recognised the need to commit to high industry standards, and during the reporting period, the Company signalled its commitment to the ten principles of UN Global

Compact, which we are now incorporating. We also have recognised the importance of transparent and industry standards reporting and going forward, are aiming to adhere to IFC Performance Standards and plan to release a Sustainability report in 2021.

During the reporting period, SolGold introduced new environmental programmes (including the 1 Million Plants programme) and has been actively growing and expanding the on-site nursery and other environmental initiatives at the Alpala project.

SolGold has expanded its social team, and is consistently and continuously involved with local community members from each project area to ensure operations remain mutually beneficial for both the Company and the surrounding communities.

COST MANAGEMENT AND PERFORMANCE AGAINST BUDGET

To ensure the business's continued success, SolGold must be adequately funded at all times in order to retain employees, meet expenditure requirements and keep operations running across all projects. This has been achieved during the year ended 30 June 2020 with two successful equity raisings totalling US\$60 million (BHP in December 2019 & Institutional and private investors in June 2020) and a successful financing deal for US\$15 million through a Bridging Loan Agreement with Franco-Nevada Corporation. For the year ended 30 June 2019 the Group had also successfully raised US\$76 million through equity raisings and option exercises.

As part of the Group's cost management strategy the Group has implemented several cost minimisation initiatives to preserve cash. These include but are not limited to; ongoing reviews of budgets to ensure effective use of cash, reduced working capital expenditure and, where possible, extended credit terms.

FINANCIAL REVIEW CONTINUED

THE COMPANY PLACES TOP PRIORITY ON ENSURING OUR EMPLOYEES,



HEALTH AND SAFETY MANAGEMENT

The Company places top priority on ensuring our employees, contractors and suppliers are safe all day, every day. Safety is at the core of our business and we are committed and determined to prevent any risks that may result in an unsafe environment. The protocols and systems that we have in place across all operations have been carefully designed and implemented for each sector. At SolGold, we take a holistic approach to the management of this, with legal compliance at the forefront. We facilitate regular safety briefings in order to keep our employees up to date on protocols and practices we have in place, whilst also maintaining constant communication on any new risks that may arise in certain situations. SolGold achieved its goal of maintaining a safe workplace for all and will strive to ensure this achievement is carried out every year.

The Company is committed to achieving an injury and incident free workplace. We achieve this through the following activities:

- Education of health and safety risks;
- Implementation of health and safety procedures;
- Training;

- Provision of health and safety equipment and appropriately trained personnel;
- Prompt reporting of any injuries and incidents to ensure lessons are learnt and equipment and procedures are adapted if required; and
- Regular review of compliance to health and safety policies to avoid complacency.

At the Alpala project, SolGold has two medical facilities, one at the Rocafuerte camp and one at Alpala camp. The facilities have the necessary equipment to handle emergencies and medicine for outpatient treatment.

Since the COVID-19 pandemic, SolGold has implemented new safety protocols to ensure all employees, contractors and suppliers are operating in a safe workplace. Office workers are continuing to work from home where possible, and if office hours are required, work hours are staggered and employees are kept at safe distancing from each other. Masks are compulsory indoors and when travelling to and from work in shared spaces. Our field teams are following nationwide protocols and ensuring community members are comfortable with SolGold's restart of activities.

Key Performance Indicators

**Environmental,
Social and
Governance
Improvements**

**Cost management
and performance
against budget**

**Health and safety
management**

**Advancement of
pan-Ecuadorean
strategy**

**Diversify and strengthen
management and
the Board**

**Engagement with
communities**

**Evolving Company
standards to be measured
against UK Corporate
Governance Code**



ADVANCEMENT OF PAN-ECUADOREAN STRATEGY

During the year ended 30 June 2020, the Company successfully progressed its pan-Ecuadorean exploration and development strategy – through its developments at the Flagship Alpala Project, as well as across its extensive regional exploration programme.

ALPALA PROJECT

SolGold delivered its updated Mineral Resource Estimate (MRE#3), released an updated NI 43-101 Technical Report, commenced work on the Preliminary Feasibility Study and commenced the wider financings the Company requires in order to progress Alpala through to development.

REGIONAL EXPLORATION

In addition to ongoing grassroots exploration across each of the 13 priority projects throughout Ecuador, SolGold received approval for scout drilling at three of its priority targets, with drilling commencing at one (Blanca) in late 2019. Drilling equipment was set to be mobilised at the other two in early 2020, however these operations were temporarily halted due to the COVID-19 pandemic and the restrictions put in place by the Ecuadorean government.

During the year ended 30 June 2019 the Company successfully delivered MRE#2 and the Preliminary Economic Assessment, along with identifying 13 priority targets within the Company's Regional Concessions and working towards obtaining drilling permits.

DIVERSIFY AND STRENGTHEN BOARD AND MANAGEMENT

As the Alpala Project continues to advance and the Company transitions from pure exploration into the development phase, SolGold has strengthened its management team to take the project through to development stage. During the year ended 30 June 2020 the Group employed the following:

- Ingo Hofmaier into the position of Executive General Manager – Project and Corporate Finance
- Nadine Dennison into the position of Chief of Human Resources
- Peter Holmes into the position of Director of Studies
- Dr Greg Harbort into the position of General Manager – Process and Metallurgy
- Steve Belohlawek in to the position of General Manager – Underground Development and Mining

For the year ended 30 June 2019 the Company employed Eduardo Venezuela to assist with the Preliminary Economic Assessment.

FINANCIAL REVIEW CONTINUED

SOLGOLD PLACES HUGE IMPORTANCE ON MAINTAINING AND BETTERING RELATIONSHIPS

The Company also recognised the need to diversify and strengthen its Board of Directors and subsequent to the reporting period, appointed Mrs Elodie Grant Goodey as an Independent Non-Executive Director. Since then, SolGold has committed to ensuring that half of the Board is comprised of independent Non-Executive Directors by the end of the 2020 calendar year in line with its plan to further strengthen the experience and independent of the Board.

ENGAGEMENT WITH COMMUNITIES

Year on year the level of community engagement and community assisted programmes and projects within SolGold's area of influence grows. SolGold places huge importance on maintaining and bettering relationships with local community members to ensure a seamless and beneficial operation for all.

During the year ended 2020 the Group continued to advance on the initiatives introduced during the year ended 30 June 2019:

- Creation of several small business initiatives in the community to promote farming of agricultural products and livestock as additional sources of income.
- Improvement of the educational infrastructure at the townships of Lita and La Carolina to contribute to the physical and organisational improvement of formal education.
- Establishment of a health and sanitisation programme for the surrounding townships to improve the care, promotion and prevention of disease, especially for children, pregnant women and seniors.
- Art for Kids initiative to promote environmental awareness and preservation of nature through the development of artistic abilities of children.

While the above key performance indicators are the main drivers of the Group's continuing exploration program, the primary objectives for 2021 will be the delivery of a Pre-Feasibility Study, a Definitive Feasibility Study in 2021, and rapid progression, ongoing strengthening of the Board and management and drill permitting of the 13 priority regional targets and commencement of fiscal discussions with the Ecuadorean Government.

The review of the business with reference to key performance indicators is set out in the Operations Report and Financial Review on pages 59 to 65.

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 across all sectors of the Company. The Audit and Risk Management Committee is responsible for the implementation and review of the Group's internal financial controls and financial risk management systems. For detailed information on the principle risks and uncertainties refer to the Strategic Report on page 66, and for further detailed information on the financial risks refer to Note 23.

In terms of the SolGold internal control framework, the ARC is currently undertaking a review of the Company's risk register and risk management framework and in particular the reporting upwards through the organisation to the ARC and to the Board. In 2020, the Board and the ARC have implemented the following entity level controls:

- Speak up culture;
- Board/Audit and Risk Committee reporting;
- Assignment of authority and responsibility;
- Segregation of duties;
- Account reconciliation; and
- Monthly reporting with variance analysis.

At year end the Company had a total of

FULLY PAID ORDINARY SHARES

UNLISTED OPTIONS EXERCISABLE AT VARIOUS PRICES

Any internal control deficiencies identified by the above or from the external auditors are reported to management and to the Audit and Risk Committee and the Board. There have been no significant internal control deficiencies that have been reported over the last 12 months.

Going forward and in recognition of the significant expenditures required to complete the PFS and FS, the Board and the Audit and Risk Management Committee will continue to assess and review the effectiveness of its risk assessment and internal control processes to ensure it maintains a best practice business model.

EQUITY

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

On 20 September 2019, the Company issued a combined total of 3,150,000 unlisted share options over ordinary shares of the Company to a Director following approval granted by shareholders at the Company's AGM on 20 September 2019. The options are exercisable at £0.60 and expire on 20 December 2021.

On 2 December 2019, the Company issued 77,000,000 new ordinary shares at £0.2215 to BHP Billiton Holdings Limited ('BHP'). As part of the share subscription, BHP were issued 19,250,000 options exercisable at £0.37 which expire on 27 November 2024.

On 27 April 2020, the Company issued 7,000,000 unlisted share options over ordinary shares of the Company to an employee in line with an Executive Service Agreement executed in July 2019. The options are exercisable at £0.25 and expire on 26 April 2023.

On 27 April 2020, the Company issued 1,500,000 unlisted share options over ordinary shares of the Company to an employee in line with an Executive Service Agreement executed in January 2020. The options vest over four months, are exercisable at £0.25, and expire on 26 April 2023.

On 5 June 2020, the Company issued 126,173,206 new ordinary shares at £0.215 via a placement and PrimaryBid share issue to raise US\$34.5 million.

On 9 June 2020, the Company issued 162,790 new ordinary shares at £0.215 to Directors via a share issue to raise US\$44k.

On 12 June 2020, the Company issued 22,556,465 new ordinary shares at £0.215 via a capital raising program comprising Private Subscription Shares and Additional Subscription Shares to raise US\$6.1 million.

At year end the Company had a total of 2,072,213,494 fully paid ordinary shares and 185,162,000 options on issue. At the date of this report the Company had a total of 2,072,213,494 fully paid ordinary shares and 114,675,000 options on issue.

PRINCIPAL RISKS AND UNCERTAINTIES

ON RISK MANAGEMENT

SolGold recognises that effective risk management is key to how we do business and forms a key part of our strategy to safely deliver sustainable value to all our stakeholders.

We recognise that risks can have a safety, financial, operational or reputational impact. An understanding of risk guides our requirements to design, plan and adequately respond to internal and external events. This ensures that proper incident response and effective monitoring can be implemented to minimise anticipated risks and reduce harm and disruption to people, environment and the viability of the SolGold business model.

We recognise the importance of identifying and prioritising topics relevant to SolGold and our stakeholders. To ensure we're doing this properly, we engaged a third-party consultant, EY, to conduct a desk-based materiality assessment which looked into emerging trends and current views on the Company.

The health and safety of our people and the communities where we work has been a priority for SolGold, keenly illustrated during the COVID-19 global pandemic. It remains of critical consideration along with government requirements, community concerns and health advice for planning for the recommencement of operations following the gradual easing of restrictions in all areas. The plan incorporates identification, assessment and minimisation of risks and addresses concerns and requirements that have been identified through consultations between the SolGold management team and key stakeholders from communities that we operate in or traverse and other affected groups, local and state government, health advisors and employees and contractors. The plans are reassessed and will continue to be reassessed with new information as it comes available.

The Pre-Feasibility Study (PFS) for our Alpala project commenced during the fiscal year, and explores different options that will achieve the project objectives of exploiting the mineral resources and each of the options through consideration of environment, social and economic impacts. Risks are considered independently at conceptual design, and further considered as an integrated project when other options for the PFS are elaborated. The PFS study team will conduct an integrated risk workshop to identify, record and discuss known and anticipated risks that need to be considered and included in future phases of the project. A review of these risks will be conducted prior to completion of the study – closing those that have been effectively treated or managed and communicating recommended actions for enduring high rated risks.

RISK APPETITE

Risk appetite reflects the nature and extent of risk that is acceptable to SolGold whilst still able to achieve goals and objectives. This appetite is considered based on the consequences of these risks materialising and also takes into account all internal and external factors. SolGold will place importance and strong strategic corporate action in the event that any risk exceeds its established appetite.



RISK	DESCRIPTION	KEY MITIGATORS
<p>Health & Safety Risks</p>	<p>There are a number of safety risks that are inherent in exploration and mining activities. The current highest risks are associated with transportation of people to and from the project areas, drilling activities and working in remote areas. The remote aspect means there may be delays in gaining access to effective emergency medical assistance resulting in delayed treatment.</p> <p>Health and safety hazard assessments are carried out regularly and robust policies, procedures and controls are in place. Notwithstanding continued efforts to adhere to the Group's health and safety policy, safety incidents may still occur. Any incident resulting in serious injury or death could result in litigation and/or regulatory action (including, but not limited to suspension of development activities and/or fines and penalties), or otherwise adversely affect the Group's reputation and ability to meet its objectives.</p>	<p>The Executive Management team and onsite managers adhere to the highest safety protocols and place priority on ensuring all employees, contractors and suppliers are safe at all times.</p> <p>The development of a Transport Plan that incorporates safety travel for people and a site safety system that incorporates hazard recognition, training, monitoring and continuous improvement will alleviate proposed safety risks and limit unnecessary accidents.</p> <p>Risk remained constant during the current year.</p>
<p>Funding Risks</p>	<p>The exploration and development of the Group's projects will require substantial additional financing above and beyond the Group's current treasury.</p> <p>Current global financial conditions have been subject to significant volatility, and access to public financing, particularly for resource companies, has been negatively impacted in recent years. These factors may impact the Group's ability to obtain equity or debt financing in the future and additional financing may not be available, or if available, the terms of such financing may be unfavourable. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration and development on any or all of the Group's projects.</p>	<p>The Executive Management team regularly meet with advisors, shareholders and financiers to discuss the types of financing the Group are looking at to gauge their support.</p> <p>It is management's view that high quality exploration projects should always be capable of being financed.</p> <p>Risk reduced during the current year.</p>
<p>General Exploration and Extraction Risks</p>	<p>Exploration activities are speculative, time-consuming and can be unproductive. In addition, these activities often require substantial expenditure to establish Reserves and Resources through drilling and metallurgical and other testing, determine appropriate recovery processes to extract copper and gold from the ore and construct mining and processing facilities. Once deposits are discovered it can take several years to determine whether Reserves and Resources exist. During this time, the economic viability of production may change. As a result of these uncertainties, the exploration programmes in which the Group is engaged may not result in new Reserves.</p>	<p>The Group uses modern geophysical and geochemical exploration and surveying techniques. The Group employs a world class team of geologists with considerable regional expertise and experience. They are supported by a network of fully accredited laboratories capable of performing a range of assay work to high standards. Group Mineral Resource and Ore Reserve estimates are prepared by a team of qualified specialists following guidelines of NI 43-101, which is one of the most recognised reporting codes for Latin America and TSX-listed companies. Mineral Resource and Ore Reserve estimates are prepared by independent consultants.</p> <p>Risk remained constant during the current year.</p>

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RISK	DESCRIPTION	KEY MITIGATORS
Title Risk	<p>SolGold's tenements and interest in tenements are subject to the various conditions, obligations and regulations which apply in the relevant jurisdictions including Ecuador in South America, Queensland, Australia and the Solomon Islands. If applications for title or renewal are required, this can be at the discretion of the relevant government minister or officials. If approval is refused, SolGold will suffer a loss of the opportunity to undertake further exploration, or development, of the tenement. Some of the properties may be subject to prior unregistered agreements or transfers or native or indigenous peoples' land claims and title may be affected by undetected defects or governmental actions. No assurance can be given that title defects do not exist. If a title defect does exist, it is possible that SolGold may lose all or a portion of the property to which the title defect relates.</p>	<p>Successful relationships with governments, senior in-country officials and other key external stakeholders are built and maintained. This includes delivering on and adhering to the conditions attached to the tenement grant documents. SolGold currently knows of no reason to believe that current applications will not be approved granted or renewed.</p> <p>Risk remained constant during the current year.</p>
Geopolitical, Regulatory and Sovereign Risk	<p>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.</p> <p>Operating in Ecuador and the Solomon Islands involves some risk of political instability which may include changes in government, negative policy shifts and civil unrest.</p> <p>In addition, there is a risk that due to the deterioration of the macroeconomic situation, governments in Ecuador and the Solomon Islands may consider imposing currency controls and limitations on capital flows.</p> <p>Under Ecuadorian law, citizens have a constitutional right pursuant to a judicial process, to seek to have a referendum held on a specific subject matter. Recently, an application was made to the Ecuadorian Constitutional Court to request to have a referendum held, the effect of which was to seek to stop mining activities at Cascabel. The Constitutional Court unanimously rejected the application. However, despite the Constitutional Court ruling, no assurance can be given that at some future time a similar application designed to seek to stop mining at Cascabel, will not be made.</p> <p>The Group is required to obtain governmental permits for it to conduct initial exploration and scout drilling on its regional Ecuador concessions. Obtaining the necessary permits can be a complex and time-consuming process, which at times may involve several different government agencies that may not have the necessary expertise, resources or political disposition needed for efficient and timely processing. The duration and success of the Group's efforts to obtain permits are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by permitting authorities, the expertise and diligence of civil servants, and the timeframes for agency decisions. The Group may not be able to obtain permits that are necessary to its operations. Any unexpected delays or costs associated with the permitting process could slow exploration and could adversely impact the Group's operations.</p> <p>Security risk is another factor the Group takes into consideration for all its operations and activities. The security risks that the Group is exposed to could result in injury or death, theft or damage to property, work stoppages, or blockades of its exploration and evaluation activities. There is a risk that the safety of personnel may be harmed if security is breached at the Group's operational sites.</p> <p>Anti-mining activism places risk on the Group's activities should protests break out at operations areas.</p> <p>These factors may have a negative impact on the ability of the Group to secure external financing and an adverse effect on the Group's market value.</p> <p>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.</p>	<p>SolGold has a successful track record of operating in Ecuador, Australia and the Solomon Islands and the Group actively monitors political developments on an ongoing basis. The management team aims to maintain open working relationships with local authorities in the countries where the Group operates.</p> <p>Ensuring the Company maintains strong relationships with local and national governments, as well as community members from within the area of influence is a key mitigator for minimising anti-mining activists from protesting on site at the Company's operational areas.</p> <p>The Company to date has not had any security threats, due to the implementation of our extensive safety management and security protocols in place. SolGold will continue to work closely with government agencies to support regional security efforts and as well continuously advance and update security measures as operations and activities increase. The current security plan in place is highly effective and tailored to the Company's needs.</p> <p>Risk remained constant during the current year.</p>

RISK	DESCRIPTION	KEY MITIGATORS
<p>Land Access, Permitting and Surface Rights Risk</p>	<p>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.</p> <p>The duration and success of the Group's efforts to obtain permits are contingent upon many variables not within its control, including the interpretation of applicable requirements implemented by permitting authorities, the expertise and diligence of civil servants and the timeframes for agency decisions. There is a risk of permits that are needed for ongoing operations being denied in regards to tenure and other development related infrastructure.</p> <p>Access to land for exploration purposes can be affected by land ownership including private (freehold) land, pastoral lease and native title land or indigenous claims. Immediate access to land in the areas of activities cannot in all cases be guaranteed. SolGold may be required to seek consent of land holders or other persons or groups with an interest in real property encompassed by or adjacent to, SolGold's tenements. Compensation may be required to be paid by SolGold to land holders so that SolGold may carry out exploration and/or mining activities. Where applicable, agreements with indigenous groups have to be in place before a mineral tenement can be granted.</p>	<p>Attention is focussed on maintaining sound relations with local communities and working with these groups to enhance these relationships. The Group's social team, under the supervision of the country manager, continues to address any such issues and reports to the Board. Furthermore, there is regular dialogue with the affected communities by senior executives.</p> <p>SolGold ensures it follows protocols put in place by local and national government bodies in a timely manner when applying for permits. The Company regularly meets with government officials in order to discuss ongoing permitting applications in a transparent and professional manner and is compliant with a stakeholder engagement plan for land access.</p> <p>Risk remained constant during the current year.</p>
<p>Environmental Risk</p>	<p>The Group's Ecuadorean exploration activities are required to adhere to both international best practice and local environmental laws and regulations. Any failure to adhere to globally recognised environmental regulations could adversely affect the Group's ability to explore under its exploration rights in Ecuador.</p> <p>Significant liability could be imposed on SolGold for damages, clean-up costs, or penalties in the event of certain discharges into the environment environmental damage caused by previous owners of property acquired by SolGold or its subsidiaries, or non-compliance with environmental laws or regulations. SolGold proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations, and where possible, by carrying appropriate insurance coverage. Nevertheless, there are certain risks inherent in SolGold's activities which could subject it to extensive liability.</p>	<p>In line with all Ecuadorean mining companies, the management of this risk is based on compliance with the Environmental Management Plan.</p> <p>SolGold will maintain effective environmental compliance register and reporting protocols and ensure effective emergency preparedness planning, and resources to contain and manage spills.</p> <p>In order to ensure compliance the Group provides adequate resources to this area including the employment of personnel and the utilisation of third-party consultants to audit the compliance with the Environmental Management Plan. To date, the Group has been fully compliant.</p> <p>Risk remained constant during the current year.</p>
<p>Pandemic Risk</p>	<p>The Group's exploration activities are sensitive to novel viruses like the COVID-19 pandemic currently affecting global businesses. The Group has adapted its workstreams in response to the mandates of the governments as well as concerns of local communities in the jurisdictions it operates in. Rules in all jurisdictions are changing rapidly and the Group will continue to evaluate and adapt to measures as they are announced. Pandemic risk would also affect the health of employees, suppliers and contractors if appropriate measures are not followed. Any failure to adhere to government protocols during a pandemic crisis could adversely affect the Group's ability to re-mobilise teams to continue exploration and operational activities.</p>	<p>Managing the unexpected risks from a pandemic stem directly from government protocols in-country, as well as recommended guidelines by global health organisations like the World Health Organisation. Ensuring operations are halted when viruses are spreading is critical to mitigating this risk. To date, the Company has been fully compliant with all protocols put into effect for the COVID-19 pandemic.</p> <p>Risk increased during the current year.</p>

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RISK	DESCRIPTION	KEY MITIGATORS
Social Licence to Operate Risk	<p>Strong community relations are fundamental to creating safe, sustainable and successful operations and losing the support from community members would be a risk for the Group's general activities.</p> <p>The Group's concessions are in close proximity to and, in limited areas, overlap with local communities, and it often needs local approvals in order to access and operate in these areas. The Group often enters into agreements with local communities, groups or individuals that address surface access, road or trail usage, local employment, social investment and other key issues. The ethnic composition, social organisation and landownership structure of the communities may differ on a case by case basis, as may the Group's exploration requirements and impacts. Similarly, local concerns regarding environmental and social impacts, both current and historic, including pressures and worries related to the activities of illegal miners in the vicinity of the project, as well as expectations related to Company employment, social investment programmes and other benefits tend to vary from place to place.</p> <p>Every local stakeholder relationship, however, requires ongoing dialogue and relationship management. Events do not always unfold as intended or according to plan, however, and the status of relations can deteriorate for any number of reasons, including, but not limited to: influences of local or external political or social actors or organisations, shifts in the agendas or interests of individuals or the community as a whole, the Group's inability to deliver on community expectations or its commitments, or concerns stemming from communities' historic or recent experiences with legal and/or illegal miners.</p> <p>However, if under extreme circumstances the Group were to lose its social licence with one or more communities and be unable to recover it, this could impact the viability of the project. By the same token, if the Group is unable to obtain social licences from some communities, some of its activities could be affected.</p>	<p>SolGold has ongoing community engagement and socialisation programmes in place in order to best understand the needs of local communities. The possible risks associated with the relocation of communities during the development stage will be managed with the community members' best interests at the core of all decisions.</p> <p>The development of a relocation and resettlement plan will be developed with close consultation and involvement with the community, governments and other stakeholders.</p> <p>The development of a transport plan in conjunction with government, community and other stakeholders.</p> <p>Employment, training and development plan that continues preference to local communities.</p> <p>Maintaining a robust grievance and obligations register that promotes transparency and trust.</p> <p>Maintain independent community monitoring of water, and continue water recycling and minimisation of river water extraction.</p> <p>Work closely with the community to identify safe and acceptable alternative access.</p> <p>Risk remained constant during the current year.</p>

RISK	DESCRIPTION	KEY MITIGATORS
<p>Corporate Reputation Risk</p>	<p>The Group may face corporate reputational risk arising from negative publicity, public perception or uncontrollable events that have an adverse impact on the Group's reputation. As a result of increased usage, speed and reach of social media, the Group is at much greater risk of losing control over how it is perceived in the marketplace. The Group places a great emphasis on protecting its image and reputation but does not ultimately have direct control over how it is perceived by others. Reputation loss may lead to increased challenges in developing and maintaining community relations, maintaining a positive relationship with government authorities, decreased investor confidence and ultimately progressing the Group's projects.</p>	<p>The Group has an in-house public relations function that actively manages the Group's social media platforms and communication between the Company and stakeholders. The in-house public relations function interacts with key media personnel on a regular basis and actively involves the Company in online webinars, management Q&A forums, events and management interviews to promote the Company and provide all stakeholders will continuous transparency of activities.</p> <p>Furthermore, the Group has engaged a third party professional public relations firm in Ecuador to manage and develop the Group's corporate reputation in-country. The firm maintains strong relationships with key media personnel, manages the Ecuadorian social media platforms, promotes the Company to a wide audience and collaborates with industry peers for media interaction.</p> <p><i>Risk remained constant during the current year.</i></p>
<p>People Risk</p>	<p>Establishing an effective composition of the Board, succession processes and evaluation methods is critical to the success of the Group. The Group is dependent on recruiting and retaining high performing leaders focussed on managing the Group's interests. The number of persons skilled in the financing, development, operations and management of mining properties is limited and competition for such persons is intense. The inability of the Group to successfully attract and retain highly skilled and experienced executives and personnel could have a material adverse effect on SolGold's business, financial condition and results of operations.</p> <p>In-country industrial relations risk, and the potential increase in politicisation of the country places a risk on the Company and the country's focus on the development of a mining industry. An increased trade unionism (as per South American mining context) and increased militancy in operating areas has the potential to disrupt normal operations and place risk on employees, contractors and suppliers.</p>	<p>SolGold actively minimises this risk through its HR function by ensuring there is a proper feedback and grievance process in place across Ecuador for all staff, supporting and growing employees' careers and ensuring they are properly equipped and receive support at all times.</p> <p>The Company has a number of committees in place (Nominations and Audit and Risk Management Committee) to develop and implement the most appropriate criteria and succession tools to hire and retain the right people in the workforce.</p> <p>Building and maintaining an Industrial Relations Strategy for Ecuador through in-country specialist expertise, designing recruitment plans to include local and indigenous people and engaging skilled front line workers will help mitigate this risk.</p> <p><i>Risk reduced during the current year.</i></p>

NON-FINANCIAL INFORMATION STATEMENT

NON-FINANCIAL

This section (pages 72 to 77) constitutes the Company's non-financial information statement, which was produced to comply with section 414CA(1) and 414CB(1) of the Companies Act 2006. This information was required by regulation in relation to:

ENVIRONMENTAL
MATTERS



SOLGOLD
EMPLOYEES



SOCIAL
MATTERS



HUMAN
RIGHTS



ANTI-BRIBERY
AND ANTI-
CORRUPTION



S172 STATEMENT

OUR DUTY TO OUR STAKEHOLDERS

EMPLOYEES	INVESTORS	COMMUNITIES	KEY STRATEGIC DECISIONS
98% of our employees are based in Ecuador	180+ investor roadshows and one- to-one meetings in the year	15 fulltime staff engaged in face- to-face community meetings	5 years to transition SolGold from explorer to developer

The Board of Directors of SolGold plc are aware of their duty to act in good faith and to promote the success of the Company for the benefit of its shareholders and with regard to the interests of wider stakeholders.

Our business is at a critical point in development, which has involved extensive dialogue with investors, governments, employees and other stakeholders. We are conscious that the decisions we make have long term consequences and of our need to foster close relationships with all our stakeholders and employees, to consider the impact of our business on local communities and the environment. Minimising our environmental footprint is a key priority for us in every phase of our business.

This section serves as our statement required for s.172 of the Companies Act 2006, and has regard (amongst other matters) to:

- a) the likely consequences of any decision in the long term;
- b) the interests of the Company's employees;
- c) the need to foster the Company's business relationships with suppliers, customers and others;
- d) the impact of the Company's operations on the community and the environment;
- e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly between members of the Company.

In the Strategic Report section of this Annual Report, the Company has set out the short to long term strategic priorities and described the plans to support their achievement. Throughout the Strategic Report we have illustrated how s.172 factors have been considered during the year and how we have engaged with key stakeholder groups.

STAKEHOLDER ENGAGEMENT

AND HOW WE HAVE ENGAGED WITH THEM

WHY THEY MATTER TO US

EMPLOYEES

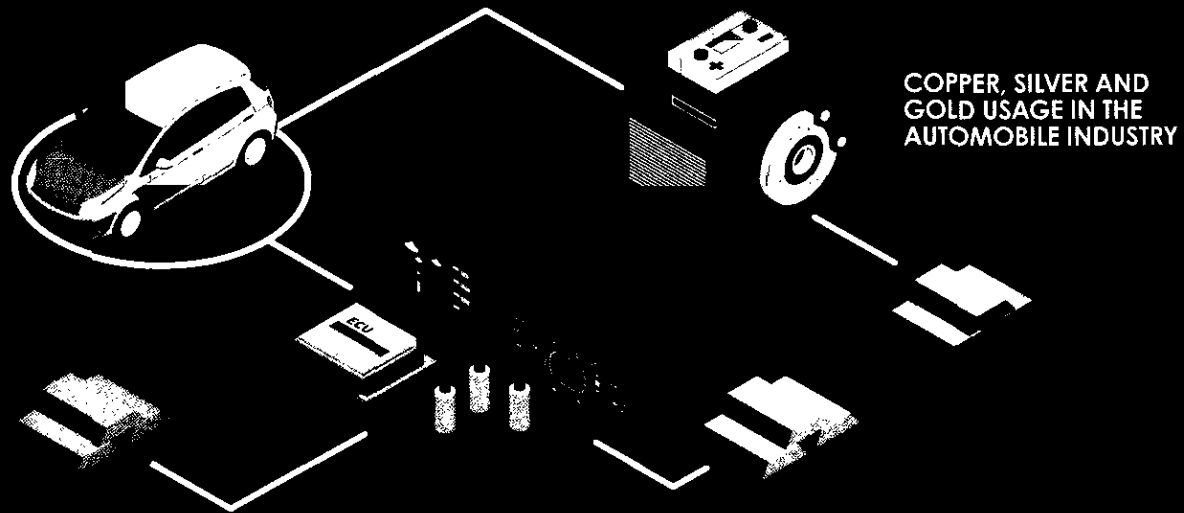
- Our employees are critical to our long-term success and we believe that their involvement depends on ensuring a positive and rewarding environment where they feel respected and safe.
- The Company employs 626 people across Australia, Ecuador, Solomon Islands and the United Kingdom.
- 98% of our employees are based in Ecuador and the Directors consider workforce issues holistically for the Group as a whole.

INVESTORS

- As a developing business, we are in the investment phase of unlocking our projects, and our investors play a critical role in supporting our company.
- Whilst we are establishing the foundations for a long term, responsible mining business we are promoting an investor base that will similarly support our strategic objectives.
- Our focus for the year has been on progressing the potential world class Alpala project and as the project moves to development to engage with new and alternative financial investors to enable greater options for the business.
- Aligned to our long-term view on value creation for a range of investors, we have maintained a pipeline of other significant projects, including a further 75 concessions in Ecuador as a highly prospective and undeveloped mining country.
- Our shareholders are equally keen to ensure sustainable value creation which requires us to ensure good governance and risk management alongside operational performance.

HOW WE HAVE ENGAGED WITH THEM

- We have a line of communication between employees, senior management and Board of Directors. We hold weekly meetings with staff to provide updates on the projects and ongoing business objectives.
- We have a dedicated Ecuador HR function and in the last year have ensured that there is a feedback and grievance process in place across Ecuador for our staff.
- Supporting our growing employee development programme, we hold monthly induction courses for all new staff and, following the COVID pandemic, this has extended to incorporate new health and safety protocols.
- We have implemented a whistleblowing procedure and an associated grievance mechanism which provides our employees, suppliers and contractors the opportunity to anonymously report any incidents that they feel have violated the Anti-Bribery or Code of Ethics.
- We are working towards a more diverse workforce and recognise that in the last year 14% of the workforce were female. Tied to our ambition for greater local empowerment, it is important to note that this also varies by role. Equally, at a leadership level we are also working towards improving diversity with new Board hires, with Mrs Elodie Grant Goodey appointed as a Non-Executive Director after the end of the financial year in July 2020. Additionally we appointed two female leaders in our Executive Team.
- During the year we engaged with investors on topics of strategy, governance, project updates and performance. The CEO, Executive GM – Project & Corporate Finance and Head of Exploration presented at over 180 investor roadshows and one-to-one meetings.
- As illustrated in our Strategic Report, we see the critical nature of copper in the energy transition and the long-term counter-cyclical nature of gold as a store of wealth which has meant a number of our projects have dual attraction to many investors.
- Supporting the development of Alpala we published our third Mineral Resource Estimate (MRE#3) on 7 April 2020 which has defined to date 9.9 million tonnes of contained copper and 21.7 million ounces of gold in Measured and Indicated Resources, confirming the project as one of the top five undeveloped copper discoveries in the world.
- We hold an annual general meeting to engage shareholders and a number of stakeholders. In 2020 given the pandemic we are looking to hold this in Q3 although at the time of writing, are assessing the implications of the COVID-19 pandemic on the timing, affected regions and potential channels to ensure effective engagement.
- We regularly update the Company website to keep investors up to date on information, and attended more than 10 industry conferences and events to meet with investors in-person.



COPPER, SILVER AND GOLD USAGE IN THE AUTOMOBILE INDUSTRY

COMMUNITIES

- Building trust and a sense of partnership with communities is key to our business and our local impact and we have a team of 15 people employed full-time to be out in the field engaged in face-to-face community meetings across all our projects.
- Community engagement informs better decision making and ensures all SolGold stakeholders benefit from the Company's decisions. Having the community's trust will mean it is more likely that any potential concerns the community has can be mitigated and our plans and strategies are more likely to be aligned to their expectations.
- The focus of our development has been in Ecuador and realising the opportunity for a national mining industry meaning we are keen to support this emerging industry.
- Around our flagship Alpala project, the local community in Santa Cecilia and wider Rocafuerte area provide employees to the project and will be a key part of our supply chain.
- As a long-term partner for Ecuador we are closely engaged with local and indigenous peoples in and around all our project affected areas and ensure that our discussions on permitting and developments across our portfolio involve free and prior consultation.
- The Executive Management team have ensured that we have at least weekly engagements with the local community as part of the development of its sustainability initiatives. In particular relating to the Alpala project, we have regular open dialogue with the Imbabura local government and community leaders regarding the project development.
- In Q3 and Q4 of 2020, we are planning an update to our social baseline assessment of communities within the direct and indirect areas of influence of the Alpala copper-gold project.
- In Ecuador, we have initiated a number of partnerships with local and national universities to support education (further details of this on page 87) and development across the regions we operate including education and training of best practices to foster a culture of environmental stewardship.
- Throughout the year we have ensured a strong engagement has taken place with local communities through local businesses (including, for example, the local bakery, chicken farm, plant nursery and hardware stores), to ensure we understand the ambition for greater local economic activity.
- The COVID-19 pandemic has provided SolGold with the opportunity to demonstrate its work with local communities and the benefits of the Company's presence going forward. SolGold has assisted in a number of ways during the pandemic, for example through the provision of face masks, hand sanitisers, gloves and other protective materials for local people.

