Annual Report

For the year ended 30 June 2019

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ABOUT US

SolGold is a leading exploration company focussed on the discovery and definition of world-class copper and gold deposits.

Having utilised its first mover advantage SolGold is the largest and most active concession holder in Ecuador and is aggressively 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 Alpala discovery at the Company's flagship majority-owned Cascabel project with its continuing 1km-plus copper-gold intersections, is the first of many. SolGold has already identified 12 priority projects which are now scheduled for exploration fast-track.

SolGold is building a new copper company, and it has the team, track record and resources to succeed.

PERFORMANCE HIGHLIGHTS

- Publication of Preliminary Economic Assessment which highlighted an NPV range from US$4.1Bn to US$4.5Bn
- Updated Alpala Mineral Resource Estimate of 2,050 Mt @ 0.60% CuEq (at 0.2% CuEq cut-off) in the Indicated category, and 900 Mt @ 0.35% CuEq (at 0.2% CuEq cut-off) in the Inferred category
- BHP Billiton Holdings Limited ("BHP") subscribed for 100 million shares at 45p
- Proposed offer to acquire all of the share capital of Cornerstone Capital Resources Inc to be formalised
- 91,255 metres drilled (2018: 84,423 metres) at Cascabel
- Progression of the 12 priority regional projects identified to date
- US$41.7M cash balance (2018: US$60.6M)
- Appointment of 3 new Directors to the Board

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board and Management, I am pleased to present the annual report for the 2019 financial year, a period in which SolGold has continued to deliver significant growth, and value to all its shareholders and stakeholders from its core project, Cascabel in Northern Ecuador by delivering an increase in the resource at the Alpala deposit, release of the Preliminary Economic Assessment and completing an investment from BHP at a strong premium.

This year has seen SolGold make substantial progress at both operational and corporate levels. Through the dedicated efforts of SolGold's management team, and important support we have received within Ecuador across the national, regional and local levels, the Company has been able to make significant progress during 2019 towards its objective of creating a new copper-gold mining major. SolGold is committed to undertaking that journey not only in the best interests of its shareholders, but in the best interests of the communities and Ecuador, the nation in which the Company and its subsidiaries operate, in order to help establish a platform from which Ecuador's mining industry and all its stakeholders can flourish.

Operations

Operations during the last year have continued to focus on increasing the resource at the Alpala deposit where, in 2014, SolGold initiated in a focused and effective drilling campaign now totalling 203,555metres. I would like to thank the world-class management and exploration teams for their tireless work in order to successfully meet the two key milestones set during the 12-month period, namely delivering the updated Mineral Resource Estimate ("MRE#2") and the Preliminary Economic Assessment ("PEA").

The delivery of the updated Mineral Resource Estimate first announced in November 2018, (full report filed in January 2019), successfully built on the previous resource, approximately doubling its overall size and increasing the size of the high-grade core. MRE#2 was estimated from 133,576m of diamond drilling, and 2,743m of rock-saw samples from 262 surface rock exposure trenches. The highlights include:

An overall resource, using a 0.2% CuEq cut-off grade, of::

- 2,050 Mt @ 0.60% CuEq in the Indicated category (8.4 Mt Cu and 19.4 Moz Au), and
- 900 Mt @ 0.35% CuEq in the Inferred category (2.5 Mt Cu and 3.8 Moz Au)

Within the deposit a medium-grade core exists, using a 0.45% CuEq cut-off grade, comprising:

- 810 Mt @ 1.03% CuEq in the Indicated category (5.4 Mt Cu,15 Moz Au), and
- 150 Mt @ 0.65% CuEq in the Inferred category (0.7 Mt Cu and 1.2 Moz Au).

Using a 0.7% CuEq cut-off grade, MRE#2 comprises:

- 490 Mt @ 1.37% CuEq in the Indicated category (4.1 Mt Cu and 13.0 Moz Au), and
- 50 Mt @ 0.93% CuEq in the Inferred category (0.4 Mt Cu and 0.7 Moz gold Au).

High-grade core forming the lower centre of the deposit, using a 0.9% CuEq cut-off grade, comprises:

- 400 Mt @ 1.49% CuEq in the Indicated category (3.6 Mt Cu and 11.9 Moz Au), and
- 20 Mt @ 1.05% CuEq in the Inferred category (0.2 Mt Cu and 0.4 Moz gold Au).

The full 43-101 technical report entitled "A Technical Report on an Updated Mineral Resource Estimate for the Alpala Deposit, Cascabel Project, Northern Ecuador" can be found on the Company's website.

The Board was pleased to publish the results of the PEA in May 2019, delivering a set of strong positive economic results to the market that had always been expected from the Alpala project. The low operating costs and outstanding internal rates of return set out in the PEA have served to emphasise the significant opportunity for SolGold and the Ecuadorean stakeholders in Alpala and Ecuador generally. The Board believes the relatively soft and fractured nature of the ore makes the project ideally suited for block caving, our preferred mining method to ensure minimal environmental impact. The vertically extensive nature of the cave configurations, the high modelled resource tonnages and production rates also contribute to the high capital efficiency and returns, low mining costs, and low overall costs of the project. Highlights of the PEA include:

- Net Present Value ("NPV") estimates range from US$4.1Bn to US$4.5Bn (Real, post-tax, @ 8% discount rate, US$3.3/lb copper price, US$1,300/oz gold price and US$16/oz silver price) depending on production rate scenario.

- Internal Rate of Return ("IRR") estimates range from 24.8% to 26.5% (Real, post-tax, US$3.3/lb copper price, US$1,300/oz gold price and US$16/oz silver price) depending on production rate scenario.

- Annual Metal Production (average for the first 25 years) - Estimated at 207,000t of copper; 438,000oz of gold and 1.4Moz of silver in concentrate per year (based on the 50Mtpa mining scenario).

Despite the focus on Alpala during 2019, the Company has remained committed to the wider pan-Ecuadorean strategy over the past year through a targeted exploration campaign at its 12 priority projects. Board and management have been highly encouraged by the initial results across the portfolio, and intend to replicate the successful drilling and development strategy currently being adopted at Alpala across the rest of the portfolio in time.

Ecuador

The last 12 months has seen important questions raised in Ecuador around how, and in what manner, the mining industry should progress in Ecuador. It is important to remember that when an industry starts to grow and prosper within a jurisdiction in its infancy, as is currently the case in Ecuador with the exploration and mining industries, questions should, and always will be, asked in order to ensure that all the correct standards are followed. At SolGold, staff and management are committed to ensuring that the Company is seen by all stakeholders in country as a leader in setting these standards, providing the Ecuadorean authorities with a best-in-class template for corporate environmental, social and operational responsibility.

Whilst the recent petition to the Constitutional Court regarding the future of mining in the Imbabura province in which the Cascabel project is based was unexpected, it was ultimately unanimously and definitively rejected as being unconstitutional. The helpful approach taken by the Constitutional Court in identifying formal test criteria that needs to be met as part of any petition raises significantly the standard that future consultation requests will have to pass if they are to be considered by the Constitutional Court on its substance and gives confidence that any future petitions to request popular consultations on this matter are extremely likely to face a much more challenging route to success.

The emphatic opposition from all levels of government to the request for a popular consultation, in addition to the introduction of a pro-investment mining policy this year are each further examples of its continued commitment to the professionalisation and enhancement of the mining industry in Ecuador. SolGold is confident that the increased discussion around the direction of mining in Ecuador over the last year has only strengthened the resolve of all its stakeholders, including local communities and national government, in ensuring the successful growth of this industry in order that it can benefit Ecuador in the long-term.

Sustainability and Community Engagement

Engendering a sustainable and socially inclusive agenda is fundamentally important to SolGold as the Company helps build a strong mining industry in Ecuador. SolGold has strong relations with the local communities in the provinces within which it operates, applying the best industry practices in education, social and environmental care. Strong community relations are key to creating a safe and sustainable environment in which to operate, and SolGold continues to hold regular consultation meetings and educational sessions within its licensed areas with all stakeholders.

Board

In addition to its efforts in country, the Company has worked hard to strengthen the independence and diversity of the Board over the last 12 months, as evidenced by the recent appointment of three new Directors. I would like to welcome independent Director, Liam Twigger who brings strategic and financial skills and will Chair the Audit and Risk Committee and executive Directors Jason Ward and Anna Legge whose respective skills across the technical, project management, strategic and investor relation aspects of the business will be invaluable in assisting SolGold to achieve its stated strategy of becoming a copper-gold major.

Cornerstone Bid

Following SolGold's announcement dated 31 January 2019 stating its intent to make an offer to acquire all outstanding common shares of Cornerstone Capital Resources Ltd on the basis of 0.55 of one SolGold share for each one Cornerstone share, and effective 15 June 2019 Cornerstone executed a Share Consolidation of its issued and outstanding common shares on the basis of one post-consolidation Common Share for every twenty pre-consolidation Common Shares.

After the share consolidation by Cornerstone, the adjusted offer of 11 SolGold shares for each Cornerstone share at today's date represents a premium of some 30 per cent with finalisation and issue of the PEA, the Company will be able to proceed with its formal offer.

SolGold's offer to acquire all of the share capital of Cornerstone presents Cornerstone shareholders with a unique opportunity to avoid financing risks, minority dilution and discount for its minority stake and take advantage of the outstanding premium being offered, SolGold's award winning management team and its unique portfolio of outstanding 100% owned, exploration areas throughout Ecuador which defines one of the most complete coverages of a new copper province globally.

SolGold will update the market in due course on this matter.

Shareholders

I would like to thank all of the Company's shareholders for their support over the past year. It has been a busy but exciting period for the Company, in which SolGold has demonstrated to both the market and its stakeholders in Cascabel and in Ecuador the significant value that this business is set to deliver to Ecuador.

I would also like on behalf of the Board to welcome the investment from BHP, whose original investment in SolGold at a strong premium in October 2018, has been a significant endorsement of not only the Alpala project and its status as one of the top five undeveloped copper projects in world but also SolGold's extensive portfolio of potential world-class projects in a highly prospective new copper gold province and mining district. We welcome the support that BHP brings to our already strong shareholder base. We also thank Newcrest Mining Limited for its continued strong endorsement of the SolGold projects, Management and Board.

Outlook

I would like to thank my fellow directors and the Company's CEO, Nicholas Mather, for another successful year of value creation and significant progress.

As we enter the 2020 financial year, whilst our exploration programmes continue across our 12 priority projects, SolGold's primary focus is on ultimately developing the Alpala Project. As such SolGold will update the market with a Mineral Resource Estimate (MRE#3) in due course. Following the release of the PEA, permitting and fiscal discussions with the Ecuadorean Government, in addition to financial discussions with third party financiers continue to progress.

SolGold now looks forward to the completion of the Pre-Feasibility Study ("PFS") which is targeted to be completed by end Q1 2020. The Pre-Feasibility Study will focus on the new Alpala resource statement (MRE#3), improved metallurgy to maximise copper and gold recoveries, definition around geotechnical and hydrology studies, more detailed mine plans, further definition around the materials handling of water, concentrate, tailings and waste, as well as transport and infrastructure requirements. A Definitive Feasibility Study is then expected to be scheduled for completion at the end of 2020.

Pleasingly, I note a strong and sustained rerating of the gold price and the continued decline in the cost of development capital, both of which phenomena are to have a very substantial positive impact on the Alpala economics.

I look forward to updating you all on these exciting developments as the year progresses.

Yours faithfully,

Brian Moller
Chairman

STRATEGIC REPORT

SolGold is a leading exploration company focussed on the discovery and definition of world-class copper and gold deposits. SolGold's management team strives to deliver objectives efficiently and in the interest of shareholders. SolGold is the largest and most active concession holder in Ecuador and is aggressively exploring the length and breadth of this highly prospective and gold-rich section of the Andean Copper Belt. The Company also has exploration assets in Australia and the Solomon Islands.

OPERATIONS REVIEW

During the financial year ended 30 June 2019, SolGold continued to actively explore its concessions in Ecuador and Australia, whilst expanding its exploration license portfolio across Ecuador, and pursuing key prospecting licences in the Solomon Islands.

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, the entirety of which 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 2019, up to twelve drill rigs were operational at the Cascabel project, completing a total of 91,255m of drilling, comprising 83,997m at the Alpala Deposit and 7,258m at Aguinaga prospect. A total of 203,555m of drilling has been completed on the Cascabel project to 30 June 2019.

The size of the Alpala deposit continues to expand with the completion of the second updated MRE released in November 2018. The November 2018 Alpala MRE update, dated 15 November 2018, was estimated from 68,173 assays. Drill core samples were obtained from total of 133,576m of drilling comprising 128 diamond drill holes, including 75 drill holes comprising, 34 daughter holes, 8 redrills, and 11 over-runs, and represents full assay data from holes 1-67 and partial assay data received from holes 68 to 75. In contrast, the Dec 2017 Maiden MRE was estimated from 26,814 assays obtained from 53,616m of drilling comprising 45 drill holes, including 10 daughter holes and 5 redrills.

The November 2018 Alpala updated MRE totals a current:

- 2,050 Mt @ 0.60% CuEq (at 0.2% CuEq cut-off) in the Indicated category, and 900 Mt @ 0.35% CuEq (at 0.2% CuEq cut-off) in the Inferred category.
- Contained metal content of 8.4 Mt Cu and 19.4 Moz Au in the Indicated category.
- Contained metal content of 2.5 Mt Cu and 3.8 Moz Au in the Inferred category.