GOVERNMENT AND CIVIL SOCIETY

- Our vision is to create a lasting business for all Ecuadoreans and to develop a sustainable mining industry for the country that benefits all stakeholders.
- Managing our licence to operate within Ecuador around our key projects means we consider the lifecycle of our projects from discovery and permitting, through development and operation to any closure and rehabilitation implications.
- As a country seeking both socio-economic development and enhanced governance around its natural resources – such as through the Extractive Industries Transparency Initiative (EITI) process – we recognise our ability to bring international expertise that can greatly support the country ambitions of accountability and transparency in resource development.
- The Company Directors have a monthly dialogue with officials across national and federal level, giving presentations to senior federal government officials in Quito as well as to the Ibara local government.
- This has been a key year for the business and particularly for the Alpala project with regular discussion and negotiation with Ecuadorean government on fiscal packages for the mine development – from permitting to infrastructure and share of returns.
- Supporting the national ambitions for an energy transition away from hydrocarbons, our plans for the Alpala mine include use of hydro-electric power supply to help us minimise our carbon footprint.
- SolGold has further developed its strong relations with the Ministry of Mining, and in particular with René Ortiz the Minister of Energy, during 2020.

SUPPLIERS

- As our business grows, we recognise the opportunities and potential from trusted partnerships with our suppliers.
- Moving from an exploration business to one that is also developing projects means that our supplier partners are key to ensuring we develop a high standard, sustainable business and critical, new resources will be required to construct and power these projects.
- We are committed to developing our local communities so we have engaged smaller local vendors to manage Company initiatives and services needed.
- Implementing procedures and practices to ensure the efficient use of water, energy and other resources and regular training sessions to ensure Company standards are met.
- We have an Anti-Bribery policy in place which can be easily accessed on the Company's website. It is discussed at every induction and training session conducted for employees and site visitors. Going forward, SolGold will continue to promote the importance of this policy with suppliers.

STAKEHOLDER ENGAGEMENT CONTINUED

KEY STRATEGIC DECISIONS

SolGold entered its transition phase from explorer to developer during the year ended 30 June 2020. This transition has focussed on ensuring the Company is adequately equipped for a smooth transition into the next phase for the Alpala Project. Key strategic decisions made during the period included:

1. Hiring of key management personnel to cover crucial sectors of project advancement.
2. Fund raising decisions to progress the Alpala Project through to feasibility stage.
3. Fund raising decisions to align with the advancement of the regional exploration programme.
4. Broadening and strengthening the share registry with an increased number of institutional investors.
5. Official bid to acquire all of the issued and outstanding common shares of Cornerstone Capital Resources Inc.

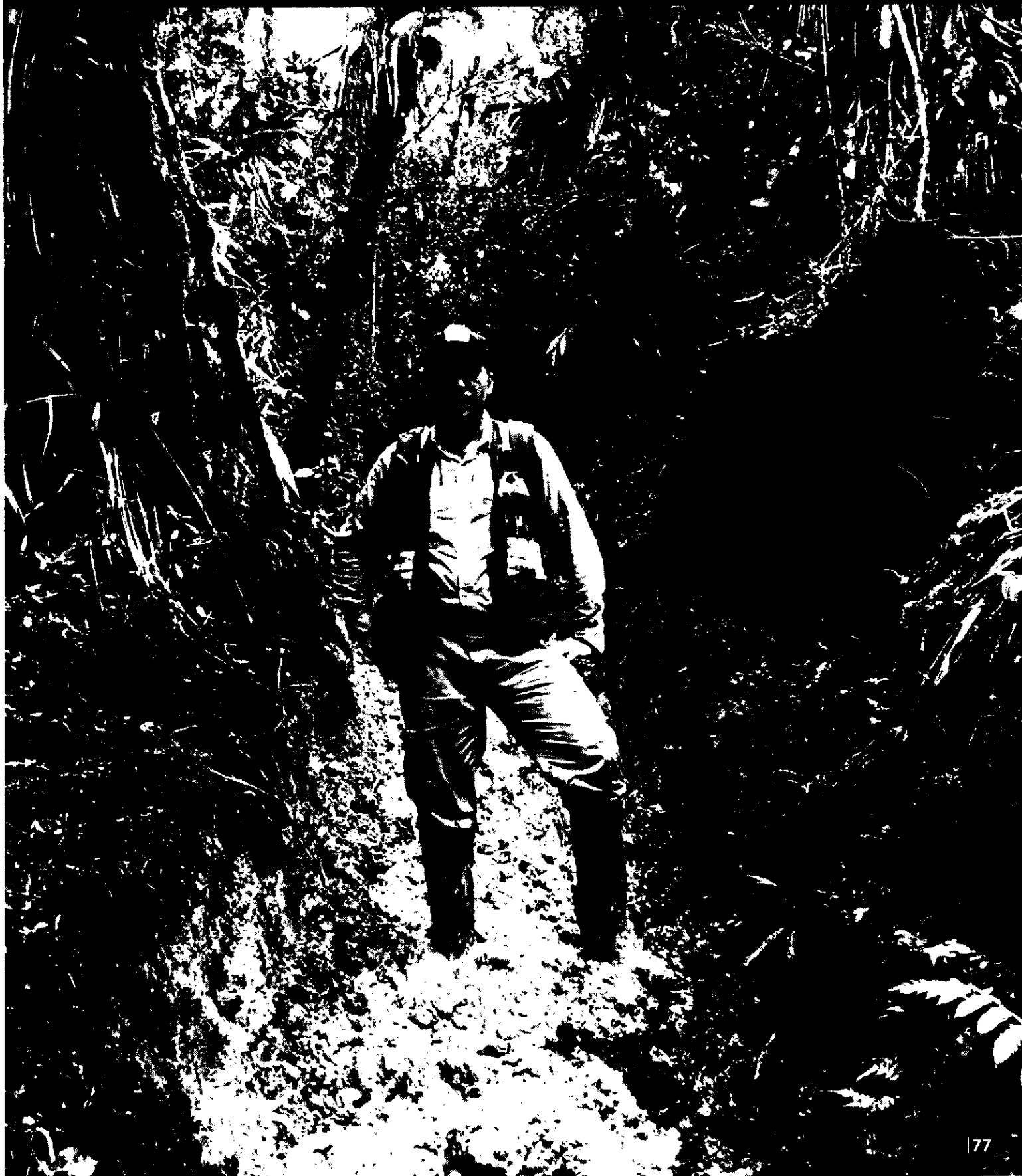
In order to execute these key strategic decisions in the best possible way, key stakeholder groups were involved to ensure concerns and ideas were heard, communicated and implemented. Multiple stakeholder discussions took place during the reporting period in relation to these key strategic decisions, which allowed both the Company and stakeholders to work in synergy for delivery of this, and well as overall growth of the Company.

COVID-19

Given the far-reaching impact of COVID-19 not just on the Company, but on our wider stakeholders, we have actively engaged and supported a wide range of groups during the last few months. Recognising the economic impact of the pandemic, we have ensured all our staff remain employed and on full pay whilst many operations are suspended, we also conducted PCR testing for staff and family members.

We have been actively supporting local communities in their efforts to curtail the spread of COVID-19 and we have rolled out to the communities a comprehensive programme of information around preventative actions. Also, within Ecuador, in response to requests from local authorities and control agencies on the front line of public activities related to COVID-19, two shipments of personal protection equipment have been delivered to medical, police and military personnel in the area. We continue to support all our stakeholders, including employees and local communities, through the COVID-19 pandemic.

WE HAVE BEEN ACTIVELY SUPPORTING LOCAL COMMUNITIES



SUSTAINABILITY REPORT

OUR SUSTAINABLE APPROACH



INJURY AND INCIDENT FREE WORKPLACE



EQUAL OPPORTUNITIES FOR ALL EMPLOYEES



PROACTIVE CONTRIBUTION TO LOCAL COMMUNITIES

SolGold is committed to a sustainable and transparent approach to all operations in exploration, development and mining.

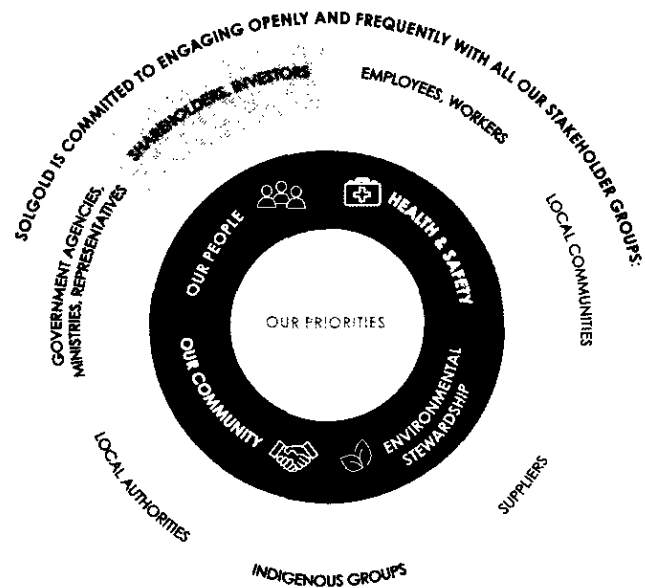
SolGold's ambition is to become a major mining company in Ecuador, therefore our business model and operations are structured with sustainable and responsible practices in mind. We strive to create an equal opportunities work environment where employees can be safe and healthy at all times, whilst feeling valued and supported. We also strive to maintain and improve our strong community relations in all areas of operations through a number of different initiatives and programmes in place.

During the current transition from explorer to developer, SolGold has recognised the need to commit to high industry standards. The Company has signalled its commitment to the ten principles of UN Global Compact, which we are now incorporating into our management practices.

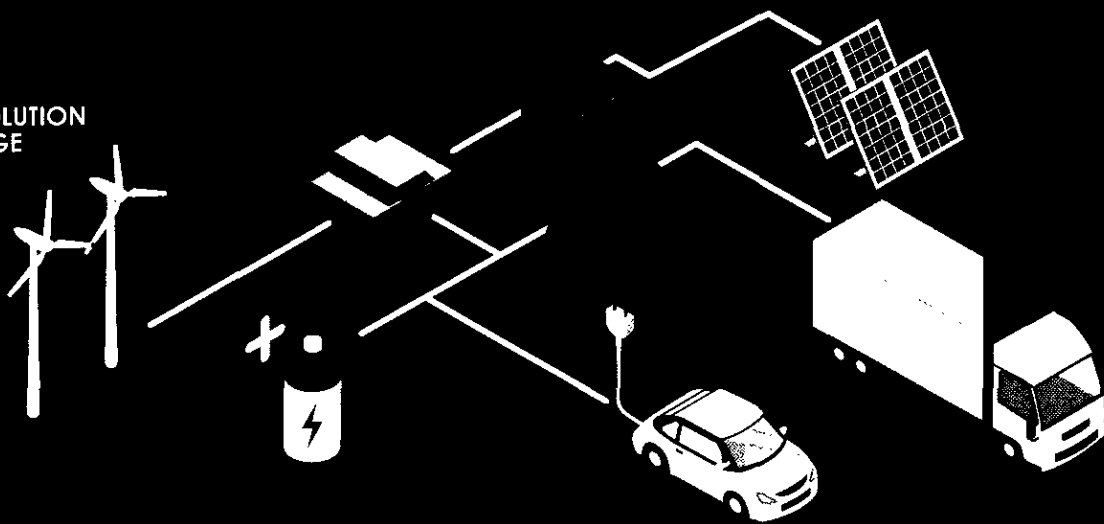
In an effort to build and contribute to a more sustainable world, we continuously aim to support the UN's Sustainable Development Goals (SDGs) and have linked these topics throughout this report to demonstrate our input toward these goals.

We have recognised the importance of transparent and industry standards reporting and going forward, are aiming to comply with IFC Performance Standards and plan to release a Sustainability report in the near future.

We recognise the importance of identifying and prioritising topics relevant to SolGold and our stakeholders. During the reporting period, we engaged a third-party consultant to conduct a desk-based materiality assessment which assessed emerging trends and current stakeholder perceptions of the Company.



A REVOLUTION
IN USAGE



**POSITIVE UNDERSTANDING
OF BENEFITS OF
RESPONSIBLE MINING**



**REHABILITATION AND
REFORESTATION
OF LAND**



**RESPONSIBLE USE OF
ENERGY, WATER AND
OTHER RESOURCES**

The materiality assessment identified, consolidated, analysed and scored the Company on key material topics within the framework of sustainability. We are using the results and recommendations from this assessment to better develop our sustainability framework and priorities going forward.

SolGold is committed to engaging openly and frequently with all our stakeholder groups, including:

- Our people
- Our communities
- Local authorities
- Indigenous groups
- Suppliers
- Government agencies, ministries, representatives
- Shareholders, investors

Our priorities and material topics are grouped into these six pillars:

- Our people
- Governance
- Our community
- Our environmental stewardship
- Health and Safety
- Economic factors

Our sustainability goals are:

- Injury and incident free workplace
- Equal opportunities for all employees
- Proactive contribution to local communities
- Positive understanding of benefits of responsible mining
- Rehabilitation and reforestation of land
- Responsible use of energy, water and other resources

ANTI-BRIBERY

At SolGold, bribery and corruption are completely unacceptable. We have an anti-bribery policy in place which can be easily accessed in our global offices and on the Company's website. It is discussed at every induction and training session conducted for employees and site visitors. Our employees and contractors are informed that SolGold explicitly prohibits any form of bribery or corruption and are asked to read the Company's anti-bribery policy. Going forward, SolGold will continue to promote the importance of this policy with our suppliers. SolGold is aligned with the Partnering Against Corruption Initiative (PACI) principles for countering corruption and is aiming to become a signatory of PACI in the near future.

We're committed to aligning ourselves to the following sustainability goals:



SUSTAINABILITY REPORT **OUR PEOPLE**

ATTRACTING AND MAINTAINING A



SOLGOLD IS COMMITTED TO ACHIEVING AN INJURY AND INCIDENT FREE WORKPLACE. WE ACHIEVE THIS THROUGH OUR H&S ACTIVITIES:



EDUCATION OF HEALTH AND SAFETY RISKS



IMPLEMENTATION OF HEALTH AND SAFETY PROCEDURES

'CASCABEL' COMMUNITY BAKERY EMPLOYEE,

Read Luz Mina's case study on page 83



92

FEMALE EMPLOYEES DURING
THE FINANCIAL YEAR

65%

OF OUR WORKFORCE HAS
ACCESSED ONE OF OUR
TRAINING PROGRAMMESPROVISION OF HEALTH
AND SAFETY EQUIPMENT
AND PERSONNELPROMPT REPORTING OF ANY
INJURIES AND INCIDENTS TO
ENSURE LESSONS ARE LEARNT
AND EQUIPMENT AND PROCEDURES
ARE ADAPTED IF REQUIREDREGULAR REVIEW OF
COMPLIANCE TO HEALTH
AND SAFETY POLICIES TO
AVOID COMPLACENCY

OUR PEOPLE

Attracting and maintaining a skilled and diverse workforce is central to SolGold's success. An engaged, safe and motivated team maximises SolGold's ability to generate value for its stakeholders. The Group's policy is to attract staff and motivate employees by offering competitive terms of employment. The Group provides equal opportunities to all existing and prospective employees. We are very proud to have a large and skilled Ecuadorean workforce and we believe that empowering our local workforce is an important factor for the growth of Ecuador and its mining industry.

During the financial year ended 30 June 2020, SolGold employed 626 people, of which 98% are Ecuadorean and of these 14% are women. The Strategic Report provides details of the Group's activities and policies concerning the employment, training, health and safety and community support concerning the Group's employees in Ecuador.

SolGold is committed to providing a workplace in which everyone, regardless of nationality, race, ethnicity, age, gender, sexuality or religious beliefs is treated with respect and without sexual, physical or psychological harassment or harm.

Our employees have told our management team that they are proud to work at SolGold and have consistently described the work environment as inclusive, career developing and collaborative. Our employees are confident to speak up in times of doubt, as well as for opportunities of progress and development.

STAFF RETENTION

SolGold recognises that the development, retention and wellness of our employees is a fundamental pillar to SolGold's success, sustainability as a business and the growth of Ecuador's mining industry. Our people are incredibly important to us and we strive to consistently and fairly provide mentorship, empowerment and encouragement in each role in order for each employee to reach their full potential. We believe constant growth, internal opportunities and development programmes improve employee morale, productivity and career satisfaction which ultimately contributes to the Company's overall success.

DIVERSITY

At SolGold, we ensure our employees are working in an environment that values inclusivity and diversity where they can thrive and fulfil their full potential. To date, our experience in this has delivered better business outcomes including improved leadership, diversity of thought and workplace wellness. The positive experience our employees have had with SolGold has encouraged and attracted new talent into the Company, who are employed based on skills and merit. We do not discriminate in any way, nor do we tolerate any form of bullying, harassment or discrimination. At SolGold, we promote empowerment and recognise the importance of employee diversity and employ a significant number of women in all areas of the business.

SUSTAINABILITY REPORT **OUR PEOPLE**

- 14% of Ecuadorean employees are women
- 92 employees of the Group at 30 June 2020 were women
- There was no female Director at 30 June 2020
- There was 1 female member of Key Management Personnel at 30 June 2020, refer to Note 5 on page 166.

We have also increasingly recognised the need to diversify the Company at a Board level and during the reporting period, consulted stakeholders and commenced the search for an additional Non-Executive, Independent Director, as well as the addition of more Independent Directors. Following the end of the last financial year, the Company was pleased to announce the appointment of Mrs Elodie Grant Goodey as a Non-Executive Director in July 2020. Mrs Grant Goodey is an ESG expert with more than 25 years' experience in social risk assessment, stakeholder engagement, social performance, tax transparency and human rights in diverse environments often related to emerging markets. We also have other female leaders in both Executive and Management leadership roles across our organisation and locations.

WOMEN IN MINING IN ECUADOR

The Company has been involved as a supporter of the newly founded Women in Mining Ecuador ('WIM Ecuador'). This was created as a voluntary initiative of women who are involved in activities related to the mining industry in several areas. Its objective is to generate and support initiatives to maintain and promote the participation of women in the mining industry. The 2030 Agenda proposed by the United Nations includes among other objectives promotion of sustained and inclusive economic growth, full employment, and gender equality. SolGold has supported this initiative from its inception and is an active member of WIM Ecuador, both as a company and through the input of its employees.

HUMAN RIGHTS

Respecting human rights is crucial to the operation of our business. We are committed to respecting human rights and are aiming to operate the Company in a way that is consistent with the UN Guiding Principles for Business and Human Rights. We aim to integrate human rights in our existing risk management processes and have strong internal management systems in place in all our operating jurisdictions. We are constantly reassessing these to ensure safety and respect for human rights are met.

KEY SOCIAL PROGRAMMES

SolGold has actively approached and integrated with local communities to determine the needs of community members and to establish key social programmes to create a friendlier, more sustainable environment. We recognise the importance of working with these communities to ensure that our interests are aligned and that everyone can benefit from our presence and activities. These programmes include:

- Socialisation and engagement
- Local job creation
- Education and training
- Social, cultural and sport
- Community development and health
- Environmental responsibility

SOCIALISATION AND ENGAGEMENT

SolGold strives to constantly listen to the needs of community members and updates each community on a bi-monthly basis to inform all stakeholders on Company-wide activities. SolGold encourages and invites local community members to visit the Alpala project to better understand the mining industry, SolGold as a company, project activities and what the Company is doing at all levels to contribute positively to Ecuador.

NURTURING RELATIONSHIPS IN OUR COMMUNITIES



Nurturing relationships in our communities is vital to the long-term sustainable success of SolGold's operations. Due to the relatively remote location of Alpala, SolGold's operations contribute significantly to economic development and to the improvement of local communities. Unlocking value for all our stakeholders is a key focus of ours and we aim to help with community needs and provide opportunities for constant engagement and interaction.

LOCAL JOB CREATION

Within the communities in which we operate, SolGold aims to provide employment opportunities to as many people as possible. Our communities are a very important factor to the long-term success of each project, and we recognise that in order to contribute to sustainable social and economic environment, employing and empowering local people is hugely

important. SolGold facilitates long term employment opportunities for community members and the Ecuadorean workforce.

Our job creation opportunity goals are focussed on:

- Improving geological, project and community-based opportunities for women
- Further inclusiveness of vulnerable groups as well as the LGBTQ+ community
- Creating opportunities for community members for sustainability initiatives
- Reliable, long-term provider of thousands of jobs across exploration, development and production and throughout the life of our mine(s)
- Equal opportunity employer, harnessing and developing local talent

LUZ MINA, 'CASABEL' COMMUNITY BAKERY EMPLOYEE, SANTA CECILIA COMMUNITY

"SOLGOLD HAS GIVEN US

Luz Mina is a micro-entrepreneur and believes that more women's micro-enterprises can benefit from SolGold's presence.

In 2018, she decided to be part of the 'Cascabel' Community Bakery, a project that was created by women of the area and with the support of SolGold and the Mayor of Ibarra's Office.

Luz believes that this local business is important for her colleagues and the Santa Cecilia community, who have been able to grow and develop their lives. SolGold supports these productive projects, promoting self-sustainability so that they can multiply their benefits for the future.



CREATING SAFE, SUSTAINABLE AND SUCCESSFUL PRACTICES



HOSTING INTRODUCTORY MEETINGS WITH COMMUNITIES WITHIN LICENCE AREAS PRIOR TO THE COMMENCEMENT OF ANY EXPLORATION ACTIVITIES



HOSTING REGULAR CONSULTATION MEETINGS TO LISTEN TO AND RESPOND TO CONCERNS AND TO GENERATE COMMUNITY-LED IDEAS ON HOW SOLGOLD CAN ACTIVELY HELP TO OVERCOME THE SPECIFIC LOCAL ISSUES THE COMMUNITIES HAVE

**SOLGOLD EMPLOYEE,
URBINA COMMUNITY**

Read Mesías Zambrano's case study on page 89



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LOCAL FAMILIES
BENEFIT FROM THE
NURSERY ANNUALLY



PROVIDING EDUCATIONAL SESSIONS
ON EXPLORATION AND MINING TO HELP
COMMUNITY MEMBERS UNDERSTAND THE PROCESSES
AND BENEFITS

5

COMMUNITY MEMBERS
ARE EMPLOYED AT THE
PLANT NURSERY



IMPLEMENTING A DIVERSE RANGE OF
SOCIAL INITIATIVES

EDUCATION AND TRAINING

Building a better future together through education and training is a fundamental pillar to SolGold's employees, community relations, and growth and development as a company. SolGold provides training programmes to community members as well as employees to further develop their skills and understanding across a broad range of topics including the mining industry, environmental concerns as well as geological information for junior geologists. Our goal of evolving education and training is carried out via:

- Helping improve the quality of formal education through donations and sponsorships
- Formation and training of student ecological clubs
- Development of organic school gardens
- Organisation of internal sports competitions at schools
- Promotion of environmental awareness about care and preservation of nature
- Actively promote the development of artistic abilities of students

SOCIAL, CULTURAL AND SPORT

During meetings and conversational interactions with local community members, community members spoke up about the ongoing need for health and wellbeing and the lack of facilities in the surrounding

areas. SolGold recognised the importance of culture and sports within the communities and has listened to the needs of these communities. Volleyball is a hugely popular sport amongst local people, meaning SolGold has invested in the construction of a volleyball court on site at Alpala. In recognition of the needs within the community, SolGold has:

- Helped strengthen sports, arts and music within the local Alpala community
- Contributed and developed sporting facilities such as volleyball courts
- Funded coaches and teachers for a number of sporting, culture and musical activities that the community members placed importance on

COFFEE INITIATIVE

The climate in Ecuador, and particularly within and surrounding the Cascabel licence, is ideal for coffee farming. Our environmental and social teams at the Cascabel nursery have been planting, growing and harvesting coffee beans on site for more than four years. Recently, we created and began implementing a new social and environmental initiative called 'Cascabel Coffee'. Our team has developed strong relationships with local coffee farms and we have developed a Cascabel Coffee brand. We hired a local coffee expert to guide us on the initiative and help train and mentor the teams on the whole coffee process from seedling through to roasting.

SUSTAINABILITY REPORT **OUR COMMUNITY**

Over the past six months, our teams have started roasting the beans from both on the Cascabel licence and neighbouring coffee farms and created a commercially viable product with Cascabel branding. There are currently two blends, one made with beans grown on-site at the Cascabel nursery, the other a more specialty blend with beans grown on properties surrounding Cascabel. Our teams have been donating the ground espresso to local community members and have set up the Cascabel café on site at Rocafuerte, for all SolGold employees and local community members to try the coffee in person, completely complimentary.

We intend to continue working closely with local farmers with the ambition to broaden the coffee farming footprint and increase produce. We will continue to build on this initiative and fund the training to improve and develop the skills of local coffee growers. This initiative will help educate and innovate business entrepreneurship within the emerging coffee culture industry out of Ecuador.

COMMUNITY DEVELOPMENT AND HEALTH

SolGold is committed to improving the quality of life within the local communities through a number of services including:

- The development of medical brigades
- Provision of medical equipment
- Training and support for local health providers
- Improving local health services infrastructure

SolGold is also working with local governments to improve services such as:

- The expansion of the potable water system
- Reliable internet for all
- Medical care quality

These local partners include the governments of Lita and La Carolina, district health of the cantons Ibarra and Uruqui and the Community Directors and Health teams.

HEALTH & SAFETY

SolGold places top priority on ensuring our employees, contractors and suppliers are safe all day, every day. Safety is at the core of our business and we are committed and determined to prevent any risks that may result in an unsafe environment. The protocols and systems that we have in place across all operations, have been carefully designed and implemented for each sector. At SolGold, we take a holistic approach to the management of this, with legal compliance at the forefront. We facilitate regular safety briefings in order to keep our employees up to date on protocols and practices we have in place, whilst maintaining constant communication on any new risks that may arise in certain situations.

Health and Safety is the responsibility of everyone and SolGold recognises the importance of leading and promoting the highest principles and practices to ensure the safety and good health of all employees, contractors, community members and visitors.

During the COVID-19 pandemic, SolGold remained committed to the safety and wellbeing of all its employees and communities, and as a result, *complied with government preventative measures* throughout Ecuador and halted all operations. Where possible, the SolGold teams worked from home and during the height of the virus, actively monitored all employees, supported local communities in their efforts to curtail the spread of the virus, and supplied local communities with face masks, hand sanitisers, gloves and other protective materials to help minimise the spread.

SOLGOLD IS COMMITTED TO IMPROVING THE QUALITY OF LIFE



In order to strengthen our workplace safety culture, we are regularly educating our employees on possible risks and encouraging employees to speak up when they feel uncomfortable or recognise any possible risks. We are developing our reporting culture and aim to create a leadership programme to further develop the quality of field leadership and how we coach our employees through issues.

SolGold is committed to achieving an injury and incident free workplace. We will achieve this through the following activities:

- Education of health and safety risks
- Implementation of health and safety procedures
- Training and crisis management training
- Provision of health and safety equipment and appropriately trained personnel
- Prompt reporting of any injuries and incidents to ensure lessons are learnt and equipment and procedures are adapted if required
- Regular review of compliance to health and safety policies to avoid complacency

In the reporting period, there were only minor unreportable accidents that did not generate any extensive harm. These accidents were taken care of with first aid and medical treatment.

At Cascabel we have two medical facilities catering for employees, their families and visitors, one at the Rocafuerte camp and one at Alpala camp. The facilities have the necessary equipment to handle emergencies and medicine for outpatient treatment.

TRAINING AND DEVELOPMENT

A comprehensive training and development programme is paramount to ensure the Company has an appropriately skilled workforce, as well as a pipeline of skilled workers. SolGold implements a bespoke programme for each employee depending on their abilities and personal development goals. Our geological teams are mentored and trained on a weekly basis by our senior geologists and our administration teams are mentored by their respective managers. We have established strong partnerships with the local universities and offer a number of sponsorships. Our employees regularly offer tutorial sessions at the universities as further education for the upcoming generation is of huge importance. We constantly scan the educational landscape for relevant training and development courses to enhance our employee skill-set and professional development.

STRATEGIC IN-COUNTRY CORPORATE ALLIANCES

SolGold's excellent approach to the sustainability sector in Ecuador has allowed the Company to establish strategic corporate alliances with a multitude of companies, these include:

- CERES – for the promotion of sustainability principles
- Red Libre – to help eradicate child labour
- CME – for the promotion of responsible mining in Ecuador
- UTPL CIM – for access to unbiased knowledge on the mining industry
- Minería Responsable en Ecuador – corporate body promoting best practices for responsible mining



SUSTAINABILITY REPORT **OUR COMMUNITY****COMMUNITY RELATIONS**

SolGold believes that strong community relations are fundamental to creating safe, sustainable and successful operations. Since arriving in Ecuador in 2012 SolGold has always placed the highest importance on creating and maintaining open, respectful, proactive and productive relationships with all the communities within which SolGold operates.

SolGold wants to empower these communities and therefore creates strong alliances with state institutions and local governments to support the fulfilment of the specific development plans for the different communities. We have 15 experienced full-time professionals in our Social Team with backgrounds in human development, economics, agronomy and project management.

We have multiple community relations teams, eight employees in the Cascabel team and 19 employees across the regional subsidiaries, who achieve this through the following activities:

- Hosting introductory meetings with communities within licence areas prior to the commencement of any exploration activities
- Hosting regular consultation meetings to listen to and respond to concerns and to generate community-led ideas on how SolGold can actively help to overcome the specific local issues the communities have
- Providing educational sessions on exploration and mining to help communities understand the processes and benefits
- *Implementing a diverse range of social initiatives*

SolGold's long-term ambition is to help develop diverse and thriving economies that are sustainable beyond the life of each project. In order to achieve its ambition, some of the key community activities carried out during the year included:

- Creation of several small business initiatives in the community to promote farming of agricultural products and livestock as additional sources of income.
- Improvement of the educational infrastructure at the townships of Lita and La Carolina to contribute to the physical and organisational improvement of formal education.
- Establishment of a health and sanitation programme for the surrounding townships to improve the care, promotion and prevention of disease, especially for children, pregnant women and seniors.
- Art for Kids initiative to promote environmental awareness and preservation of nature through the development of artistic abilities of children.

EXTERNAL AFFAIRS AND IN-COUNTRY RELATIONSHIPS

SolGold places the utmost importance on building and maintaining relationships with community leaders, local government officials and bodies along with provincial and national government bodies to ensure protocols are constantly met and SolGold continues to place its people, its communities, the environmental, workplace health and safety and human rights at the core of all activities and business operations.

Our Vice President in Ecuador, Andy Taunton, has a wide range of business, diplomatic and government contacts across a range of industries that have been developed over his career in Ecuador. These relationships have proved invaluable in ensuring that SolGold operates in partnership with local business, government and people to ensure that SolGold's stakeholders can share in the Company's success.

SOLGOLD'S LONG TERM AMBITION IS TO HELP DEVELOP DIVERSE AND THRIVING ECONOMIES



SolGold remains in close contact with both Ambassadors and Trade Officers of the UK, Canada, United States of America, Canada and Australia. Ambassadors of these missions and of Chile and Peru maintain a regular forum on mining issues. SolGold and other industry officials have contributed to several of these meetings with insight and concerns for the Ambassadors' knowledge in their own specific dealings with government.

Government communication is similarly direct, with meetings in pursuit of SolGold interests with the Ministers of Energy, Mines, Transport, Foreign Trade and Commerce, Foreign Relations, Finance Defence and Tourism maintained in the course of the year.

Provincial Governors and Prefects play a significant role in the management of activities in their provinces. As SolGold operates in 10 provinces, via Social Team leaders and senior management the Company maintains working relationships with many of these officials.

PROVINCIAL LEVEL

In Carchi, we have discussed the social effects of illegal mining and communications strategies on promoting responsible mining practices and in support of improved road infrastructure to help local communities. In Bolivar anti-mining activism is rife and SolGold has been directly involved in supporting pro-mining publicity campaigns led by both Vice Ministry of Mines and the Governors' office.

MESÍAS ZAMBRANO, SOLGOLD EMPLOYEE, URBINA COMMUNITY

"SOLGOLD HAS TAUGHT US

Mesías, with other people from the community, has been part of the training programmes SolGold develops in the area to understand and develop environmental management skills. He obtained a water monitoring certificate in order to monitor and supervise how SolGold performs with its responsible water management programmes.

Mesías says his life has changed by having a stable and secure job, which in turn allows him to provide for his family.



SUSTAINABILITY REPORT **OUR COMMUNITY**

The Imbabura and Carchi governors and prefects visited Cascabel and were impressed with the order, safety and social actions and environmental programmes. They brought some of their staff and communications officers and the Company received positive reports on official social media pages. The Company was able to discuss the way positive effects of employment have incentivised its local workers not to get involved in illegal mining activity.

In Morona Santiago the governor's office has been in direct contact with the Company on issues such as anti-mining activism and pro-mining publicity. Recently, the Governor of the province of Zamora Chinchipe had direct contact with SolGold on the potential of more direct support for hospital facilities.

LOCAL LEVEL

The Mayor of Ibarra (the Municipal authority in which Cascabel is located) visited Cascabel and indicated her enthusiasm for the way in which SolGold had developed the project with its high social content. She was particularly impressed by the many female members of field staff present.

SolGold maintains contact with local autonomous government presidents in all its project locations. These officials are interested in what SolGold is doing, ensuring their presence at official information meetings on project activities around the country which is a standard feature of our Social Teams' constant attention for the multiple information obligations to the surrounding direct and indirect Areas of Interest. Close relationships with these officers are paramount to ensuring communities' support and SolGold makes every effort to have these productive relationships in place.

Since the COVID-19 crisis started in Ecuador, relationships with local government elected leaders have become more important. These figures appreciated the Company's support in providing personal protective equipment to medical personnel and other front-line personnel such as police and military personnel at health checkpoints. The previously well established 'business' relationships became ones of mutual support and in particular our concern for the provision of medical protection supplies was extremely well received in all our projects by these community leaders. Our Social Teams maintained very close telephone contact with communities and their leaders and provided equipment supplies and information packs to try to mitigate the propagation of the virus within communities. In a predominantly indigenous area, we translated the COVID-19 information leaflets into the local language.

ECUADOR CHAMBER OF MINES

SolGold's Vice President Andy Taunton is a current Board member of the Ecuador Chamber of Mines and, as such, is closely involved with industry issues on a regular basis. The Chamber has been directly involved in the response to the various Consulta Popular requests around mining projects during the year. Legal aspects of those situations were crucial to understanding the Constitutional Court's findings and the Board was directly involved both with the legal team advising on those requests and in the presentation of related *amici curiae*.

SINCE ARRIVING IN ECUADOR IN 2012 SOLGOLD

The Chamber of Commerce of Quito, and the Committee of Empresarios of Ecuador have provided a lot of support to the industry and specifically in the case of the Consulta Popular around Cascabel and the Company maintains close relationships with the principals of the institution which groups over 100 separate chambers and business institutions in the country. The committee principals are well known to the Company over a period of time. SolGold's representative was invited to speak on Responsible Mining to the Board of Directors and during the October national strike was again invited to participate in discussions at Board level about the immediate industry related consequences.

FEEDBACK MECHANISMS

SolGold is committed to a 100% open door policy for all people directly and indirectly involved in the Alpala project and its area of influence. Our grievance mechanism ensures a response within 15 days.

Employees:

- Direct access to functional managers
- Health and Safety Committee
- Whistleblower Policy

Community:

- Grievance mechanisms in place (reviewed by SolGold's community liaison manager fortnightly)
- Suggestion boxes (reviewed by SolGold's community liaison manager fortnightly)
- Open door policy
- Outreach meetings
- Water monitoring team
- Direct access to community team at all times

WHISTLEBLOWING POLICY

We have implemented a whistleblowing procedure which provides our employees, suppliers and contractors the opportunity to anonymously report any incidents that they feel have violated the Anti-Bribery policy or Code of Ethics. SolGold's Chief of Human Resources has operational responsibility for this policy which will be reviewed on a yearly basis in order to remain compliant with all relevant regulations. The policy will also be translated into Spanish in order to be readily available to all Ecuadorean employees, community members, contractors and suppliers.



IS A KEY PRIORITY FOR SOLGOLD



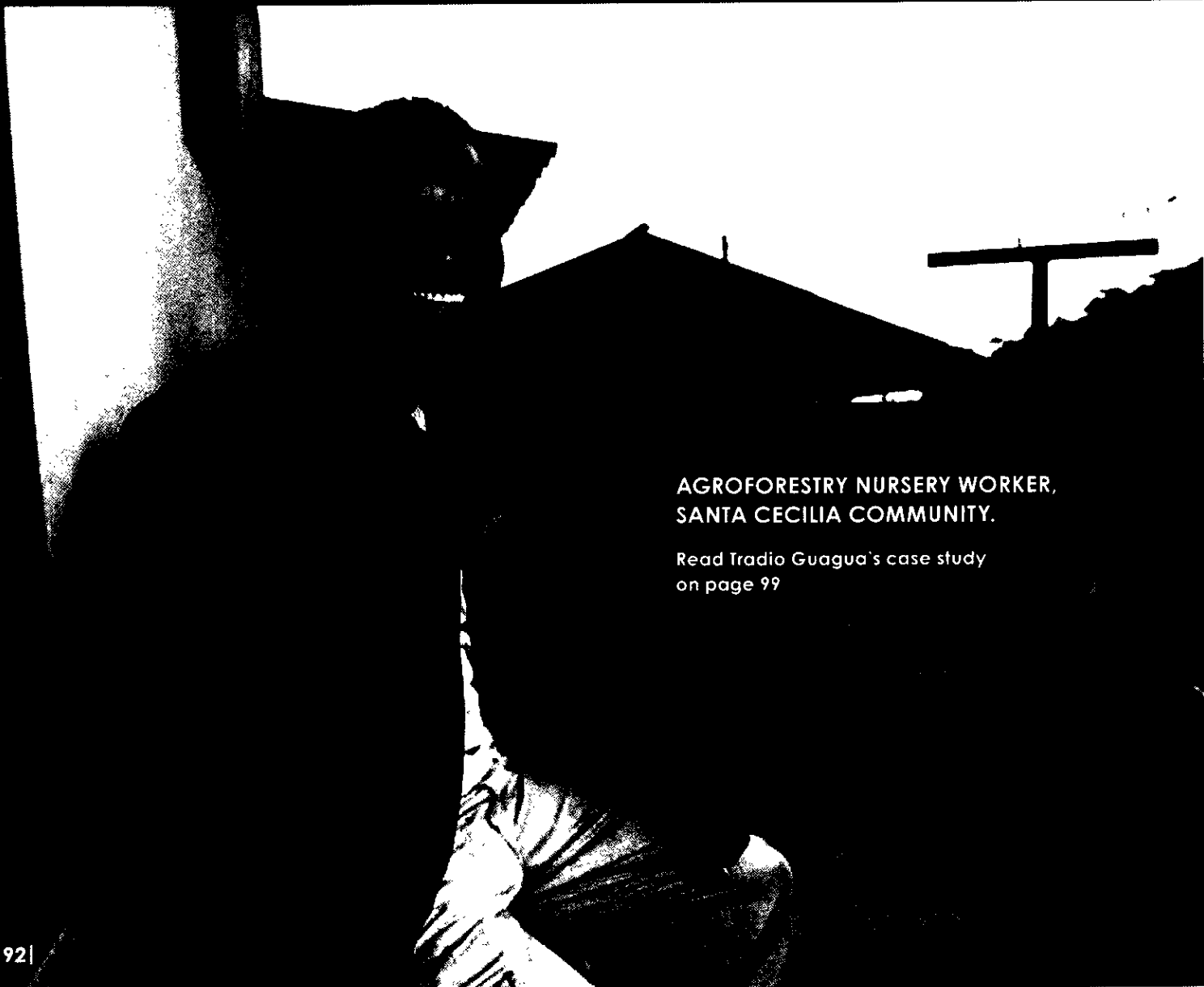
OUR ENVIRONMENT
PRIORITIES ARE:



DESIGNING, DEVELOPING AND
OPERATING OUR FACILITIES WITH
THE GOAL OF MINIMISING THE
ENVIRONMENTAL IMPACT



PROVIDING EDUCATION AND
TRAINING OF BEST PRACTICES
TO FOSTER A CULTURE
OF ENVIRONMENTAL
STEWARDSHIP



AGROFORESTRY NURSERY WORKER,
SANTA CECILIA COMMUNITY.

Read Tradio Guagua's case study
on page 99

OUR GOAL IS TO UNDERTAKE OUR OPERATIONS IN AN ENVIRONMENTALLY RESPONSIBLE MANNER BY INTEGRATING



IMPLEMENTING PROCEDURES AND PRACTICES TO ENSURE THE EFFICIENT USE OF WATER, ENERGY AND OTHER RESOURCES



RESPONSIBLY MANAGING THE COMPANY'S WASTE



REGULARLY MONITORING OUR ENVIRONMENTAL IMPACT AND ADAPTING PROCEDURES AND PRACTICES WHERE REQUIRED

ENVIRONMENTAL STEWARDSHIP

As a natural resources company, we place utmost importance on protecting and conserving the natural environment to the best of our ability. We are committed to minimising our environmental footprint and the impacts our operations have on the environment. We strive to adhere to the required environmental guidelines. Our goal is to undertake our operations in an environmentally responsible manner by integrating the protection of the environment into our everyday working practices.

Our key environmental programmes include:

- Water management
- Environmental monitoring
- Waste management
- 1 Million Plants programme
- Rehabilitation of disturbed areas

We achieve this by:

- Designing, developing and operating Company facilities with the goal of minimising the environmental impact
- Implementing procedures and practices to ensure the efficient use of water, energy and other resources
- Responsibly managing the Company's waste
- Providing education and training of best practices to foster a culture of environmental stewardship
- Regularly monitoring our environmental impact and adapting procedures and practices where required

As work continues on the PFS, SolGold is assessing how to transition into the development phase with best sustainability practices at the core of the business. Innovative technologies, on the ground initiatives and the strengthening of our environmental and social teams will contribute to SolGold's future as a responsible miner.

USE AND MANAGEMENT OF WATER

SolGold is committed to the sustainable use and care for waterways:

- 100% of water used in drilling activities is treated.
- Environmentally safe products are used in all drilling activities
- State of the art technology (Solids Removal Unit) is used for removing drill sludge from water
- 100% of wastewater is treated

We have identified water conservation and treatment as a top priority and environmental risk for our project areas. Although Ecuador as a country has an abundance of water, we ensure our operational water use is minimal and treat the water used effectively in order to maintain healthy waterways and streams for flora, fauna and local community use.

SUSTAINABILITY REPORT **OUR ENVIRONMENT****ENVIRONMENTAL MONITORING**

SolGold constantly and consistently collects meaningful information, and has developed innovative designs to minimise water use, land disturbance and discharge control. Environmental planning and monitoring is also done through:

- Baseline studies to understand initial environmental conditions
- Monitoring of water, soil, noise, air, flora and fauna

SolGold's Biotic Studies and Monitoring programmes carried out within the concession since 2013, has seen the identification of 254 flora species. In addition, the forest areas within the Cascabel concession are a carbon sink, which contributes to climate change mitigation, with an average biomass of 142.81 Tm/ha reported to date.

A total of 63 species of mammals, 27 species of bats, 160 species of birds, 38 species of amphibians, 35 species of reptiles and 21 species of fish have been identified.

These monitoring programmes are conducted by SolGold's environmental teams and community volunteers and are subject to verification by independent consultants. We have recognised the need for a more in-depth flora and fauna study and will begin creating and implementing a suitable programme.

During the reporting period, SolGold also established two meteorological stations and five hydrology stations at the Alpala project.

WASTE MANAGEMENT

At SolGold, we are conscious of keeping our environmental footprint minimal, and therefore practise good waste management across all operations and have systems implemented to ensure this continues. On site, our bins are categorised into organic waste, recyclables and glass. We consistently reduce, reuse and recycle at each project operation.

- 100% of hazardous waste is processed externally with HAZWAT, an independent waste disposal company
- 100% of organic waste is processed for composting
- No recyclables managed by SolGold are sent to waste dump zones

ONE MILLION PLANTS PROGRAMME

We recognise that Ecuador is a very ecologically diverse country and are continuously implementing new programmes to further conserve the environment and minimise our footprint. We have continued with our 1 Million Plants programme which restores the structure, productivity and diversity in areas affected by agricultural activities. To date we have produced over 350,000 plants. This programme is done through:

- The installation of a forest nursery for the production of native species (2,500m²)
- Specific team of 40 people from local communities have been hired to execute the programme
- Native species produced in regenerated areas are consistent with natural native populations

During the reporting period, the SolGold nursery produced 75,794 plants of native forest species. 45,710 forest species were planted that cover an area of 46.72 ha, as part of our 1 Million Plants initiative. SolGold participated in the second Edition of the SDG Recognition of Good Practices in Sustainable Development, through the 1 Million Plants Programme.

WE RECOGNISE THAT ECUADOR IS A VERY ECOLOGICALLY DIVERSE COUNTRY

REHABILITATION OF DISTURBED AREAS

SolGold progressively rehabilitates and restores disturbed areas with native species grown at our onsite nursery. As our operations have expanded and increased, we have actively ensured we also expand and increase our rehabilitation programmes in order to decrease the risk of disturbing fragile ecosystems:

- Flora and fauna mapping was undertaken to determine natural population densities
- 76.5% of the disturbed areas have been fully rehabilitated to date
- The remaining 23.5% remains in operation

During the financial year ended 30 June 2020, SolGold conducted the following key environmental activities to minimise its environmental footprint at the Cascabel project:

- Rehabilitation and the revegetation of land for a total of 3,253m² and 1,683m² for drilling platforms at Cascabel.
- Implementation of the 1 Million Plants Programme with the total number of species grown now over 350,000.
- Training workshops for members of the community on environmental issues related to: Legislation, Environmental Licence and Environmental Management Plans.
- Construction of five hydrological stations at the Parambas, Chinambicito, Collapi, Cachaco and Cristal rivers.
- Installation of two weather stations in the Rocafuerte and Alpala camps.
- Installation of a new Wastewater Treatment Plant at the Alpala camp.
- Monthly monitoring campaigns for water and sediments.
- Construction of a new composting organic waste area at the Rocafuerte Camp.

CLIMATE CHANGE, EMISSIONS AND ENERGY USE

We recognise the worldwide importance of climate change. We are currently evaluating and understanding the uncertainties and risks that climate change has on the Company. Following this, we will be able to manage our sustainability more appropriately and ensure we are covering all aspects for a cleaner work environment.

Our approach going forward is driven by the Paris Agreement and the UN Global Compact's call to action and strive to be a company helping to reduce greenhouse gas (GHG) emissions wherever possible in order to contribute to the need to reduce the effects of global warming.

In order to reduce this impact and to improve the sustainability of operations it is important to evaluate and account emissions of the Company's operations using standardised approaches and principles.

SolGold's activities are based on an environmental management system that, in addition to complying with the requirements of the applicable regulations, proposes a progressive management of the impacts that may affect physical and biotic natural resources, as well as the social environment of the area of influence of a project.

The level of corporate environmental responsibility of the Company translates into the growth of corporate performance, better financial balance, and mainly, in a sustainable management of the surrounding natural resources (of broad viability in this phase of advanced mining exploration).

The emissions document produced by Samana (third-party consultant), reports the greenhouse gas emissions (hereinafter carbon footprint) of the activities carried out at the Cascabel concession, operations and camps during the reporting period as one of the main sustainability indicators that are integrated at a corporate level in the environmental management plan, which also reflects the level of efficiency in the use of resources, and a proposal for solutions to climate change, from this scale of operations.

SUSTAINABILITY REPORT OUR ENVIRONMENT



Understanding the importance of climate change and the urgent need to bring all actors into the transition to low carbon and sustainable economies, the Government of the United Kingdom in 2013 announced that under the Companies Act 2006 (Strategic and Directors' Reports) Regulations 2013, quoted companies are required to report their annual greenhouse gas (GHG) emissions in their directors' report.

The development of a greenhouse gas emission inventory for the Alpala Project is the first step in order to comply with this regulation. The activities evaluated are related to those that have the potential to generate greenhouse gas emissions, mainly CO₂, CH₄ and N₂O. Based on the geological studies of the Concession, the scope of activities for the present phase is summarised in: access opening, exploratory drilling, soil and sediment sampling.

Additionally, the operations require the logistics of two camps (one in Rocafuerte, and one in Alpala), as well as their vehicular access roads.

Emissions summary:

- The total carbon footprint from SolGold's operations at Alpala is of 2,043.5 mtCO₂e (generated outside of the United Kingdom), which corresponds to the activities for the reporting period of July 2019-June 2020. This value represents a reduction of approximately 50% in relation to the carbon footprint value for the reporting period from July 2018-June 2019, which amounted to 4,810.5 mtCO₂e. This is predominantly attributable to the decrease in drilling during this period.
- The intensity ratio for 'Cascabel' operations is 0.18 mtCO₂e/meter drilled in the reporting year, this is more than three times the ratio reported in the last report. In the current reporting period, exploratory and geotechnical drilling were only carried out until the month of August 2019, and since then SolGold continued with the development of pre-feasibility and feasibility studies for the project, which involved the use of camps and mobilisation, but is not necessarily associated with the an increase of meters drilled.
- The main source of emissions is related to the sector of stationary energy, from the combustion of diesel used primarily for drilling and the generators for electricity used in camps, contributing 90% of emissions.
- Waste incineration and disposal was not included in the report as it corresponds to scope 3 (voluntary emissions).

REHABILITATION

76.5% of the disturbed areas **have been fully rehabilitated to date**
The remaining **23.5% remains in operation**

2020

Year chosen as base year (Financial Year): 01 July 2019–30 June 2020

CURRENT YEAR EMISSIONS

EMISSIONS	TOTAL (MTCO ₂ E)	CO ₂ (MTCO ₂ E)	CH ₄ (MTCO ₂ E)	N ₂ O (MTCO ₂ E)	HFCS (MTCO ₂ E)	PFCS (MTCO ₂ E)	SF ₆ (MTCO ₂ E)
Scope 1	1,997.50	1,978	11	8.5			
Scope 2	44	44	0	0			
TOTAL	2,043.50	2,024	11	8.5			

CURRENT YEAR EMISSIONS

EMISSIONS	SOURCE	DESCRIPTION	QTY	UNIT	EMISSIONS FACTOR (EF)	EMISSIONS (MTCO ₂ E)			
						CO ₂	CH ₄	N ₂ O	TOTAL
SCOPE 1	STATIONARY ENERGY	LPG Consumption in camps	220,556.05	Kwh	EF. LPG residential	54	–	–	54
		Diesel consumption in generators and drilling	7,046,953.20	Kwh	EF. Stationary diesel combustion	1,764	2	4	1,770
		Gasoline Consumption in engines	108,440.90	Kwh	EF. Stationary gasoline combustion	27	–	–	27
WASTE	WASTE	Compost	36	m ³	Solid waste disposal IPCC	–	9	–	9
		Waste Water	9,904.00	m ³	Calculations according to IPCC	–	–	2.5	2.5
SCOPE 1	TRANSPORT	Diesel Consumption	530,415.83	Kwh	EF. Mobile diesel combustion	133	–	2	135
SCOPE 2	STATIONARY ENERGY	Energy consumption from the grid	161,608.00	Kwh	EF. Energy grid	46	–	–	46

SUSTAINABILITY REPORT OUR ENVIRONMENT



2019

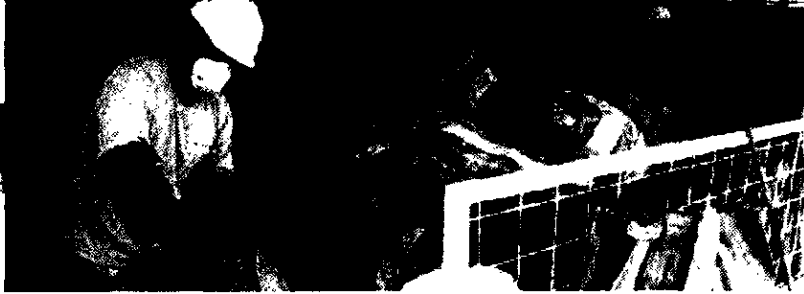
Year chosen as base year (Financial Year): 01 July 2018–30 June 2019

BASE YEAR EMISSIONS

EMISSIONS	TOTAL (MTCO ₂ E)	CO ₂ (MTCO ₂ E)	CH ₄ (MTCO ₂ E)	N ₂ O (MTCO ₂ E)	HFCS (MTCO ₂ E)	PFCS (MTCO ₂ E)	SF ₆ (MTCO ₂ E)
Scope 1	4,766.50	4,714	37	15.50			
Scope 2	44	44	0	0			
TOTAL	4,810.5	4,758	37	15.5			

BASE YEAR EMISSIONS

EMISSIONS	SOURCE	DESCRIPTION	QTY	UNIT	EMISSIONS FACTOR (EF)	EMISSIONS (MTCO ₂ E)			
						CO	CH ₄	N ₂ O	TOTAL
SCOPE 1	STATIONARY ENERGY	LPG Consumption in camps	239,889.03	Kwh	EF, LPG residential	58	–	–	58
		Diesel consumption in generators and drilling	17,470,292.89	Kwh	Stationary diesel combustion	4,373	5	9	4,387
		Gasoline Consumption in engines	289,175.71	Kwh	EF, Stationary gasoline combustion	71	1	1	73
	WASTE	Compost	88.00	m ³	Solid waste disposal IPCC	–	31	–	31
		Waste Water	12,068.00	m ³	Calculations according to IPCC	–	–	2.5	2.5
SCOPE 1	TRANSPORT	Diesel consumption	845,058.99	Kwh	EF, Mobile diesel combustion	212	–	3	215
SCOPE 2	STATIONARY ENERGY	Energy consumption from the grid	154,448	Kwh	EF, Energy grid	44	–	–	44



Climate change is a global crisis that requires focus and collaboration from companies within the resources sector. We recognise that the implementation of a climate change policy to the business is critical to a successful future.

These activities across the environmental, social and governance sectors highlight our commitment to work alongside the communities, the local and national government, and other key stakeholders, striving towards the best possible sustainable practices and continuously high levels of transparency. The effort we make with each stakeholder group strongly reflects our commitment to build strong in-country relationships to further contribute to our ultimate goal of becoming a copper gold major in Ecuador.

The Strategic Report was authorised for issue and signed on behalf of the Directors by,

NICHOLAS MATHER
CHIEF EXECUTIVE OFFICER
AND MANAGING DIRECTOR

17 September 2020

TRADIO GUAGUA, AGROFORESTRY NURSERY WORKER, SANTA CECILIA COMMUNITY.

“SOLGOLD CARES

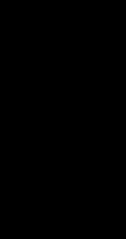
Tradio Guagua, 55, lost his hand while working at a previous job, which affected his outlook on finding a job he could excel in. SolGold's arrival to his community meant Tradio was able to have an honourable job and his family was able to return to their home. At the same time, Tradio is contributing to the development of SolGold and the growth of the Cascabel nursery, whilst rehabilitating the land at the same time.



BOARD OF DIRECTORS



JOHN S.



ROBERT MATHER



DR. MICHAEL WEINBERG



MR. ROBERT CLARE



Mr Twigger was appointed on 17 June 2019 and is the Managing Director and Principal of PCF Capital Group, a licensed and independent investment banking and corporate advisory business based in Perth, Western Australia. Under Liam's stewardship, PCF Capital Group has grown to become one of Australia's leading resource sector corporate advisory firms. The firm is Australia's leading advisor on mine sales.

Mr Twigger is the Principal of mine brokerage business MinesOnline.com and is also a Non-Executive Director of the Western Australian Government owned Gold Corporation (trading as the Perth Mint) a gold refining and marketing business that refines 300 tonnes of gold per annum and has an annual turnover of AUD18 billion.

Mr Twigger holds a Graduate Diploma in Business, a Bachelor of Economics and is a Certified Practising Accountant.

Mr Mather graduated from the University of Queensland with a B.Sc. (Hons. Geology). He has 35 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. Mr Mather has focussed his attention on the identification of and investment in large resource exploration projects. He has, during his career, been instrumental in capital raisings of over AUD\$500.0 million and the return of AUD\$5.7 billion to shareholders via takeovers. He was managing director of BeMaX Resources NL and was 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 until his resignation in 2004, Mr 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 requote on the ASX in 2003. He was also founder and Chairman of TSX-V listed Waratah Coal Inc until its \$130m takeover by Minerology Pty Ltd in December 2008. Mr Mather is also Managing Director of ASX-listed DGR Global Limited and sits on the Board of the following Companies: Armour Energy (ASX), IronRidge Resources (LSE AIM), Dark Horse Resources (ASX), AusTin Mining (ASX), Lakes Oil (ASX).



Dr Weinberg was appointed 22 November 2005 as a Non-Executive Director and is considered to be the Company's Senior Independent Director. Dr Weinberg gained his doctorate in geology from Oxford University in 1973, has more than 40 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. Dr Weinberg has been an independent non-executive director of a number of minerals exploration, development and mining companies.

Prior to his current activities, Dr Weinberg was Managing Director of 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. Dr Weinberg has also held senior positions within Société Générale and was head of the mining team at James Capel & Co. Dr Weinberg was formerly Marketing Manager of the gold and uranium division of Anglo American Corporation of South Africa Ltd.



Mr Clare was appointed on 1 May 2018 and is a partner at Bennett Jones LLP, one of Canada's leading corporate law firms. He is a corporate and securities lawyer with extensive experience in the mining sector both domestically and internationally. Mr Clare is recognised by Lexpert as a leading mining lawyer in Canada, and repeatedly recommended for his experience in mining, corporate finance and securities law by the Canadian Legal Lexpert Directory.

Mr Clare also currently acts as a non-executive Director of PJX Resources Inc, Riverside Resources Inc and Spanish Mountain Gold Ltd.

Mr Clare was involved with SolGold's TSX listing process and provides ongoing legal and corporate advice to the Company in relation to its Canadian regulatory and business matters.



NON-EXECUTIVE DIRECTOR



EXECUTIVE DIRECTOR



NON-EXECUTIVE DIRECTOR



COMPANY SECRETARY



Mr Moller was appointed Non-Executive Director on 11 May 2005. Mr Moller is a corporate partner in the Brisbane-based law firm HopgoodGanim 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 practises almost exclusively in the corporate area with an emphasis on capital raising, mergers and acquisitions.

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

Mr 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, Dark Horse Resources Limited, and the non-executive Chairman of ASX-listed Aus Tin Mining Limited, Tempest Resources Limited, and Platina Resources Limited.

Mr Ward was appointed on 17 June 2019 and is Head of Exploration at SolGold. Mr Ward has been instrumental in the Company's success to date. Having been involved in the Company since its inception in 2006, Mr Ward has played a critical role in developing SolGold's outstanding presence in Ecuador. Alongside developing the Cascabel project, in which capacity he is President of the Ecuadorean holding company Exploraciones Navomining S.A. (ENSA), and managing SolGold's four 100% owned subsidiaries, which have produced an unrivalled exploration portfolio across the rest of Ecuador, Mr Ward has created a fully comprehensive corporate infrastructure for SolGold in Ecuador, run via the Company's office in Quito. In addition to Mr Ward's technical role he oversees all local labour force development, community relations, landholder relations and government relations.

Mr Ward is an exploration geologist with 25 years' experience. He has an extensive track record of successfully managing exploration teams working with a wide variety of cultures in challenging social, physical and geological terrains and remote locations around the world.

Mr Ward holds a Bachelor of Applied Science (Geology) and is a Fellow of the Australasian Institute of Mining and Metallurgy. Jason is also fluent in Spanish.

Mrs Grant Goodey was appointed Non-Executive Director on 17 July 2020. Mrs Grant Goodey is a social performance professional with 25 years' experience in societal risk assessment, social performance, human rights, government and civil society relations. She has a valuable track record of managing key stakeholders at executive and frontline levels in a FTSE100 company.

Mrs Grant Goodey was formerly Head of Societal Issues and Relationships at BP, leading social policy management, social risk assessment, advocacy and stakeholder engagement. In this role, she was responsible for the company's position on societal issues such as human rights, transparency and accountability and led the cross-functional team that drafted business and human rights policy, impacting communities and supply chains in more than 100 countries.

Mr Schlobohm, appointed 14 April 2009, has over 25 years' experience 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's Degrees in Commerce and in Economics, and a Master's Degree in Taxation. He is also a fellow of the Governance Institute of Australia.

Mr Schlobohm is also contracted to act as the Company Secretary of the AIM-listed IronRidge Resources Limited and ASX-listed DGR Global Limited, Dark Horse Resources Limited, Aus Tin Mining Limited and Armour Energy Limited.

COMMITTEE MEMBERSHIP KEY

● Audit and Risk Management Committee ● Remuneration Committee ● Nominations Committee ● Chair of Committee

CORPORATE GOVERNANCE

BOARD AND COMMITTEE STRUCTURE

The Board ordinarily meets on a monthly basis, providing effective leadership and overall control and direction of the Company's affairs through the schedule of matters reserved for its determination. The Board is collectively responsible for approving the long-term objectives and strategy of the Company. 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 Board in a timely manner, prior to Board meetings. The Board also receives summary financial and operational reports before each Board meeting.

The Chair of the Board is Mr Liam Twigger, who is a Non-Executive Director. As Chair, Mr Twigger is responsible for the leadership of the Board, efficient organisation and conduct of the Board's function, and the briefing of all Directors in relation to issues arising at Board Meetings. The Chair is also responsible for shareholder communication, arranging Board performance evaluation and setting the tone of the Company's approach to corporate governance.

The terms of appointment for each of the Company's Directors is set out under a Letter of Appointment, which contains, amongst other things, the expected time commitment for Directors to:

- attend all Directors' Board and Strategy Meetings;
- attend all shareholders' meetings;
- attend any special Board or other meeting that may be convened (including Committee Meetings of which the Director is a member); and
- liaise with fellow Directors.

It is the Board's policy to maintain independence by having a number of its members as Non-Executive Directors who are free from any material business or other relationship with the Company. The structure of the Board ensures that no one individual or group is able to dominate the decision making process.

The Board of the Company is currently made up of two Executive Directors and five Non-Executive Directors. Dr Robert Weinberg, Mr Liam Twigger and Mrs Elodie Grant Goodey are considered to be independent by the Board. Mr Nicholas Mather is not independent as he is the Chief Executive Officer of the Company. Mr Jason Ward is not considered independent as he is employed by the Company in an executive capacity. Mr Brian Moller is not considered independent as he is a partner in the Australian firm Hopgood Ganim Lawyers for the provision of legal services to the Company. Mr James Clare is not considered independent as he is a partner in the Canadian law firm Bennett Jones LLP for the provision of legal services to the Company. These professional services are based on normal commercial terms and conditions.

Dr Robert Weinberg is currently considered to be the Company's Senior Independent Director (SID), but will be replaced following his retirement. The role of the SID is to be available to shareholders to discuss any concerns they may have about the running of the Company where the normal channels of communication are not appropriate. The SID is usually expected to lead discussions at meetings of Non-Executive Directors without the Chair present on an annual basis.

The Board has delegated to the Chief Executive Officer (CEO) the day-to-day management of the Company under clearly defined terms of reference. The CEO is supported by an experienced management team including the Global Exploration Manager, the UK Markets and Investor Relations Executive, the Chief Financial Officer and the Secretary of the Company.

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 or her duties.

Other responsibilities are devolved to the Audit and Risk Management, Remuneration and Health, Safety, Environment and Community (HSEC) Committees, which are described more fully below. The terms of reference of each Committee, and the matters reserved to the Board, are available on the Company's website.

BOARD CHANGES DURING FY2020

Mr Craig Jones resigned as Non-Executive Director from the SolGold Board of Directors on 25 June 2020 and Ms Anna Legge resigned as Executive Director from the SolGold Board of Directors on 13 November 2019.

BOARD CHANGES AFTER FY2020

Post the reporting period, Mrs Elodie Grant Goodey was appointed as an Independent Non-Executive Director of the Company on 17 July 2020.

STATEMENT OF THE CHAIR – 2020

As the recently appointed Chair of SolGold, I am responsible for the leadership of the Board of Directors, for the efficient organisation and conduct of that Board's functioning, and for the briefing of all Directors in relation to issues arising at Board meetings. As Chair, I am also ultimately responsible for shareholder communication, arranging Board performance evaluation, and setting the tone for the Board's approach to Corporate Governance matters. I work closely with the Managing Director of the Company, and utilise the Company Secretary as a resource for the administration and conduct of these matters.

SolGold moved from the AIM Board to the Main Board of the London Stock Exchange in October 2017 via a standard listing. Accordingly, the Company is required to comply with the relevant Listing Rules, the Disclosure Guidance and Transparency Rules of the UK Corporate Governance Code (the Code), and the Prospectus Rules. The Directors are, however, committed to maintaining high standards of Corporate Governance as detailed in the Company's Corporate Governance Charter (available on the Company's website) and have recently resolved to move to compliance with the UK Corporate Governance Code in the next months. For the 2020 financial year however, the Company is continuing to report against the Quoted Company Alliance Corporate Governance Code (QCA Code), which is recognised as being suitable for growth companies. We provide a table on our full compliance with the QCA Code on page 105.

CORPORATE GOVERNANCE CONTINUED

STATEMENT OF THE CHAIR – 2020 CONTINUED

The Company acknowledges that its business is now evolving from one of pure exploration to one of exploration and project development, particularly as it relates to the Company's interests in Ecuador. In due course, in relation to the Company's flagship Cascabel Project, this will further evolve to include mine development and construction. As Chair, it is my intention to continue to ensure that the Company's approach to Corporate Governance moves parallel with the continued evolution of the Company's business. Doubtless this will require more rigour to be applied to the Company's internal and external policies and procedures as project and capital expenditures, levels of community and governmental engagement, personnel numbers and asset values all increase over the next 12 to 48 months. In this regard, I am pleased to advise that the Board has resolved to evolve its standards to be measured against the UK Corporate Governance Code as soon as possible. Accordingly, for the 2021 Annual Report, the Company will report against the principles and provisions of the UK Corporate Governance Code.

As part of our ongoing engagement with investors and the continuing commitment to adopt best practice Corporate Governance standards, SolGold has developed new governance policies, processes and guidelines. This year, the Company's progress includes:

- Board refreshment with the appointment of Mrs Elodie Grant Goodey as an independent Non-Executive Director on 17 July 2020, replacing long-standing Non-Executive Director, Dr Robert Weinberg who will retire at the 2020 AGM;
- Adopting and coming into full compliance with the Quoted Companies Alliance (QCA) Code;
- The establishment of a Nominations Committee;
- Improvements to the Remuneration Committee;
- The introduction of a Whistleblower Policy;
- No payments of any non-audit fees to our independent auditors to help ensure independence; and

- The appointment of two leading corporate governance proxy solicitation firms CMI2i and Boudicca, whom will help accelerate the development of SolGold's Corporate Governance framework, and increase the Company's shareholder engagement activities.

The Board has also discussed and considered the need for Board member renewal and succession as appropriate, and has commenced a process for the identification, selection and appointment of suitably qualified candidates to be appointed over the next few months as the Company's lifecycle continues to evolve as outlined above. During the year, SolGold appointed a senior Human Resources Executive who is assisting with this initiative. The first quarter of 2020 also saw the Board focus heavily on changes to the Company's activities to ensure the health and safety of its employees, contractors and local communities in which it works, due to the COVID-19 pandemic. Some of the initiatives implemented at that time remain in place at the time of writing.

During the reporting period, SolGold appointed two leading London proxy solicitation firms ahead of the Company's 2020 AGM to accelerate the development of SolGold's Corporate Governance framework, and increase the Company's strategic shareholder engagement. SolGold has committed to ensuring that half of the Board is comprised of independent Non-Executive Directors as soon as possible in line with its plan to further strengthen the experience and independence of the Board.

For good measure it should be noted that the Company is also subject to various corporate laws and regulations in Canada and Australia as a result of being a reporting issuer in Canada, and a registered foreign corporation and tax resident in Australia.



LIAM TWIGGER
CHAIR

THE QCA'S TEN PRINCIPLES AS ADOPTED BY THE COMPANY

“THE QCA CODE IS A PRACTICAL, OUTCOME-ORIENTED APPROACH TO CORPORATE GOVERNANCE THAT IS TAILORED FOR SMALL AND MID-SIZE QUOTED COMPANIES IN THE UK. SINCE ITS INITIAL RELEASE IN 2013, IT HAS BECOME A VALUABLE REFERENCE FOR GROWING COMPANIES WISHING TO FOLLOW GOOD GOVERNANCE EXAMPLES”.