A major milestone for the Cascabel project was the release of the Preliminary Economic Assessment (PEA) in May this year. The full text of the report was filed on SEDAR in Canada under the profile of SolGold on 27 June 2019. Readers are referred to the full text of such report. The results of the PEA highlighted the following key aspects:

- Net Present Value* ("NPV") estimates range from US$4.1Bn to US$4.5Bn (Real, post-tax, @ 8% discount rate, US$3.3/lb copper price, US$1,300/oz gold price and US$16/oz silver price) depending on production rate scenario.
- Internal Rate of Return ("IRR") estimates range from 24.8% to 26.5% (Real, post-tax, US$3.3/lb copper price, US$1,300/oz gold price and US$16/oz silver price) depending on production rate scenario.
- Pre-production Capex estimated at approx. US$2.4B to US$2.8B, and total Capex including life of mine sustaining Capex of US$10.1B to US$10.5B depending on production rate scenario.
- Payback Period on initial start-up capital – Range from 3.5 to 3.8 years after commencement of production depending on production rate scenario.
- Preferred Mining Method – Underground low-cost mass mining using Block Cave methods applied over several caves designed on two vertically extensive Lifts.

* Net Present Value ("NPV") is not an IFRS term or measure.

Following the release of the detailed PEA SolGold is now working towards completing the Pre-Feasibility Study by end Q1 2020, and Definitive Feasibility-Study by the end of 2020.

The Cascabel drill program expanded late in the fiscal year with a total of 15 drill rigs expected to be active on the project by September 2019. The Company is bolstering its fleet, expediting the planned Alpala Deposit Pre-Feasibility Study (PFS) on extending and upgrading the status of the Alpala Resource, as well as further drill testing of the rapidly evolving Aguinaga prospect. Drill testing of the Trivinio target has commenced, whilst the numerous other untested targets, namely at Moran, Cristal, Tandayama-America and Chinambicito, are flagged for drill testing as overall program demands allow.

SolGold has broadened its current focus to include the collection of additional metallurgical, geotechnical, hydrological and hydrogeological data and the delivery of a third mineral resource estimate which will aim to deliver conversion of the bulk of the current inferred resource into indicated status as the central basis for the PFS.

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.

SolGold has continued the acquisition of landholdings in the Cascabel project area for the anticipated infrastructure requirements for development of the project. This has resulted in the acquisition of a total of 1,126 hectares of land up to the end of the financial year ended 30 June 2019.

SolGold is intent on the application of its strategy to its 12 other wholly owned and highly prospective priority targets throughout Ecuador. The Company is focussed on the creation of a major copper gold mining company in Ecuador, substantially covering one of the world's most under explored and prolifically mineralised porphyry copper gold provinces in the norther Andean Copper Belt.

SolGold employs a staff of over 650 and at least 98% are Ecuadorean. The staff mix comprises of both permanent and temporary/contractor employees. The average number of employees over the 12 month period ended 30 June 2019 was less than 500 employees. This headcount is expected to grow as the operations at Alpala, and in Ecuador generally, expand. SolGold ensures its operations are safe, environmentally responsible and 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, of which 11% are female, on the ground in Ecuador looking for copper and gold.

In the Solomon Islands SolGold has commenced preliminary exploration activities on the Kuma prospecting licences which is considered prospective for porphyry copper and gold mineralisation.

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.

ECUADOR

Cascabel

During the twelve months ended 30 June 2019, the Company spent US$59.8 million on the Cascabel project.

The Alpala Deposit 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).

The Cascabel drill program continues to extend and upgrade the status of the Alpala Resource, delineating the geometry and geological character of the Alpala deposit, providing additional information on the high-grade core (increasing the confidence of geological interpretations, and the grade model) to convert Inferred Mineral Resources to higher confidence Indicated Mineral Resources, and stepping out exploration away from the known mineralisation. 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.

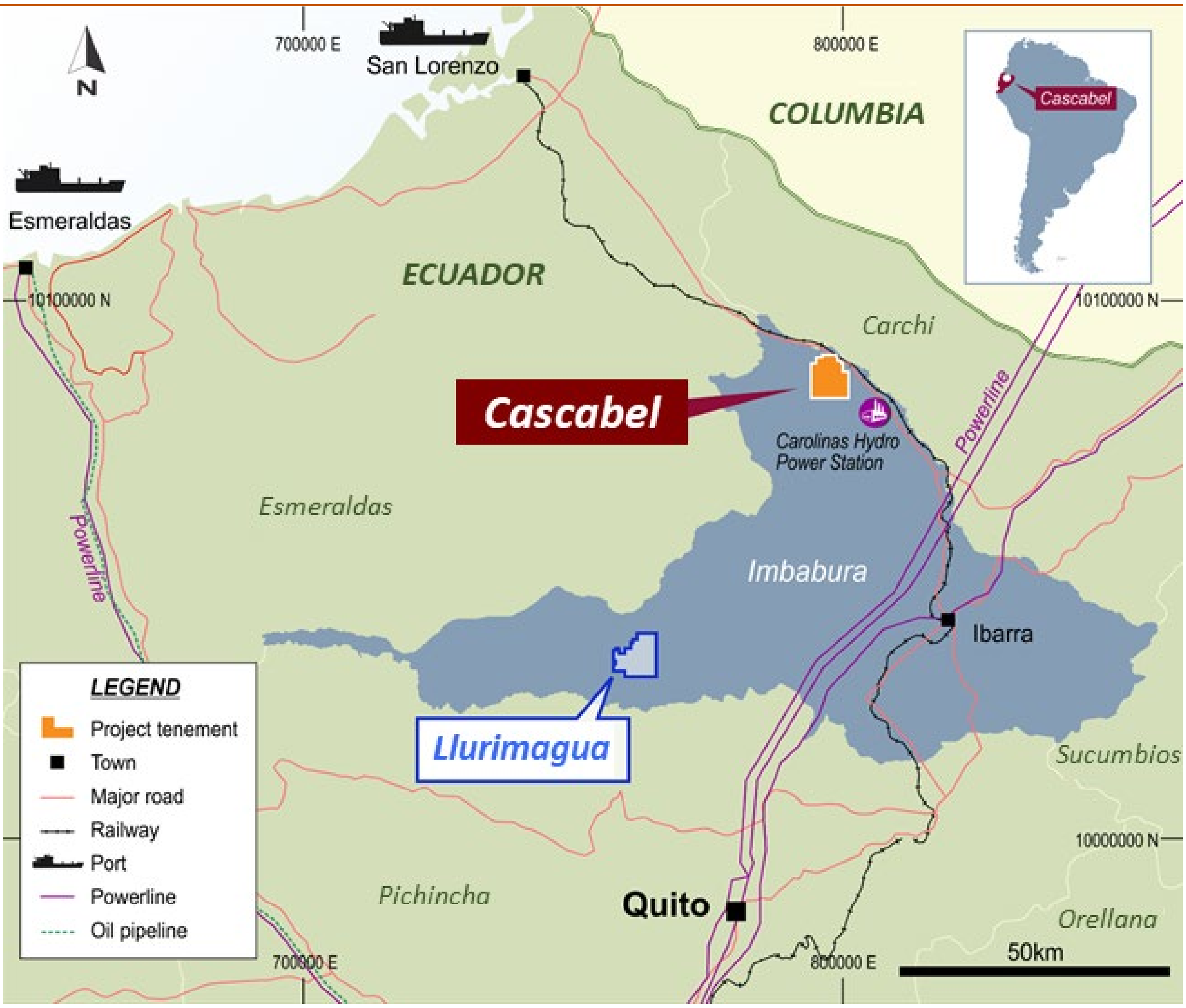


Figure 1 - Location of Cascabel project in Imbabura Province, northern Ecuador, highlighting the significant capital advantages held by the project, with proximity to ports, road infrastructure, hydro-electric power stations and the trans-continental power grid.

The November 2018 Alpala MRE update, dated 15 November 2018, was estimated from 68,173 assays, with 66,739 assays representing diamond drill core samples, and 1,434 assays representing rock-saw channel samples cut from surface rock exposures. Drill core samples were obtained from a total of 133,576m of drilling comprising 128 diamond drill holes, including 75 drill holes, 34 daughter holes, 8 redrills, and 11 over-runs, and represents full assay data from holes 1-67 and partial assay data received from holes 68 to 75. Rock-saw samples were obtained from 2743m of rock-saw cuts from 262 surface rock exposure trenches. In contrast, the December 2017 Maiden MRE was estimated from 26,814 assays obtained from 53,616m of drilling comprising 45 drill holes including 10 daughter holes and 5 redrills.

Mineral Resource Estimate (MRE#2)

The November 2018 Alpala updated Mineral Resource Estimate (MRE) highlights include:

- 2,050 Mt @ 0.60% CuEq (at 0.2% CuEq cut-off) in the Indicated category, and 900 Mt @ 0.35% CuEq (at 0.2% CuEq cut-off) in the Inferred category.
- Contained metal content of 8.4 Mt Cu and 19.4 Moz Au in the Indicated category.
- Contained metal content of 2.5 Mt Cu and 3.8 Moz Au in the Inferred category.

Alpala updated MRE across both Indicated and Inferred classifications equates to 2.95 Bt @ 0.52% CuEq (15.4 Mt CuEq) containing 10.9 Mt Cu and 23.2 Moz Au at 0.2% CuEq cut-off, 79% of which is in the Indicated category (by metal content) (Tables 1 and 2).

The Alpala deposit includes a 420 Mt High Grade Core @1.47% CuEq (6.1 Mt CuEq) containing 3.8 Mt Cu and 12.3 Moz Au at a 0.9% CuEq cut-off, 97% of which is in the Indicated category (by metal content).

The November 2018 MRE update is reported using a cut-off grade of 0.2% copper-equivalent (CuEq) which SolGold and SRK Consulting consider to be reasonable, reflecting the potential for economic extraction by high production rate mass mining methods such as block caving. The central portions of the deposit present an opportunity for early extraction of higher grade material.

The updated MRE is presented on a 100% basis and has an effective date of 7 November 2018. It represents an overall reported resource increase of 108% (by metal content) from 7.4Mt CuEq in December 2017 Maiden MRE (at a cut-off of 0.3% CuEq) to the current 15.4 Mt CuEq (at a cut-off of 0.2% CuEq).

Table 1 : Overall Mineral Resource Statement for the Alpala Copper-Gold Deposit.*

Grade Category	Resource Category	Tonnage (Mt)	Grade			Contained Metal		
			Cu (%)	Au (g/t)	CuEq (%)	Cu (Mt)	Au (Moz)	CuEq (Mt)
Total >0.2% CuEq	Indicated	2,050	0.41	0.29	0.60	8.4	19.4	12.2
	Inferred	900	0.27	0.13	0.35	2.5	3.8	3.2

- **Mr Martin Pittuck, MSc, CEng, MiMMM, is responsible for this Mineral Resource Estimate and is an "independent qualified person" as such term is defined in N1 43-101*
- *The Mineral Resource is reported using a cut-off grade of 0.2% copper equivalent calculated using [copper grade (%)] + [gold grade (g/t)x0.63]*
- *The Mineral Resource is considered to have reasonable potential 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 terminology, definitions and guidelines given in the CIM Standards on Mineral Resources and Mineral Reserves (May 2014)*
- *The MRE is reported on 100 percent ownership basis*
- *Values given in the table have been rounded, apparent calculation errors resulting from this are not considered to be material*
- *The effective date for the Mineral Resource statement is 7th November 2018*
- *The date of completion of the Mineral Resource statement is 16th November 2018*

Table 2 : Mineral Resource Statement for the Alpala Copper-Gold Deposit expressed by a range in copper-equivalent cut-off grades.*

Cut-off Grade (% CuEQ)	Resource Category		Tonnage (Mt)	Grade			Contained Metal		
				Cu (%)	Au (g/t)	CuEq (%)	Cu (Mt)	Au (Moz)	CuEq (Mt)
0.10	Indicated		2,460	0.36	0.26	0.52	8.9	20.2	12.9
0.15	Indicated		2,290	0.38	0.27	0.55	8.8	19.9	12.7
0.20	Indicated		2,050	0.41	0.29	0.60	8.4	19.4	12.2
0.30	Indicated		1,500	0.49	0.37	0.73	7.4	17.8	10.9
0.45	Indicated		810	0.66	0.57	1.03	5.4	15.0	8.3
0.70	Indicated		490	0.84	0.83	1.37	4.1	13.0	6.7
0.90	Indicated		400	0.90	0.93	1.49	3.6	11.9	5.9
1.10	Indicated		200	1.13	1.36	1.99	2.2	8.7	3.9
1.50	Indicated		120	1.35	1.77	2.47	1.7	7.0	3.0
0.10	Inferred		1,380	0.22	0.11	0.28	3.0	4.7	3.9
0.15	Inferred		1,140	0.24	0.12	0.32	2.8	4.3	3.6
0.20	Inferred		900	0.27	0.13	0.35	2.5	3.8	3.2
0.30	Inferred		490	0.34	0.16	0.45	1.7	2.5	2.2
0.45	Inferred		150	0.49	0.26	0.65	0.7	1.2	1.0
0.70	Inferred		50	0.67	0.41	0.93	0.4	0.7	0.5
0.90	Inferred		20	0.72	0.52	1.05	0.2	0.4	0.2
1.10	Inferred		10	0.76	0.70	1.20	0.1	0.1	0.1
1.50	Inferred		-	-	-	-	-	-	-

**Refer to the explanation for Table 1 for description and qualifications that pertain to the resource statement.*

The Mineral Resource Statement is supported by a full 43-101 Technical Report filed on 4 January 2019 and is accompanied by grade tonnage curves for overall resource (Indicated + Inferred) as well as individual charts for the Indicated and Inferred categories (Figures 2 and 3).

Preliminary Economic Assessment

The Cascabel Project, Northern Ecuador Alpala Copper-Gold-Silver Deposit Preliminary Economic Assessment (PEA) was filed on SEDAR in accordance with National Instrument 43-101 Standards of Disclosure for Mineral Projects on the 27th of June 2019. It relies on geological information and Mineral Resource Estimate published in MRE#2 with an effective date of 7 November 2018, and on metallurgical test work data received prior to 25th March 2019.