The QCA Code contains ten principles, which SolGold is pleased to report compliance with as follows:

QCA PRINCIPLE	COMPLIANT	NON-COMPLIANCE EXPLANATION	FURTHER READING
1 Promote Long-term Value for Shareholders	✓	N/A	Strategic Report
2 Addressing Shareholder Needs and Expectations	✓	N/A	Section 172 Statement
3 Accounting for Stakeholder and Social Responsibilities	✓	N/A	Section 172 Statement Sustainability Report
4 Embedded and Effective Risk Management	✓	N/A	Risk Management Principal Risks and Uncertainties
5 Maintenance of Board Function and Balance	✓	N/A	Corporate Governance, page 111
6 Appropriate Mix of Skills and Experience at Board Level	✓	N/A	Corporate Governance, page 113
7 Evaluation of Board Performance	✓	N/A	Corporate Governance, page 114
8 Corporate Culture Based on Ethical Values and Behaviours	✓	N/A	Sustainability Corporate Governance, page 115
9 Maintenance of Governance Structures and Processes	✓	N/A	Corporate Governance, page 115
10 Communications with Shareholders and Other Stakeholders	✓	N/A	Section 172 Statement

Full details are available in the Corporate Governance section of the Company's website.

CORPORATE GOVERNANCE

CONTINUED

THE QCA'S TEN PRINCIPLES AS ADOPTED BY THE COMPANY CONTINUED

Principle 1 – Promote Long-term Value for Shareholders

SolGold is a dual LSE / TSX listed mineral exploration and development company with projects in various stages of advancement in Ecuador, Australia and the Solomon Islands. The Company's corporate strategy is to create and sustain shareholder value through the discovery of world-class copper-gold deposits. SolGold has a first mover advantage in Ecuador, a highly prospective yet under-explored section of the Andean Copper Belt, home of multiple Tier 1 copper and gold projects and half of the world's copper resources. It also believes that it has the team, the track record and the resources to succeed.

Specifically, the Company is aiming to achieve value creation for shareholders by:

- Utilising the Company's highly experienced personnel, first-mover advantage, extensive tenure footprint and its local Ecuadorean workforce to identify numerous potential world class deposits and cement its dominant position within, and commitment to, the nation of Ecuador;
- Utilising innovative technology in exploration initiatives to limit the Company's environmental footprint, maximise the use of shareholder funds, and create successful exploration tools and techniques capable of repetition;
- Investing in local country relationships at community, employee, Government and wider stakeholder levels;
- Ensuring its social licence to operate its sustainable business model;
- Having a level of geopolitical and geological diversity within its range of projects;
- Rewarding loyal and dedicated employees who drive the Company's objectives.

The Board and Management of the Company seek to manage the potential challenges associated with working in developing economies and communities through:

- The maintenance of a comprehensive and evolving Risk Matrix and Risk Management programme;
- Regular engagement with all levels of Government;
- Community-focussed social and environmental programmes, including an active rehabilitation and plant nursery, water and waste management initiatives;
- Local employment, training and educational programmes; and
- Comprehensive insurance programmes, including evacuation assistance and political risk coverage.

Key risk areas are further expanded and discussed on pages 66 to 71 of this Annual Report.

Principle 2 – Addressing Shareholder Needs and Expectations

SolGold regularly engages with its major corporate and institutional shareholders through attendance at resource conventions and similar industry functions. Furthermore, it frequently undertakes non-deal roadshows to engage with institutional shareholders, brokers, analysts and potential investors. Feedback garnered from these processes is discussed at Executive and Board level to ensure investor expectations are consistently understood. The Company also engages in investor events and webinars, providing the opportunity to engage with and answer the questions of private investors. The Investor Relations team is contactable by all investors and is open and available to answer any queries.

The Company publishes numerous internal and external contact points at the end of each of its market releases to facilitate contact from the retail market. Conference and investor presentations, including videos where applicable, are made available on the Company's website and via its newsletter service. The Company operates a Twitter account and has a free newsletter subscription page available to all interested parties on its website.

In the third quarter of 2019, the Company engaged a proxy advisory firm to provide feedback and comments received from shareholders in relation to the votes cast at the Company's Annual General Meeting. A range of issues that were raised via this process, including the need to improve corporate governance practices, with a focus on diversification and independency on the Board of Directors and remuneration practices. These have been actively discussed and considered by the SolGold Board and Executives as part of the Company's ongoing development of its Corporate Governance framework, and its reporting procedures and protocols. The overarching plan to further develop Corporate Governance framework and practices is currently being implemented as outlined above in the Statement of the Chair, and SolGold will continue to engage with shareholders in this manner to garner further feedback.

Principle 3 – Accounting for Stakeholder and Social Responsibilities

SolGold is committed to a sustainable approach to *exploration, project development and mining*. Transparent and responsible practices at local, regional and national levels are critical to the Company's long-term success.

SolGold is committed to engaging openly and frequently with all its stakeholder groups, including:

- Employees and contractors;
- Local communities;
- Indigenous groups;
- Suppliers;
- Government agencies, ministries, representatives; and
- Shareholders and potential investors.

From the point of view of social responsibility and sustainability, SolGold is focussed on:

- An injury and incident free workplace;
- Equal opportunities, and career developments for all employees;
- Proactive contributions to local communities, including employment, education, training and general quality of life initiatives;
- Positive understanding and delivery of the various benefits of responsible mining;
- Responsible supply sourcing and supply chain management;
- Rehabilitation and reforestation of land; and
- Responsible use of energy, water and other resources.

SOLGOLD'S PEOPLE

Attracting and maintaining a skilled and diverse workforce is central to SolGold's success. An engaged, safe and motivated team maximises SolGold's ability to generate value for its stakeholders. The Group's policy is to attract staff and motivate employees by offering competitive terms of employment. The Group provides equal opportunities to all employees and prospective employees including those who are disabled. SolGold is very proud to have a large, and skilled Ecuadorian workforce. During the financial year ended 30 June 2020, we employed an average of 603 people, of which 96% were Ecuadorian and 10% were women. We employ 86 geologists and are focussed on continuing to increase the proportion of female employees at SolGold in line with our diversity aims.

CORPORATE GOVERNANCE CONTINUED

THE QCA'S TEN PRINCIPLES AS ADOPTED BY THE COMPANY CONTINUED

Principle 3 – Accounting for Stakeholder and Social Responsibilities continued

HEALTH & SAFETY

Health and Safety is the responsibility of everyone and SolGold recognises the importance of leading and promoting the highest principles and practices to ensure the safety and good health of all employees, contractors, community members and visitors.

SolGold is committed to achieving an injury and incident free workplace. The Company aims to achieve this through the following activities:

- Education of health and safety risks;
- Implementation of health and safety procedures;
- Comprehensive employment training;
- Provision of health and safety equipment and appropriately trained personnel;
- Prompt reporting of any injuries and incidents to ensure lessons are learnt and equipment and procedures are adapted if required; and
- Regular reviews of compliance to health and safety policies to avoid complacency.

At Alpala, the Company has two medical facilities, catering for employees, their families and visitors, one at the Rocafuerte camp and one at Alpala camp. The facilities have the necessary equipment to handle emergencies and medicine for outpatient treatment.

SAFEGUARDING

SolGold is committed to providing a workplace in which everyone, regardless of nationality, race, gender or religious belief is treated with respect and without sexual, physical or mental harassment.

TRAINING AND DEVELOPMENT

A comprehensive training and development programme is of paramount importance to ensure the Company has an appropriately skilled workforce, as well as a pipeline of skilled workers. SolGold implements a bespoke programme for each employee dependent on their abilities and personal development goals.

COMMUNITY RELATIONS

SolGold believes that strong community relations are fundamental to creating safe, sustainable and successful operations. Since arriving in Ecuador in 2012, SolGold has always placed the highest importance on creating and maintaining an open, respectful, proactive and productive relationships with all the communities within which SolGold operates. SolGold wants to empower the communities in which it operates and therefore makes strong alliances with state institutions and local governments to support the fulfilment of the specific development plans for the different communities.

SolGold has multiple community relations teams with a total of 15 full-time employees. These teams achieve our goals through the following activities:

- Hosting introductory meetings with communities within licence areas prior to the commencement of any exploration activities;
- Hosting regular consultation meetings to listen to and respond to concerns and to generate community-led ideas on how SolGold can actively help to overcome the specific local issues the communities have;
- Providing educational sessions on exploration and mining to help communities understand the processes and benefits; and
- Implementing a diverse range of social initiatives.

ENVIRONMENTAL STEWARDSHIP

Minimising the Company's environmental footprint is a key priority for SolGold. The Company and its employees strive to adhere to all the required environmental guidelines. The Company's goal is to undertake its operations in an environmentally responsible manner by integrating the protection of the environment into its everyday working practices.

The Company aims to achieve this by:

- Designing, developing and operating Company facilities with the goal of minimising the environmental impact;
- Implementing procedures and practices to ensure the efficient use of water, energy and other resources;
- Responsibly managing the Company's waste;
- Providing education and training of best practices to foster a culture of environmental stewardship; and
- Regularly monitoring its environmental impact and adapting procedures and practices where required.

ECUADOREAN COMMUNITY INITIATIVES AND PROJECTS

SolGold is involved in the organisation and sponsorship of a range of community focussed initiatives, including, but not limited to:

- *Art for Children Programme and Sports Stars Initiative* to foster and encourage young talent within local communities;
- *Co-operation to Improve the Quality of Formal Student Education*;
- *Courses for Training and Qualification of Local Employees*;
- *Assistance with Community Care Initiatives*, focussed on the most vulnerable community members;
- *Agraforestry Programme*, to grow and distribute fruit and forestry flora within communities;

- *Beekeeping Project*, for training, incentivising and collaborating in the production, management and marketing of honey;
- *Local Bakery at Santa Cecilia community* to assist with the training and employment of local community women;
- *Fish Farming Project* to upskill local communities and provide a source of fresh locally-sourced produce;
- *Chicken Farming Initiatives* for strengthening local community capability and supply capacity for both meat and eggs;
- *Local Infrastructure assistance* (sports facilities, community hall, bakery, chicken farm etc);
- *The '1 Million Plants' Reforestation Project*, involving an extensive nursery on-site at Cascabel;
- *Assistance with local kiosks and the provision of fresh agricultural products* for local communities;
- *Livestock Project* to assist with the breeding, fattening and marketing of local community cattle;
- *Women in Agricultural Produce Initiative*, for training local community women in growing and marketing local vegetable produce within greenhouse environments;
- *Collaborative Studies* into the production and marketing of a locally grown coffee industry; and
- *Numerous initiatives and assistance projects* associated with the impact of COVID-19.

Further information on these types of initiatives is outlined on pages 84 to 91 of this Annual Report.

CORPORATE GOVERNANCE

CONTINUED

THE QCA'S TEN PRINCIPLES AS ADOPTED BY THE COMPANY CONTINUED

Principle 4 – Embedded and Effective Risk Management

The Board, in conjunction with the Company's Executive Management, is responsible for maintaining a sound system of internal controls to safeguard stakeholder interests, shareholders' investments and the Company's assets. The Company's risk management system is designed to manage risks to an appropriate level having regard to the interests of the Company's stakeholders.

FINANCIAL RISK MANAGEMENT AND INTERNAL CONTROL

The Board, in conjunction with the Company's Executive Management, identifies and appraises risks, maintains control and direction over appropriate strategic, financial and organisational structure matters, with defined lines of responsibility and delegation limits established. The Board has overall responsibility for ensuring that the Company maintains a system of internal controls and for monitoring their effectiveness to provide reasonable assurance regarding the reliability of the Company's financial reporting. The Company's Audit and Risk Management Committee meets with the Company's external audit firm at least twice a year to discuss *the Company's system of internal controls and management practices*.

The Board considers the following to be the key internal control procedures established within the Company:

- the operation of authorisation procedures;
- the operation of dual banking authorities;
- the appropriate segregation of duties;
- clearly defined and delegated responsibilities;
- the close involvement of Senior Executives across day to day activities;
- the setting of detailed budgets and the monitoring and reporting against same;
- the operation of the Company's Audit and Risk Management Committee; and
- the establishment of a Whistleblower Policy, which includes the acceptance of anonymous reports.

The Board considers a significant failing to be any item that would lead to a material misstatement within the Company's financial reports. The Company's Audit and Risk Management Committee discusses the level of materiality with the Company's external audit firm, and any errors or misstatements within the financials (whether material or not) are discussed to review any implications for the system of internal controls and management verification procedures outlined above.

OPERATIONAL AND PROJECT RISK MANAGEMENT

Risk management is the driver for how SolGold does business and dictates requirements to design, plan and adequately respond to internal and external events. This ensures that proper incident response, and *effective monitoring can be implemented to minimise anticipated risks and reduce harm and disruption to people, environment and the Company's operations*.

The health of the Company's people, and the communities in which it works, has been SolGold's priority in working through the COVID-19 crisis. It remains the main consideration, along with Governmental requirements, community concerns and health advice for planning the recommencement of operations following the gradual relaxing of restrictions. The plan incorporates identification, assessment and minimisation of risks and addresses concerns and requirements that have been identified through consultation between the SolGold management team and key stakeholders from communities that we operate in or traverse, other affected community groups, local and state government, health advisors and employees and contractors. The plans are reviewed annually and will continue to be reassessed as new information becomes available.

The Company's Pre-Feasibility Study (PFS) currently underway in relation to its flagship Cascabel Project, explores different options that will achieve the project objectives of exploiting the mineral resources, and each of the options through the consideration of environmental, social and economic impacts. Risks are considered independently at conceptual design, and further considered as an integrated project when other options for the PFS are elaborated.

The PFS Team will conduct an integrated risk workshop to identify, record and discuss known and anticipated risks that need to be considered and included in future phases of the project. A review of these risks will be conducted prior to completion of the PFS – closing those that have been effectively treated or managed and communicating recommended actions for enduring high rated risks.

Principle 5 – Maintenance of Board Function and Balance

The Board is responsible to the Company's shareholders for its strategy, direction, values and ultimately, its long-term success. The Board sets the Company's strategic objectives and determines the risk appetite and control framework within which those objectives are achieved. The Board also provides leadership and direction for the Company's Executive Management and broader workforce, ensuring that the necessary resources are in place to enable delivery of the Company's objectives. The Board oversees the Company and its business within an agreed governance structure to deliver long-term shareholder value.

As part of the periodic review process for the function and roles of the Board, the Directors instigated the following initiatives:

1. The June 2019 appointment of Anna Legge (*resigned November 2019*) and Jason Ward as Executive Directors of the Company with the aim of providing a more operationally focussed balance to the Board, given the evolving nature of the Company's operational growth and development;
2. The formation of a Nominations Committee to:
 - develop criteria for seeking and reviewing candidates for a position on the Board, including by implementing processes to assess the necessary and desirable skill sets of the Board members including experience, expertise, skills and performance of the Board and the Committees;
 - identify suitable candidates for appointment to the Board or senior management positions from diverse backgrounds;

- review appropriate applications for positions of the Board and recommending individuals for consideration by the Board;
- recommend procedures, including but not limited to strategies to address Board diversity and increasing the proportion of women in the Company, for adoption by the Board for the proper oversight of the Board and senior management;
- ensure that such procedures, once adopted, are implemented such that the performance of each member of the Board and of senior management is reviewed and assessed each year in accordance with the procedures;
- annually review the composition of each Committee and presenting recommendations for Committee memberships to the Board; and
- the Board Members of the Nominations Committee are Liam Twigger, Brian Moller and James Clare. Senior Executives from the Company's Brisbane and London Offices will be invitees as appropriate. These current positions are being reviewed where necessary.

3. The Board has discussed and considered the need for a measured approach to Board member renewal and succession as appropriate, and has commenced a process for the identification, selection and appointment of suitably qualified candidates to be appointed over the next 12-24 months as the Company's lifecycle continues to evolve from pure explorationist to an explorer / project developer and ultimately to mine developer and producer. During the year, SolGold appointed a senior Human Resources Executive who is assisting with this initiative and will help diversify the Board of Directors.

During the reporting period, SolGold recognised the need to appoint independent Directors to help establish proper independent committees in accordance with the UK Code and good corporate governance practices. The Company is currently in the process of identifying and selecting suitable independent candidates.

CORPORATE GOVERNANCE

CONTINUED

THE QCA'S TEN PRINCIPLES AS ADOPTED BY THE COMPANY CONTINUED

Principle 5 – Maintenance of Board Function and Balance continued

The Directors consider the outcomes of these changes (as outlined above) to represent an improvement to the functionality and governance procedures associated with the Company's Board. The Board currently consists of two (2) Executive Directors and five (5) Non-Executive Directors. Of the Non-Executive Directors, Mr Liam Twigger, Mrs Elodie Grant Goodey and Dr Robert Weinberg are all considered to be independent, as they are neither aligned with nor appointed by a significant shareholder of the Company, nor have they ever been (or been employed by) a material advisor to the Company. The Board does not consider Directors having equity interests in the Company, of and by itself, to be prejudicial to the matter of their independence. As the Company intends to move towards compliance with the provisions of the UK Corporate Governance Code. As part of this process, Non-Executive Directors Mr Liam Twigger, Mr Brian Moller and Mr James Clare have agreed to the cancellation of their Company options.

The terms of appointment for each of the Company's Directors is set out under a Letter of Appointment, which contains, amongst other things, the requirement for Directors to attend:

- all Directors' Board and Strategy Meetings;
- all Shareholder meetings;
- any special Board or other meeting that may be convened (including committee meetings of which the Director is a member); together with
- time required to liaise with fellow Directors.

Executive Directors are essentially engaged on a full-time basis by the Company. As part of the interview and appointment process, Non-Executive Directors are required to confirm that they have sufficient time available to dedicate to the performance of their duties and to discharge their responsibilities to the Company.

During the period 1 July 2019 to 30 June 2020, there were 16 Board Meetings. Directors' attendance at Board and Committee Meetings which they were eligible to attend during this period was as follows:

	FULL BOARD ELIGIBLE TO ATTEND	FULL BOARD ATTENDED	AUDIT AND RISK MANAGEMENT COMMITTEE	REMUNERATION COMMITTEE
Total Meetings Held	16	16	5	1
Attendance:				
Brian Moller	16	16	5	
Nicholas Mather	16	14		
Robert Weinberg	16	16	5	
Craig Jones*	13	13		1
James Clare***	16	12		1
Anna Legge**	3	2		
Jason Ward	16	16		
Liam Twigger	16	16	5	1

Notes

* Mr Craig Jones resigned from the Board 25 June 2020

** Ms Anna Legge resigned on 13 November 2019.

*** Mr James Clare missed a meeting by virtue of illness, and other missed meetings were scheduled during travel periods and therefore was unable to attend.

Mrs Elodie Grant Goodey was appointed after the year end on 17 July 2020

DEALING WITH POTENTIAL CONFLICTS OF INTEREST

From time to time, one or more of the Company's Directors may have a potential direct or indirect interest in a matter to be dealt with or resolved by the Board, including participation in equity issues, contracts or agreements with the Company, or professional services undertaken on the Company's behalf. Any professional services provided by firms associated with Directors is only provided where those firms have the requisite experience or expertise, and all fees are charged on an arm's length basis. Alternatively, the Company may engage other professional services firms to act for it where greater expertise or expedience may be garnered from elsewhere within the industry, such as was the case with the Franco-Nevada financing transaction.

Where a particular transaction or matter to be resolved by the Board may involve a potential conflict of interest with one or more of the Directors, those parties recuse themselves from deliberation and voting on the matter. In some instances, the disinterested Directors may consent to the attendance of the interested Director(s), and their participation in any discussion of the matter to be resolved, in order to have all views considered ahead of the matter being separately resolved by the disinterested Directors.

Principle 6 – Appropriate Mix of Skills and Experience at Board Level

BOARD SKILLS MATRIX

Maintaining a balance of experience and skills is an important factor in the Company's Board composition. The Board is currently comprised of seasoned industry professionals (as detailed on pages 100 and 101 of this Annual Report) with combined qualifications, skills and experience as outlined below.

SKILL	LIAM TWIGGER	NICHOLAS MATHER	ELODIE GRANT GOODEY	JAMES CLARE	BRIAN MOLLER	JASON WARD	DR ROBERT WEINBERG
Minerals Exploration		●				●	●
Capital Raising	●	●					
Corporate Strategy	●	●	●	●	●	●	●
Financial Management	●	●	●	●	●	●	●
Contract Management		●		●		●	
Corporate M&A	●	●		●	●		
Sustainability/ESG			●			●	
Legal				●	●		
Risk	●	●	●	●	●	●	●

The Board of SolGold is mindful of the need to review its skills and capabilities as the Company continues to expand and grow its operations, and will consider adding further relevant skills to the Board in due course via training and / or the appointment of additional Directors. A key role of the newly established Nominations Committee is to perform regular evaluation on the composition of the Board including skill-set matrices and analysis with regards complementing and enhancing Board composition.

CORPORATE GOVERNANCE

CONTINUED

THE QCA'S TEN PRINCIPLES AS ADOPTED BY THE COMPANY CONTINUED

Principle 6 – Appropriate Mix of Skills and Experience at Board Level continued

MAINTENANCE OF DIRECTORS' SKILLSET

The Company encourages and recommends each of its Directors to attend relevant external seminars, conferences and educational programmes for expanding their knowledge base and professional skills. Where practical, Directors are also encouraged to attend international resource conferences where the Company has a presence or is presenting. In this way Directors are available to meet with any shareholders, potential investors, business partners, governmental officials, other industry participants and follow any relevant regulatory, technological and / or commercial developments.

COMPANY SECRETARY

The Company Secretary is available as a resource to all Directors, but particularly the Chair, and is responsible for all matters to do with the proper functioning of the Board, and the maintenance of its materials and records. Each Director is entitled to access the advice and services of the Company Secretary as required.

The Company Secretary is a Chartered Accountant with 30 years' experience across a wide range of industries, including over 15 years' experience in public company administration, compliance and corporate secretarial matters. The Company Secretary is a Fellow of the Governance Institute of Australia.

Principle 7 – Evaluation of Board Performance

BOARD COMPOSITION, SUCCESSION AND PERFORMANCE EFFECTIVENESS

The Board is currently comprised of five (5) Non-Executive and two (2) Executive Directors. The Board will continue to regularly review and monitor its composition and performance having regard to the evolving complexity of the Company's activities and operations and make changes as appropriate. The Company is committed to a process against which its composition, succession pipeline and performance effectiveness will be measured and frequent

evaluations of the performance and function of the Board and the Board Committees will take place. This process is underway at the time of writing and will be reported on in the future. In the first instance, the Company is establishing a baseline by way of an anonymous internal survey style evaluation, with the intention to have an externally organized process by 2021.

The Board has committed to the need for a defined approach to Board member renewal and succession and has commenced a process for the identification, selection and appointment of suitably qualified candidates to be appointed over the next three to six months as the Company's lifecycle continues to evolve from pure explorationist to an explorer / project developer and ultimately to mine developer and producer. The Board's commitment is to reach 50% of independent Board Directors by the end of 2020 in line with the Board aims to improve proximity to the Company's stakeholders, enhance mine development experience, increase independence and further improve diversity. During the year, SolGold appointed a senior Human Resources Executive who is assisting with this initiative. In this regard, Mrs Elodie Grant Goodey was appointed as an independent Non-Executive Director with extensive experience in social performance in July 2020. The Company's Board Nominations Committee was formed in June 2020.

Upon joining the Board, a new Director has full access to the Company's past Board materials, minutes, shareholder meeting materials via the Company Secretary, who usually provides an induction to the Company and its business, together with an introduction to Technical, Finance and Project Executives.

The Board has a policy of providing reasonable funding for the provision of independent professional advice for Directors in the furtherance of their duties and their continued professional development. Directors are encouraged to continue with their professional education and development and attend industry conferences as a representative of the Company to meet with stakeholders, investors and other industry participants.

Any Director who has any particular concerns about a matter being discussed at a Board Meeting can request their specific view, query or objection is recorded in the Board Minutes. Any Director who resigns is invited by the Chair to provide a written statement regarding any relevant concerns about the Company's functionality, governance, finances or operations for digestion by the Board.

Under the Company's Articles of Association, each Director submits himself or herself for re-election by shareholders at least every three (3) years. At each Annual General Meeting, one-third of the Directors must stand for re-election by shareholders.

Principle 8 – Corporate Culture Based on Ethical Values and Behaviours

The Company has a comprehensive range of policies and procedures, including a full Corporate Governance Charter and a Whistleblower Policy, both available on the Company's website.

The Company's Corporate Governance Charter contains specific clauses dealing with the Company's:

- Code of Conduct;
- Board and Management commitment to the Code of Conduct;
- Responsibilities to shareholders and the broader financial community;
- Responsibilities to clients, customers, consumers and the broader community;
- Environmental practices;
- Employment practices; and
- Obligations relative to fair trading.

In addition, the Company has initiated a range of policies within its Ecuadorean structure including, but not limited to:

- Code of Conduct;
- Corporate & Social Responsibility;
- Anti-Bribery & Corruption Policy;
- Environmental Management;
- Bullying & Discrimination Policy;
- Worksite Health & Safety;
- Anti-Harassment Policy; and
- Alcohol & Drugs Policy.

ANTI-BRIBERY & CORRUPTION AUDIT

In early 2019, SolGold commissioned international firm Ernst & Young to conduct an independent external and internal audit of the Company's operations in Ecuador to:

- (i) Assess existing anti bribery and corruption policies and procedures and benchmark same against international standards;
- (ii) Assess existing cash management controls to mitigate against unlawful bribery and / or corruption payments; and
- (iii) Understand and identify the primary bribery and corruption risk exposures that SolGold may encounter.

The audit did not find any material breaches of any relevant laws or regulations, however several recommendations were made and subsequently implemented to improve the Company's policies and practices in Ecuador, including:

- (i) the formation of an Ecuadorean Anti Bribery & Corruption Policy;
- (ii) the development of a local Anti-Bribery & Corruption Risk Management Framework;
- (iii) the tightening of cash payment processes and expenditure limits under an agreed Delegation of Authority matrix.

Principle 9 – Maintenance of Governance Structures and Processes

The Chair of the Company is ultimately responsible for the approach taken to the adoption, review and maintenance of Corporate Governance standards by the Board, Executive Management and personnel. The Chair is assisted by the Managing Director and the CFO in the maintenance and management of *Corporate Governance and risk management* standards from an operational perspective throughout the Company and is also assisted from a policy and documentation perspective by the Company Secretary.

CORPORATE GOVERNANCE

CONTINUED

THE QCA'S TEN PRINCIPLES AS ADOPTED BY THE COMPANY CONTINUED

Principle 9 – Maintenance of Governance Structures and Processes continued

The following matters are as outlined in the Company's Corporate Governance Charter:

(I) THE FUNCTION, POWERS & RESPONSIBILITY OF THE BOARD

The function, powers and responsibility of the Company's Board include:

- ensuring compliance with the Companies Act 2006, the LSE Main Market Rules, and any other relevant Exchange Rules, and all relevant laws;
- developing, implementing and monitoring operational and financial targets for the Company;
- appointment of appropriate staff, consultants and experts to assist in the Company's operations, including the selection, monitoring and removal of a Chief Executive Officer;
- ensuring appropriate financial and risk management controls are implemented;
- approving and monitoring financial and other reporting;
- setting, monitoring and ensuring appropriate accountability for Directors' and executive officers' remuneration;
- establishing and maintaining communications and relations between the Company and third parties, including its shareholders and relevant regulatory authorities;
- implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers;
- oversight of the Company including its framework of control and accountability systems to enable risk to be assessed and managed;
- ratifying the appointment and, where appropriate, removal of the Chief Financial Officer and the Company Secretary;
- input into and final approval of the Management's development of corporate strategy and performance objectives;

- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance, implementation of strategy and ensuring appropriate resources are available;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
- approval of the annual budget;
- monitoring the financial performance of the Company;
- liaising with the Company's external auditors;
- monitoring, and ensuring compliance with, all of the Company's legal obligations;
- approving and monitoring financial and other reporting; and
- appointing and overseeing Committees where appropriate to assist in the above functions and powers.

(II) THE CHAIR

The Chair is responsible for leadership of the Board, for efficient organisation and conduct of the Board's function and the briefing of all Directors in relation to issues arising at Board meetings. The Chair is also responsible for shareholder communication and arranging Board performance evaluation.

The Chair leads the Board ensuring its effectiveness, and his role and responsibilities are clearly delineated from the Chief Executive Officer.

The Chair:

- Sets the Board agenda;
- Ensures that the Directors receive accurate and timely information for Board Meetings;
- Facilitates discussion of all Board Meeting agenda items;
- Encourages the participation of all Directors in Board deliberations;
- Strives to maintain a constructive relationship between the Executive and Non-Executive Directors;

- Has primary responsibility for leading the Board;
- Takes a leading role in establishing and maintaining the Company's Corporate Governance policies and practices; and
- Chairs Board and Shareholder Meetings.

CHIEF EXECUTIVE OFFICER

The CEO has the primary responsibility for all operational matters of the Company, including the implementation of its strategy and business plans as approved by the Board. The CEO is also responsible for the Company's operational performance and resource management, incorporating its operational, financial, health & safety, and environmental conduct and performance, as well as the maintenance of relationships with the Company's broad range of stakeholders. The CEO is also responsible for ensuring that the Company's organisational structure and processes meet the strategic and cultural aims established by the Board.

SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director (SID) provides a sounding board for other Directors of the Company as required. In addition, the SID is available to meet with the Company's Non-Executive Directors independently of the Chair and the Executive Directors, and may act as an intermediary on Board matters. The SID is also available to the Company's shareholders, who may wish to approach the Company to discuss concerns that may not have been addressed through other available channels. Dr Robert Weinberg is currently considered to be the Company's SID, but will be replaced following his retirement.

COMPANY SECRETARY

The Company Secretary plays a pivotal role in supporting the effectiveness of the Board by monitoring that Board and Company policies and procedures are followed, and coordinating the timely completion and despatch of Board Meeting agendas and materials. The Company Secretary is available to all Directors of the Company for advice on the Company's corporate history, matters of Governance, and as an alternative conduit to management.

(III) CHIEF EXECUTIVE OFFICER: MANAGING DIRECTOR

The Chief Executive Officer is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board. In carrying out their responsibilities, they must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operating results.

The Chief Executive Officer, together with the Chief Financial Officer, shall be required to state in writing to the Board that the financial reports of the Company represent a true and fair view in all material respects, of the Company's financial conditions and operating results and are in accordance with relevant accounting standards.

(IV) CORPORATE ETHICS

The Company has adopted a separate Corporate Ethics Policy which has been agreed to by each member of the Board, setting out, in addition to these principles, the obligations of integrity and honesty on each member of the Board and their obligations with respect to, amongst other matters, conflicts of interest and dealing in securities in the Company.

(V) CORPORATE CODE OF CONDUCT

The Company also adheres to the following statement of principles and responsibilities with respect to both its internal dealings with employees and consultants, and external dealings with shareholders and the community at large. Such principles and responsibilities constitute the Company's Corporate Code of Conduct.

The Corporate Code of Conduct sets out the standard which the Board, Management and employees of the Company are encouraged to comply with when dealing with each other, shareholders, and the broader community.

CORPORATE GOVERNANCE

CONTINUED

THE QCA'S TEN PRINCIPLES AS ADOPTED BY THE COMPANY CONTINUED

Principle 9 – Maintenance of Governance Structures and Processes continued

BOARD MEETINGS

The Board has a programme of Board meetings for each financial year. For all Board Meetings, an agenda is established, and papers circulated in advance so that all Directors can give due consideration to the matters in hand. The Board meets regularly with an agenda to discuss corporate strategy, to formulate and monitor the progress of business plans for all subsidiaries and to identify, evaluate and manage the business risks faced.

The Board typically meets at least ten times a year and has a fixed schedule for reviewing the Group's operating performance.

Additional meetings are arranged as required to deal with specific issues or transactions.

MATTERS RESERVED FOR THE BOARD

The Board has a schedule of matters and responsibilities specifically reserved to itself, the main items of which include:

- setting the Group's strategic aims and corporate objectives;
- approval of the published financial results and other external and regulatory reporting;
- establishment / approval / maintenance of a Delegation of Authority matrix;
- establishment / approval / maintenance of corporate policies, including Corporate Governance;
- approval, as appropriate, of Board Committee recommendations;
- annual approval of business plans and budgets;
- approval of corporate and / or project acquisitions, mergers and disposals;
- approval of public announcements;
- overview of risk management initiatives and reporting protocols;

- consideration of material contracts and transactions not in the ordinary course of business;
- approval of treasury policy and significant financing arrangements; and
- approvals for the allotment of equities and other financial instruments.

Outside the formal schedule of matters reserved for the Board, the Chair and Non-Executive Directors make themselves available for consultation with the *Company's Executive Management as often as necessary.*

BOARD COMMITTEES

The Company's Board has Committees established in the following areas:

- Audit & Risk Management;
- Remuneration; and
- Board Nominations.

Charters for each of these Committees are set out within the Company's Corporate Governance Charter, and are all available on the Company's website.

Principle 10 – Communications with Shareholders and Other Stakeholders

SolGold regularly engages with its major corporate and institutional shareholders through attendance at resource conventions and similar industry functions. Furthermore, the Company frequently undertakes non-deal roadshows to engage with institutional shareholders, brokers, analysts and potential investors. Feedback garnered from these processes is discussed at Executive and Board level to ensure investor expectations are consistently understood. The Company also engages in investor events and webinars, providing the opportunity to engage with and answer the questions of private investors. The Investor Relations team is contactable by all investors and is open and available to answer any queries.

The Company publishes numerous internal and external contact points at the end of each of its market releases to facilitate contact from the retail market. Conference and investor presentations, including videos where applicable, are made available on the Company's website and via its newsletter service. The Company operates a Twitter account and has a free newsletter subscription page available to all interested parties on its website.

The Company's website contains information available to all shareholders, potential investors and interested stakeholders, including Key Securityholder Information, the Company's Constitutional documents, a range of its Corporate Policies and Meeting Materials for the Company's last five (5) Annual General Meetings. The results of each Shareholder Meeting are released to the market following the conduct of the meeting, and include in tabular form, all of the proxy votes received in relation to each resolution put to the meeting.

In the third quarter of 2019, the Company engaged a proxy advisory firm to provide feedback and comments received from shareholders in relation to the votes cast at the Company's Annual General Meeting. A range of issues that were raised via this process have been actively discussed and considered by the Company's Board and Executive Management as part of SolGold's ongoing development of its Corporate Governance framework, and its reporting procedures and protocols.

Post the reporting period, SolGold appointed two proxy advisory firms to assist with interaction and communication with both institutional and retail shareholders in relation to voting at the Company's upcoming Annual General Meeting. The proxy advisors will identify and analyse the reasons behind current voting patterns and provide suggestions to the Company for improvement in the corporate governance area. SolGold is actively developing and improving its corporate governance and is in the process of creating a strategy plan to action this.

DIRECTORS' REPORT

The Directors present their Annual Report and audited financial statements for the year ended 30 June 2020.