Key aspects and findings from this study are summarised below:

- Net Present Value ("NPV") estimates range from US$4.1Bn to US$4.5Bn (Real, post-tax, @ 8% discount rate, US$3.3/lb copper price, US$1,300/oz gold price and US$16/oz silver price) depending on the production rate scenario (see below).
- Internal Rate of Return ("IRR") estimates range from 24.8% to 26.5% (Real, post-tax, US$3.3/lb copper price, US$1,300/oz gold price and US$16/oz silver price) depending on the production rate scenario (see below).
- Pre-production Capex estimated at approx. US$2.4B to US$2.8B, and total Capex including life of mine sustaining Capex of US$10.1B to US$10.5B depending on the production rate scenario.
- Payback Period on initial start-up capital - Range from 3.5 to 3.8 years after commencement of production depending on the production rate scenario.
- Preferred Mining Method - Underground low-cost mass mining using Block Cave methods applied over several caves designed on two vertically extensive Lifts.
- Four mine production cases have been pre-selected and assessed as part of the PEA:

Mine Production Cases	
Case	**Life of Mine (years)**
Case 1: 40 Mt/a	66
Case 2a: 50 Mt/a - Staged ramp-up	57
Case 2b: 50 Mt/a Fast ramp-up	55
Case 3: 60 Mt/a	49

- Resources scheduled in the PEA block cave designs that account for 2.4Bt @ 0.54% CuEq ROM grade(0.36% Cu, 0.27g/t Au and 1.1g/t Ag), including:
    - 89% of the MRE#2 Indicated Mineral Resources: 1.83Bt @ 0.61% CuEq ROM (0.41% Cu, 0.31g/t Au and 1.2 g/t Ag)
    - 1% of the MRE#2 Inferred Mineral Resources: 0.55Bt @ 0.36% CuEq (0.27%Cu, 0.13g/t Au and 0.8g/t Ag)
- Annual Metal Production (average for the first 25 years) - Estimated at 207,000t of copper; 438,000oz of gold and 1.4Moz of silver in concentrate per year (based on the 50Mtpa mining scenario).
- High copper (28.2%), gold (22.1 g/t) and silver (65.7g/t) contents in sales concentrates.
- The high quality of the concentrates and the relatively low arsenic contents in comparison to a number of other major producers are expected to deliver a sales premium for SolGold's concentrates.

Drilling and exploration at Cascabel

Alpala Drilling Campaign
During the financial year ended 30 June 2019, up to twelve drill rigs were operational at the Cascabel project, completing a total of 91,255m of drilling. A total 83,997m of drilling was completed at the Alpala Deposit during the fiscal year deposit (Figure 2). With a total of 203,555m of drilling completed on the Cascabel Project to 30 June 2019.

SolGold is encouraged by recent resource upgrade drilling which was targeted to include the vast majority of medium (>0.7%CuEq) and high grade (>1.5%CuEq) tonnage within the criteria for Indicated Resources for the upcoming third Mineral Resource update (MRE#3) this year. Large additional tonnage is expected to be brought into the Indicated category at Alpala Deposit due to additional drilling now completed since the release of MRE#2.

The Company is also pleased with the progress of new drilling taking place at Alpala Northwest, Trivinio, and Alpala Southeast, as well as drilling at the newly identified Alpala Southwest area, all of which target further growth to the existing Alpala Deposit. Large additional tonnage is targeted to be brought into the Indicated category at Alpala Deposit on the basis of additional drilling now completed since the release of MRE#2.

Resource extension drilling at Alpala Deposit continues targeting extensions to high-grade outliers peripheral to the main deposit (**Figure 3**). High grade outliers that remain open, occurring at Alpala Northwest, Alpala East, and Alpala SE, indicate potential for further growth of existing high-grade resource tonnage. Follow up drilling is likely to further enrich the existing resource base as areas previously modelled at lower grades are enriched by assay data afforded by new drilling.

Greater geological and structural understanding is identifying targets adjacent to the main orebody, with drilling now targeting mineralisation at the newly identified Alpala Southwest area.

Recent discoveries of previously unknown high grade (>1.5%CuEq) and medium grade (>0.7% CuEq) mineralisation intersected within existing low grade Inferred Resource areas at Alpala highlight potential for upgrades to the existing resource base at Trivinio (Hole 93), Alpala North (Hole 75), Alpala Northwest (Hole 86), and Alpala South (Hole 89).

The potential for resource expansion at Trivinio is supported by the Hole 93 intersection (862m @ 0.43% CuEq), 520m of which lies outside the existing Inferred Resource area.

Alpala North targets are open to the north, as shown by Hole 75 intersection (1918m @ 0.53% CuEq), 288m of which lies outside the existing Inferred Resource area.

Discovery of previously unknown QD10 (Quartz Diorite) source intrusion at Alpala Northwest, intersected in Hole 86 (318m @ 0.67% CuEq incl. 100m @ 1.34% CuEq), highlights potential for further resource extension as the 2019 drilling campaign continues.

Alpala South mineralisation is open to the south and towards surface, as revealed by the Hole 89 intersection (420m @ 0.61% CuEq).

Geotechnical, hydrogeological and sterilisation drill testing commenced at Cascabel, prior to the release of the Preliminary Economic Assessment report.

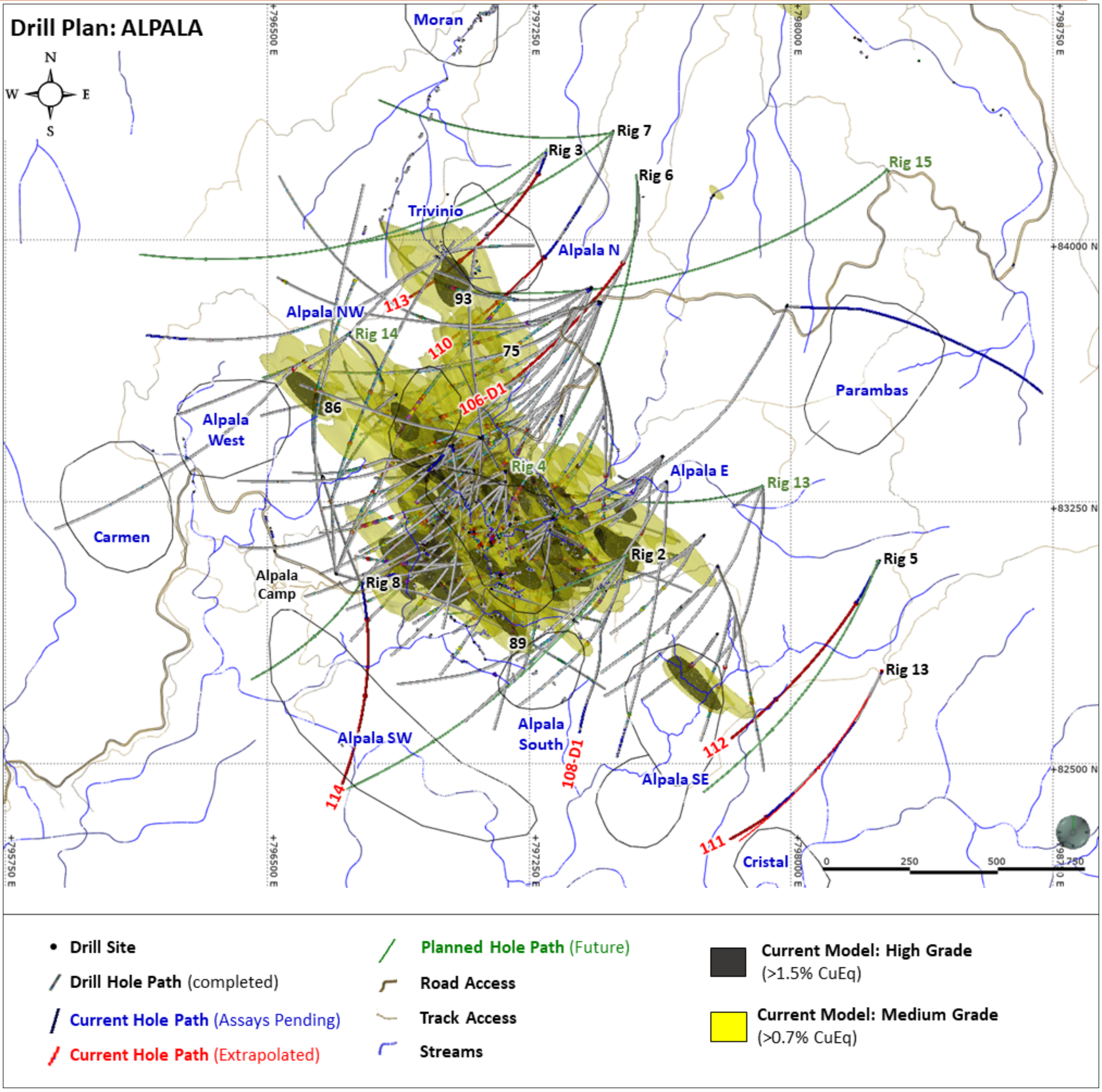


Figure 2 - Drill Hole Location Plan. Plan view of the greater Alpala area showing current and planned hole paths and highlighting the positions of recent significant intercepts achieved in holes 93, 75, 86, and 89, over current in-house block model showing blocks with estimated grades of >0.7%CuEq.

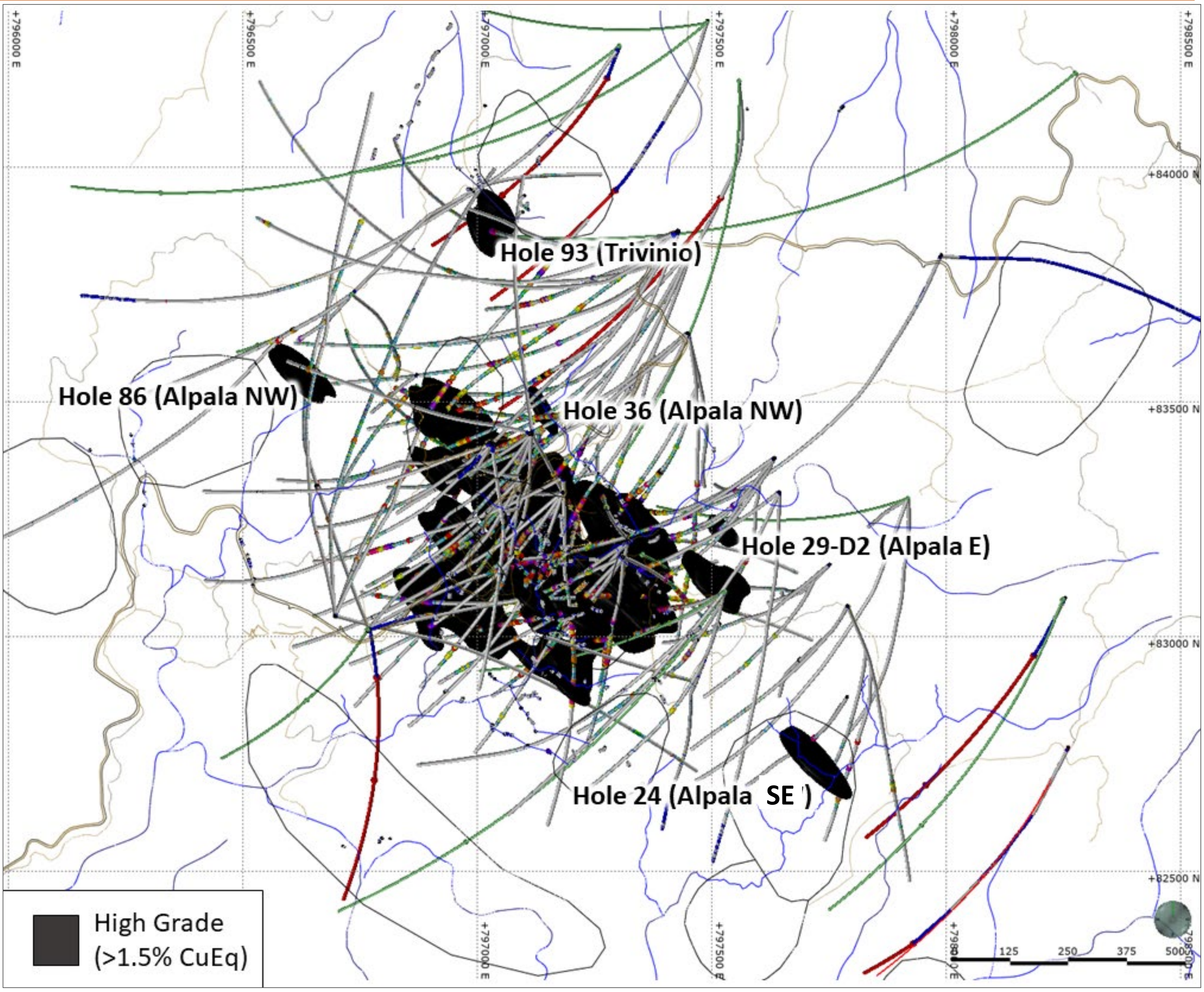
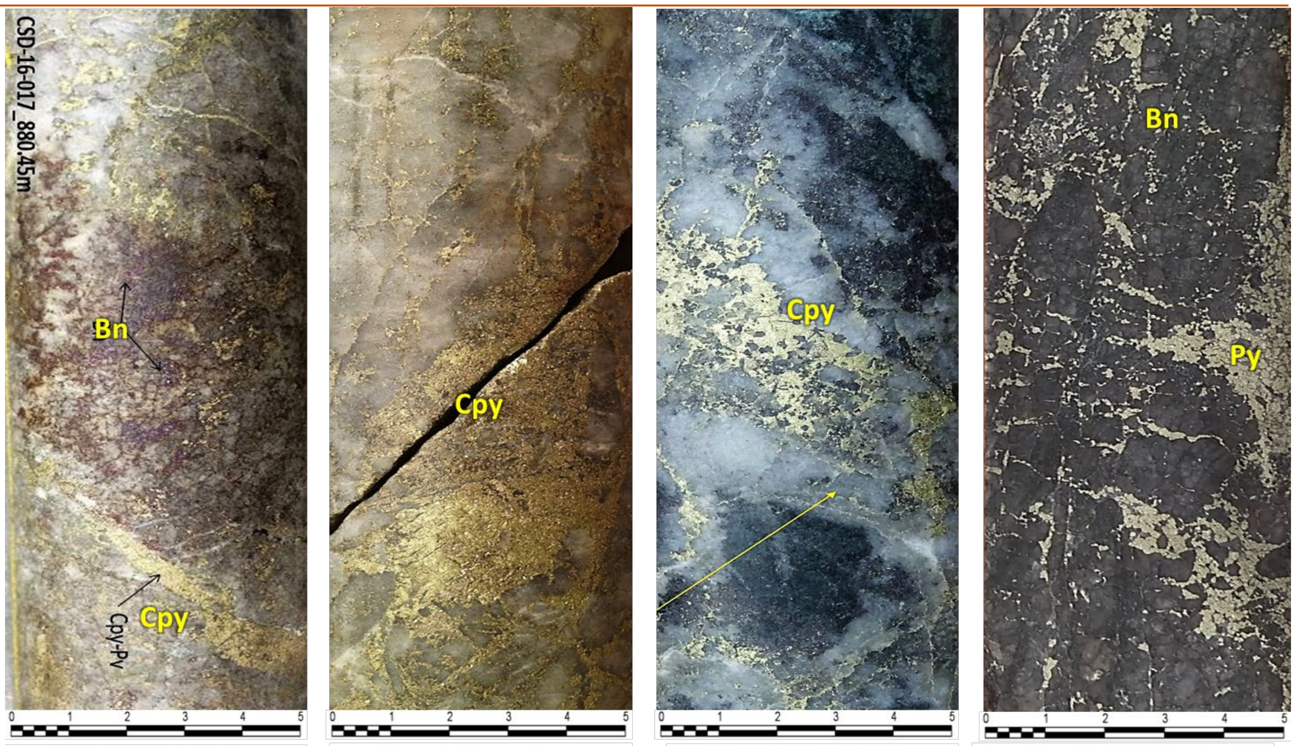


Figure 3 - High Grade Outliers peripheral to the main high grade core of the deposit are being targeted for extension by current drilling.



CSD-16-017: 880.5m 2.37 % Cu, 2.00 g/t Au	CSD-16-009: 1209.3m 2.97 % Cu, 4.09 g/t Au	CSD-16-009: 1300.0m 1.287 % Cu, 3.73 g/t Au	CSD-17-025: 821.9m 18.03 % Cu, 0.98 g/t Au NOT A TYPO

Figure 4 – High grade core samples from Alpala

<u>2019 Pre-Feasibility (PFS) Work Program</u>

The 2019 drilling campaign at Cascabel is presently utilising 10 drilling rigs, comprising 9 man-portable machines and 1 large track-mounted machine. The drilling fleet is currently expanding, from 9 man-portable machines to a total of 15 rigs expected to be active on the project by September 2019, expanding the drilling fleet as the company expedites data collection ahead of the planned Alpala Deposit Pre-Feasibility Study (PFS) deadline by end Q1 2020.

Drilling is focussed on continued resource extension and infill drilling along the Alpala trend as well as extensive geotechnical, hydrological, hydrogeological, metallurgical and petrophysical work.

Supplementary work underway at the Alpala Deposit includes geotechnical mining studies using downhole optical and acoustic Televiewer imaging, and rock-mechanics investigations using in-situ over-coring (3D stress testing), as well as in-situ measurement of rock mass permeability by hydraulic packer testing.

The current drilling fleet of 10 is deployed as seven rigs focused on resource extension and infill drilling (Rigs 2, 3, 5, 6, 7, 8 and 13), with and three rigs focussed on geotechnical, hydrogeological and sterilisation drilling (Rigs 1, 4 and 9).

A further four man-portable rigs (Rigs 14-17) currently under construction at HP Drilling workshops in Cuenca, Southern Ecuador. Rig 14 is scheduled for arrival in August, with Rigs 15, 16 and 17 scheduled for arrival in September and October.

A specialised Hydrological drilling contractor has been signed to supply a further 2 drilling rigs (Rigs 18, and 19), scheduled to commence groundwater drilling and water testing in late July 2019, bolstering the drilling fleet to a planned total of 15 machines.

Large track mounted Rigs 9, 10, 11 and 12 have been demobilised from site following swap-out with man-portable machines due to difficulties in accessing off-road drill sites with the larger machines.

Assays of the remaining 6 holes at Aguinaga prospect have been received and a review of the Aguinaga drilling program is currently underway. Assaying of Aguinaga samples was temporarily suspended during 2018 in order to reduce back-log of assays pertaining to Alpala Deposit resource estimation work. Further drilling at the Aguinaga prospect was similarly been delayed due to high demand along the Alpala trend, and future requirements are under assessment as part of the current review.

Table 3: Significant intercepts

Hole	Location	Intercept
Hole 41 D1-D2	Alpala Central Infill	582m @ 1.18% CuEq (0.64% Cu, 0.85g/t Au), incl. 340m @ 1.54% CuEq (0.78% Cu, 1.21g/t Au).
Hole 55R	Alpala Central NW Extension	1062m @ 1.02% CuEq (0.69% Cu, 0.52g/t Au), incl. 548m @ 1.36% CuEq (0.86% Cu, 0.80g/t Au), incl. 220m @ 2.07% CuEq (1.22%Cu, 1.34g/tAu)
Hole 55R-D1	Alpala Extension, NW margin	869m @ 0.72% CuEq, including 378m @ 1.17% CuEq
Hole 57	Alpala Central Infill	832m @ 1.41% CuEq (0.72% Cu, 1.10g/t Au), incl. 562m @ 1.72% CuEq (0.85% Cu, 1.37g/t Au), incl. 304m @ 2.52% CuEq (1.15% Cu, 2.18g/t Au), incl. 182m @ 3.46% CuEq (1.49% Cu, 3.14g/t Au)
Hole 58-D1	Alpala Extension, NW margin	983m @ 1.08% CuEq, including 456m @ 1.71% CuEq
Hole 64	Alpala NW-Trivinio	402m @ 0.65% CuEq, including 162m @ 0.95% CuEq
Hole 66	Alpala NW	634m @ 1.25% CuEq, including 301m @ 1.88% CuEq 174m @ 2.46% CuEq open at depth
Hole 67	Alpala Central	1028m @ 1.29% including 544m @ 2.17% CuEq including: 146m @ 4.07% CuEq, (1.96%Cu, 3.36g/t Au)
Hole 68	Alpala Central	664m @ 1.53% CuEq (open at depth) including 348m @ 2.25% CuEq, (1.26%Cu, 1.57g/t Au)
Hole 69	Alpala Western Limb	852m @ 1.14% CuEq including: 502m @ 1.55% CuEq 152m @ 2.49%CuEq

Regional Projects

A comprehensive, desktop study of the full 700km length of Ecuador has been 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 mineralization on a regional scale. The Company has delineated and ranked regional exploration targets for the potential to contain significant copper-gold deposits, many of which are believed to exhibit the potential to become Tier 1 copper gold projects. As a result of this study, the Company formed and has 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 granted mineral concessions over approximately 3,200 km^2.

These four subsidiaries also hold 26 ungranted applications.

Based on the results of this initial exploration, 12 priority targets have been identified for second phase exploration in Ecuador. Ongoing exploration will 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 12 priority projects are as follows:

- Blanca – epithermal gold
- La Hueca – copper gold porphyry
- Porvenir – copper gold porphyry
- Cisne Loja – epithermal gold
- Timbara – copper gold porphyry
- Rio Amarillo – copper gold porphyry
- Chillanes – copper gold porphyry
- Salinas – epithermal gold
- Sharug – copper gold porphyry
- Cisne Victoria – copper gold porphyry
- Coangos – copper gold porphyry and epithermal gold
- Chical – epithermal gold

The ongoing exploration program on these projects will focus on:

- Drill Testing targets
- Collection of geophysical data
- Continued mapping and geochemical sampling of new areas

Outstandingly, the reconnaissance programs have demonstrated the presence of porphyry copper gold or epithermal gold style mineralisation in all 12 of the 100% owned granted SolGold priority regional project areas throughout the length of Ecuador. Panned gold, magnetite and outcropping mineralisation are testament to the world class potential of all the SolGold project areas.

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

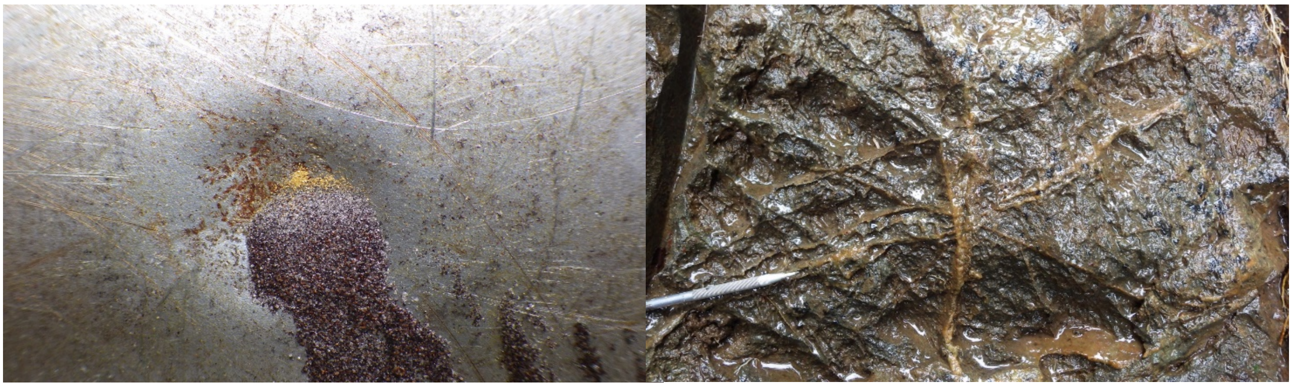


Figure 5 - Gold and magnetite panned in creeks at La Hueca (left); Abundant outcropping porphyry mineralisation like Alpala porphyries (right).

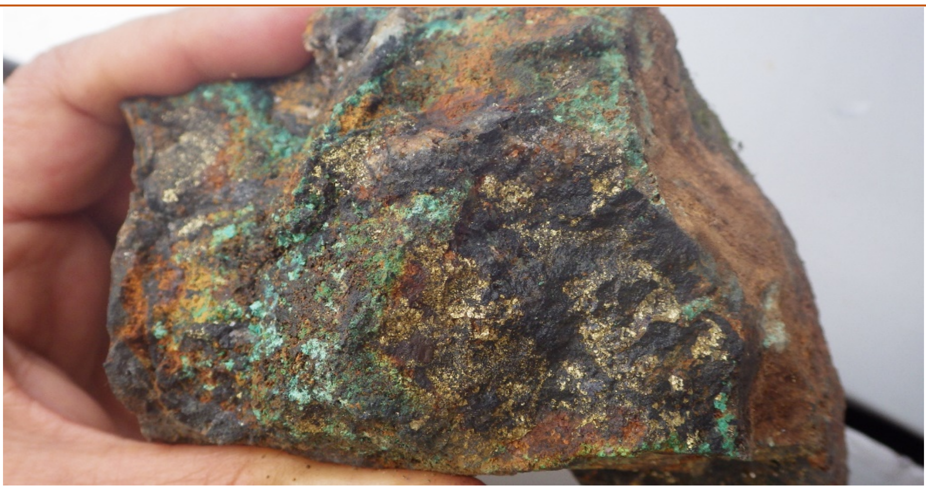


Figure 6 - Copper readily evident at surface at La Hueca (13.82% Copper)

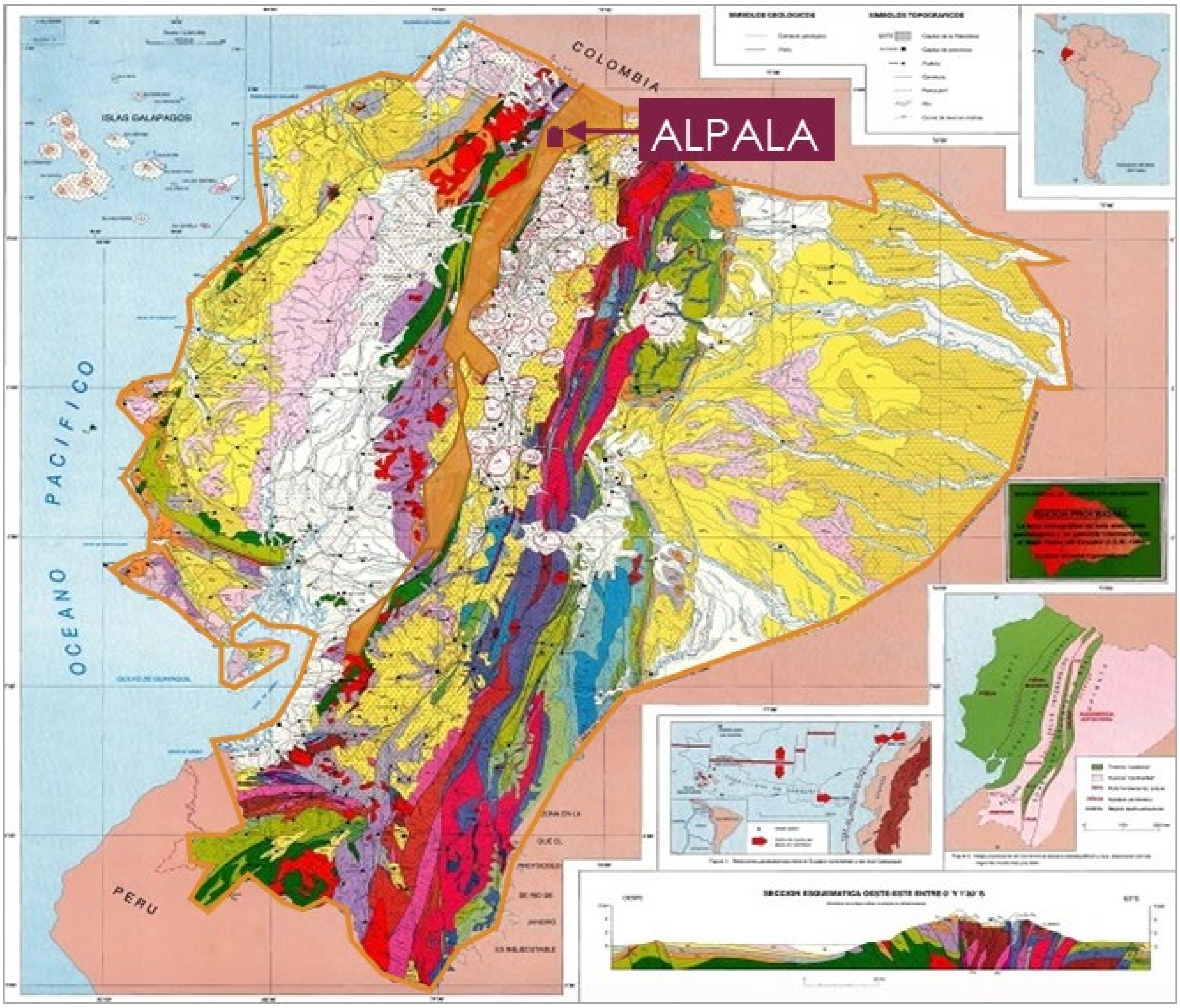


Figure 7 - Northern Ecuador, Eocene, Miocene and Jurassic belts under explored, weakly defined