RESULTS

The Group's consolidated loss after tax for the year was US\$14,123,753 (2019: US\$32,069,793).

CHANGES IN SHARE CAPITAL DURING 2020

Details of the issued share capital of the Company, including details of shares issued during the year, is set out in Note 17 to the financial statements. Each share carries the right to one vote at a general meeting of the Company.

Details of the Company's Employee Share Option Plan ('ESOP') is set out in Note 22. No votes are cast in respect of the options under the ESOP until such time the options are converted to shares.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid except those shares under the CFLP, refer Note 13. Subject to the Companies Act 2006 and any relevant authority of the Company in general meeting, the Company has authority to issue new shares.

The Annual General Meeting ('AGM') held in September 2019 authorised the Directors to allot shares in the capital of the Company, a renewal of this authority will be proposed at the 2020 AGM.

DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend (2019: nil).

FINANCIAL INSTRUMENTS

The Company does not undertake financial instrument transactions that are speculative or unrelated to the Company's or Group's activities. The Group's financial instruments consist mainly of deposits with banks and accounts payable. In addition to the Group's financial instruments, the Company's financial instruments also include its loans to subsidiaries and employees under the Company Loan Funded Plan, other financial liabilities in the form of a Bridging Loan from Franco-Nevada and derivative liabilities associated with the option issuance to BHP in December 2019. Further details of financial risk management objectives and policies, and exposure of the Group and Company to financial risks are provided in Note 23 to the financial statements.

DONATIONS

No political or charitable donations were made during the year (2019: nil).

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 have not generated revenues from operations. The Group has US\$46,895,243 in cash and cash equivalents at 30 June 2020. The Company has also entered into a US\$100 million NSR Financing Agreement with the funds being received as of the date of this report. This will enable the company to operate as a going concern for the next 12 months and meet its exploration commitments.

It should be noted that the current working capital levels will not be sufficient to bring the Group'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.

GLOBAL GREENHOUSE GAS EMISSIONS

Under the Companies Act 2006, quoted companies are required to report their annual greenhouse gas (GHG) emissions in their directors' report.

METHODOLOGY

The methodology used for the calculation of emissions was the GHG Protocol Corporate Accounting and Reporting Standard (revised edition to 2015). The standard covers the accounting and reporting of seven greenhouse gases mandatory – carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF₆) and nitrogen trifluoride (NF₃), and it covers the Company's operational boundaries.

The Company has reported on all of the emission sources required under the Regulations.

The Company does not have responsibility for any emission sources that are not included in its consolidated statements.

INTENSITY RATIO

In order to express, the GHG emissions in relation to a quantifiable factor associated with the Company's activities, drilling metres were chosen as a normalisation factor. This will allow comparison of the Company's performance over time, as well as with other companies in the sector.

In the reporting year (1 July 2019 to 30 June 2020), the intensity ratio for 'Cascabel' operations was 0.18mtCO₂e/metre drilled (1 July 2018 to 30 June 2019: 0.05mtCO₂e/metre drilled).

For further details on the Company's emissions report and details refer to section 'Climate Change, Emissions and Energy use' on pages 95 to 99.

FUTURE DEVELOPMENTS

For further information on the Group's future developments refer to the Strategic Report, Outlook, on page 60.

CURRENCY

The functional currency of SolGold plc changed from the Australian dollar to the United States dollar during the financial year ended 30 June 2019. 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 functional currency of the subsidiaries in Ecuador is considered to be United States dollars (US\$). The presentational currency of the Group is United States dollars and all amounts presented in the Directors' Report and financial statements are presented in United States dollars unless otherwise indicated.

DIRECTORS

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

Nicholas Mather	Executive Director
Liam Twigger	Non-Executive Chair – appointed Chair 5 August 2020
Robert Weinberg	Non-Executive Director
Craig Jones	Non-Executive Director – resigned 25 June 2020
James Clare	Non-Executive Director
Jason Ward	Executive Director
Anna Legge	Executive Director – resigned 13 November 2019
Brian Moller	Non-Executive Director – resigned as Chair 5 August 2020

The Company has a Directors' and Officers' Liability insurance policy for all its Directors.

RELATED PARTY TRANSACTIONS

Details of related party transactions for the Group and Company are given in Note 25. Key management personnel remuneration disclosures are given in Note 5.

DIRECTORS' INDEMNITY

The Company has arranged appropriate Directors' and Officers' insurance to indemnify the Directors against liability in respect of proceedings brought by third parties. Such provisions remain in force at the date of this report.

AUDITOR

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

SUBSEQUENT EVENTS

On 4 July 2020, the Company had 21,250,000 fully vested options expire. These options had an exercise price of £0.40.

On 17 July 2020, the Company announced the appointment of Mrs Elodie Grant Goodey to join the Board as Non-Executive Director.

On 9 August 2020, the Company had 44,512,000 fully vested options expire. These options had an exercise price of £0.60.

On 4 September 2020, the Company announced that Mr Liam Twigger, Mr Brian Moller and Mr James Clare have agreed to the cancellation of their outstanding Company options as part of the Company's process in moving towards full compliance with the provisions of the UK Corporate Governance Code.

On 14 September 2020, the Company announced that it closed the previously announced US\$100 million royalty financing pursuant to the NSR Financing Agreement ('NSR Financing') with Franco-Nevada Corporation ('Franco-Nevada') on September 11, 2020. On September 11, 2020, Franco-Nevada advanced to SolGold US\$100 million (the 'Royalty Purchase Price') under the NSR Financing Agreement, less the amount of outstanding principal and interest under the US\$15 million secured bridge loan pursuant to the Bridge Loan Agreement.

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

DIRECTORS' REPORT CONTINUED

DIRECTORS' RESPONSIBILITY 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's financial statements and have elected to prepare the Company's 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.

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;
- 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; and
- Prepare a Director's Report, a strategic report and director's remuneration report which comply with the requirements of the Companies Act 2006.

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. The Company's website is also updated regularly with presentations and corporate updates which ensures that existing and potential investors have access to up to date and relevant information.

DIRECTORS' RESPONSIBILITIES PURSUANT TO DTR4

The Directors confirm to the best of their knowledge:

- The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group
- The Annual Report includes a fair review of the development and performance of the business and the financial position of the Group and the parent Company, together with a description of the principal risks and uncertainties that they face.

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.

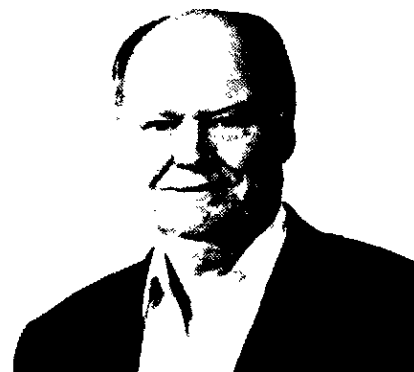
This report was approved by the Board on 17 September 2020 and signed on its behalf.



KARL SCHLOBOHM
COMPANY SECRETARY

Level 27, 111 Eagle Street
Brisbane QLD 4000 Australia

AUDIT & RISK MANAGEMENT COMMITTEE REPORT



BRIAN MOLLER CHAIR, AUDIT & RISK MANAGEMENT COMMITTEE

During the 2019 / 20 financial year the Audit & Risk Management Committee undertook the following activities:

- met with the Company's external audit firm BDO LLP to discuss the audit of the Company's Quarterly Financial Statements and MD&A Reports, and the issues arising therefrom;
- met with the Company's external audit firm BDO LLP to discuss the audit of the Company's Annual Financial Statements, the accompanying disclosures, and the issues arising therefrom;
- met to discuss the ongoing evolution of the Company's risk management approach following the travel and logistical restrictions brought about by the COVID-19 pandemic;
- met to discuss the ongoing development of the Company's risk profile, risk register and risk management and reporting systems;
- met to review the current risk management framework and to update it;
- reviewed the Balance Sheet carrying value of the Company's exploration and evaluation assets;
- reviewed related party transactions and disclosures;
- reviewed the Review of Operations, Remuneration Report and Significant Events After Reporting Date as disclosed in the Company's Annual Report;
- reviewed all other disclosures within the Company's Annual Report, Half-yearly and Quarterly Financial Reports.

AUDIT & RISK MANAGEMENT COMMITTEE PROGRESS

Over the past 12 months, the Company's Audit & Risk Management Committee has met numerous times to consider a range of issues associated with the Company's financial systems, its financial reporting obligations, its risk management and risk reporting systems, and the matters traditionally associated with the external audit and financial statement publication processes.

This financial year, the Company moved to having each of its quarterly financial reports (as part of the Quarterly MD&A disclosures made on the TSX) reviewed by BDO LLP. This has come hand-in-glove with the Company's increased focus on financial risk

management and reporting, given the continued evolution of its business, the rapid expansion of its workforce, and the increased levels of operational activity and project-related expenditures in Ecuador. The Committee is satisfied with the timeliness and veracity of management's financial reporting, with no occurrences of fraud, material misstatement or override of internal controls noted as part of the external audit process. For the year-end audit, BDO LLP typically undertakes field work at the Company's Quito Office and undertakes a site visit to Cascabel. This year however, due to the restrictions associated with the COVID-19 pandemic, BDO LLP has instructed its Ecuadorean firm to undertake these tasks as part of a global co-ordination of its audit activities across the Company's multiple jurisdictions.

Early in 2020, the Committee met to discuss the emerging risks associated with COVID-19, and sought guidance from management on the status of various project, operational, financial and budgetary issues affected by the pandemic. Community and stakeholder issues were identified as critically important, and the Company's Ecuadorean workforce was mobilised across a range of localised community assistance programs where both safe and logistically possible.

The Committee has worked closely with management over the past year to improve the Company's identification, recording and reporting of risks on an integrated basis, mindful of the increasing complexity of its operational, project, financial and corporate structures and activities. This process is ongoing, and will continue to remain a focus throughout the 2021 financial year as the Company continues its development of the Study Programme associated with the Cascabel Project.

MR BRIAN MOLLER

CHAIR – AUDIT & RISK MANAGEMENT COMMITTEE

Signed on 17 September 2020

REMUNERATION COMMITTEE REPORT

JAMES CLARE CHAIR, REMUNERATION COMMITTEE



REMUNERATION GOVERNANCE

The Remuneration Committee is a standing committee of the Board that meets periodically and is responsible for making decisions on Directors' and Key Management Executive remuneration packages. The Remuneration Committee has among other duties the responsibility to recommend to the Board the compensation of the CEO.

The remuneration of Key Management Executives is proposed by the CEO who considers it essential, notwithstanding the small size of the Company and the fact that it is not yet revenue earning, to recruit, develop and retain individuals of the highest calibre. Consequently, the Company believes that it is in the interests of shareholders that Key Management Executives should be provided with options in addition to the level of fees and salaries considered affordable. Please note that as of August 2020 and aligned to shareholder and investor feedback, the Remuneration Committee is reviewing the current Board and Executive Remuneration Framework with a stronger focus on evolving the performance and reward system including 'at risk' incentives. On proposal progression, future endorsement and approval by Board and shareholders will be sought. Furthermore, aligned to market feedback and benchmarked peer organisations, the Remuneration Committee is currently reviewing a Performance and Remuneration Framework to attract top senior talent to the organisation, underpin increased Board independence, and more strongly align Executive remuneration to organisational performance outcomes.

The Remuneration Committee is comprised of three members: Mr James Clare (the Chair of the Remuneration Committee), Mr Liam Twigger and Mrs Elodie Grant Goodey. All three are Non-Executive Directors, with Mr Twigger and Mrs Grant Goodey considered by the Board to be independent under the QCA code.

The Board recognises the significance of appointing independent, knowledgeable and experienced individuals to the Remuneration Committee with the necessary background in executive compensation, financial analysis and governance to fulfil the Remuneration Committee's duties and responsibilities.

As of June 2020, the Remuneration Committee sat once through the year with all Committee Members in attendance. From August 2020, improvements to the Committee include a schedule of Remuneration Committee meetings, supported both by the Company Secretary and Chief Human Resources Officer as attendees.

In June 2020, the Board approved the establishment of a Nominations Committee, as a stand-alone delegated Committee. The purpose of the Nominations Committee will be in working with others to evaluate the current Board with reference to independence, diversity and to propose Board succession. The remit of the Nominations Committee will expand to include guardianship of Board performance effectiveness, a process which is underway at the time of writing. In this way, the Company will demonstrate its ongoing commitment to the independence, skills mix and diversity of the Board. Tools for composition assessment succession have been designed for this purpose.

The Board wishes to acknowledge work undertaken to demonstrate its commitment to improving gender diversity across the organisation at every level including Board and management Executive. In July 2020, the Company appointed Mrs. Elodie Grant Goodey as a Non-Executive Director. The Company has specifically and deliberately invested in a Human Resources function in order to further progress focus on inclusion, *diversity and culture aligned with SolGold's values.*

The Company has appointed a Chief Human Resources Officer, in a female senior executive position. In addition to this other key Management and Supervisory roles led by women include: Investor Relations and External Communications Manager, Social Worker Manager, Administration Manager, Senior Geologist, Occupational Doctor, Environment Engineer and Control Process Specialists.

At time of writing, 98% of SolGold's employees are Ecuadorean. The Company actively recruits employees with physical challenges in its Ecuadorean workforce, and many of the Company's Environment and Social Governance projects are focussed on the wellbeing, education, employment and supporting of livelihoods of women in the environment in which SolGold operates.

DIRECTOR REMUNERATION/COMPENSATION

A function of the Remuneration Committee is to assist the Board in fulfilling its responsibilities relating to the compensation of the Directors of the Company. The Remuneration Committee is empowered to review the compensation levels and components of the Company's Directors and to report and make recommendations thereon to the Board and to consider any other matters which, in the Remuneration Committee's judgment, should be taken into account in reaching any recommendation to the Board concerning compensation.

The Company's Directors' compensation programme is designed to attract and retain qualified individuals to serve on the Board. During the 2020 financial year, each Non-Executive Director received a base annual fee of A\$70,000, all of which was payable in cash and none of which was an 'at-risk' form of compensation. As Chair of the Company during the year ended 30 June 2020, Mr Brian Moller received a base annual fee of A\$110,000, all of which was paid in

cash and none of which was an 'at-risk' component. The CEO/Managing Director acting in a consultant capacity receives a base annual fee of A\$600,000. The Company has agreed to reimburse Directors for all reasonable expenses incurred in order to attend meetings and any other business they may conduct on behalf of the Company. Currently, there is no additional payment made to Chairs of delegated Board Committees.

Review of a performance and remuneration framework which carefully considers previous feedback from investors and shareholders is currently underway, in conjunction with the move to compliance with the UK Corporate Governance Code.

When at such time as the internally and externally benchmarked Performance and Remuneration Review is complete, endorsed by the Remuneration Committee and approved by the Board of Directors, shareholder communication will be issued.

REMUNERATION DETAILS

Single total figure of remuneration for the years ended 30 June 2020 and 2019:

		SALARIES AND FEES US\$	BONUSES ¹ US\$	BENEFITS ² US\$	TOTAL BEFORE SHARE OPTIONS US\$	SHARE OPTIONS US\$	TOTAL US\$
Brian Moller	2020	73,211	–	–	73,211	–	73,211
	2019	78,015	–	–	78,015	540,182	618,197
Nicholas Mather	2020	400,162	–	–	400,162	–	400,162
	2019	425,386	114,036	–	539,422	2,875,779	3,415,201
Robert Weinberg	2020	46,755	–	–	46,755	–	46,755
	2019	49,671	–	–	49,671	332,299	381,970
Craig Jones¹	2020	46,331	–	–	46,331	–	46,331
	2019	49,678	–	–	49,678	332,299	381,977
James Clare	2020	47,002	–	–	47,002	–	47,002
	2019	49,678	–	–	49,678	573,327	623,005
Jason Ward²	2020	322,892	–	–	322,892	–	322,892
	2019	260,125	205,264	–	465,389	1,421,592	1,886,981

REMUNERATION COMMITTEE REPORT CONTINUED

REMUNERATION DETAILS CONTINUED

		SALARIES AND FEES US\$	BONUSES ⁵ US\$	BENEFITS ⁶ US\$	TOTAL BEFORE SHARE OPTIONS US\$	SHARE OPTIONS US\$	TOTAL US\$
Liam Twigger	2020	42,908	–	4,127	47,035	76,625	123,660
	2019	1,914	–	–	1,914	–	1,914
Anna Legge³	2020	84,187	–	447	84,634	–	84,634
	2019	113,546	70,919	3,022	187,487	809,947	997,434
John Bovard⁴	2020	–	–	–	–	–	–
	2019	24,945	–	–	24,945	168,492	193,437
Total remuneration	2020	1,063,448	–	4,574	1,068,022	76,625	1,144,647
	2019	1,052,958	390,219	3,022	1,446,199	7,053,917	8,500,116

1 Mr Craig Jones resigned as Non-Executive Director on 25 June 2020.

2 Mr Jason Ward: Salaries and Fees above includes total remuneration paid for the year as an Employee and Director.

3 Ms Anna Legge resigned as an Executive Director on 13 November 2019.

4 Mr John Bovard retired as a Non-Executive Director on 20 December 2018. the comparatives are for last year only.

5 No bonuses were paid to Directors during 2020 these are discretionary and not guaranteed. Executive Directors Mr Nicholas Mather and Mr Jason Ward were not paid a discretionary bonus during 2020. The reasoning behind this is aligned to the discretionary nature of any bonus payment, the payment of bonuses in an environment of untolding global pandemic was not aligned to Company values

6 Benefits represent pension payments.

SUMMARY OF DIRECTORS' TERMS

	DATE OF CONTRACT	UNEXPIRED TERM	NOTICE PERIOD
Brian Moller	12 December 2005	Retire by rotation under the Articles of Association of the Company	3 months
Nicholas Mather	23 June 2017	Three years	12 months
Robert Weinberg	12 December 2005	Retire by rotation under the Articles of Association of the Company	3 months
Craig Jones	27 February 2017	Retire by rotation under the Articles of Association of the Company	3 months
James Clare	26 April 2018	Retire by rotation under the Articles of Association of the Company	3 months
Jason Ward	17 June 2019	Two years	12 months
Liam Twigger	17 June 2019	Retire by rotation under the Articles of Association of the Company	3 months

SHARE OPTION SCHEMES

The Employee Share Option Plan (the 'ESOP') of the Company was adopted by the Board in July 2017 and approved by shareholders at the Annual General Meeting held on July 28, 2017. The Company understands that the establishment of a balance between short and long-term compensation is essential for the Company's sustained performance, including its ability to attract, engage and retain a pool of talented Executives in a competitive employment market as well as to ensure a proper alignment of the Executives interests with those of shareholders. As of 30 June 2020, the following options had been issued under the ESOP (no performance conditions) which are fully vested:

	BALANCE AT 30 JUNE 2019	GRANTED AS REMUNERATION	EXERCISED	FORFEITED	BALANCE AT 30 JUNE 2020	EXERCISE PRICE	EXERCISE PERIOD
Directors							
Brian Moller	5,175,000	–	–	–	5,175,000	60p	28/01/19 – 20/12/21
Nicholas Mather	31,250,000	–	–	–	31,250,000	60p	28/01/19 – 20/12/21
Robert Weinberg	3,150,000	–	–	–	3,150,000	60p	28/01/19 – 20/12/21
Craig Jones	3,150,000	–	–	–	3,150,000	60p	28/01/19 – 20/12/21
James Clare	3,150,000	–	–	–	3,150,000	60p	20/12/18 – 20/12/21
Jason Ward	10,000,000	–	–	–	10,000,000	60p	08/08/20 – 06/11/21
Liam Twigger	–	3,150,000	–	–	3,150,000	60p	20/09/19 – 20/12/21
Anna Legge	6,000,000	–	–	(6,000,000)	–	–	–
Total	61,875,000	3,150,000	–	(6,000,000)	59,025,000		

No consideration is payable for the grant of options under the Share Incentive Plan. The options at 30 June 2020 were fully vested. Refer Note 19 for the terms and conditions attaching to the options granted under the ESOP as well as the assumptions used to calculate the fair value of the options.

As the Company intends to move towards compliance with the provisions of the UK Corporate Governance Code. As part of this process, Non-Executive Directors Mr Liam Twigger, Mr Brian Moller and Mr James Clare have agreed to the cancellation of their Company options. Of the Company's remaining Directors, Mr Nicholas Mather, Mr Jason Ward and Dr Robert Weinberg retain their option holdings. Messrs Mather and Ward are Executive Directors of the Company, and Dr Weinberg has indicated his intention to retire at the Company's 2020 AGM, after which his options (if not exercised) will expire after 90 days.

Mrs Elodie Grant Goodey was not offered Company options on her appointment, and it remains the Company's intention that options will not form part of the terms of appointment for future Non-Executive Directors.

PAYMENTS TO PAST DIRECTORS

No payments were made to past Directors in the year ended 30 June 2020.

PAYMENTS FOR LOSS OF OFFICE

No payments for loss of office were made in the year ended 30 June 2020.

REMUNERATION COMMITTEE REPORT CONTINUED

STATEMENT OF DIRECTORS' SHAREHOLDING AND SHARE INTEREST

DIRECTORS' INTERESTS

The interests of the Directors in the shares of the Company, including family and trustee holdings where appropriate, were as follows:

	BENEFICIAL		NON BENEFICIAL	
	30 JUNE 2020	30 JUNE 2019	30 JUNE 2020	30 JUNE 2019
Brian Moller	5,189,121	5,189,121	–	–
Nicholas Mather	82,186,957	82,186,957	8,447,597	7,331,318
Robert Weinberg	4,342,602	4,296,091	–	–
Craig Jones	–	–	–	–
James Clare	–	–	–	–
Jason Ward	10,094,860	9,978,581	–	–
Liam Twigger	–	–	–	–
Anna Legge	–	–	–	–
	101,813,540	101,650,750	8,447,597	7,331,318

There are no requirements or restrictions on Directors to hold shares in the Company.

RELATIONSHIP BETWEEN REMUNERATION AND COMPANY PERFORMANCE (UNAUDITED)

During the financial year, the Company has generated losses as its principal activity was mineral exploration.

The following table show the share price at the end of the financial year for the Company for the past five years:

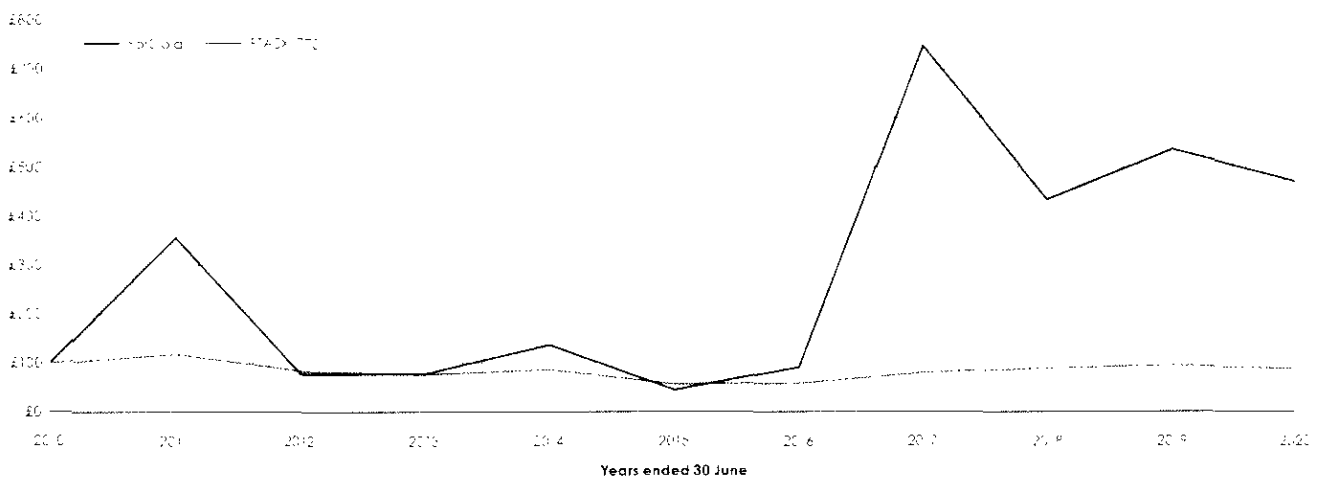
	30 JUNE 2016	30 JUNE 2017	30 JUNE 2018	30 JUNE 2019	30 JUNE 2020
Share price at year end	£0.03075	£0.3925	£0.2280	£0.3200	£0.2100
Loss per share (cents)	(0.7)	(0.3)	(0.9)	(1.8)	(0.7)

There were no dividends paid during the year ended 30 June 2020 and the previous four years.

10-YEAR TSR

The graph below shows SolGold's TSR against the performance of the FTSE All Share Mining index (FTASX1770) over the same 10-year period. The index shown in the graph was chosen as it includes Companies within the mining sector.

Value of £100 invested over the 10-year period to 30 June 2020



As the Company is still in the exploration and development stage, the link between remuneration, Company performance and shareholder wealth is tenuous. Share prices are subject to the influence of metals prices and market sentiment toward the sector, and as such increases or decreases may occur quite independent of Executive performance or remuneration. The only variable component of Executive Directors remuneration is the discretionary bonuses. These bonuses are paid at the discretion of the board. No bonuses were paid to the Executive Directors during the year ended 30 June 2020.

As of June 2020, related to embarking on detailed study phase, the Remuneration Committee is reviewing short term and long term 'at risk' performance related incentives aligned to agreed specified Key Performance Indicators for Executives, clearly linked to Company performance and shareholder return and verified by independent advice.

PERCENTAGE CHANGE IN REMUNERATION OF DIRECTOR UNDERTAKING ROLE OF CHIEF EXECUTIVE

	CHIEF EXECUTIVE			OTHER KEY MANAGEMENT PERSONNEL		
	2020	2019	% CHANGE	2020	2019	% CHANGE
Base salary	400,162	425,386	-5.93%	1,067,381	617,434	72.87%
Pension	–	–	–	77,185	31,484	145.16%
Bonuses	–	114,046	-100%	38,595	324,774	-88.12%

The comparator group chosen is key management employees as the Remuneration Committee believe this provides the most accurate comparison of underlying increases based on similar annual bonus performances utilised by the Group.

REMUNERATION COMMITTEE REPORT CONTINUED

RELATIVE IMPORTANCE OF SPEND ON PAY

The total expenditure of the Group on remuneration to all employees and Directors (see Notes 4 and 5 to the financial statements) is shown below:

	2020	2019
Employee remuneration	19,695,492	40,697,849
Expenditure of exploration and evaluation	53,121,969	72,995,493

The decrease in remuneration from the prior year is a result of the share-based payments expense recognised in relation to the options granted during the year ended 30 June 2019 under the employee share option plan which vested immediately.

STATEMENT OF IMPLEMENTATION OF NEW REMUNERATION POLICY

The remuneration policy formed part of the meeting materials at the AGM in December 2018. The policy took effect from 1 July 2017 and will remain in place, with voting to approve its continuation taking place every three years as per the Companies Act 2006, with other changes brought up in a timely manner, as deemed necessary by the Remuneration Committee. The Company may not make a remuneration payment or payment for loss of office to a person who is, is to be, or has been a Director of the Company unless that payment is consistent with the approved remuneration policy or has otherwise been approved by a resolution of members.

Each Executive (those deemed direct reports of the CEO) are paid according to their contract type. The most common contract type at Executive level is either an employee contract or service agreement and the most common remuneration package is one of fees or total fixed reward ('TFR') and discretionary bonus. For Executives, the CEO recommends any increase and bonus to the Remuneration Committee. Currently the pay/fees of the CEO and Board are not specifically aligned by a mechanism to the pay and conditions of employees. Employees are not consulted when drawing up the Directors remuneration policy. Remuneration of Directors and CEO is decided using benchmark data on comparative sized companies within the sector and at similar stage of development.

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

The remuneration committee considered the Executive Directors' remuneration and the board considered the Non-Executive Directors' remuneration in the year ended 30 June 2020. Non-Executive Director salary and fees remained unchanged at A\$70,000 per annum and the Chair's salary and fee remained unchanged at A\$110,000 for the year ended 30 June 2020.

At the Annual General Meeting held 20 December 2018, 83.50% of proxy votes received voted in favour of the Directors Remuneration Policy (829,246,145 voted for and 163,850,421 voted against).

At the Annual General Meeting held 20 September 2019, 70.06% of proxy votes received voted in favour of the Directors Remuneration Report (917,365,432 voted for and 392,049,615 voted against).

As of June 2020, Directors' remuneration is under review.

REMUNERATION POLICY TABLE

The remuneration policy table below is an extract of the Group's current remuneration policy on Directors' remuneration, which formed part of the meeting materials at the AGM in January 2018. The approved policy took effect from 1 July 2017.

ELEMENT	PURPOSE	POLICY	OPERATION	OPPORTUNITY AND PERFORMANCE CONDITION
Executive Director				
Base fee	To recognise: Skills Responsibility Accountability Experience Value	Considered by Remuneration Committee on appointment. Set at a level considered appropriate to attract, retain motivate and reward the right individuals.	Reviewed annually. Paid monthly in cash.	Specific performance conditions are attached to base salaries.
Benefits	To provide a competitive benefits package	Contractual benefits can include but are not limited to: – Travel allowance – Car parking – Mobile phone	The Committee retains the discretion to approve changes in contractual benefits in exceptional circumstances or where factors outside the control of the Group lead to increased costs.	The costs associated with benefits offered are closely controlled and reviewed on an annual basis. No specific performance conditions are attached to contractual benefits. The value of benefits for each Director for the year ended 30 June 2020 is shown in the table on pages 125 and 126.
Bonuses	To reward and incentivise	In assessing the performance of the executive team, and in particular to determine whether bonuses are merited, the Remuneration Committee takes into account the overall performance of the business. Bonuses are generally offered in cash or shares.	The Remuneration Committee determines the level of bonus on an annual basis applying such performance conditions and performance measures as it considers appropriate.	Performance conditions will be assessed on an annual basis. The performance measures applied may be financial, non-financial, corporate, divisional or individual and in such proportion as the Remuneration Committee considers appropriate.
Share options	To provide Executive Directors with a long-term interest in the Company	Granted under the Share Incentive Plan.	Offered at appropriate times by the Remuneration Committee.	Entitlement to share options is not subject to any specific performance conditions. Share options will be offered by the Remuneration Committee as appropriate. The aggregate number of shares over which options may be granted under all of the Company's option schemes (including any options and awards granted under the Company's employee share plans) in any period, will not exceed, at the time of grant, 10% of the ordinary share capital of the Company from time to time.

REMUNERATION COMMITTEE REPORT CONTINUED

ELEMENT	PURPOSE	POLICY	OPERATION	OPPORTUNITY AND PERFORMANCE CONDITION
Non-Executive Directors				
Base fee	To recognise: Skills Experience Value	Considered by Remuneration Committee on appointment. Set at a level considered appropriate to attract, retain motivate and reward the right individuals.	Reviewed annually. Paid monthly in cash.	No specific performance conditions are attached to base salaries.
Benefits	No benefits offered.			
Share options	No share options offered.			

The Remuneration Committee consider the performance measures outlined in the table above to be appropriate measures of performance and that the KPIs chosen to align the interests of the Directors and shareholders.

Details of remuneration of other Company employees can be found in Note 5 to the financial statements.

STATEMENT OF THE CHAIR OF THE REMUNERATION COMMITTEE

The Remuneration Committee presents its report for the year ended 30 June 2020.

The Annual Remuneration Report details remuneration awarded to Directors and Non-Executive Directors during the year. Shareholders will be asked to approve the Annual Remuneration Report as an ordinary resolution at the AGM in October 2020.

A copy of the remuneration policy, which details the remuneration policy for Directors, can be found at www.solgold.com.au. The current remuneration policy was part of the meeting materials at the AGM in September 2019.

The Remuneration Committee reviewed the existing policy and deemed no changes necessary to the current arrangements.

Both of the above reports have been prepared in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013.

The Company's auditors, BDO LLP are required by law to audit certain disclosures and where disclosures have been audited, they are indicated as such.

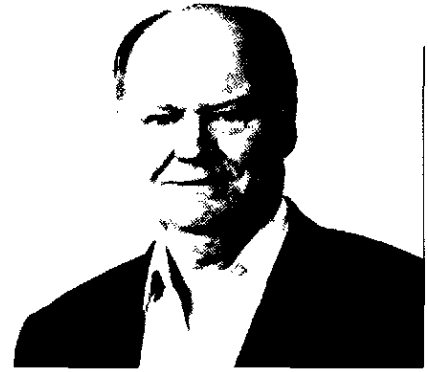


MR JAMES CLARE

CHAIR - REMUNERATION COMMITTEE

17 September 2020

NOMINATIONS COMMITTEE REPORT



BRIAN MOLLER CHAIR, NOMINATIONS COMMITTEE

The Nominations Committee was formed in June 2020.

At the timing of writing, membership consists of James Clare, Liam Twigger and Brian Moller (Chair of the Nominations Committee, appointed August 20, 2020).

The Committee shall discharge its responsibility by:

1. developing criteria for seeking and reviewing candidates for a position on the Board, including by implementing processes to assess the necessary and desirable skill sets of the Board members including experience, expertise, skills and performance of the Board and the Committees;
2. identifying suitable candidates for appointment to the Board or senior management positions from diverse backgrounds;
3. reviewing appropriate applications for positions of the Board and recommending individuals for consideration by the Board;
4. recommending procedures, including but not limited to strategies to address Board diversity and increasing the proportion of women in the Company, for adoption by the Board for the proper oversight of the Board and senior management;
5. ensuring that such procedures, once adopted, are implemented such that the performance of each member of the Board and of senior management is reviewed and assessed each year in accordance with the procedures; and
6. annually reviewing the composition of each Committee and presenting recommendations for Committee memberships to the Board.

The first successful outcome of the Nominations Committee was the appointment of SolGold's first female Director on the Board. Mrs Elodie Grant Goodey was appointed on 17 July 2020 after an extensive, competitive process undertaken internally by SolGold.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SOLGOLD PLC

OPINION

We have audited the financial statements of Solgold Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2020 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Company Statement of Financial Position, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity, Consolidated and Company Statements of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2020 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; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

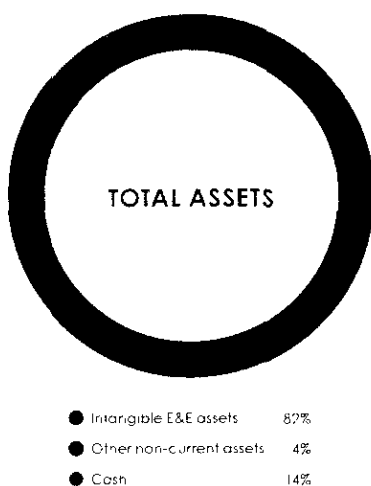
KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

KEY AUDIT MATTER

Carrying value of Exploration and Evaluation assets (see note 1 and 12)

The Group's intangible exploration and evaluation assets ('E&E assets') represent the most significant asset on its statement of financial position as at 30 June 2020.