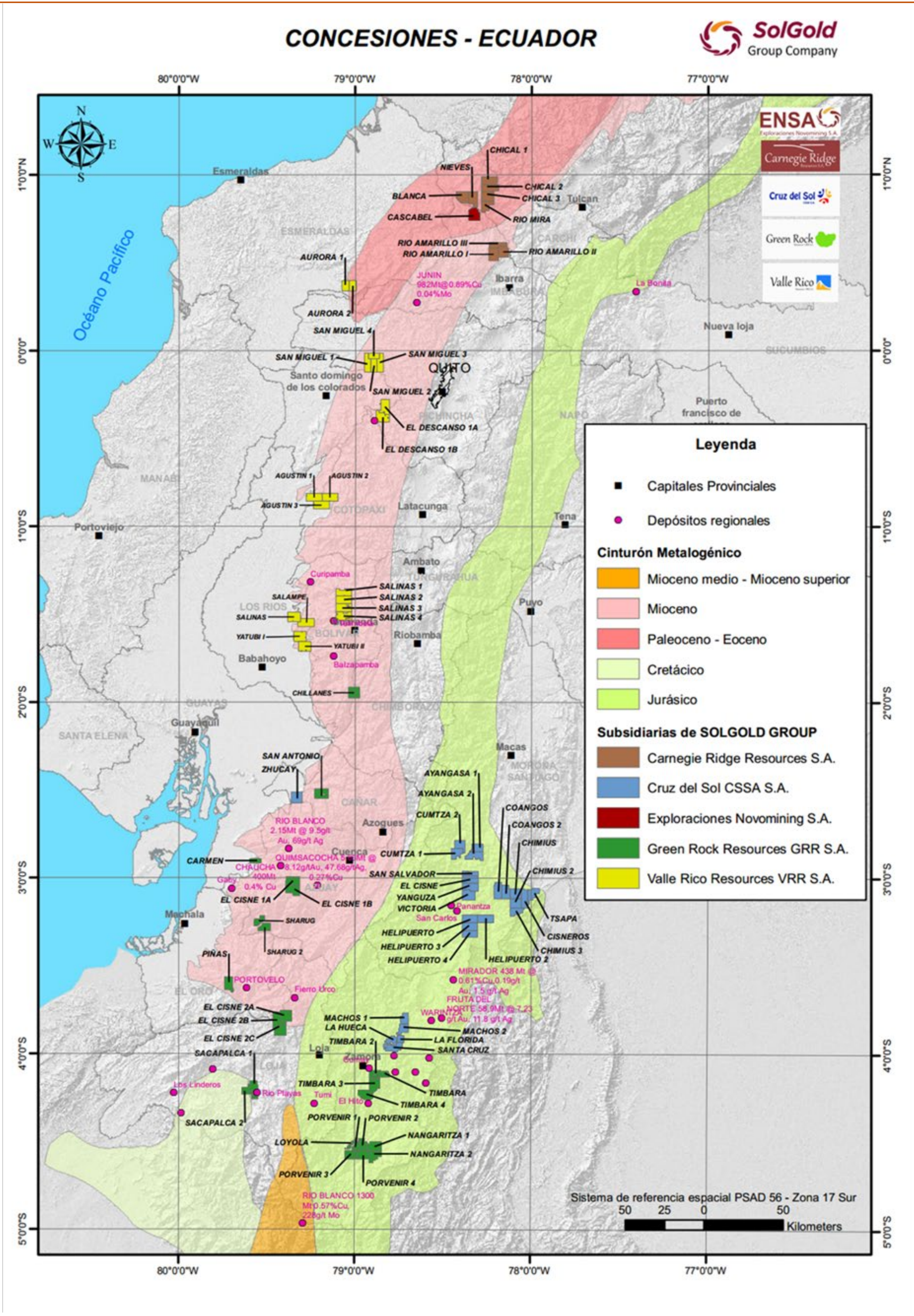


Figure 8 – Location of Ecuador concessions.

Blanca

Project Overview
Location: Carchi province, Northern Ecuador
Ownership: 100%
Subsidiary: Carnegie Ridge Resources S.A
Tenement area: 2 concessions (Blanca 1 and Nieves 1) over 73 km^2
Primary Targets: epithermal gold

The rich epithermal gold mineralisation has been identified within the Blanca concession is thought to be associated with large copper gold porphyry systems in the area including the Alpala deposit, some 8km to the south-southeast (SSE).

In the Blanca concession, sampling of the intermediate sulphidation "Cielito" vein and outcropping veins in surrounding drainages are hosted in volcanics and volcanic breccias showing weak quartz-pyrite-illite and chlorite-sericite alteration.

The ridge and spur and gridded auger soil program traversing the projected trend of the epithermal structural corridor identified several zones of multielement anomalism. Logging of lithic chips from the auger soil program also mapped out zones of chlorite and sericite alteration around the Cielito vein and Cerro Quiroz prospects.

High grade epithermal style gold mineralisation has been identified over an interpreted 5km long NW trending structural corridor. The Blanca epithermal gold veins are situated in a previously unrecognised corridor of gold mineralisation highlighting once again the under explored potential of the gold rich Ecuadorean section of the Andean copper-gold belt.

Cielito Vein Prospect
Hosted in volcanics and volcanic breccias showing weak quartz-pyrite-illite and chlorite-sericite alteration. Sampling of the intermediate sulphidation Cielito vein returned very high grade gold mineralisation. The results include:

- R01000562: 617 g/t Au, 317g/t Ag, 0.59% Cu, 0.74% Zn
- R01000564: 542g/t Au, 254g/t Ag, 0.54% Cu, 0.50% Zn

A drilling program has been designed that awaits permitting.

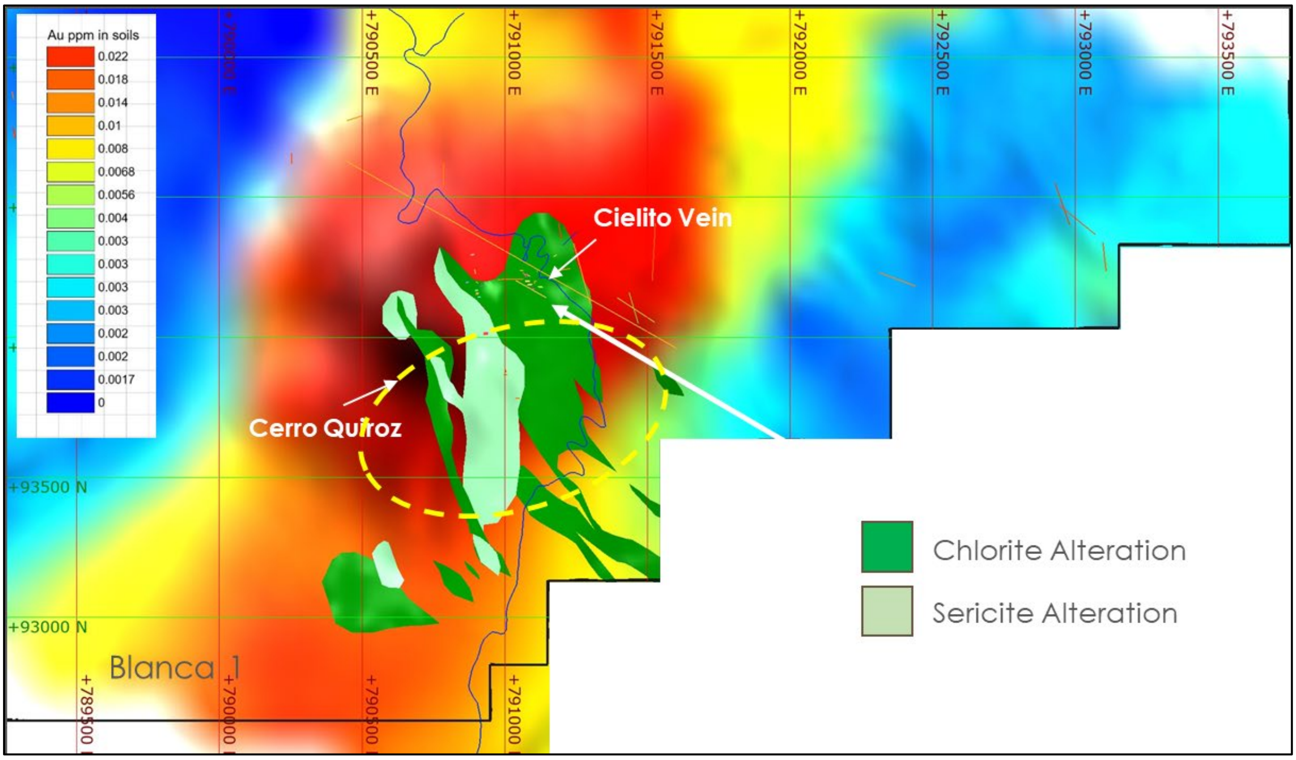


Figure 9 - Blanca – soil geochemistry with alteration mapping

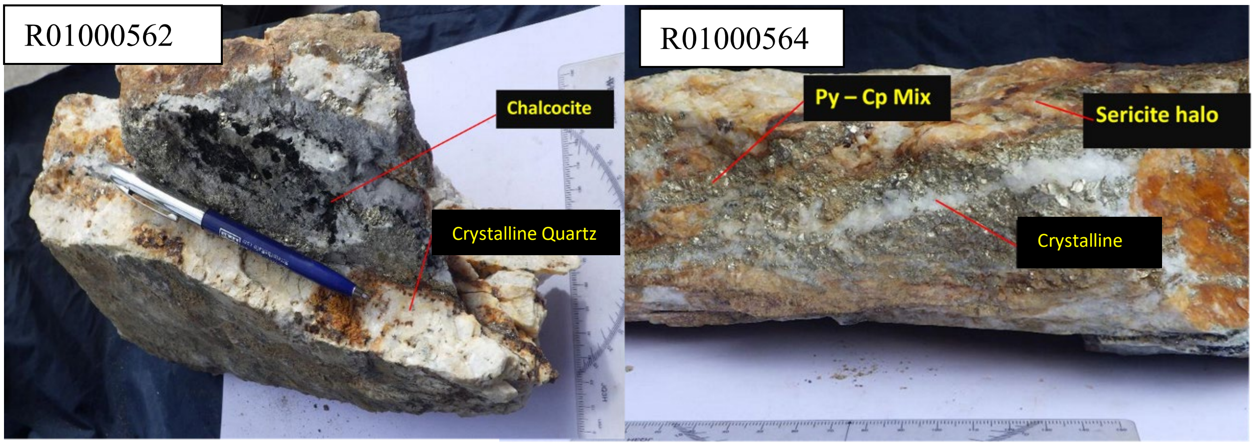


Figure 10 - Sample: R01000562 – 617 g/t Au, 317g/t Ag, 0.59% Cu and Sample: R01000564 – 542g/t Au, 254g/t Ag, 0.54% Cu

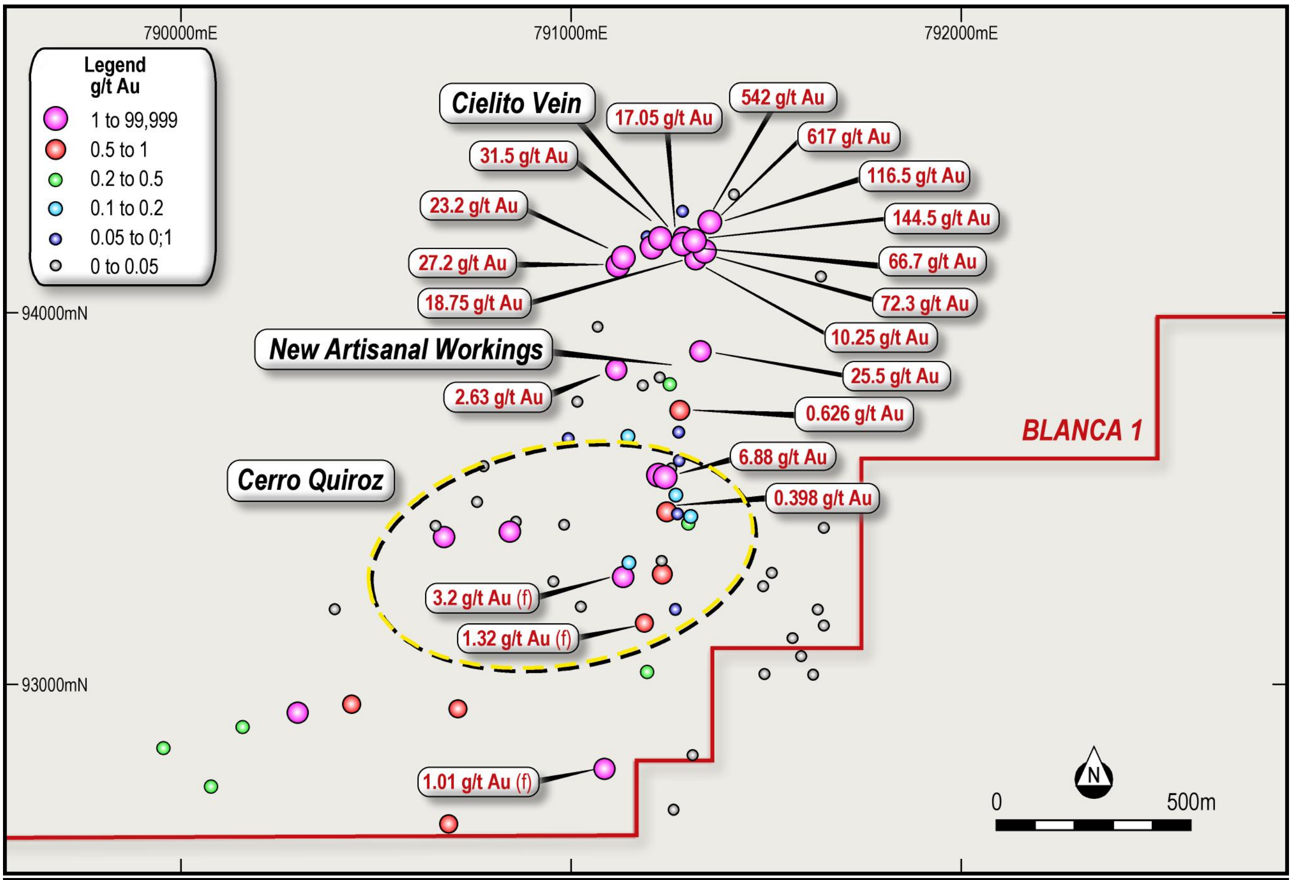


Figure 11 - The Cielito Vein represents bonanza epithermal Au mineralisation has been identified over a 400m by 200m zone.

La Hueca

Project Overview
Location: Zamora Chinchipe province, Southern Ecuador
Ownership: 100%
Subsidiary: Cruz del Sol S.A.
Tenement area: 3 concessions, 160 km^2
Primary Targets: Copper-gold porphyry

The project lies within the eastern Jurassic Belt, which contains the Fruta del Norte epithermal gold deposit (14 million ounces Au), the Mirador copper porphyry deposit (3 million tonnes Cu) and the Santa Barbara gold-(copper) porphyry deposit (8 million ounces Au).

Teams conducted extensive stream sediment and panned concentrate sampling throughout the La Hueca project. The geochemical results of this work delineated 5 porphyry copper targets situated along the contact between the Zamora batholith and volcanic units. The results delineate a copper rich porphyry corridor running through the La Hueca project.

Best rock chip results from Targets 1 to 4 include:

- R02000263: 13.82% Cu
- R02000310: 8.37% Cu
- R02000259: 4.08% Cu
- R02000307: 2.50% Cu

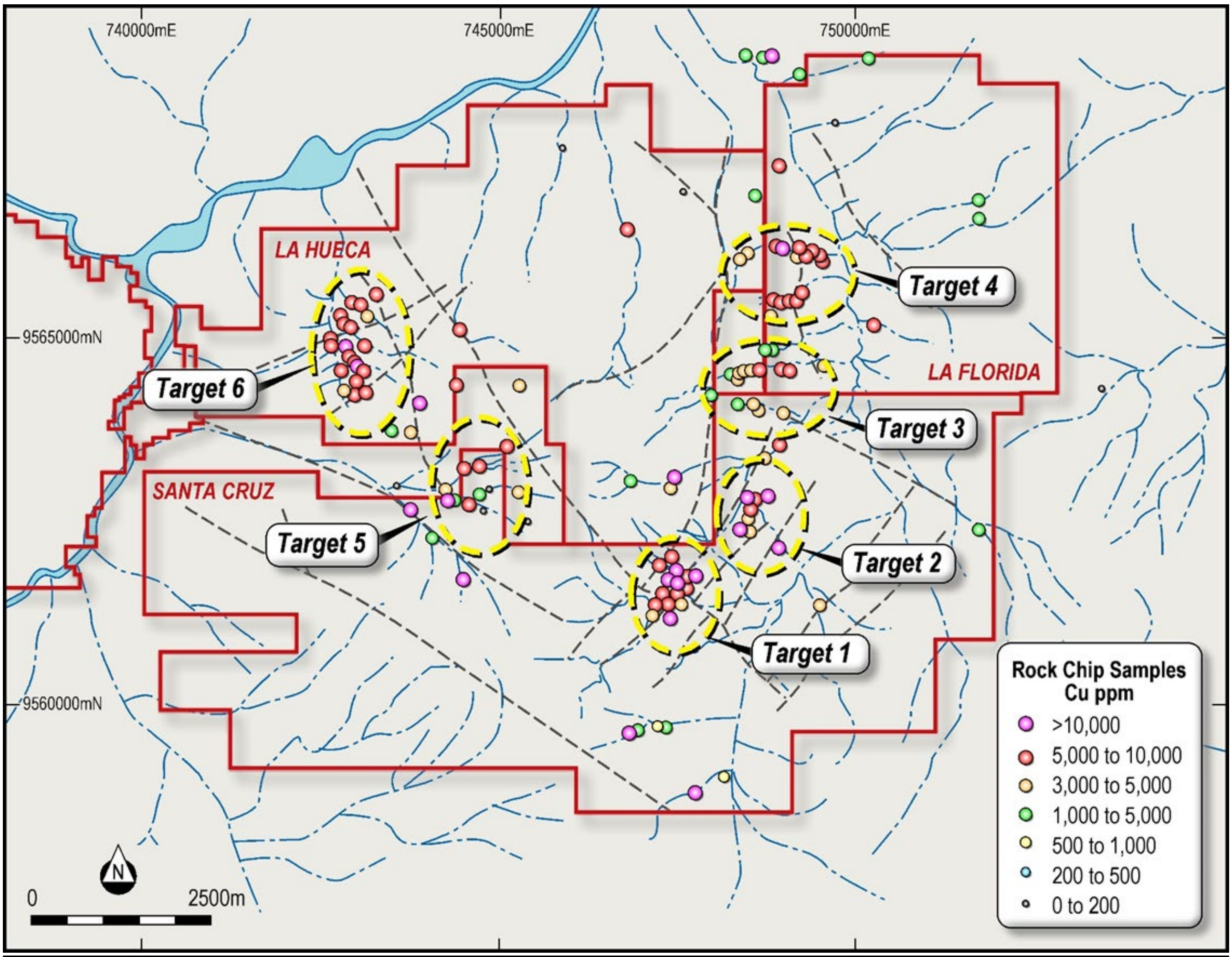


Figure 12 - La Hueca targets with rock chip samples

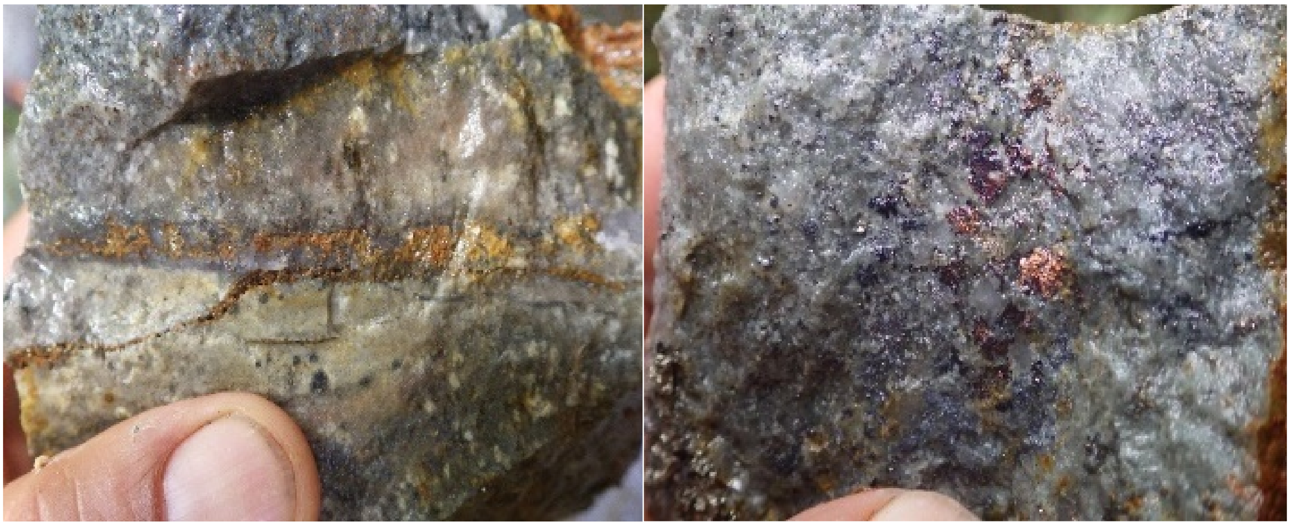


Figure 13 – La Hueca rock samples

Target 6

Target 6 has returned strong copper, gold and molybdenum anomalism over a large area 1.25 km by 1.0 km. The discovery is significant due to k-feldspar, secondary biotite, and chlorite-sericite hydrothermal alteration intensity, and the presence of chalcopyrite, molybdenite and bornite. A- and B-type quartz veins are also present at variable density. Geochemical high Cu-Mo results are significant, and they are dispersed over an extensive area. Best rock chip results from Target 6 include:

- R02000802: 6.27% Cu, 0.29 g/t Au, 22.9 g/t Ag, >1% Mo;
- R02000785: 4.58% Cu, 0.13 g/t Au, 14.6 g/t Ag, 0.16% Mo;
- R02000768: 4.15% Cu, 0.24 g/t Au, 16.1 g/t Ag, 0.28% Mo; and
- R02000784: 2.19% Cu, 0.12 g/t Au, 9.11 g/t Ag, 0.02% Mo.

A program of gridded auger soil sampling was completed at Target 6 to further delineate drilling targets. Fathom Geophysics were commissioned to carryout 3D geochemical porphyry footprint modelling of soil data over Target 6. Fathom Geophysics also re-interpreted the existing aeromagnetic data covering Targets 1 – 5. The results of this work have been used to help design drill holes to test for porphyry mineralisation.

A drilling program has been designed that awaits permitting.

Figure 14 - La Hueca - mineralised outcrop

Porvenir

Project Overview
Location: Zamora Chinchipe province, Southern Ecuador
Ownership: 100%
Subsidiary: Green Rock Resources S.A.
Tenement area: 244km^2
Primary Targets: Copper-gold porphyry

The project is located in Southern Ecuador and is hosted in Ecuador's eastern Jurassic Belt, hosting the Fruta del Norte epithermal gold deposit (14 million ounces Au), the Mirador copper porphyry deposit (3 million tonnes Cu) and the Santa Barbara gold-(copper) porphyry deposit (8 million ounces Au).

The geology is characterised by a sequence of prospective intrusive porphyry bodies and regional geochemical sampling and detailed geological mapping has identified a north easterly zone over 6 km long and 1km wide in the northern part of the project area, hosting at last two significant mineralised porphyry centres believed to be the same age as the 85% SolGold owned Alpala deposit in Northern Ecuador.

A stream sediment sampling program at the Porvenir project delineated two geochemical anomalies within the larger 6 km by 5.5 km stream anomaly at the Derrumbo and Bartolo prospects. Mineralised outcrops have been identified which extend over some 1.5 km by 1 km with chalcopyrite up to 7% and lesser covellite up to 1%, chalcocite up to 2%, bornite up to 1%, malachite up to 3% and pyrite. New mineralised outcrops identified in the Porvenir project that are rich in chalcopyrite, chalcocite, covellite, bornite (copper sulphide minerals) and malachite (copper carbonate mineral).

This zone is interpreted to be genetically related to the intersection of deep-seated northwest and northeast trending deep crustal faults which have focused mineralising events.