Management and the Board are required to assess whether there are any potential impairment triggers, which would indicate that the carrying value of an asset at 30 June 2020 may not be recoverable.

Given the materiality of the E&E assets in the context of the Group's statement of financial position and the significant judgement involved in making the assessment of whether any indicators of impairment exist we consider this to be a key audit matter.

HOW THE KEY AUDIT MATTER WAS ADDRESSED IN OUR AUDIT

We evaluated Management's and the Board's assessment of potential indicators of impairment of the E&E assets.

Our specific audit testing in this regard included:

- The verification of license status, in order to confirm legal title.
- Reviewing exploration activity to assess whether there was any evidence from exploration results to date which would indicate a potential impairment.
- Obtaining approved budget forecasts and minutes of Management and Board meetings to confirm whether or not the Group intended to continue to explore project area.
- Obtaining an understanding of Management's expectation of commercial viability, reviewing any available technical documentation and discussing results and operations. In relation to Cascabel E&E assets we reviewed the result of the third Mineral Resource Estimate ('MRE#3') released in April 2020 and discussed the planned operations with the operational site team.
- Corroborated Management's assessment through discussions with the Company's independent lawyers that there are no indicators of impairment in Alpala and regional projects in Ecuador.
- Reviewed and assessed the adequacy of the disclosures in the financial statements to ensure that they were prepared in accordance with the requirements of the accounting standards.

Key observations

We found the key assumptions made by management to be reasonable and the disclosures in the financial statements to be in line with the accounting standards.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF SOLGOLD PLC

KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN OUR AUDIT
<p>Going Concern (see note 1) 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 and therefore its funding position is reliant upon raising capital from either equity raises, debt financing or the sale of assets.</p> <p>Given the reliance on continual funding and the significant judgments in making the assessment as to whether it is appropriate to prepare the financial statements on a going concern basis, we consider this to be a key audit matter.</p>	<p>We evaluated Management's and the Board's assessment on Group and Parent Company's ability to continue as a going concern for a period of least 12 months from the date the financial statements are approved.</p> <p>Our specific audit testing in this regard included:</p> <ul style="list-style-type: none"> • We challenged management and the director's forecasts to assess the Company's ability to meet its financial obligations as they fall due within the period of twelve months from the date of approval of the financial statements. We reviewed the assumptions and inputs in the cash flow forecast and assessed whether these were in line with our understanding of the Company's operations, contractual obligations, general operating costs and other information obtained by us during the course of the audit. • We performed an accuracy check on the mechanics of the cash flow forecast model prepared by management and the directors. • We sensitised the cash flow to increase costs and assess whether the funding position was at risk of going negative within the 12 month period. • We inspected a copy of the financing arrangement signed with Franco Nevada Corporation to support the Company's funding position. We verified the draw down of \$85m on 14 September 2020 to bank statements. • We verified the terms of financing arrangement and verified the option for the Company to increase the overall funding to \$150m. • We considered the adequacy of the disclosure of this matter in the financial statements.
<p>Key observations Our observations in respect of going concern are set out in the Conclusions relating to going concern above.</p>	

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

MATERIALITY	30 JUNE 2020	30 JUNE 2019	BASIS OF MATERIALITY
Materiality for financial statements as a whole	US\$3.3m	US\$3.1m	1.1% of total assets (2019: 1.3%)
Materiality for parent company financial statements	US\$2.5m	US\$2.4m	Capped at 75% of group materiality (2019: 75%)

We consider total assets to be the financial metric of the most interest to shareholders and other users of the financial statements, given the Company's current focus on the exploration of its assets. Total assets was therefore considered to be the most appropriate basis for materiality. Materiality was calculated at the planning stage of the audit at 1.3% of total assets using interim consolidated financial statements as at 31 March 2020. We have reassessed it throughout the audit and consider appropriate to use planning materiality, which represents 1.1% of total assets per the financial statements.

Performance materiality is the application of materiality at the individual account or balance level and is set at an amount which reduces to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole. Performance materiality was set at 75% (2019: 75%) of the above materiality levels.

Each significant component was audited to a lower level of materiality of US\$2.5 million (2019: US\$2.4 million). Such materiality levels are used to determine the financial statement areas that are included within the scope of our audit and the extent of sample sizes tested during the audit.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of US\$100,000 (2019: US\$100,000). We also agreed to report differences below that threshold that, in our view, warranted reporting on qualitative grounds.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment and assessing the risks of material misstatement in the financial statements at the group level.

We identified two significant components for the purpose of our audit, being the Group's principal mining entity, Exploraciones Novomining S.A. ('ENSA'), which holds the Cascabel exploration project, and the parent company. Both significant components were subject to a full scope audit along with the Group consolidation.

The audit of ENSA was performed in Ecuador by a BDO member firm. As part of our audit strategy, as group auditors we undertook the following:

- Detailed group reporting instructions were sent to the component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be key audit matters as detailed above), and set out the information required to be reported to the group audit team.
- We performed a review of the component audit files remotely and held calls and meetings with the component audit team during the planning and completion phases of their audit.
- The group audit team was actively involved in the direction of the audits performed by the component auditors for group reporting purposes, along with the consideration of findings and determination of conclusions drawn. We performed our own additional procedures in respect of certain of the significant risk areas that represented Key Audit Matters in addition to the procedures performed by the component auditor.

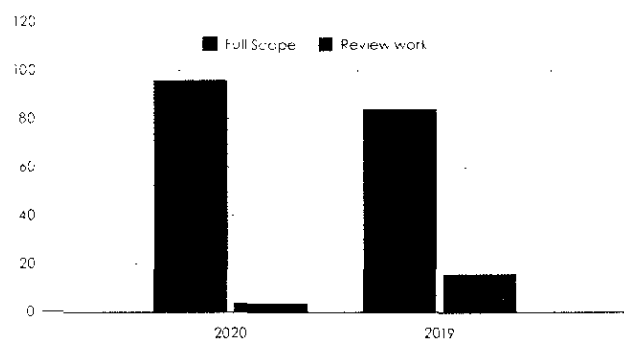
INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF SOLCOLD PLC

AN OVERVIEW OF THE SCOPE OF OUR AUDIT CONTINUED

The remaining components of the Group were considered non-significant and such components were subject to analytical review procedures together with substantive testing on Group audit risk areas determined to be applicable to a particular component ('review work'). We set out below the extent to which the Group's total assets were subject to full scope audit procedure versus review work. All audit work (full scope audit or review work) was conducted by BDO LLP and BDO member firms.

TOTAL ASSETS



Extent to which the audit was capable of detecting irregularities, including fraud:

Our audit approach included:

- agreeing the financial statement disclosures to underlying supporting documentation to assess compliance with relevant laws and regulations,
- enquiring with management, the Board, the audit committee and concerning actual and potential legal claims
- enquiring of the group's external legal team regarding compliance with Ecuadorian laws and regulations and receiving direct confirmation regarding the nature of current legal claims
- addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

There are inherent limitations in the audit procedures described above and, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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 and the part of the Directors' remuneration report to be audited 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibility statement set out on page 122, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

Following the recommendation of the audit committee, we were appointed to audit the financial statements for the year ended 30 June 2006 and subsequent financial periods. In respect of the year ended 30 June 2020 we were reappointed as auditor by the members of the Company at the annual general meeting held on 20 September 2019. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is 15 years, covering the years ending 30 June 2006 to 30 June 2020.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

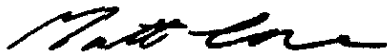
Our audit opinion is consistent with the additional report to the audit committee.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF SOLGOLD PLC

USE OF OUR REPORT

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



MATT CRANE (SENIOR STATUTORY AUDITOR)

For and on behalf of BDO LLP, Statutory Auditor

London, UK

17 September 2020

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

Registered Number 5449516

	NOTES	GROUP 2020 US\$	GROUP 2019 US\$
Expenses			
Exploration costs written-off	12	(218,163)	(228,251)
Administrative expenses		(12,411,630)	(9,248,699)
Share based payments expenses	22	(1,156,832)	(23,883,159)
Operating loss	3	(13,786,625)	(33,360,109)
Other income		398,472	-
Finance income	6	513,336	675,410
Finance costs	6	(425,440)	-
Movement in fair value of derivative liability		279,913	-
Loss before tax		(13,020,344)	(32,684,699)
Tax benefit (expense)	7	(1,103,409)	614,906
Loss for the year		(14,123,753)	(32,069,793)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(139,285)	(2,037,944)
<i>Items that will not be reclassified to profit or loss</i>			
Change in Ecuador pension		(475,763)	-
Change in fair value of financial assets, net of tax	10a / 14	(1,320,370)	1,441,319
Other comprehensive (loss) / profit, net of tax		(1,935,418)	(596,625)
Total comprehensive loss for the year		(16,059,171)	(32,666,418)
Loss for the year attributable to:			
Owners of the parent Company		(14,067,978)	(31,941,715)
Non-controlling interest		(55,775)	(128,078)
		(14,123,753)	(32,069,793)
Total comprehensive loss for the year attributable to:			
Owners of the parent Company		(16,003,396)	(32,538,340)
Non-controlling interest		(55,775)	(128,078)
		(16,059,171)	(32,666,418)
LOSS PER SHARE			
		CENTS PER SHARE	CENTS PER SHARE
Basic loss per share	8	(0.7)	(1.8)
Diluted loss per share	8	(0.7)	(1.8)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

Registered Number 5449516

	NOTES	GROUP 2020 US\$	GROUP 2019 US\$
Assets			
Property, plant and equipment	11	14,940,988	8,847,785
Intangible assets	12	230,256,153	177,481,872
Financial assets held at fair value through OCI	10(a)	4,119,179	5,952,439
Loans receivable and other non-current assets	13	7,702,969	7,796,541
Total non-current assets		257,019,289	200,078,637
Other receivables and prepayments	15	2,883,916	2,891,326
Cash and cash equivalents	16	46,895,243	41,746,200
Total current assets		49,779,159	44,637,526
Total assets		306,798,448	244,716,163
Equity			
Share capital	17	29,281,511	26,402,424
Share premium	17	353,220,481	297,375,959
Other reserves		38,331,650	40,084,833
Accumulated loss		(133,331,591)	(120,342,688)
Foreign currency translation reserve		(5,015,878)	(4,876,593)
Equity attributable to owners of the parent Company		282,486,173	238,643,935
Non-controlling interest		(498,139)	(442,364)
Total equity		281,988,034	238,201,571
Liabilities			
Trade and other payables	18	6,060,193	6,514,592
Lease liability	19	314,524	-
Borrowings	20	15,248,302	-
Total current liabilities		21,623,019	6,514,592
Lease liability	19	875,141	-
Other financial liabilities	21	2,312,254	-
Total non-current liabilities		3,187,395	-
Total liabilities		24,810,414	6,514,592
Total equity and liabilities		306,798,448	244,716,163

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

Registered Number 5449516

	NOTES	COMPANY 2020 US\$	COMPANY 2019 US\$
Assets			
Property, plant and equipment	11	1,187,191	83,910
Investment in subsidiaries	9	259,951,415	200,507,458
Financial assets held at fair value through OCI	10(a)	4,113,660	5,946,815
Loans receivable and other non-current assets	13	7,173,984	7,260,213
Total non-current assets		272,426,250	213,798,396
Other receivables and prepayments	15	714,197	544,338
Cash and cash equivalents	16	45,356,423	38,290,929
Total current assets		46,070,620	38,835,267
Total assets		318,496,870	252,633,663
Equity			
Share capital	17	29,281,511	26,402,424
Share premium	17	353,220,481	297,375,959
Other reserves		38,913,306	40,190,726
Accumulated loss		(119,164,736)	(107,624,653)
Foreign currency translation reserve		(5,006,473)	(5,006,473)
Equity attributable to owners of the parent Company		297,244,089	251,337,983
Non-controlling interest		-	-
Total equity		297,244,089	251,337,983
Liabilities			
Trade and other payables	18	2,616,941	1,295,680
Lease liability	19	222,109	-
Borrowings	20	15,248,302	-
Total current liabilities		18,087,352	1,295,680
Lease liability	19	853,175	-
Other financial liabilities	21	2,312,254	-
Total non-current liabilities		3,165,429	-
Total liabilities		21,252,781	1,295,680
Total equity and liabilities		318,496,870	252,633,663

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

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 Company's loss for the year was US\$12,653,965 (2019: US\$22,792,827).

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 17 September 2020.



NICHOLAS MATHER
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	SHARE CAPITAL US\$	SHARE PREMIUM US\$	FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME US\$	SHARE BASED PAYMENT RESERVE US\$
Balance at 1 July 2018	24,443,853	222,941,518	1,933,094	13,391,848
Loss for the year	-	-	-	-
Other comprehensive income	-	-	1,441,319	-
Total comprehensive income for the year	-	-	1,441,319	-
New share capital subscribed	1,431,377	62,098,668	-	-
Options exercised	527,194	12,441,354	-	-
Share issue costs (net of deferred tax)	-	(105,581)	-	-
Options forfeited	-	-	-	(458,694)
Value of shares and options issued to Directors, employees and consultants	-	-	-	23,883,159
Balance at 30 June 2019	26,402,424	297,375,959	3,374,413	36,816,313
Loss for the year	-	-	-	-
Other comprehensive income	-	-	(1,320,370)	-
Total comprehensive income for the year	-	-	(1,320,370)	-
SolGold Ecuador employee profit share	-	-	-	-
New share capital subscribed	2,879,087	57,228,934	-	-
Share issue costs (net of deferred tax)	-	(1,384,412)	-	-
Options forfeited	-	-	-	(1,113,882)
Value of share and options issued to Directors, employees and consultants	-	-	-	1,156,832
Balance at 30 June 2020	29,281,511	353,220,481	2,054,043	36,859,263

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

OTHER RESERVES US\$	ACCUMULATED LOSS US\$	FOREIGN CURRENCY TRANSLATION RESERVE US\$	TOTAL US\$	NON-CONTROLLING INTERESTS US\$	TOTAL EQUITY US\$
(105,893)	(88,859,667)	(2,838,649)	170,906,104	(314,286)	170,591,818
-	(31,941,715)	-	(31,941,715)	(128,078)	(32,069,793)
-	-	(2,037,944)	(596,625)	-	(596,625)
-	(31,941,715)	(2,037,944)	(32,538,340)	(128,078)	(32,666,418)
-	-	-	63,530,045	-	63,530,045
-	-	-	12,968,548	-	12,968,548
-	-	-	(105,581)	-	(105,581)
-	458,694	-	-	-	-
-	-	-	23,883,159	-	23,883,159
(105,893)	(120,342,688)	(4,876,593)	238,643,935	(442,364)	238,201,571
-	(14,067,978)	-	(14,067,978)	(55,775)	(14,123,753)
(475,763)	-	(139,285)	(1,935,418)	-	(1,935,418)
(475,763)	(14,067,978)	(139,285)	(16,003,396)	(55,775)	(16,059,171)
-	(34,807)	-	(34,807)	-	(34,807)
-	-	-	60,108,021	-	60,108,021
-	-	-	(1,384,412)	-	(1,384,412)
-	1,113,882	-	-	-	-
-	-	-	1,156,832	-	1,156,832
(581,656)	(133,331,591)	(5,015,878)	282,486,173	(498,139)	281,988,034

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	SHARE CAPITAL US\$	SHARE PREMIUM US\$	ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME US\$
Balance at 1 July 2018	24,443,853	222,941,518	1,933,094
Loss for the year	-	-	-
Other comprehensive income	-	-	1,441,319
Total comprehensive income for the year	-	-	1,441,319
New share capital subscribed	1,431,377	62,098,668	-
Options exercised	527,194	12,441,354	-
Share issue costs (net of deferred tax)	-	(105,581)	-
Options forfeited	-	-	-
Value of shares and options issued to Directors, employees and consultants	-	-	-
Balance at 30 June 2019	26,402,424	297,375,959	3,374,413
Loss for the year	-	-	-
Other comprehensive income for the year	-	-	(1,320,370)
Total comprehensive income for the year	-	-	(1,320,370)
New share capital subscribed	2,879,087	57,228,934	-
Share issue costs (net of deferred tax)	-	(1,384,412)	-
Options forfeited	-	-	-
Value of shares and options issued to Directors, employees and consultants	-	-	-
Balance at 30 June 2020	29,281,511	353,220,481	2,054,043

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

SHARE-BASED PAYMENT RESERVE US\$	ACCUMULATED LOSS US\$	FOREIGN CURRENCY TRANSLATION RESERVE US\$	TOTAL US\$
13,391,848	(85,290,520)	(6,245,183)	171,174,610
-	(22,792,827)	-	(22,792,827)
-	-	1,238,709	2,680,028
-	(22,792,827)	1,238,709	(20,112,799)
-	-	-	63,530,045
-	-	-	12,968,548
-	-	-	(105,581)
(458,694)	458,694	-	-
23,883,159	-	-	23,883,159
36,816,313	(107,624,653)	(5,006,473)	251,337,983
-	(12,653,965)	-	(12,653,965)
-	-	-	(1,320,370)
-	(12,653,965)	-	(13,974,335)
-	-	-	60,108,021
-	-	-	(1,384,412)
(1,113,882)	1,113,882	-	-
1,156,832	-	-	1,156,832
36,859,263	(119,164,736)	(5,006,473)	297,244,089

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	GROUP		COMPANY	
		2020 US\$	2019 US\$	2020 US\$	2019 US\$
Cash flows from operating activities					
Loss for the year		(14,123,755)	(32,069,793)	(12,653,965)	(22,792,827)
Depreciation	11	685,332	67,604	525,467	40,532
Interest on lease liability		173,679	-	161,410	-
Interest on bridging loan		248,303	-	248,303	-
Effect of modification of lease terms		(70,693)	-	(70,693)	-
Share based payment expense	5 / 22	1,156,832	23,883,159	1,156,832	16,183,483
Write-off of exploration expenditure	12	218,163	228,251	-	-
Foreign exchange (gain) / loss		1,679,382	(629,207)	1,673,710	(639,633)
Movement in fair value of derivative liability		(279,913)	-	(279,913)	-
Deferred taxes	14	1,103,409	(614,906)	1,103,409	(614,906)
Non cash employee benefit expense – Company Funded Loan Plan		402,082	921,448	402,082	921,448
Accretion of interest – Company Funded Loan Plan		(439,246)	(299,319)	(439,246)	(299,319)
Decrease (increase) in other receivables and prepayments		(337,096)	679,597	(187,987)	(122,322)
(Decrease) / increase in trade and other payables		485,306	(805,535)	973,643	402,896
Net cash outflow from operating activities		(9,098,215)	(8,638,701)	(7,386,948)	(6,920,648)
Cash flows from investing activities					
Security deposit (payments) / refunds		(29,950)	(433,780)	(36,779)	(78,434)
Acquisition of property, plant and equipment	11	(4,899,387)	(5,622,644)	(27,039)	(7,385)
Acquisition of exploration and evaluation assets	12	(54,444,043)	(73,526,926)	-	-
Loans advanced to subsidiaries	9	-	-	(59,255,734)	(83,042,767)
Net cash outflow from investing activities		(59,373,380)	(79,583,350)	(59,319,552)	(83,128,586)
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital	17	62,700,190	69,104,952	62,700,190	69,104,952
Payment of issue costs		(1,718,672)	(120,276)	(1,718,672)	(120,276)
Proceeds from bridging loan	20	14,815,000	-	14,815,000	-
Repayments of lease liability		(712,429)	-	(569,843)	-
Net cash inflow from financing activities		75,084,089	68,984,676	75,226,675	68,984,676
Net (decrease) / increase in cash and cash equivalents		6,612,494	(19,237,375)	8,520,175	(21,064,558)
Cash and cash equivalents at the beginning of year		41,746,200	60,575,504	38,290,929	58,948,814
Effect of foreign exchange on cash and cash equivalents		(1,463,451)	408,071	(1,454,681)	406,673
Cash and cash equivalents at end of year	16	46,895,243	41,746,200	45,356,423	38,290,929

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 2020

NOTE 1 ACCOUNTING POLICIES

SolGold plc ('the Company' or 'SolGold') is domiciled in London, United Kingdom and was incorporated on 11 May 2005, with company registration number 5449516. SolGold is a public limited company which is dual listed on the London Stock Exchange and the Toronto Stock Exchange. The address of the Company's registered office is 1 King Street, London, EC2V 8AU, United Kingdom.

(A) STATEMENT OF COMPLIANCE

The consolidated financial statements and Company financial statements have been prepared in accordance with International Financial Reporting Standards and their interpretations issued by the International Accounting Standards Board ('IASB'), as adopted by the European Union ('IFRS'). They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements also comply with IFRS as issued by the IASB, as is required as a result of the Company's listing on TSX in Canada.

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

(B) BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND GOING CONCERN

The consolidated financial statements are presented in United States dollars ('US\$'), rounded to the nearest dollar. Prior to 2019 consolidated financials have been previously in Australian dollars ('A\$') refer to Note 1 (d) for further details on the change of presentational currency.

The Company was incorporated on 11 May 2005. From incorporation the Group has prepared the annual consolidated financial statements in accordance with IFRS.

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.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. In light of COVID-19, the employees at project sites and offices will continue to follow government advice on prevention of this disease.

The Company's geologists, administration, technical and financial teams will work from home and will continue to progress the Company's projects using the extensive database. The Alpala prefeasibility study is continuing externally, using the available information which has already been substantially gathered from site. The Company is and will continue to support its employees, will carry on contributing to the economy as far as possible for the immediate future and will monitor the management of the workforce and interactive COVID-19 management protocols. The Company is actively supporting local communities in their efforts to curtail the spread of COVID-19.

As the situation is dependent on actions at regional, state, national and international levels, the Company cannot currently indicate the duration of the temporary partial suspension of fieldwork on the Company's projects. The Board will continue to monitor the situation and tailor the Company's operating model to ensure its continued viability until the restrictions have been lifted.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 ACCOUNTING POLICIES CONTINUED

(B) BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND GOING CONCERN CONTINUED

In addition to the above, the World Health Organisation (WHO) announced a global health emergency because of a new strain of the coronavirus (COVID-19) and the risks to the international community as the virus spreads globally. Because of the rapid increase in exposure globally, the WHO classified the COVID-19 outbreak as a pandemic. These events are having a significant negative impact on world stock markets, currencies and general business activities which could negatively impact the Company in a material adverse manner. The employees at project sites and offices will continue to follow government advice on prevention of the disease. The Alpala prefeasibility study is continuing externally, using the available information which has already been substantially gathered from site.

The Group have considered the further uncertainty created by COVID-19 and have accordingly taken the necessary measures to review the Group's financial position and cash forecasts.

On 14 September 2020 the Group has announced the drawdown on the US\$100 million Net Smelter Returns Financing ('NSR Financing') Agreement with Franco-Nevada Corporation ('Franco-Nevada'). The Group has received net funds of US\$85 million following the repayment of the US\$15 million Bridge Loan Agreement ('BLA'). Within the NSR Financing the Group has an option to upsize the facility to US\$150 million. This option is solely at the Group's control and can be exercised in a period of 8 months following the signing of the NSR Financing Agreement (11 May 2020). The funds raised from the NSR Financing are ring fenced for the continued Exploration work on the Alpala asset.

Whilst further funding will be required to move the Group's key exploration assets into development, as at the date of this report, the Group has sufficient funding to meet its exploration commitments on licences, current liabilities and working capital as and when it is required over a period of at least 12 months. On this basis the directors have considered that it appropriate to prepare the financial statements on a going concern basis.

(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.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the Company and its subsidiaries ('the Group') as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

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 in line with those used by the Group.

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

(ii) 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

(i) Translation into the functional currency

Transactions entered into by Group entities in a currency other than the currencies of the primary economic environment in which they operate (the 'functional currency') 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 the functional currency at the foreign exchange rate ruling as that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the historical foreign exchange rate. Any resultant foreign exchange currency translation amount is taken to the profit and loss.

Management reconsiders the functional currency where there is a change in events or conditions used in initial determination. Where the assessment indicates that a change in functional currency is required, the change is applied prospectively from the date it is deemed to have occurred.

The functional currency of the Company has historically been considered to be Australian dollars (A\$). The functional currency of the Company was changed with effect from 1 April 2019 from A\$ to US\$. At this date the statement of financial position, the statement of profit or loss and comprehensive income and the statement of cash flows of the Company were translated into US\$ by using the foreign exchange rate ruling as at 1 April 2019. The primary triggers to change the functional currency were the release of the Preliminary Economic Assessment, the Company's progression towards a Pre-Feasibility Study and the fact that majority of future transactions and funds will be held in US dollars. The functional currency of the parent entity and subsidiaries of the Group are detailed in the table below:

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 ACCOUNTING POLICIES CONTINUED

(D) FOREIGN CURRENCY CONTINUED

	FUNCTIONAL CURRENCY 2020	FUNCTIONAL CURRENCY 2019	EXCHANGE RATE AT 30 JUNE 2020 USED IN PREPARATION OF FINANCIALS	EXCHANGE RATE AT 30 JUNE 2019 USED IN PREPARATION OF FINANCIALS
SolGold Plc	US\$	US\$	n/a	n/a
Australian Resources Management (A.R.M.) Pty Ltd	A\$	A\$	0.6899	0.7032
Acapulco Mining Pty Ltd	A\$	A\$	0.6899	0.7032
Central Minerals Pty Ltd	A\$	A\$	0.6899	0.7032
Solomon Operations Ltd	SBD\$	SBD\$	0.1716	0.1178
Honiara Holdings Pty Ltd	A\$	A\$	0.6899	0.7032
Guadalcanal Exploration Pty Ltd	A\$	A\$	0.6899	0.7032
SolGold Canadian Calico Corp.	CAD\$	CAD\$	0.7362	0.7649
SolGold Canadian Exchangeco Corp.	CAD\$	CAD\$	0.7362	0.7649
Exploraciones Novomining S.A.	US\$	US\$	n/a	n/a
Carnegie Ridge Resources S.A.	US\$	US\$	n/a	n/a
Green Rock Resources S.A.	US\$	US\$	n/a	n/a
Valle Rico Resources S.A.	US\$	US\$	n/a	n/a
Cruz del Sol S.A.	US\$	US\$	n/a	n/a
SolGold Ecuador S.A	US\$	US\$	n/a	n/a

(ii) Translation into presentation currency

The presentation currency of the Group has prior to 2019 been considered to be Australian Dollars (A\$). Due to the announcement of the Preliminary Economic Assessment and the fact that majority of future transactions and funds will be held in US dollars, the presentation currency of the Group was changed to United States dollars (US\$) to align with the functional currency of the parent entity and applied this change retrospectively resulting in restatement of prior periods.

The assets and liabilities of the entities are translated to the Group presentation currency being the US\$ at rates of exchange ruling at the reporting date. Income and expense items are translated at average rates for the period. Any resultant foreign exchange currency translation amount is taken to other comprehensive income. On disposal of an entity, cumulative exchange difference are recognised in the income statement as part of the profit or loss on sale. Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

(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 (h) below).

(ii) Leased assets

Items of property, plant and equipment that are accounted for under IFRS 16 Leases are recognised at the date of initial application at an amount equal to the corresponding lease liability (see accounting policy S below).

(iii) 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.

(iv) 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 used in corporate and administrative operations. Depreciation is capitalised to exploration on a straight-line basis over the estimated useful lives of each item of property, plant and equipment used in exploration operations. 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
Buildings	12 years
Land	Not depreciated

Depreciation charged on leased assets is charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

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.

(F) INTANGIBLE ASSETS**(i) Deferred exploration 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 Group 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.

Once the work completed to date on an area of interest is sufficient such that the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be an evaluated mineral property.

Following determination of the technical feasibility and commercial viability of a mineral resource, the relevant expenditure is transferred from exploration and evaluation assets to evaluated mineral property.

Further development costs are capitalised to evaluated mineral properties, if and only if, it is probable that future economic benefits associated with the item will flow to the entity; and the cost can be measured reliably. Cost is defined as the purchase price and directly attributable costs. Once the asset is considered to be capable of operating in a manner intended by management, commercial production is declared, and the relevant costs are depreciated. Evaluated mineral property is carried at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 ACCOUNTING POLICIES CONTINUED

(G) 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.

(H) IMPAIRMENT OF NON-FINANCIAL ASSETS

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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment reviews for deferred exploration costs are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, typically when one of the following circumstances apply:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

(I) SHARE CAPITAL

(i) Ordinary share capital

The Company's ordinary shares are classified as equity.

(ii) Shares issued to settle liabilities

The Group from time to time settles financial liabilities by issuing shares. The Group considers these equity instruments as 'consideration paid' and accordingly derecognises the financial liability.

The equity instruments issued are measured at fair value, with the difference being taken to the income statement, unless the creditor is also a direct or indirect shareholder and is acting in its capacity as direct or indirect shareholder. When the creditor is acting in capacity as a direct or indirect shareholder the value of shares issued is deemed to be the carrying value of the liability.

(J) EMPLOYEE BENEFITS**(i) Share based payment transactions**

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Share based payments to non-employees are measured at the fair value of goods or services rendered or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured. Estimating fair value for share based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share based payment transactions are disclosed in Note 22.

(ii) Retirement benefits

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

(iii) Company Funded Loan Plan

The Group has put in place a Company Funded Loan Plan ('CFLP') for its employees to provide financial assistance to employees in exercising share options. The financial assistance provided to employees is by way of a full recourse, interest-free loan. The CFLP is secured by the SolGold shares issued upon the exercise of share options under the CFLP to that employee. The maximum CFLP loan term was extended from two to three years on 24 February 2020.

CFLP loans to employees are initially recognised at fair value, which is determined by discounting loans to their net present value using the risk-free interest rate at the time the loan is granted and an estimated repayment schedule. Following initial recognition, they are carried at amortised cost using the effective interest rate method. Changes in the carrying value of the CFLP loans are recognised within interest income in the profit or loss. The cost of providing the benefit to employees is recognised as an employee expense in the profit or loss on a straight-line basis over the expected life of the CFLP loan.

(iv) Derivative Financial Instruments

The Company has issued options that are exercisable in a currency other than the functional currency of the entity issuing. As such these options are treated as derivative liabilities which are measured initially at fair value and gains or losses on subsequent re-measurement are recorded in the profit or loss.

(K) 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.

A contingent asset or liability is disclosed in the notes to the financial statements when an uncertainty exists and the amount of the asset or liability cannot be reliably measured.

(L) TRADE AND OTHER PAYABLES

Trade and other payables are not interest bearing and are stated at amortised cost, unless settled with shares as per (I) (ii) above. The effect of discounting is immaterial.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 ACCOUNTING POLICIES CONTINUED

(M) REVENUE

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

(N) 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.

(O) 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 reporting 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.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has US\$68,507,193 (2019: US\$58,756,909) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on taxes are disclosed in Note 7.

(P) 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.

(Q) 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 on disposal of the interest.

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.

(R) 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 CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 ACCOUNTING POLICIES CONTINUED

(S) LEASES

For any new contracts entered into after 1 July 2019, the Group considers whether the contract is or contains a lease. For those contracts that fall within the exemptions of IFRS 16 and are classified as short term, these are charged as expenses on a straight-line basis over the period of the lease. For all other leases, the Group recognises a right-of-use asset and a lease liability on the balance sheet.

The right-of-use asset is measured at cost at an amount equal to the lease liability. The process to adopt this approach can be summarised as follows:

- Calculate the lease liability at commencement date of lease, for the initial adoption of the standard this was calculated as at the date on initial application.
- Set the ROUA as an amount equal to the lease liability in line with the above dates.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the implicit interest rate in the lease. Where the implicit rate cannot be easily determined the Group's incremental borrowing rate is used instead. As there is no implicit rate in the leases the Group has chosen to use 8% per the discount rate used in the recent Economic Studies.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. The liability is remeasured to reflect any reassessment or modification. Where the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in both current and non-current liabilities, under *Lease liability*.

(T) FINANCIAL INSTRUMENTS

(i) Recognition and Initial Measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised in the Group statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position and statement of comprehensive income when there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

Financial instruments are generally measured at initial recognition fair value and adjusted for 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.

(ii) Financial assets**(ii.i) Financial assets at amortised cost**

Financial assets are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding.

Financial assets at amortised costs are subsequently measured using the effective interest (EIR) method and are subject to an impairment assessment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii.ii) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition SolGold can elect to classify irrevocably its equity investments as equity instruments designated a fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

SolGold elected to classify irrevocably 'Investments in equity excluding subsidiaries' under this category.

(iii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 ACCOUNTING POLICIES CONTINUED

(T) FINANCIAL INSTRUMENTS CONTINUED

(iv) Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

(iv.i) Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated at FVTPL, are measured subsequently at amortised cost. The Group's financial liabilities comprise of trade and other payables, current and non-current lease liabilities and other financial liabilities (Franco-Nevada bridging loan) which are measured at amortised cost.

(iv.ii) Financial liabilities measured at fair value through profit or loss

Financial liabilities that are (i) held for trading, or (ii) designated by the entity as being at FVTPL are measured at fair value through profit or loss. The Group's financial liabilities at FVTPL comprise of the Derivative Liability associated with the share issuance to BHP in December 2019.

(iv.iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- SolGold has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) SolGold has transferred substantially all the risks and rewards of the asset, or (b) SolGold has neither transferred nor retained substantially all the risks and rewards of the asset; but has transferred control of the asset.

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

(U) 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) Subsidiary investments

Investments in subsidiary undertakings are stated at cost less impairment losses. Expenditure incurred by the Company on behalf of a subsidiary, and where the subsidiary does not reimburse the Company for assets that could be capitalised in accordance with IFRS 6, is recorded within investments in subsidiary undertakings. Where investments are passed down into the underlying operating subsidiaries where no reimbursement is expected this is recorded as investment in subsidiary undertakings.

(V) NATURE AND PURPOSE OF RESERVES

(i) Financial assets at fair value through other comprehensive reserve

Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as financial assets at fair value through OCI, are recognised in other comprehensive income and accumulated in a separate reserve within equity.

(ii) Share-based payment reserve

The share-based payment reserve is used to recognise:

- the grant date fair value of options issued to employees that have vested but not been exercised; and
- the grant date fair value of shares issued to employees.

(iii) Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities where the functional currency differs from the presentational currency and are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(iv) Other reserves

This reserve is used to both adjust the pension liability to fair value for the defined benefit pension plan maintained for the Group's employees in Ecuador and to record the differences which may arise as a result of transactions with non controlling interests that do not result in a loss of control.

(W) CHANGES IN ACCOUNTING POLICIES**(i) New standards and amendments in the year**

New standards impacting the Group that have been adopted in the financial statements for the 12 months ended 30 June 2020, and which have given rise to changes in the Group's accounting policies are:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments

Details of the impact that these standards had is detailed below. Other new and amended standards and interpretations issued by the IASB do not impact the Group or Company as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

(i.i) IFRS 16 Leases

IFRS 16 Leases is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position and measured at the present value of the future lease payments to be made over the term of the lease. A liability corresponding to the capitalised lease will also be recognised. The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the end of the lease term and an interest expense on the recognised lease liability.