Initial auger soil results having identified a 2.5 km by 2 km zone of strong copper anomalism. Initial multi element soil geochemistry is delineating a strongly zoned porphyry copper target with copper in soil values of up to 0.42% Cu. Follow up mapping has confirmed mineralisation in outcrop, with best rock chip results including:

- R03000875: 8.65% Cu, 0.19g/t Au, 38.1g/t Ag
- R03000696: 6.64% Cu, 0.09g/t Au, 33.1g/t Ag
- R03000699: 5.10% Cu, 0.05g/t Au, 22.3g/t Ag
- R03000588: 4.27% Cu, 0.09g/t Au, 14.6g/t Ag

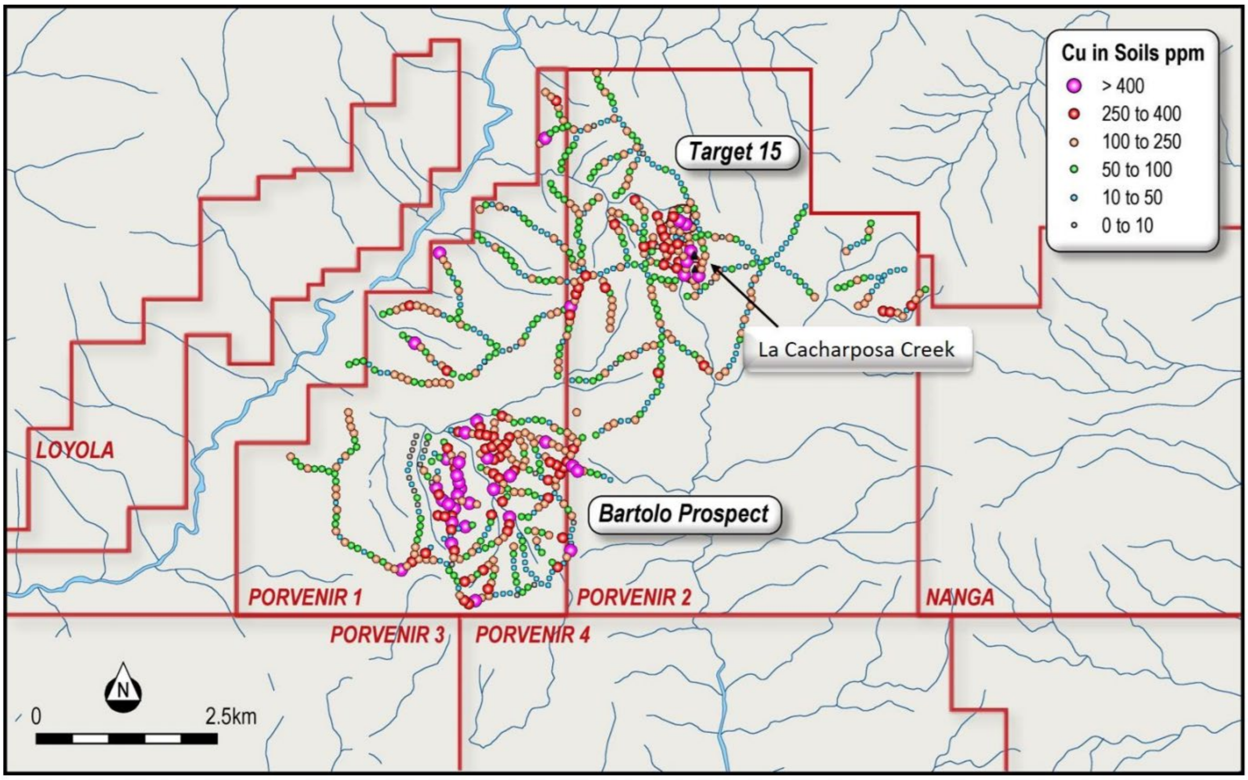


Figure 15 -Porvenir Project highlighting copper in soil samples.

Figure 16 – Porvenir rock samples

Target 15

Target 15 is located within Porvenir #2 concession, north of the town of La Canel in southern Ecuador.

The exposed outcrops along La Cacharposa Creek in Target 15 lie within soil copper, gold, molybdenum, Cu/Zn and Mo/Mn geochemical anomalies in a diorite, manga diorite and quartz diorite porphyry complex that cover an area approximately 1200m long and 800m wide open ended. The presence of potassic alteration (K-feldspar – magnetite) overprinted by intermediate argillic alteration (chlorite – sericite – clay) is associated with higher gold grades and surrounded by phyllic (quartz – sericite – pyrite) and extensive epidote-propylitic alteration. The size and strength of the geochemical anomalies and the zoning of the hydrothermal alteration assemblages are consistent with the presence of a porphyry copper-gold system.

The Target 15 mineralised corridor is characterised by surface exposure of porphyry-style sheeted and stockwork B-type quartz-chalcopyrite-magnetite veining. Veining occurs as three steeply-dipping vein sets orientated northwest, east-northeast, and west-northwest.

Target 15 returned very high coincident gold results in rock chips taken from a 400m wide NE-SW trending corridor with B veining and alteration. Results for the area include:

- R03000986 2.35% Cu, 1.67 g/t Au, 7.87 g/t Ag
- R03002510 2.17% Cu, 0.73 g/t Au, 53.8 g/t Ag
- R03002519 1.91% Cu, 3.59 g/t Au, 8.96 g/t Ag
- R03002518 1.52% Cu, 0.85 g/t Au, 10.6 g/t Ag
- R03002526 1.27% Cu, 1.04 g/t Au, 3.09 g/t Ag
- R03002527 1.04% Cu, 0.97 g/t Au, 2.08 g/t Ag

Rock saw channel sampling across the exposed mineralisation along La Cacharposa Creek returned an open-ended intersection of:

- 62.4m @ 0.71 % Cu and 0.71 g/t Au (open-ended), including
  - 29.5m @ 1.01 % Cu and 0.89 g/t Au from 12.1 to 41.6m
- 147.83m @ 0.64% CuEq (0.43 g/t Au, 0.37% Cu) - open ended.
  - including 82.63m @ 0.96% CuEq (0.71 g/t Au, 0.55% Cu).

Figure 17 - Porvenir - Target 15 samples and rock saw channel

The assay results from this work shows highly consistent copper and gold grades throughout the intersection and exhibit a consistent copper–gold ratio of approximately 1% Cu : 1g/t Au.

Field studies of the porphyry-related vein types and paragenesis at Target 15 are ongoing, and initial work indicates a sequential vein development typical of many significant porphyry deposits such as Alpala. Detailed mapping within Target 15 has identified new mineralised outcrops in other streams. These outcrops display strong alteration and mineralization with B-veins present, at least 15-20 metres of 1.2% quartz vein density.

Field studies of the porphyry-related vein types sequencing and genetic relationships at Target 15 are ongoing, and initial work indicates a sequential vein development typical of many significant porphyry deposits, such as SolGold's Alpala porphyry copper-gold deposit in Northern Ecuador (10.9Mt Cu, 23.2Moz Au).

An extended rock-saw channel sampling program continues to further expose mineralisation and determine the surface extent of mineralisation at Target 15.

Continued detailed Anaconda style mapping (as applied at Alpala) within Target 15 continues to identify new mineralised outcrops along nearby streams, displaying porphyry style B-type quartz veining and associated strong hydrothermal alteration assemblages.

A program of detailed ground magnetics was completed during the year covering the entire Target 15 area, along with an airborne-magnetic survey covering the entire Porvenir Project.

A drilling program has been designed that awaits permitting.

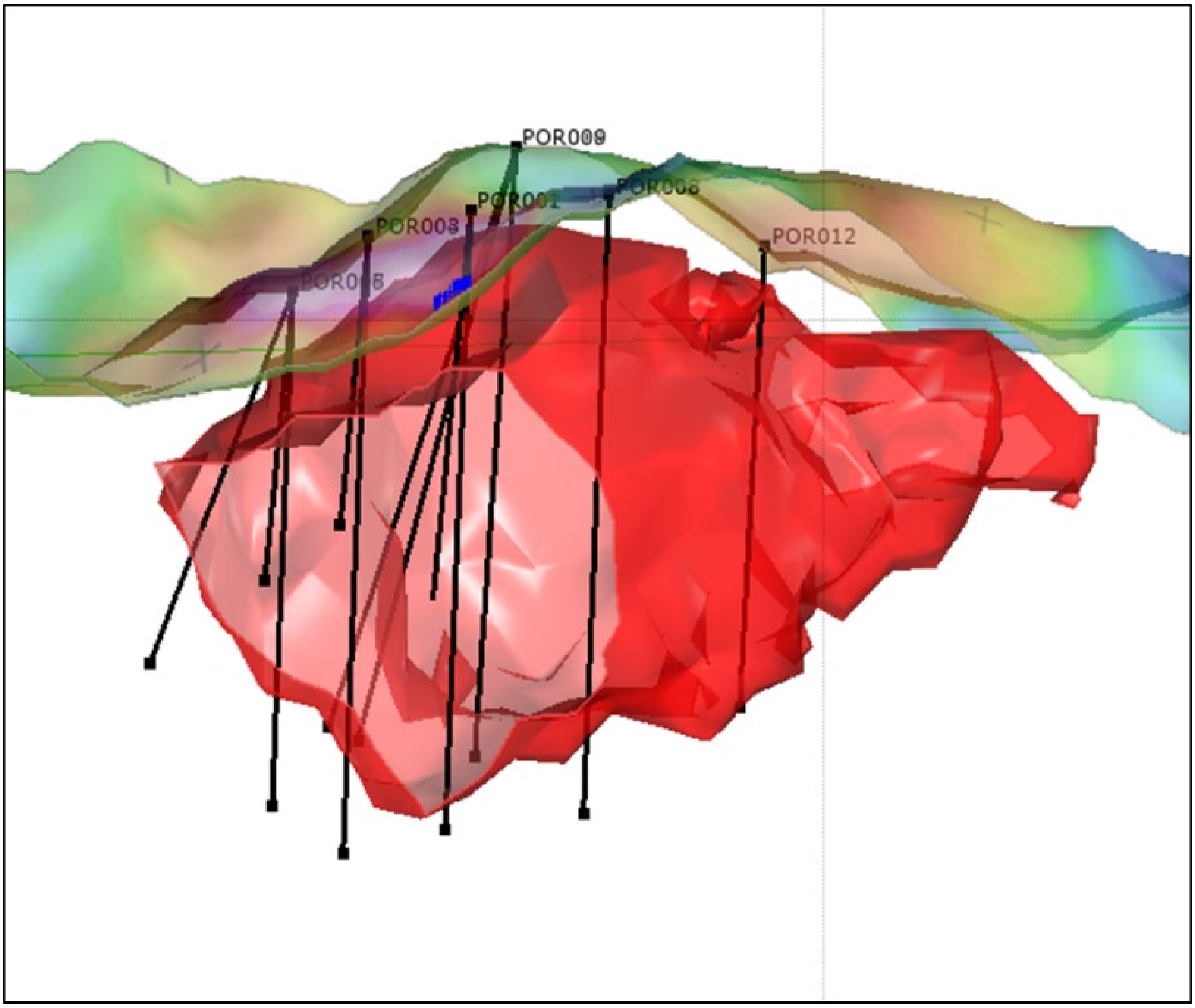


Figure 18 - Planned drill holes Target 15 with 3D geochemical modelling

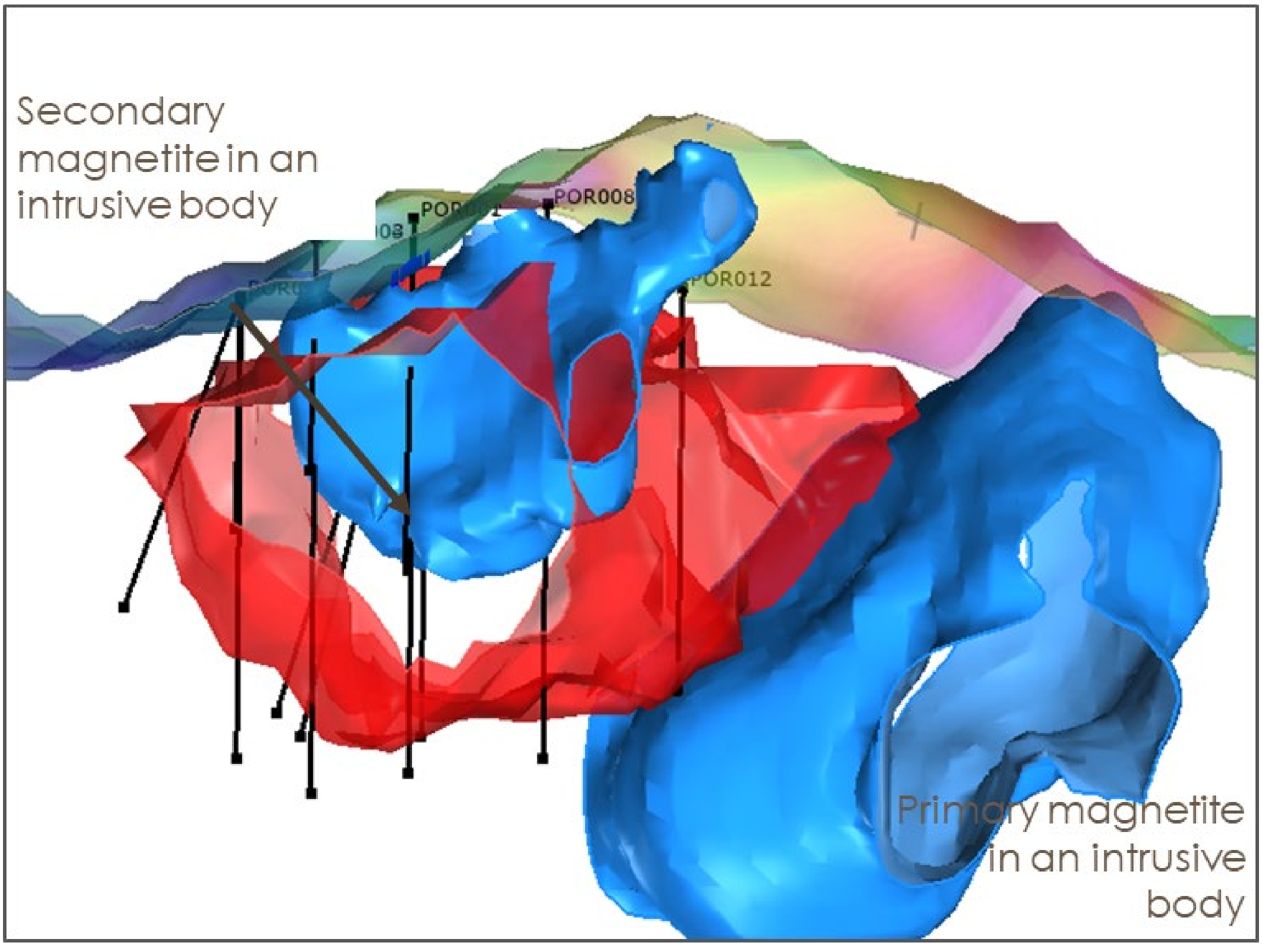


Figure 19 - Cross-section planned drill holes with 3D magnetic inversion & 3D geochemical models

Mula Muerta Creek

The Mula Muerta Creek located on the opposing side of the ridge from the Carchaposa creek displays similar style mineralisation. Both areas are believed to be part of the same mineralised system within the 800m wide northeast trending mineralised corridor approximately 1200m long and open-ended, interpreted to be genetically related to the intersection of deep-seated northwest and northeast trending crustal faults.