The Group has adopted IFRS 16 using the modified retrospective approach and therefore the comparative periods have not been restated. The Group has applied the standard while using the following optional methods under the standard:

- Short-term leases – those with terms of 12 months or less
- Low value leases
- Where the lease is no longer enforceable when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1 ACCOUNTING POLICIES CONTINUED

(W) CHANGES IN ACCOUNTING POLICIES CONTINUED

(i.ii) Classification and measurement

Upon recognition on 1 July 2019, a 'right-of-use' asset of US\$2,125,846 was capitalised in the balance sheet and recognised in Property Plant & Equipment with a corresponding lease liability recognised of US\$2,125,846. All 'right-of-use' assets relate to lease contracts on office buildings. There are no material break clauses included within the lease arrangements, market rate reviews and reasonably certain extension options have been included in the below calculation.

	US\$
Total operating lease commitments disclosed at 30 June 2019	1,525,975
Recognition exemptions	
– Leases with remaining lease term of less than 12 months	(245,840)
– Leases with less than US\$5,000 value	(14,689)
– Reasonably certain extension options	1,198,232
Operating lease liability before discounting	2,436,678
Discounted using incremental borrowing rate as at date of initial application	(337,832)
Total lease liabilities recognised under IFRS 16 as 1 July 2019	2,125,846

(i.iii) IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

Management have made an assessment and has determined that it is probable the tax authorities will accept the tax position, and therefore tax balances will be calculated under the existing accounting standard. There are no additional actions required.

(ii) New standards and interpretations not yet adopted

The Group has elected not to early adopt the following revised and amended standards, which are not yet mandatory. The list below includes only standards and interpretations that could have an impact on the Consolidated Financial Statements of the Group. Other new and amended standards and interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

(X) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

(i) Accounting Estimates

(i.1) Share based payments

Share based payments relate primarily to share options issued by the Company, in relation to employee share benefit schemes. The grant date fair value of such options are calculated using the Black-Scholes model whose input assumptions are derived from market and other internal estimates. The key estimates include volatility rates and the expected life of the options, together with the likelihood of non-market performance conditions being achieved. Refer Note 22 (page 184).

(i.ii) Company funded loan plan

The Company Funded Loan Plan provides interest free loans to employees for employees to be able to exercise share options. Loans to employees are recorded at fair value on initial recognition. A key estimate for deriving Fair value of loans provided under the Company Funded Loan Plan is determining the market interest rates for similar loans. Furthermore, estimates are required to ascertain the likelihood of any expected credit losses on the loans provided under the Company Funded Loan Plan. Refer Note 13.

(i.iii) Derivative financial instruments

The Company has issued options that are exercisable in a currency other than the functional currency of the entity issuing. As such these options are treated as derivative liabilities which are measured initially at fair value and gains or losses on subsequent re-measurement are recorded in the profit or loss. Refer Note 21.

(i.iv) Leases

As the Group's operating leases are on office building and the contracts do not specify an implicit interest rate, the Group has estimated an incremental borrowing rate of 8%, per the discount rate used in the recent Economic Studies. Refer Note 1(W).

(ii) Accounting Judgements**(ii.i) Exploration and evaluation expenditure**

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

The carrying values of exploration and evaluation expenditure were assessed for indicators of impairment based on an estimation of the recoverability from expected future development and production. In forming this assessment, the Group considered the external Mineral Resources Estimate, the status of its permits and internal economic models and financing which supported the carrying value of the project. No triggers of impairment were identified at 30 June 2020. The Directors have carried out an assessment of the carrying values of deferred exploration and evaluation expenditure and any required impairment and is included in Note 12.

(ii.ii) Net smelter royalty payable

A 2% net smelter royalty is payable to Santa Barbara Resources Limited, who were the previous owners of the Cascabel tenements. These royalties can be bought out by paying a total of US\$4 million. Fifty percent (50%) of the royalty can be purchased for US\$1 million 90 days following the completion of a feasibility study and the remaining 50% of the royalty can be purchased for US\$3 million 90 days following a production decision. Significant management judgement is required in determining whether a liability should be recognised in respect of the net smelter royalty payable. Given that the project is still in early stages and there is uncertainty surrounding timing of cashflows, the Group has determined that it cannot recognise a liability since the amount of the present obligation cannot be reliably measured. This is therefore considered to be a contingent liability.

(ii.iii) Bridging loan agreement

At the date of signing the loan agreement it was the intention of SolGold to repay the loan in full by the maturity date of 11 September 2020. Management made a judgement to not value the warrants at the initial date of measurement based on the intention to fully repay the loan by the maturity date, and therefore not trigger the warrants issue.

(ii.iv) Leases

When the Group has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

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 discretely, 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 is therefore not reported separately, is aggregated as Other Subsidiaries.

30 JUNE 2020	FINANCE INCOME US\$	DEPRECIATION US\$	IMPAIRMENT OF E&E US\$	LOSS FOR THE YEAR US\$	ASSETS US\$	LIABILITIES US\$	SHARE BASED PAYMENTS US\$	NON-CURRENT ASSET ADDITIONS US\$
Cascabel project *	–	52,093	–	(371,834)	186,326,970	1,899,646	–	34,592,783
Other Ecuadorean projects	–	107,750	220,257	(1,081,818)	51,907,905	1,643,133	–	22,091,570
Other projects	253	22	(2,094)	(16,136)	10,018,121	14,854	–	405,131
Corporate	513,083	525,467	–	(12,653,965)	58,545,452	21,252,781	1,156,832	36,779
Total	513,336	685,332	218,163	(14,123,753)	306,798,448	24,810,414	1,156,832	57,126,263

30 JUNE 2019	FINANCE INCOME US\$	DEPRECIATION US\$	IMPAIRMENT OF E&E US\$	LOSS FOR THE YEAR US\$	ASSETS US\$	LIABILITIES US\$	SHARE BASED PAYMENTS US\$	NON-CURRENT ASSET ADDITIONS US\$
Cascabel project *	6,373	26,617	–	(8,553,393)	152,074,758	3,684,895	7,699,676	59,337,971
Other Ecuadorean projects	–	442	208,914	(647,753)	30,775,886	1,526,728	–	12,762,403
Other projects	630	13	19,337	(75,820)	9,739,313	7,435	–	(60,147)
Corporate	668,408	40,532	–	(22,792,827)	52,126,206	1,295,534	16,183,483	10,982,295
Total	675,411	67,604	228,251	(32,069,793)	244,716,163	6,514,592	23,883,159	83,022,522

* The Cascabel project is held via the subsidiary Exploraciones Novomining S.A. which is 15% owned by a non-controlling interest. See further details of the subsidiary in Note 9.

(A) GEOGRAPHICAL INFORMATION

NON-CURRENT ASSETS	2020 US\$	2019 US\$
UK	–	–
Australia	20,299,052	15,832,185
Solomon Islands	231,744	60,355
Ecuador	236,488,493	184,186,097
	257,019,289	200,078,637

The Group had no revenue during the current and prior year.

NOTE 3 OPERATING LOSS

	GROUP 2020 US\$	GROUP 2019 US\$
The operating loss is stated after charging (crediting)		
Auditors' remuneration:		
Amounts received or due and receivable by BDO (UK) for audit of the Company and Group's annual accounts	212,382	196,238
Amounts received or due and receivable by BDO (Ecuador) for the audit of the subsidiaries	72,157	62,237
Other non-audit services		
– Quarterly and half year reviews	97,864	78,873
– Translation services	64,661	41,297
– Other	-	18,911
Depreciation	685,332	67,604
Foreign exchange (gains)/losses	1,679,382	(629,207)
Share based payments (Note 22)	1,156,832	23,883,159

NOTE 4 STAFF NUMBERS AND COSTS

	GROUP		COMPANY	
	2020	2019	2020	2019
Corporate finance and administration	39	30	19	18
Technical – permanent	424	415	8	6
Technical – temporary	164	225	-	-
	627	670	27	24

The aggregate payroll costs of employees were:

	GROUP		COMPANY	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Wages and salaries	18,435,276	16,772,817	2,952,026	2,992,048
Contributions to superannuation	103,384	41,874	103,384	41,874
Share based payments	1,156,832	23,883,159	1,156,832	16,183,483
Total staff costs	19,695,492	40,697,850	4,212,242	19,217,405

Included within total staff costs is US\$16,466,874 (2019: US\$14,992,821) which has been capitalised as part of deferred exploration costs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 5 REMUNERATION OF KEY MANAGEMENT PERSONNEL

2020	BASIC ANNUAL SALARY US\$	BONUS US\$	OTHER BENEFITS US\$	PENSIONS US\$	TOTAL REMUNERATION US\$
Directors					
Nicholas Mather (highest paid Director)	400,162	-	-	-	400,162
Brian Moller	73,211	-	-	-	73,211
Robert Weinberg	46,755	-	-	-	46,755
Craig Jones ¹	46,331	-	-	-	46,331
James Clare	47,002	-	-	-	47,002
Jason Ward ²	322,892	-	-	-	322,892
Liam Twigger	42,908	-	76,625	4,127	123,660
Anna Legge ³	84,187	-	-	447	84,634
Other Key Management Personnel ⁵	1,067,381	38,595	928,599	77,185	2,111,760
Total paid to Key Management Personnel	2,130,829	38,595	1,005,224	81,759	3,256,407
Other staff and contractors	16,265,851	-	151,608	21,625	16,439,084
Total	18,396,680	38,595	1,156,832	103,384	19,695,491

1 Other Benefits represents the fair value of the share options granted during the year based on the Black Scholes model considering the effects of the vesting conditions.

2 Anna Legge resigned as a Director effective 13 November 2019.

3 Craig Jones resigned as Director effective 25 June 2020.

4 Jason Ward's Basic Annual Salary includes total remuneration paid for the year including payments prior to Director appointment.

5 Other Key Management Personnel consist of the aggregated remuneration of Karl Schlobohm (Company Secretary), Priy Jayasuriya (Chief Financial Officer), Benn Whistler (Technical Services Manager), Chris Connell (Regional Exploration Manager), Peter Holmes (Director of Studies), Ingo Hofmaier (Executive General Manager, Projects and Corporate Finance), Nadine Dennison (Chief Human Resources Officer) and Eduardo Valenzuela (Executive General Manager of Studies).

2019	BASIC ANNUAL SALARY US\$	BONUS US\$	OTHER BENEFITS ¹ US\$	PENSIONS US\$	TOTAL REMUNERATION US\$
Directors					
Nicholas Mather (highest paid Director)	425,386	114,036	2,875,779	-	3,415,201
Brian Moller	78,015	-	540,182	-	618,197
Robert Weinberg	49,671	-	332,299	-	381,970
John Bovard ²	24,945	-	168,492	-	193,437
Craig Jones	49,678	-	332,299	-	381,977
James Clare	49,678	-	573,327	-	623,005
Jason Ward ³	260,125	205,264	1,421,592	-	1,886,981
Liam Twigger ⁴	1,914	-	-	-	1,914
Anna Legge ³	113,546	70,919	809,947	3,022	997,434
Other Key Management Personnel ⁵	617,434	324,774	3,447,823	31,484	4,421,515
Total paid to Key Management Personnel	1,670,392	714,993	10,501,740	34,506	12,921,631
Other staff and contractors	14,313,747	73,685	13,381,419	7,368	27,776,219
Total	15,984,139	788,678	23,883,159	41,874	40,697,850

1 Other Benefits represents the fair value of the share options granted during the year based on the Black-Scholes model considering the effects of the vesting conditions.

2 John Bovard retired as a Director effective 20 December 2018.

3 Jason Ward and Anna Legge were appointed as Executive Directors effective 17 June 2019. Basic Annual Salary includes total remuneration paid for the year including payments prior to Director appointment.

4 Liam Twigger was appointed as Non-Executive Director effective 17 June 2019.

5 Other Key Management Personnel consist of the aggregated remuneration of Karl Schlobohm (Company Secretary), Priy Jayasuriya (Chief Financial Officer), Benn Whistler (Technical Services Manager), Chris Connell (Regional Exploration Manager), and Eduardo Valenzuela (Executive General Manager of Studies).

NOTE 6 FINANCE INCOME AND COSTS

	GROUP 2020 US\$	GROUP 2019 US\$
Interest income	74,090	369,718
Accretion of Interest on Company Funded Loan Plan (Note 13)	439,246	305,692
Finance income	513,336	675,410

	GROUP 2020 US\$	GROUP 2019 US\$
General interest	3,458	–
Interest on lease liability	173,679	–
Interest on bridging loan	248,303	–
Finance costs	425,440	–

NOTE 7 TAX EXPENSE

(A) FACTORS AFFECTING THE TAX CHARGE FOR THE CURRENT YEAR

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% (2019: 30%) being applied to the loss before tax arising during the year. The differences are explained below.

	GROUP 2020 US\$	GROUP 2019 US\$
Tax reconciliation		
Loss before tax	(13,020,344)	(32,684,699)
Tax at 30% (2019: 30%)	(3,906,103)	(9,805,410)
Add (less) tax effect of:		
Permanent differences	654,558	7,353,124
Derecognise (Recognise) prior year losses	4,268,255	1,793,556
Prior period adjustments to true-up tax return	(16,180)	–
Other	(13,390)	(23,709)
Impact of tax rate differences	116,269	120,128
Impact of exchange rate differences	–	(52,595)
Income tax (benefit) expense on loss	1,103,409	(614,906)
Components of tax (expense) / benefit on other comprehensive income comprise of:		
Valuation gains on investments held at fair value through OCI (see Note 14)	(512,783)	(629,818)
Income tax (expense) benefit on other comprehensive income	(512,783)	(629,818)
Amounts recognised directly in equity		
Net deferred tax credited directly to equity	(590,626)	14,912
Income tax benefit recognised directly in equity	(590,626)	14,912

Deferred tax assets are recognised only to the extent of deferred tax liabilities. Where deferred tax assets exceed deferred tax liabilities, deferred tax assets on carried forward tax losses are derecognised in the first instance.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 7 TAX EXPENSE CONTINUED

(B) FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Group has carried forward gross tax losses of approximately US\$68.5 million (2019: US\$58.8 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, Ecuador and the Solomon Islands. Tax losses in Australia can be carried forward indefinitely, while in Ecuador, tax losses may be carried forward and offset against profits in the following five years, provided that the amount offset does not exceed 25% of the year's profits.

NOTE 8 LOSS PER SHARE

	2020 CENTS PER SHARE	2019 CENTS PER SHARE
Basic loss per share	(0.7)	(1.8)
Diluted loss per share	(0.7)	(1.8)
	2020 US\$	2019 US\$
(a) Loss		
Loss used to calculate basic and diluted loss per share	(14,067,978)	(31,941,715)
	NUMBER OF SHARES	NUMBER OF SHARES
(b) Weighted average number of shares		
Used in calculating basic LPS	1,900,597,102	1,800,361,098
Weighted average number of dilutive options	–	–
Weighted average number of ordinary shares and potential ordinary shares used in calculating dilutive LPS	1,900,597,102	1,800,361,098

Options granted are not included in the determination of diluted earnings per share as they are considered to be anti-dilutive.

These out of the money options may become dilutive in the future.

NOTE 9 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	COUNTRY OF INCORPORATION AND OPERATION	REGISTERED ADDRESS	PRINCIPAL ACTIVITY	SOLGOLD PLC'S EFFECTIVE INTEREST	
				2020	2019
Australian Resources Management (A.R.M.) Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000 Australia	Exploration	100%	100%
Acapulco Mining Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000 Australia	Exploration	100%	100%
Central Minerals Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000 Australia	Exploration	100%	100%
Solomon Operations Ltd	Solomon Islands	c/- Morris & Sojnocki Chartered Accountants 1st Floor City Centre Building, Mendana Avenue, Honiara Solomon Islands	Exploration	100%	100%
Honiara Holdings Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000 Australia	Exploration	100%	100%
Guadalcanal Exploration Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000 Australia	Exploration	100%	100%
Exploraciones Novomining S.A.	Ecuador	Avenida La Coruña E25-58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito Ecuador	Exploration	85%	85%
Carnegie Ridge Resources S.A.	Ecuador	Avenida La Coruña E25-58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito Ecuador	Exploration	100%	100%
Green Rock Resources S.A.	Ecuador	Avenida La Coruña E25-58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito Ecuador	Exploration	100%	100%
Valle Rico Resources S.A.	Ecuador	Avenida La Coruña E25-58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito Ecuador	Exploration	100%	100%
Cruz del Sol S.A.	Ecuador	Avenida La Coruña E25-58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito Ecuador	Exploration	100%	100%
SolGold Ecuador S.A	Ecuador	Avenida La Coruña E25-58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito Ecuador	Services Management Company	100%	100%
SolGold Canadian Calico Corp.	Canada	4500, 855 – 2nd Street S.W, Calgary, Alberta T2P 4K7	Investment	100%	–
SolGold Canadian Exchangeco Corp.	Canada	4500, 855 – 2nd Street S.W, Calgary, Alberta T2P 4K7	Investment	100%	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 9 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS CONTINUED

	INVESTMENT IN SUBSIDIARY UNDERTAKINGS US\$
Cost	
Balance at 30 June 2018	144,930,790
Acquisitions and advances in the year	88,725,265
Change in currency variance	2,029,513
Balance at 30 June 2019	235,685,568
Acquisitions and advances in the year	59,443,957
Change in currency variance	-
Balance at 30 June 2020	295,129,525
Amortisation and impairment losses	
Balance at 30 June 2018	(36,548,812)
Change in currency variance	1,370,702
Balance at 30 June 2019	(35,178,110)
Change in currency variance	-
Balance at 30 June 2020	(35,178,110)
Carrying amounts	
Balance at 30 June 2018	108,381,978
Balance at 30 June 2019	200,507,458
Balance at 30 June 2020	259,951,415

NOTE 10 INVESTMENTS

(A) INVESTMENTS ACCOUNTED FOR AS FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OCI

	GROUP		COMPANY	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Movements in financial assets				
Opening balance at 1 July	5,952,439	4,031,236	5,946,815	4,025,313
Additions	-	-	-	-
Fair Value adjustment through other comprehensive income	(1,833,260)	1,921,203	(1,833,155)	1,921,502
Balance at 30 June	4,119,179	5,952,439	4,113,660	5,946,815

Financial assets comprise an investment in the ordinary issued capital of Cornerstone Capital Resources Inc., listed on the Toronto Venture Exchange ('TSXV') and an investment in the ordinary issued capital of Aus Tin Mining Ltd, a company listed on the Australian Securities Exchange.

(B) FAIR VALUE**(i) Fair value hierarchy**

The following table details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The fair values of financial assets approximate their carrying amounts principally due to their short-term nature or the fact that they are measured and recognised at fair value.

The following table represents the Group's financial assets measured and recognised at fair value.

	US\$ LEVEL 1	US\$ LEVEL 2	US\$ LEVEL 3	US\$ TOTAL
2020				
Financial assets held at fair value through OCI	4,119,179	–	–	4,119,179
2019				
Financial assets held at fair value through OCI	5,952,439	–	–	5,952,439

The financial assets are measured based on the quoted market prices at 30 June.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 11 PROPERTY, PLANT AND EQUIPMENT

	GROUP					COMPANY	
	LAND AND BUILDINGS US\$	PROPERTY, PLANT AND EQUIPMENT US\$	MOTOR VEHICLES US\$	OFFICE EQUIPMENT US\$	FURNITURE & FITTINGS US\$	TOTAL US\$	TOTAL US\$
Cost							
Balance 30 June 2018	1,201,822	952,559	1,102,635	577,427	264,830	4,099,273	220,068
Effect of foreign exchange on opening balance	-	(1,840)	(2,860)	(2,743)	(2,470)	(9,913)	(370)
Additions	6,043,221	106,170	5,490	71,429	-	6,226,310	4,239
Disposals	-	-	-	-	-	-	-
Balance 30 June 2019	7,245,043	1,056,889	1,105,265	646,113	262,360	10,315,670	223,937
Effect of foreign exchange on opening balance	-	17,528	(1,028)	(617)	(196)	15,687	18,626
Additions	5,154,482	219,381	-	83,818	2,750	5,460,431	27,956
IFRS 16 transition additions	-	2,125,847	-	-	-	2,125,847	1,889,132
Disposals	-	(515,540)	-	-	-	(515,540)	(515,540)
Balance 30 June 2020	12,399,525	2,904,105	1,104,237	729,314	264,914	17,402,095	1,644,111
Depreciation and impairment losses							
Balance 30 June 2018	-	(295,782)	(311,527)	(243,658)	(81,274)	(932,241)	(103,011)
Effect of foreign exchange on opening balance	-	5,020	2,863	4,327	840	13,050	3,516
Depreciation charge for the year	-	(32,471)	-	(29,074)	(6,059)	(67,604)	(40,532)
Depreciation capitalised to exploration	-	(98,834)	(210,025)	(129,614)	(42,616)	(481,089)	-
Disposals	-	-	-	-	-	-	-
Balance 30 June 2019	-	(422,065)	(518,690)	(398,020)	(129,110)	(1,467,885)	(140,027)
Effect of foreign exchange on opening balance	-	(47,832)	1,025	642	196	(45,967)	(8,358)
Depreciation charge for the year	-	(615,222)	-	(60,191)	(9,919)	(685,332)	(525,467)
Depreciation capitalised to exploration	-	(127,247)	(195,290)	(119,928)	(36,388)	(478,853)	-
Disposals	-	216,932	-	-	-	216,932	216,932
Balance 30 June 2020	-	(995,434)	(712,955)	(577,497)	(175,221)	(2,461,105)	(456,920)
Carrying amounts							
At 30 June 2018	1,201,822	656,777	791,108	333,769	183,556	3,167,032	117,057
At 30 June 2019	7,245,043	634,824	586,575	248,093	133,250	8,847,785	83,910
At 30 June 2020	12,399,525	1,908,671	391,282	151,817	89,693	14,940,988	1,187,191

NOTE 12 INTANGIBLE ASSETS

	GROUP DEFERRED EXPLORATION COSTS US\$
Cost	
Balance 30 June 2018	144,363,995
Effect of foreign exchange on opening balances	(2,498,995)
Additions – expenditure	72,995,493
Balance 30 June 2019	214,860,493
Effect of foreign exchange on opening balances	(129,525)
Additions – expenditure	53,121,969
Balance 30 June 2020	267,852,937
Impairment losses	
Balance 30 June 2018	(38,587,809)
Effect of foreign exchange on opening balances	1,437,439
Impairment charge	(228,251)
Balance 30 June 2019	(37,378,621)
Effect of foreign exchange on opening balances	–
Impairment charge	(218,163)
Balance 30 June 2020	(37,596,784)
Carrying amounts	
At 30 June 2018	105,776,186
At 30 June 2019	177,481,872
At 30 June 2020	230,256,153

IMPAIRMENT LOSS

A decision was made to expense US\$218,163 (2019: US\$228,251) for exploration expenditure associated with other tenements that were surrendered or lapsed during the year. An assessment of the carrying values of deferred exploration costs is provided below.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 12 INTANGIBLE ASSETS CONTINUED

(A) ALPALA PROJECT (85% OWNERSHIP)

The Cascabel Project is SolGold's flagship project. Following a further 83,650m of infill drilling since the previous Mineral Resource Estimate (MRE#2) reported in November 2018, the Company successfully delivered the conversion of considerable tonnages into the Measured Resource category, plus the addition of 1.6 Mt Cu, 2.5 Moz Au, and 92.2 Moz Ag (not previously estimated) to Measured plus Indicated Mineral Resources. Increased drill hole density throughout the deposit has also yielded a dramatic increase in the confidence and economic viability of the Alpala Mineral Resource.

Highlights of MRE#3 include:

- Mineral Resource of 2,663 Mt @ 0.53% CuEq for 9.9 Mt Cu, 21.7 Moz Au and 92.2 Moz Ag in the Measured plus Indicated categories
- Mineral Resource of 544 Mt @ 0.31% CuEq for 1.3 Mt Cu, 1.9 Moz Au and 10.6 Moz Ag in the Inferred category
- High-grade core of 442 Mt at 1.40% CuEq for 3.8 Mt Cu, 12.3 Moz Au and 33.3 Moz Ag in the Measured plus Indicated categories supports early cash flows and accelerated pay back of initial capital At a cut-off grade of 0.20% CuEq, applied for comparative purposes, the MRE#3 update has added 1.6 Mt copper, 2.5 Moz gold and 92.2 Moz silver (with silver not previously estimated) to Measured plus Indicated Mineral Resources

The MRE#3 for the Alpala Porphyry Copper-Gold Deposit, comprises 2,663 Mt @ 0.53% CuEq in the Measured plus Indicated categories, which includes 1,192 Mt @ 0.72% CuEq in the Measured category and 1,470 Mt @ 0.37% CuEq in the Indicated category. The Inferred category contains an additional 544 Mt @ 0.31% CuEq.

The contained metal stands at 9.9 Mt Cu and 21.7 Moz Au in the Measured plus Indicated categories, which includes 5.7 Mt Cu and 15.0 Moz Au in the Measured category, and 4.2 Mt Cu and 6.6 Moz Au in the Indicated category. The Inferred category contains an additional 1.3 Mt Cu and 1.9 Moz Au.

Based on the above management have assessed that there are no indicators of impairment for the aggregate carrying value of US\$178.58 million.

(B) SOLGOLD 100% OWNED PROJECTS

(i) Regional Concessions Granted for 100% SolGold Ecuador Subsidiaries

The 100% owned SolGold Ecuador Subsidiaries house the 72 mining concessions in Ecuador that the companies were successful in bidding as part of the auction process in 2016 and 2017. Post this release of mining concessions by the Government of Ecuador, no more mining concessions are planned to be released.

The Company has carried out initial exploration work programmes on these concessions and delineated 13 priority projects.

Based on the above management have assessed that there are no indicators of impairment for the aggregate carrying value of US\$41.73 million.

(ii) Acapulco Mining Projects

The main exploration project of Acapulco Mining Pty Ltd is the Mt Perry project. A comprehensive assessment of the project has identified the Upper Chinaman's Creek prospects as the highest priority high-grade opportunity. Work in the coming months, once COVID restrictions are lifted, will include 3DEM inversion modelling and potentially a 3D IP survey (3.7 x 1.5km) that will help define key mineralised structures and allow prioritisation of drill hole targets.

Based on the above management have assessed that there are no indicators of impairment for the aggregate carrying value of US\$6.48 million.

(iii) Central Minerals Projects

Central Minerals hold the Rannes project which has a JORC certified resource of 550,000 ounces of gold equivalents. Recently completed exploration activities include:

- Work on the Rannes Project continued and focussed on drill-hole data validation and review of a 3D workspace allowing integration of 3DIP, VTEM and magnetic inversion model data.
- Plate modelling of VTEM data was completed during the year, defining orientation and depth to top of conductor ahead of proposed drill-hole testing in 2020 when operational restrictions due to COVID-19 are lifted.
- VTEM inversion modelling review identified a number of high priority basement conductors that appear to be located down-plunge from the inferred and indicated resources at both the Crunchie and Kauffman's prospects.

Based on the above management have assessed that there are no indicators of impairment for the aggregate carrying value of US\$3.23 million.

NOTE 13 LOAN RECEIVABLES AND OTHER NON-CURRENT ASSETS

	GROUP		COMPANY	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Movements in loan receivable and other non-current assets				
Security bonds	1,329,571	1,298,710	800,586	763,806
Company Funded Loan Plan Receivable	6,373,398	6,496,407	6,373,398	6,496,407
Closing balance at the end of the reporting period	7,702,969	7,796,541	7,173,984	7,260,213
Company Funded Loan Plan Receivable				
Balance at beginning of reporting period	6,496,407	-	6,496,407	-
Additions ~ funds loaned under the plan	-	7,220,950	-	7,220,950
Fair value adjustment recognised as an employee benefit expense	(402,082)	(921,448)	(402,082)	(921,448)
Accretion of interest	439,246	299,319	439,246	299,319
Effect of foreign exchange	(160,173)	(102,414)	(160,173)	(102,414)
Balance at end of reporting period	6,373,398	6,496,407	6,373,398	6,496,407

The Company Funded Loan Plan (the 'Plan') is a plan established by the Company to assist employees in exercising share options. On 29 October 2018, the Company assisted employees to exercise 19,950,000 options previously issued to employees of the Company in 2019 via the Plan. As at 30 June 2020 there have been no repayments against the loans provided.

The key terms of this Plan on the date the loans were granted were as follows:

- The employee may only use a loan under the Plan to pay for the exercise of Employee Options granted by the Company.
- The loan will be granted for a maximum period of two years.
- No interest will be charged on the loan.
- The loan is secured by the shares granted on the exercise of the Employee Options.
- The loans provided are full recourse.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 13 LOAN RECEIVABLES AND OTHER NON-CURRENT ASSETS CONTINUED

On 24 February 2020 the maturity date for the CFLP was extended by 12 months to 29 October 2021. All other terms of the CFLP remain consistent. The 12-month extension of the loan resulted in an overall increase of US\$402,082 in employee benefits expense. This fair value adjustment is represented in the above table and was recognised as an employee benefit expense.

As the loan provided by the Company was at a favourable rate of interest for the employees, the loan receivable under the Plan was fair valued at the date of grant. The fair value of the loan was estimated based on the future cash flow and a market rate of 7%. In future reporting periods, the loan will be measured at amortised cost. The loans provided are full recourse loans. If the sale of shares does not cover full repayment the balance will be recovered from employees. This transaction was a non-cash transaction with employees. Management have considered the likelihood of default is low and the expected credit losses under the loans will be immaterial and accordingly, no impairment has been recognised at 30 June 2020. The loan is a non-cash transaction.

Security bonds relate to cash security held against office premises, Level 27, 111 Eagle Street, Brisbane, Queensland Australia, 1 King Street, St Paul's London United Kingdom, cash security held by Queensland Department of Natural Resources and Mines against Queensland exploration tenements held by the Group and on cash backed bank guarantees held by the Ecuadorean Ministry of Environment against Ecuadorean exploration tenements held by the Group.

NOTE 14 DEFERRED TAXATION

(A) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

GROUP 2020	OPENING BALANCE US\$	NET CHARGED TO INCOME US\$	NET CHARGED TO OTHER COMPREHENSIVE INCOME US\$	NET CHARGED TO EQUITY US\$	NET MOVEMENT ON UNWIND TRANSFER US\$	CLOSING BALANCE US\$
Recognised deferred tax assets						
Carried forward tax losses	10,029,422	(2,845,013)	-	-	-	7,184,409
Accruals / provisions	956,757	(116,120)	-	590,626	-	1,431,263
Potential benefit	10,986,179	(2,961,133)	-	590,626	-	8,615,672
Recognised deferred tax liabilities						
Financial assets held at fair value through other comprehensive income	(1,224,062)	141,984	512,783	-	-	(569,295)
Derivative liabilities	-	(67,340)	-	-	-	(67,340)
Exploration and evaluation assets	(2,223,619)	(78,713)	-	-	-	(2,302,332)
Foreign exchange gains/losses	(7,538,499)	2,221,065	-	-	-	(5,317,434)
IFRS 16 right-of-use Asset	-	(359,272)	-	-	-	(359,272)
Potential benefit	(10,986,179)	1,857,724	512,783	-	-	(8,615,673)
Net deferred taxes	-	(1,103,409)	512,783	590,626	-	-
Deferred tax assets not recognised						
Unused tax losses	5,369,347	7,354,701	-	-	-	12,724,048
Temporary differences ¹	8,962,905	-	-	-	-	8,962,905
Tax benefit	14,332,252	7,354,701	-	-	-	21,686,953

¹ Exploration expenditure incurred in the Solomon Islands that has been expensed. This is expenditure is deductible over five years from when production commences.

GROUP 2019	OPENING BALANCE US\$	NET CHARGED TO INCOME US\$	NET CHARGED TO OTHER COMPREHENSIVE INCOME US\$	NET CHARGED TO EQUITY US\$	NET MOVEMENT ON UNWINDING TRANSFER US\$	CLOSING BALANCE US\$
Recognised deferred tax assets						
Carried forward tax losses	20,961,290	(10,931,868)	–	–	–	10,029,422
Accruals / provisions	1,462,888	(521,043)	–	14,912	–	956,757
Potential benefit	22,424,178	(11,452,911)	–	14,912	–	10,986,179
Recognised deferred tax liabilities						
Financial assets held at fair value through other comprehensive income	(848,889)	254,646	(629,818)	–	–	(1,224,062)
Exploration and evaluation assets	(20,892,396)	18,668,777	–	–	–	(2,223,619)
Foreign exchange gains/losses	(682,893)	(6,855,606)	–	–	–	(7,538,499)
Potential benefit	(22,424,178)	12,067,817	(629,818)	–	–	(10,986,179)
Net deferred taxes	–	614,906	(629,818)	14,912	–	–
Deferred tax assets not recognised						
Unused tax losses	10,766,262	(5,396,915)	–	–	–	5,369,347
Unused capital losses	–	–	–	–	–	–
Temporary differences ¹	8,962,905	–	–	–	–	8,962,905
Tax benefit	19,729,167	(5,396,915)	–	–	–	14,332,252

¹ Exploration expenditure incurred in the Solomon Islands that has been expensed. This expenditure is deductible over five years from when production commences.

COMPANY 2020	OPENING BALANCE US\$	NET CHARGED TO INCOME US\$	NET CHARGED TO OTHER COMPREHENSIVE INCOME US\$	NET CHARGED TO EQUITY US\$	CLOSING BALANCE US\$
Recognised deferred tax assets					
Carried forward tax losses	7,805,802	(2,945,449)	–	–	4,860,353
Accruals / provisions	30,994	332,935	–	–	363,929
Capital raising costs	894,532	(507,293)	–	590,626	977,865
Other temporary differences	31,232	(11,149)	–	–	20,083
Potential benefit	8,762,560	(3,130,957)	–	590,626	6,222,230
Recognised deferred tax liabilities					
Financial Assets held at fair value through other comprehensive income	(1,224,062)	141,984	512,783	–	(569,295)
Foreign exchange gains/losses	(7,538,499)	2,221,065	–	–	(5,317,434)
IFRS 16 right-of-use Asset	–	(335,501)	–	–	(335,501)
Potential benefit	(8,762,561)	2,027,548	512,783	–	(6,222,230)
Net deferred taxes	–	(1,103,409)	512,783	590,626	–
Deferred tax assets not recognised					
Unused tax losses	5,347,495	5,418,935	–	–	10,766,430
Unused capital losses	–	–	–	–	–
Temporary differences	–	–	–	–	–
Tax benefit	5,347,495	5,418,935	–	–	10,766,430

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 14 DEFERRED TAXATION CONTINUED

(A) RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES CONTINUED

COMPANY 2019	OPENING BALANCE US\$	NET CHARGED TO INCOME US\$	NET CHARGED TO OTHER COMPREHENSIVE INCOME US\$	NET CHARGED TO EQUITY US\$	CLOSING BALANCE US\$
Recognised deferred tax assets					
Carried forward tax losses	848,890	6,956,912	-	-	7,805,802
Accruals / provisions	-	30,994	-	-	30,994
Capital raising costs	-	879,620	-	14,912	894,532
Other temporary differences	-	31,232	-	-	31,232
Potential benefit	848,890	7,898,758	-	14,912	8,762,560
Recognised deferred tax liabilities					
Financial Assets held at fair value through other comprehensive income	(848,890)	254,646	(629,818)	-	(1,224,062)
Foreign exchange gains/losses	-	(7,538,499)	-	-	(7,538,499)
Potential benefit	(848,890)	(7,283,853)	(629,818)	-	(8,762,561)
Net deferred taxes	-	614,906	(629,818)	14,912	-
Deferred tax assets not recognised					
Unused tax losses	4,047,810	1,299,685	-	-	5,347,495
Unused capital losses	-	-	-	-	-
Temporary differences	-	-	-	-	-
Tax benefit	4,047,810	1,299,685	-	-	5,347,495

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		COMPANY	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Other receivables	2,356,219	2,534,160	187,210	187,172
Prepayments	527,697	357,166	526,987	357,166
	2,883,916	2,891,326	714,197	544,338

Other receivables represent Australian Goods and Services Tax receivable and deposits made to landowners in Ecuador for land purchases. Management have considered the expected credit loss on the deposits to landowners as immaterial and accordingly, no impairment has been recognised at 30 June 2020.

NOTE 16 CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Cash at bank	46,895,243	41,746,200	45,356,423	38,290,929
Cash and cash equivalents in the statement of cash flows	46,895,243	41,746,200	45,356,423	38,290,929

NOTE 17 ALLOTTED, CALLED-UP AND FULLY PAID SHARE CAPITAL AND RESERVES

(A) AUTHORISED SHARE CAPITAL

	2019 NO. OF SHARES	2019 NOMINAL VALUE £
At 1 July 2018 – Ordinary shares	2,755,024,500	27,550,245
Increase in authorised share capital of £0.01 each on 17 December 2018	613,203,900	6,132,039
At 30 June 2019 – Ordinary shares	3,368,228,400	33,682,284
	2020 NO. OF SHARES	2020 NOMINAL VALUE £
At 1 July 2019 – Ordinary shares	3,368,228,400	33,682,284
Previous years increase in authorised capital having expired	(1,521,907,367)	(15,219,074)
Increase in authorised share capital of £0.01 each on 20 September 2019	443,750,000	4,437,500
Increase in authorised share capital of £0.01 each on 20 September 2019	615,440,300	6,154,403
At 30 June 2020 – Ordinary shares	2,905,511,333	29,055,113

Ordinary shares participate in dividends and the proceeds on winding up the Company in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.

(B) CHANGES IN ALLOTTED, CALLED-UP AND FULLY PAID SHARE CAPITAL AND SHARE PREMIUM

	NO. OF SHARES	NOMINAL VALUE US\$	SHARE PREMIUM US\$	TOTAL US\$
Ordinary shares of 1p each at 1 July 2018	1,696,245,686	24,443,853	222,941,518	247,385,371
Shares issued at £0.28 – Exercise of options 4 October 2018	550,000	7,008	189,222	196,230
Shares issued at £0.14 – Exercise of options 11 October 2018	9,795,884	128,064	1,664,829	1,792,893
Shares issued at £0.28 – Exercise of options 11 October 2018	9,795,884	128,064	3,457,721	3,585,785
Shares issued at £0.45 – BHP placement 17 October 2018	100,000,000	1,311,687	57,714,208	59,025,895
Shares issued at £0.28 – Exercise of options 29 October 2018	20,624,553	264,059	7,129,583	7,393,642
Shares issued at £0.3888 – BHP share issue 8 November 2018*	2,596,826	33,828	1,281,416	1,315,244
Shares issued at £0.3714 – Newcrest share issue 26 November 2018*	6,712,000	85,861	3,103,043	3,188,904
Share issue costs charge to share premium account	–	–	(105,581)	(105,581)
Ordinary shares of 1p at 30 June 2019	1,846,321,033	26,402,424	297,375,959	323,778,383

* Both Newcrest and BHP had anti-dilution rights under their respective share subscription agreements to subscribe for further shares to maintain their relevant interests of the share capital of SolGold.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 17 ALLOTTED, CALLED-UP AND FULLY PAID SHARE CAPITAL AND RESERVES CONTINUED

(B) CHANGES IN ALLOTTED, CALLED-UP AND FULLY PAID SHARE CAPITAL AND SHARE PREMIUM CONTINUED

	NO OF SHARES	NOMINAL VALUE US\$	SHARE PREMIUM US\$	TOTAL US\$
Ordinary shares of 1p each at 1 July 2019	1,846,321,033	26,402,424	297,375,959	323,778,383
Shares issued at £0.2215 – BHP share issue 2 December 2019	77,000,000	995,225	18,456,842	19,452,067
Shares issued at £0.215 – Placing share issue 5 June 2020	121,359,680	1,537,627	31,679,823	33,217,450
Shares issued at £0.215 – PrimaryBid share issue 5 June 2020	4,813,526	60,987	1,241,838	1,302,825
Shares issued at £0.215 – Directors share issue 9 June 2020	162,790	2,063	42,428	44,491
Shares issued at £0.215 – Private Investor share issue 12 June 2020	21,440,186	269,041	5,516,387	5,785,428
Shares issued at £0.215 – Additional Subscription share issue 12 June 2020	1,116,279	14,144	291,616	305,760
Share issue costs charge to share premium account	-	-	(1,384,412)	(1,384,412)
Ordinary shares of 1p at 30 June 2020	2,072,213,494	29,281,511	353,220,481	382,501,992

* Both Newcrest and BHP have anti-dilution rights under their respective share subscription agreements to subscribe for further shares to maintain their relevant interests of the share capital of SolGold.

(i) Capital Management

Management controls the capital of the Group in order to generate long-term shareholder value and ensure that the Group can fund operations and continue as a going concern. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include share issues and debt considerations. 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 TRADE AND OTHER CURRENT PAYABLES

	GROUP		COMPANY	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Current				
Trade payables	1,953,358	1,461,582	1,502,250	481,732
Other payables	2,859,642	2,264,538	251,161	148,617
Accrued expenses	1,247,868	2,788,472	863,530	665,331
	6,060,193	6,514,592	2,616,941	1,295,680

Trade and other payables are measured at amortised cost. The increase in trade payables is mainly due to the increase in corporate administration costs associated with legal, accounting and consultancy fees in relation to the Franco-Nevada Bridging Loan/Funding, and the CGP takeover offer.

Decrease in accrued expenses for the Group mainly relates to the decrease in drilling costs due to COVID-19. Only costs accrued for represent the drilling standby costs.

NOTE 19 LEASE LIABILITIES

	GROUP		COMPANY	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Current liability				
Lease liability	314,524	–	222,109	–
Balance at the end of the reporting period	314,524	–	222,109	–
Non current liability				
Lease liability	875,141	–	853,175	–
Balance at the end of the reporting period	875,141	–	853,175	–

(A) RIGHT OF USE ASSETS

	GROUP PROPERTY PLANT & EQUIPMENT US\$	COMPANY PROPERTY PLANT & EQUIPMENT US\$
At 1 July 2019	–	–
Additions	2,125,846	1,889,132
Depreciation	(612,041)	(483,372)
Disposals / effect of modification to lease terms	(298,608)	(298,608)
Foreign exchange movements	11,187	11,187
At 30 June 2020	1,226,384	1,118,339

(B) LEASE LIABILITIES

	GROUP PROPERTY PLANT & EQUIPMENT US\$	COMPANY PROPERTY PLANT & EQUIPMENT US\$
At 1 July 2019	–	–
Additions	2,125,846	1,889,132
Interest expense	173,679	161,410
Non-cash movement / Effect of modification to lease terms	(392,849)	(400,833)
Lease payments	(712,429)	(569,843)
Foreign exchange movements	(4,582)	(4,582)
At 30 June 2020	1,189,665	1,075,284

1 Non-cash movements include the modification to the London lease and rental/lease invoices received but not yet paid at 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 20 BORROWINGS

	GROUP		COMPANY	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Current Liability				
Bridging Loan	15,000,000	–	15,000,000	–
Capitalised interest	248,303	–	248,303	–
Balance at the end of the reporting period	15,248,303	–	15,248,303	–
Bridging loan				
Balance at beginning of reporting period	–	–	–	–
Additions – funds received under the loan	14,815,000	–	14,815,000	–
Legal fees reimbursed to FN on receipt of loan funds	185,000	–	185,000	–
Capitalised interest	248,303	–	248,303	–
Balance at end of reporting period	15,248,303	–	15,248,303	–

On 11 May 2020, the Company entered into a Bridge Loan Agreement with Franco-Nevada Corporation to borrow US\$15,000,000.

Under this Loan:

- Interest is calculated daily at a rate of 12% per annum compounding monthly on the last day of each calendar month.
- The loan plus any accrued interest is not due and payable until the Maturity Date.
- The Maturity Date is 11 September 2020.
- The Maturity Date extension is also subject to the overall Net Smelter Royalty Financing Agreement not being finalised by the original Maturity Date.
- Should the Maturity Date be extended to 11 January 2021, Franco-Nevada is entitled to the receive warrants to purchase 12,220,000 SolGold shares. Such warrants shall be exercisable for freely tradable shares for a period of five (5) years from the original Maturity Date at an exercise price equal to the five (5) day volume weighted average price ('VWAP') on the London Stock Exchange trading on the day prior to the original Maturity Date.
- Should SolGold shares no longer be listed on a recognised stock exchange on the original Maturity Date the Company shall make a cash payment to Franco-Nevada Corporation or US\$1,000,000 on the original maturity date in lieu of the warrant issue noted above.

At the date of signing the loan agreement it was the intention of SolGold to repay the loan in full by the maturity date of 11 September 2020. Management made a judgement to not value the warrants at the initial date of measurement based on the intention to fully repay the loan by the maturity date, and therefore not trigger the warrants issue.

NOTE 21 FINANCIAL LIABILITIES

	GROUP		COMPANY	
	2020 US\$	2019 US\$	2020 US\$	2019 US\$
Movements in financial liabilities				
Opening balance at 1 July	-	-	-	-
Additions	2,592,167	-	2,592,167	-
Fair Value adjustment through profit or loss	(279,913)	-	(279,913)	-
Balance at 30 June	2,312,254	-	2,312,254	-

The fair values of financial liabilities approximate their carrying amounts principally due to their short-term nature or the fact that they are measured and recognised at fair value.

The following table represents the Group's financial liabilities measured and recognised at fair value.

	US\$ LEVEL 1	US\$ LEVEL 2	US\$ LEVEL 3	US\$ TOTAL
2020				
Derivative liability at fair value through profit or loss	-	-	2,312,254	2,312,254
2019				
Derivative liability at fair value through profit or loss	-	-	-	-

The derivative liability at fair value through profit or loss has been valued using the Monte Carlo Simulation method.

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS	2020 £0.37 OPTIONS 30 JUNE 2020
Number of options	19,250,000
Share price at issue date	£0.210
Exercise price	£0.370
Expected volatility	75.670%
Time to expiry	4.43 years
Expected dividends	0.00%
Risk-free interest rate (short-term)	(0.07%)
Fair value	\$0.120
Valuation methodology	Monte Carlo Value
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020	US\$
Derivative liability valuation recognised in statement of comprehensive income	(279,913)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 22 SHARE OPTIONS

At 30 June 2020 the Company had 185,162,000 options outstanding for the issue of ordinary shares (2019: 160,262,000).

(A) 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.

Unless otherwise documented with the Company, 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 two (2) to 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.

(B) SHARE OPTIONS ISSUED

There were 30,900,000 options granted during the year ended 30 June 2020 (2019: 115,750,000).

On 20 September 2019, the Company issued a combined total of 3,150,000 share options over ordinary shares of the Company to a Director following approval granted by shareholders at the Company's AGM on 20 September 2019. The options are exercisable at £0.60 and expire on 20 December 2021.

On 2 December 2019, the Company issued 77,000,000 new ordinary shares at £0.2215 to BHP Billiton Holdings Limited ('BHP'). As part of the share subscription, BHP were issued 19,250,000 options exercisable at £0.37 which expire on 27 November 2024.

On 27 April 2020, the Company issued 7,000,000 unlisted share options over ordinary shares of the Company to an employee in line with an Executive Service Agreement executed in July 2019. The options are exercisable at £0.25 and expire on 26 April 2023.

On 27 April 2020, the Company issued 1,500,000 unlisted share options over ordinary shares of the Company to an employee in line with an Executive Service Agreement executed in January 2020. The options vest over four months, are exercisable at £0.25, and expire on 26 April 2023.

DATE OF GRANT	EXERCISABLE FROM	EXERCISABLE TO	EXERCISE PRICES	NUMBER GRANTED	NUMBER AT 30 JUNE 2020
9 August 2017	The options vest on the earlier of: (a) 18 months, or (b) a Change of Control Transaction	8 August 2020	£0.60	46,750,000	44,500,000 ¹
9 August 2017	The options vested immediately and exercisable through to 8 August 2020	8 August 2020	£0.60	12,000	12,000
5 July 2018	The options vested immediately, and exercisable through to 4 July 2020	4 July 2020	£0.40	21,250,000	18,250,000 ²
5 July 2018	The options vested immediately, and exercisable through to 4 July 2021	4 July 2021	£0.60	250,000	250,000
6 November 2018	The options vested immediately, and exercisable through to 6 November 2021	6 November 2021	£0.60	82,875,000	79,875,000 ²
20 December 2018	The options vested immediately, and exercisable through to 20 December 2021	20 December 2021	£0.60	11,375,000	11,375,000
20 September 2019	The options vested immediately and exercisable through to 20 December 2021	20 December 2021	£0.60	3,150,000	3,150,000
2 December 2019 ³	The options vested immediately and exercisable through to 2 December 2024	2 December 2024	£0.37	19,250,000	19,250,000
27 April 2020	The options vested immediately and exercisable through to 26 April 2023	26 April 2023	£0.25	7,000,000	7,000,000
27 April 2020	The options vest over four months and are exercisable through to 26 April 2023	26 April 2023	£0.25	1,500,000	1,500,000
				193,412,000	185,162,000

1 2,250,000 options previously issued to Mr John Bovard were forfeited during the prior year as a result of his retirement.

2 6,000,000 options previously issued to Ms Anna Legge were forfeited during the year as a result of her resignation.

3 Options issued to BHP as part of the share subscriptions on 2 December 2019 and exercisable at £0.37 within five years. These options fall outside the scope of IFRS 2 and is classified as a derivative financial liability as it does not meet the fixed for fixed test.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 22 SHARE OPTIONS CONTINUED

DATE OF GRANT	EXERCISABLE FROM	EXERCISABLE TO	EXERCISE PRICES	NUMBER GRANTED	NUMBER AT 30 JUNE 2019
9 August 2017	The options vest on the earlier of: (a) 18 months, or (b) a Change of Control Transaction	8 August 2020	£0.60	46,750,000	44,500,000
9 August 2017	The options vested immediately and exercisable through to 8 August 2020	8 August 2020	£0.60	12,000	12,000
5 July 2018	The options vested immediately, and exercisable through to 4 July 2020	4 July 2020	£0.40	21,250,000	21,250,000
5 July 2018	The options vested immediately, and exercisable through to 4 July 2021	4 July 2021	£0.60	250,000	250,000
6 November 2018	The options vested immediately, and exercisable through to 6 November 2021	6 November 2021	£0.60	82,875,000	82,875,000
20 December 2018	The options vested immediately, and exercisable through to 20 December 2021	20 December 2021	£0.60	11,375,000	11,375,000
				162,512,000	160,262,000

(C) SHARE-BASED PAYMENTS

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

	WEIGHTED AVERAGE EXERCISE PRICE 2020	NUMBER OF OPTIONS 2020	WEIGHTED AVERAGE EXERCISE PRICE 2019	NUMBER OF OPTIONS 2019
Outstanding at the beginning of the year	£0.57	160,262,000	£0.45	88,353,768
Exercised during the year	–	–	£0.25	(40,766,321)
Lapsed during the year	–	–	£0.28	(825,447)
Forfeited during the year	£0.50	(6,000,000)	£0.60	(2,250,000)
Granted during the year	£0.36	30,900,000	£0.56	115,750,000
Outstanding at the end of the year	£0.54	185,162,000	£0.57	160,262,000
Exercisable at the end of the year	£0.54	183,662,000	£0.57	160,262,000

The options outstanding at 30 June 2020 have an exercise price of £0.25, £0.37, £0.40 and £0.60 (2019: £0.40 and £0.60) and a weighted average contractual life of 1.32 years (2019: 1.84 years).

Share options held by Directors are as follows:

SHARE OPTIONS HELD	AT 30 JUNE 2020	AT 30 JUNE 2019	OPTION PRICE	EXERCISE PERIOD
Nicholas Mather	26,250,000	26,250,000	60p	28/01/19 – 08/08/20
	5,000,000	5,000,000	60p	20/12/18 – 20/12/21
Brian Moller	3,750,000	3,750,000	60p	28/01/19 – 08/08/20
	1,425,000	1,425,000	60p	20/12/18 – 20/12/21
Robert Weinberg	2,250,000	2,250,000	60p	28/01/19 – 08/08/20
	900,000	900,000	60p	20/12/18 – 20/12/21
Craig Jones	2,250,000	2,250,000	60p	28/01/19 – 08/08/20
	900,000	900,000	60p	20/12/18 – 20/12/21
James Clare	3,150,000	3,150,000	60p	20/12/18 – 20/12/21
Jason Ward	–	5,000,000	28p	30/10/16 – 28/10/18
	5,000,000	5,000,000	60p	28/07/17 – 08/08/20
	5,000,000	5,000,000	60p	06/11/18 – 06/11/21
Anna Legge	–	3,000,000	40p	05/07/18 – 04/07/20
	–	3,000,000	60p	06/11/18 – 06/11/21
Liam Twigger	3,150,000	–	60p	20/09/19 – 20/12/21

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

SHARE OPTIONS HELD AT 30 JUNE 2020	SHARE OPTIONS HELD AT 30 JUNE 2019	OPTION PRICE	EXERCISE PERIODS
34,500,000	34,500,000	£0.60	Vests on the earlier of 18 months from date of grant or a Change of Control Transaction, as defined under the Company's ESOP Rules.
10,012,000	10,012,000	£0.60	Vests on the earlier of 18 months from date of grant or a Change of Control Transaction, as defined under the Company's ESOP Rules.
18,250,000	21,250,000	£0.40	Exercisable through to 04/07/2020
250,000	250,000	£0.60	Exercisable through to 04/07/2021
79,875,000	82,875,000	£0.60	Exercisable through to 06/11/2021
11,375,000	11,375,000	£0.60	Exercisable through to 20/12/2021
3,150,000	–	£0.60	Exercisable through to 20/12/2021
19,250,000	–	£0.37	Exercisable through to 02/12/2024
7,000,000	–	£0.25	Exercisable through to 26/04/2023
1,500,000	–	£0.25	Exercisable through to 26/04/2023
185,162,000	160,262,000		

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 22 SHARE OPTIONS CONTINUED

(C) SHARE-BASED PAYMENTS CONTINUED

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 the Black-Scholes model considering the effects of the vesting conditions, expected exercise period and the dividend policy of the Company.

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS	2020		
	£0.25 OPTIONS 27 APRIL 2020	£0.25 OPTIONS 27 APRIL 2020	£0.60 OPTIONS 20 SEPTEMBER 2019
Number of options	1,500,000	7,000,000	3,150,000
Share price at issue date	£0.26	£0.26	£0.2315
Exercise price	£0.25	£0.25	£0.60
Expected volatility	60.548%	60.548%	56.112%
Option life	3.00 years	3.00 years	2.25 years
Expected dividends	0.00%	0.00%	0.00%
Risk-free interest rate (short-term)	0.14%	0.14%	0.51%
Fair value	£0.107	£0.107	£0.0195
Valuation methodology	Black-Scholes	Black-Scholes	Black-Scholes

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020	US\$	US\$	US\$
Share based payments expense recognised in statement of comprehensive income	151,608	928,599	76,625
Share based payments expense to be recognised in future periods	47,377	–	–

The calculation of the volatility of the share price on the above options was based on the Company's daily closing share price over the two or three-year period, dependant on the exercise period attributable to the tranche of options, prior to the date the options were issued.

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS	2019		
	£0.60 OPTIONS 9 AUGUST 2017	£0.60 OPTIONS 5 JULY 2018	£0.40 OPTIONS 5 JULY 2018
Number of options	44,512,000	250,000	21,250,000
Share price at issue date	£0.365 - £0.375	£0.22	£0.22
Exercise price	£0.60	£0.60	£0.40
Expected volatility	89.714%	80.475%	74.187%
Option life	3.00 years	3.00 years	2.00 years
Expected dividends	0.00%	0.00%	0.00%
Risk-free interest rate (short-term)	0.461%	0.96%	0.96%
Fair value	£0.167-£0.174	£0.063	£0.053
Valuation methodology	Black-Scholes	Black-Scholes	Black-Scholes

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019	US\$	US\$	US\$
Share based payments expense recognised in statement of comprehensive income	3,568,987	20,053	1,431,389

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS	2019	
	£0.60 OPTIONS 6 NOVEMBER 2018	£0.60 OPTIONS 20 DECEMBER 2018
Number of options	82,875,000	11,375,000
Share price at issue date	£0.385	£0.3685
Exercise price	£0.60	£0.60
Expected volatility	79.538%	78.436%
Option life	3.00 years	3.00 years
Expected dividends	0.00%	0.00%
Risk-free interest rate (short-term)	1.19%	0.97%
Fair value	£0.1573	£0.1434
Valuation methodology	Black-Scholes	Black-Scholes

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019	US\$	US\$
Share based payments expense recognised in statement of comprehensive income	16,792,384	2,070,346

The calculation of the volatility of the share price on the above options was based on the Company's daily closing share price over the two or three-year period, dependant on the exercise period attributable to the tranche of options, prior to the date the options were issued.

NOTE 23 FINANCIAL INSTRUMENTS (GROUP AND COMPANY)

(A) FINANCIAL INSTRUMENTS BY CATEGORY (GROUP)

FINANCIAL ASSETS	LOANS AND RECEIVABLES		FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OCI	
	2020	2019	2020	2019
Cash and cash equivalents	46,895,243	41,746,200	–	–
Loans receivable and other non-current assets	7,702,969	7,796,541	–	–
Equity investments	–	–	4,119,179	5,952,439
Total financial assets	54,598,212	49,542,741	4,119,179	5,952,439

FINANCIAL LIABILITIES	FINANCIAL LIABILITIES AT AMORTISED COST		FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	
	2020	2019	2020	2019
Trade and other payables	6,060,193	6,514,592	–	–
Derivative liability	–	–	2,312,254	–
Bridging Loan	15,248,303	–	–	–
Lease liabilities	1,189,665	–	–	–
Total financial liabilities	22,498,161	6,514,592	2,312,254	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 23 FINANCIAL INSTRUMENTS (GROUP AND COMPANY) CONTINUED

(B) FINANCIAL INSTRUMENTS BY CATEGORY (COMPANY)

FINANCIAL ASSETS	LOANS AND RECEIVABLES		FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OCI	
	2020	2019	2020	2019
Cash and cash equivalents	45,356,423	38,290,929	-	-
Other receivables	187,210	187,172	-	-
Loans receivable and other non-current assets	799,161	762,382	-	-
Investment in subsidiaries	259,951,415	200,507,458	-	-
Equity investments	-	-	4,113,660	5,946,815
Total financial assets	306,194,209	239,747,941	4,113,660	5,946,815

FINANCIAL LIABILITIES	FINANCIAL LIABILITIES AT AMORTISED COST		FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	
	2020	2019	2020	2019
Trade and other payables	2,616,941	1,295,680	-	-
Derivative liability	-	-	2,312,254	-
Bridging loan	15,248,303	-	-	-
Lease liabilities	1,075,284	-	-	-
Total financial liabilities	18,940,528	1,295,680	2,312,254	-

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.

For the Company, the main credit risk is the non-collection of loans made to its subsidiaries. The Directors expect to collect the loans through the successful exploration and subsequent exploitation of the subsidiaries' tenements.

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

During the years ended 30 June 2020 and 2019 no trading in commodity contracts was undertaken.

(C) MARKET RISK

(i) 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 12 months' maximum duration. The increase/decrease of 2% in interest rates will impact the Group's income statement by a gain/loss of US\$937,905 and the Company's income statement by US\$834,924. The Group considers that a 2% +/- movement interest rates represent reasonable possible changes.

(ii) 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
- Translation exposures in respect of investments in overseas operations which have functional currencies other than United States dollars.

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 different currencies. Foreign exchange differences on retranslation of such assets and liabilities are taken to the statement of comprehensive income.

GROUP NET FINANCIAL ASSETS (LIABILITIES)	FUNCTIONAL CURRENCY OF ENTITY			TOTAL
	AUD	USD	SBD	
2020				
Australian dollar	64,837	195,588	-	260,425
Solomon Island dollar (SBD)	10,164	-	-	10,164
Canadian dollar (CAD)	-	6,338	-	6,338
Great British pound (GBP)	-	37,372,191	-	37,372,191
	75,001	37,574,117	-	37,649,118

GROUP NET FINANCIAL ASSETS (LIABILITIES)	FUNCTIONAL CURRENCY OF ENTITY			TOTAL
	AUD	USD	SBD	
2019				
Australian dollar	62,019	306,032	-	368,051
Solomon Island dollar (SBD)	3,771	-	-	3,771
Canadian dollar (CAD)	-	21,467	-	21,467
Great British pound (GBP)	-	22,950,969	-	22,950,969
	65,790	23,278,468	-	23,344,258

COMPANY NET FINANCIAL ASSETS (LIABILITIES)	FUNCTIONAL CURRENCY OF ENTITY			TOTAL
	AUD	USD	SBD	
2020				
Australian dollar	-	195,588	-	195,588
Canadian dollar (CAD)	-	6,338	-	6,338
Great British pound (GBP)	-	37,372,191	-	37,372,191
	-	37,574,117	-	37,574,117

COMPANY NET FINANCIAL ASSETS (LIABILITIES)	FUNCTIONAL CURRENCY OF ENTITY			TOTAL
	AUD	USD	SBD	
2019				
Australian dollar	-	306,032	-	306,032
Canadian dollar (CAD)	-	21,467	-	21,467
Great British pound (GBP)	-	22,950,969	-	22,950,969
	-	23,278,468	-	23,278,468

The main currency exposure relates to the effect of re-translation of the Group's assets and liabilities in, Australian dollar (AUD) and the Great British pound (GBP). A 10% increase in the A\$/US\$ and GBP/US\$ exchange rates would give rise to a change of approximately US\$4,181,402 (2019: US\$1,869,180) in the Group net assets and reported earnings. A 10% decrease in the A\$/US\$ and GBP/US\$ exchange rates would give rise to a change of approximately US\$3,421,147 (2019: US\$1,529,329). The Group does not hedge foreign currency exposures and manages net exposures by buying and selling foreign currencies at spot rates where necessary. In respect of other monetary assets and liabilities held in currencies other than United States 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 23 FINANCIAL INSTRUMENTS (GROUP AND COMPANY) CONTINUED

(D) CREDIT RISK

The Group is exposed to credit risk primarily from the financial institutions with which it holds cash and cash deposits and loans receivable under the Company Funded Loan Plan. The banks and their credit ratings the Group had cash accounts with at 30 June 2020 were US\$223,525 in cash accounts with Macquarie Bank Limited (BBB) in Australia, US\$13,946 in cash accounts with the ANZ Bank (AA-) in Australia, US\$45,160,004 in cash accounts with Westpac Bank (AA-) in Australia, US\$3,782 in cash accounts with ANZ Bank (AA-) in Honiara, Solomon Islands, US\$1,226,192 in cash accounts with Banco Guayaquil (AAA-) in Ecuador, US\$234,428 in cash accounts with Produbanco (B) in Ecuador, US\$28,911 in cash accounts with Lloyds of London (A+), and US\$8,238 in petty cash. Including other receivables, the maximum exposure to credit risk at the reporting date is the carrying value of these assets and was US\$50,497,702 (2019: US\$44,251,462).

The Company is also exposed to credit risk due to the cash balance it holds directly. It is also exposed to credit risk on the Company Loan Funded Plan receivable. At 30 June 2020, the Company had US\$45,356,423 in cash and cash equivalents (2019: US\$41,746,200) and US\$6,373,398 of Company Loan Funded Plan receivable (2019: US\$6,496,407). The maximum exposure to credit risk at the reporting date was US\$51,729,821 (2019: US\$48,242,607).

Credit risk is managed by dealing with banks with high credit ratings assigned by international credit rating agencies. Furthermore, funds are deposited with banks of high standing in order to obtain market interest rates. *Credit risk over the Company Funded Loan Plan is reduced due to the loan being secured by shares.*

(E) 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 versus alternate financing options. Funds are provided to local sites bi-monthly, based on the sites' forecast expenditure.

All liabilities held by the Group and Company are contractually due and payable within one year, excluding the non-current Lease Liability payments which are greater than 12 months.

(i) 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, with the exception of investments held at fair value through other comprehensive income are categorised as other financial assets at amortised cost.

NOTE 24 COMMITMENTS

The Group 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 Group.

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	3,065,430	3,065,430	–
Solomon Islands	3,142,400	3,142,400	–
Queensland	158,559	41,393	–
	6,366,389	6,249,223	–

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

NOTE 25 RELATED PARTIES**(A) GROUP**

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

(i) Transactions with Directors and Director-Related Entities

- (i.i) The Company had a commercial agreement with Samuel Capital Pty Ltd ('Samuel') for the engagement of Nicholas Mather as director of the Company. For the year ended 30 June 2020 US\$400,162 was paid or payable to Samuel (2019: US\$539,422). These amounts are included in Note 5 (Remuneration of Key Management Personnel). The total amount outstanding at year end is US\$37,765 (2019: US\$925).
- (i.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 provisions of administration, 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. DGR Global shall also invoice the Company from time to time for the provision of in-house legal counsel services. For the year ended 30 June 2020 US\$239,820 was paid or payable to DGR Global (2019: US\$255,700) for the provision of administration and office facilities to the Company during the year. The total amount outstanding at year end was US\$30,941 (2019: US\$15,788).
- (i.iii) Mr Brian Moller (a Director), is a partner in the Australian firm HopgoodGanim Lawyers ('HopgoodGanim'). For the year ended 30 June 2020, HopgoodGanim were paid or payable US\$160,217 (2019: US\$201,306) 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 US\$47,657 (2019: US\$nil).
- (i.iv) Mr James Clare (a Director), is a partner in the Canadian firm Bennett Jones Lawyers ('Bennett Jones'). For the year ended 30 June 2020, Bennett Jones were paid or payable US\$537,453 (2019: US\$152,559) 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 US\$202,128 (2019: US\$nil).

Share and Option transactions of Directors are shown under Notes 5 and 22.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 25 RELATED PARTIES CONTINUED

(B) COMPANY

The Company has related party relationships with its subsidiaries (see Note 9), Directors and other key personnel (see Notes 5 and 19).

(i) Subsidiaries

The Company has an investment in subsidiaries balance of US\$251,739,663 (2019: US\$192,807,783). 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, 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 26 CONTINGENT ASSETS AND LIABILITIES

A 2% net smelter royalty is payable to Santa Barbara Resources Limited, who were the previous owners of the Cascabel tenements. These royalties can be bought out by paying a total of US\$4 million. Fifty percent (50%) of the royalty can be purchased for US\$1 million 90 days following the completion of a feasibility study and the remaining 50% of the royalty can be purchased for US\$3 million 90 days following a production decision. The smelter royalty is considered to be a contingent liability as the Group has not yet completed a pre-feasibility study at 30 June 2020 as such there is significant uncertainty over the timing of any payments that may fall due.

SolGold elected to undertake the Optional Subscription under the terms of the Term Sheet (Term Sheet) signed between SolGold plc and Cornerstone Capital Resources Inc. (CGP), CGP's subsidiary Cornerstone Ecuador S.A. (CESA), and Exploraciones Novomining S.A. (ENSA), and holds an aggregate registered and beneficial equity position in ENSA of 85% under the terms of the Term Sheet. CGP and CESA elected to obtain the benefit of the Financing Option whereby SolGold will solely fund all operations and activities of ENSA until the completion of a Feasibility Study, including CESA's contribution as the registered and beneficial holder of an aggregate equity position in ENSA of 15%. After completion and delivery of the Feasibility Study, SolGold and CESA shall jointly fund the operations and activities of ENSA based on their respective equity positions in ENSA's on a proportionate basis. Furthermore, the Term Sheet allows for SolGold to be fully repaid for the financing provided, including interest at LIBOR plus 2% for the expenditures incurred by SolGold from the time CGP and CESA elected the Financing Option and the completion of the First Phase Drill Program (FPDP). SolGold is to be repaid out of 90% of CESA's distribution of earnings or dividends from ENSA or the Cascabel Tenement to which CESA would otherwise be entitled. If CESA does not elect to contribute and its equity stake in ENSA is diluted to below 10%, its equity stake in ENSA will be converted to a 0.5% interest in the Net Smelter Return and SolGold may acquire this interest for US\$3.5 million at any time. At 30 June 2020, Cornerstone's equity interest in ENSA had not been diluted below 10%.

The amount receivable from CESA at 30 June 2020 was \$31,034,075 (2019: \$23,516,425). As there is uncertainty as to whether ENSA will be able to distribute earnings or dividends, a provision for impairment has been recognised on the entire amount receivable from CESA.

There are no other contingent assets and liabilities at 30 June 2020 (2019: nil).

NOTE 27 SUBSEQUENT EVENTS

On 4 July 2020, 21,250,000 fully vested options expired. These options had an exercise price of £0.40.

On 17 July 2020, the Company announced the appointment of Mrs Elodie Grant Goodey to join the Board as Non-Executive Director.

On 9 August 2020, 44,512,000 fully vested options expired. These options had an exercise price of £0.60.

On 4 September 2020, the Company announced that Mr Liam Twigger, Mr Brian Moller and Mr James Clare have agreed to the cancellation of their outstanding Company options as part of the Company's process in moving towards full compliance with the provisions of the UK Corporate Governance Code.

On 14 September 2020, the Company announced that it closed the previously announced US\$100 million royalty financing pursuant to the NSR Financing Agreement ('NSR Financing') with Franco-Nevada Corporation ('Franco-Nevada') on 11 September 2020. On 11 September 2020, Franco-Nevada advanced to SolGold US\$100 million (the 'Royalty Purchase Price') under the NSR Financing Agreement, less the amount of outstanding principal and interest under the US\$15 million secured bridge loan pursuant to the Bridge Loan Agreement.

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



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