The lithology of along the Mula Muerta creek comprises greenstone with fine veinlets of albite and magnetite in some areas. The other unit is monzodiorite with weak magnetism.

The Mula Muerta creek contains two alteration types;

- Argillic intermediate with moderate chlorite and sericite present in monzodiorite.
- Phyllic (quartz-sericite-pyrite) that is moderate to strong at the top of the Mula Muerta creek system.

The two areas of hydrothermal alteration have been mapped and sampled. The first area is characterised by pyrite (2.5%) - chalcocite (0.8%) ± chalcopyrite (0.3%). The other area exhibits pyrite (3%) - chalcocite (0.7 %) - chalcopyrite (0.1)± molybdenum (tr-0.1%).

Fathom geophysics carried out 3D geochemical modelling at Porvenir using the auger soil data collected to date. Both the Target 15 and the Bartolo targets were identified as excellent targets with Target 15 representing shallow and deeper drill targets and the Bartolo prospect representing a deep target. Two additional targets were identified from the Porvenir dataset. Further delineation of the two new target areas was performed through extending the Anaconda mapping over anomalous areas and in-filling auger soils over the 3D geochemical targets.

Cisne Loja Project

Project Overview
Location: Loja province, Southern Ecuador
Ownership: 100%
Subsidiary: Green Rock Resources S.A.
Tenement area: 3 concessions, 146 km^2
Primary Targets: Epithermal gold and silver, Porphyry copper gold

The Cisne Loja project is located in the southern central region of Ecuador at the southern end of the Miocene Belt. It is very close to the Loma Largo deposit owned by INVmetals. The Loma Largo is a high sulphidation epithermal deposit containing 3Moz Au and 125 Mlbs of Cu.

The southern end of the Miocene Belt is defined by the northeast trending fault systems thought responsible for introducing the hydrothermal fluids responsible for mineralisation in this area.

Cuenca Loma
Recent follow up of gold anomalies has led to the discovery of outcropping epithermal style alteration and mineralisation over an area of 2.5 km by 1.5 km 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 6 km by 4 km zone draining the area of interest were ubiquitously 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 2.5 km by 1.5 km. 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

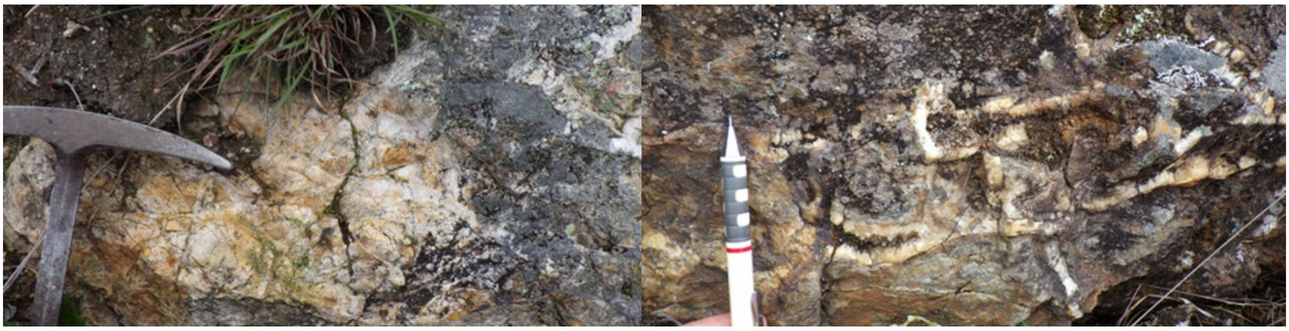


Figure 20 - Cuenca Loma outcrops

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

Rock chip results just in from Cisne 2C concession in the Cisne Loja project have returned highly anomalous Cu-Au-Mo. The copper mineralization is developed within the granodiorite mainly along fractures with minerals malachite, azurite, chalcopyrite and Neotocite, occasionally accompanied by traces of Pyrite. Mineralisation has been identified over an area 1.5km by 1km. Significant results from rock chips include:

Hector Stream
- R03001218 5.28% Cu, 0.66 g/t Au, 91.4 g/t Ag
- R03001221 5.08% Cu, 1.10 g/t Au, 25.8 g/t Ag
- R03001204 4.92% Cu, 3.90 g/t Au, 55.7 g/t Ag
- R03001206 2.06% Cu, 0.24 g/t Au, 28.7 g/t Ag
- R03001207 1.39% Cu, 0.15 g/t Au, 24.6 g/t Ag
- R03001217 1.33% Cu, 0.08 g/t Au, 27.6 g/t Ag

El Tio Stream
- R03001215 3.65% Cu, 0.02 g/t Au, 95.5 g/t Ag
- R03001214 3.43% Cu, 0.09 g/t Au, 73.8 g/t Ag

Mandarina Stream
- R03001211 1.63% Cu, 0.30 g/t Au, 39.8 g/t Ag
- R03001213 1.45% Cu, 0.02 g/t Au, 36.6 g/t Ag

Activities planned for Cisne Loja project include:
- Auger soil programs in Cisne 2A and Cisne 2B
- Additional mapping and sampling of the streams in Cisne2B and Cisne 2C
- Planning drill holes for testing the epithermal veins in Cisne 2A

Figure 21 – Rock samples from Cisne Loja area

Timbara Project

Project Overview

Location:	Zamora Chinchipe province, Southern Ecuador
Ownership:	100%
Subsidiary:	Green Rock Resources S.A.
Tenement Area:	4 concessions (Timbara 1, Timbara 2, Timbara 3 and Timbara 4), 152 km^2
Primary Targets:	Copper-gold porphyry

The Timbara Project is located in Ecuador's eastern Jurassic Belt which hosts the Fruta del Norte epithermal gold deposit (14 million ounces Au), the Mirador copper porphyry deposit (3 million tonnes Cu) and the Santa Barbara copper-gold porphyry deposit (8 million ounces Au). The concessions cover 151km2 and is owned by the Company's 100% owned subsidiary, Green Rock Resources.

Results from rock chip samples collected during stream reconnaissance programs at Timbara include:

- R03000252: 28.89% Cu, >100g/t Ag
- R03000260: 4.00% Cu, >100g/t Ag
- R03000219: 2.94% Cu
- R03000236: 2.32% Cu

The location and orientation of mineralised veins may represent a continuation of the highly prospective porphyry corridor identified at SolGold's La Hueca Project.

Teams have carried out detailed infill of stream sediment, panned concentrate and rock chip sampling in areas identified as anomalous from earlier regional geochemistry.

To date, a total of 430 stream sediment samples and 406 panned concentrate samples have been collected in the Timbara Project. Results highlight the potential for epithermal mineralisation in Timbara 1 & 2 concessions and porphyry style mineralisation in Timbara 4 concession. Teams have continued detailed Anaconda mapping and rock chip sampling of the anomalous areas.

Timbara 1 Prospect

Outcropping porphyry style mineralisation occurs as northeast trending narrow quartz veins containing pyrite, chalcopyrite, covellite and bornite hosted within granodiorite intrusive.

Timbara 2 Prospect

Fine-grained diorite contains abundant stock works of porphyry style quartz-chalcopyrite veins and magnetite veinlets characterised by intense propylitic chlorite alteration. Mineralisation is represented by up to 3% chalcopyrite, 2% bornite, and 1% chalcocite, with traces of malachite and native Cu.

Timbara 3 Prospect

Reconnaissance mapping has located a 25 m wide zone of quartz-hematite veining including localised bornite rich veining. Other outcrops identified show significant exposed 5 m thick quartz veins containing pyrite, chalcopyrite, bornite, and minor chalcocite. Peripheral to these mineralised zones, host rocks contain abundant magnetite veinlets cut by quartz veins containing chalcopyrite, magnetite, pyrite and minor chalcocite.

Rio Amarillo Project

Project Overview

Location:	Imbabura province, Northern Ecuador
Ownership:	100%
Subsidiary:	Carnegie Ridge Resources S.A.
Tenement Area:	3 concessions (Rio Amarillo 1, 2 & 3), 123 km^2
Primary Targets:	Copper porphyry

Located in northern Ecuador Miocene Belt near SolGold's Cascabel Project. Two main prospects have been identified in both Rio Amarillo 1 & 2; Chilanes and the Pugaran prospects. The main geological feature of the Rio Amarillo project is the extensive lithocap extending 2km by 2.4km in area.

Chilanes Prospect

Chilanes located in Rio Amarillo 2, consists of an extensive lithocap with surrounding strong stream sediment anomalies. The lithocap measures approximately 2.4 km by 2.4 km. It consists of crackle and hydrothermal breccias, with silica-clay and advanced argillic alteration, typical of the upper levels of a porphyry system. At the Chilanes prospect, located proximal to the lithocap, B type veins have been mapped and sampled. An outcrop of stockwork B type veins has been identified hosted in a dark micro diorite - quartz diorite with the matrix altered to magnetite and chlorite, with best rock chip results including:

- R01000025 0.93 g/t Au, 0.18% Cu, 11.85ppm Mo
- R01000026 0.90 g/t Au, 0.01% Cu, 13.75 ppm Mo
- R01000029 0.51 g/t Au, 0.13% Cu, 10.35 ppm Mo

Pugaran Prospect

Located in Rio Amarillo 1, Pugaran hosts abundant B-type veins and zones of strong copper mineralisation. It represents a 250 m long outcrop of copper mineralisation consisting of B type veins with pyrite, chalcopyrite, chalcocite and bornite. K-alteration overprinted by phyllic alteration.

- 140m @ 0.24% Cu
  - Including 13m @ 0.65% Cu
  - Including 12m @ 0.38% Cu

Figure 22 - Pugarán Sector - 250m outcrop at Palomar Creek, Zone covered in Quaternary ash tuff - gold traces observed in pan concentrate

Cuambo Prospect

Located in Rio Amarillo 2, Cuambo prospect is located distal to the lithocap with epithermal vein mineralisation identified.

- R01001018 11.3 g/t Au
- R01001019 1.85 g/t Au

Pasquel Prospect

Located in Rio Amarillo 2, Cuambo prospect is located distal to the lithocap with epithermal vein mineralisation identified.

- R01001290 13.35 g/t Au
- R01001294 3.00 g/t Au
- R01001295 2.45 g/t Au

The epithermal veining at Cuambo and Pasquel prospects are possibly associated with a deeper porphyry system that is responsible for the advanced argillic alteration forming the lithocap.

Auger soil programs were completed during the year at the Chilanes lithocap that is returning anomalous results. Along with rock chip sampling the northern lithocap zone is starting to define significant anomalism. Several intrusive stocks and hydrothermal breccias have been located in this zone that exhibit significant alteration and mineralisation that support the results received from the auger soils.

An airborne magnetic program is scheduled to commence in July/August 2019.

A drilling program has been designed that awaits permitting.

Chillanes Project

Project Overview

Location: Bolivar/Chimborazo province, Central Ecuador
Ownership: 100%
Subsidiary: Green Rock Resources S.A.
Tenement Area: 48 km^2
Primary Targets: Copper-gold porphyry

The Chillanes project is located in the central Miocene belt that is host to several large epithermal and porphyry deposits including Quimsacocha and Junin. Stream sediment geochemical sampling has returned the highest copper results from any SolGold project in Ecuador with best results including 1,140 ppm Cu and 1,110 ppm Cu. Detailed follow up mapping and rock chip sampling is continuing with the best rock chip assay returned to date of 1.42% Cu.

Hydrothermal alteration consists of phyllic alteration with abundant chalcopyrite and pyrite with lesser chalcocite and bornite mapped in outcrop. Following the completion of initial anaconda mapping, a program of auger soil geochemistry will be carried out to delineate priority drill targets.

Social teams have been working with government to ensure ongoing access to this project which is progressing well. Negotiations for access is ongoing.

Salinas Project

Project Overview

Location: Bolivar province, Southwest Ecuador
Ownership: 100%
Subsidiary: Valle Rico Resources S.A.
Tenement Area: 4 concessions (Salinas 1, 2, 3 and 4), 189 km^2
Primary Targets: Gold-silver-copper epithermal

The Salinas project represents a high sulphidation epithermal Ag-Au-Cu with indications of a nearby Cu-Au porphyry system. Mineralisation is hosted in structurally controlled hydrothermal volcanic breccias. A hypogene covellite-enargite-chalcocite-arsenopyrite paragenesis of phases in the hydrothermal breccia suggests a nearby larger Cu-Au porphyry system.

Valle Rico will focus on exploring for both epithermal and porphyry systems at the Salinas project. Along with continuing to drill test the mineralised epithermal breccias, Valle Rico will carry out regional prospecting to identify porphyry targets.

An airborne magnetic program is scheduled to commence in July/August 2019.

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 should be granted shortly for Salinas 1 and 2 concessions.

Sharug Project

Project Overview

Location: Azuy province, Southwest Ecuador
Ownership: 100%
Subsidiary: Green Rock Resources S.A.
Tenement Area: 2 concessions, 52 km^2
Primary Targets: Copper-gold porphyry

The Sharug project is located in the southern end of the Miocene Belt. It is located south of known mineral deposits; Tres Chorreras and the Cerro Negro mining areas. New diorite outcrops were identified in the Sharug project, in the Sharug 2 concession. Two prospects have been identified, the Quillosisa epithermal prospect and the Santa Martha porphyry prospect.

A gridded soil program at Sharug was completed that covered both the Quillosisa and Santa Marta prospects that confirmed anomalous mineralisation at both prospects.

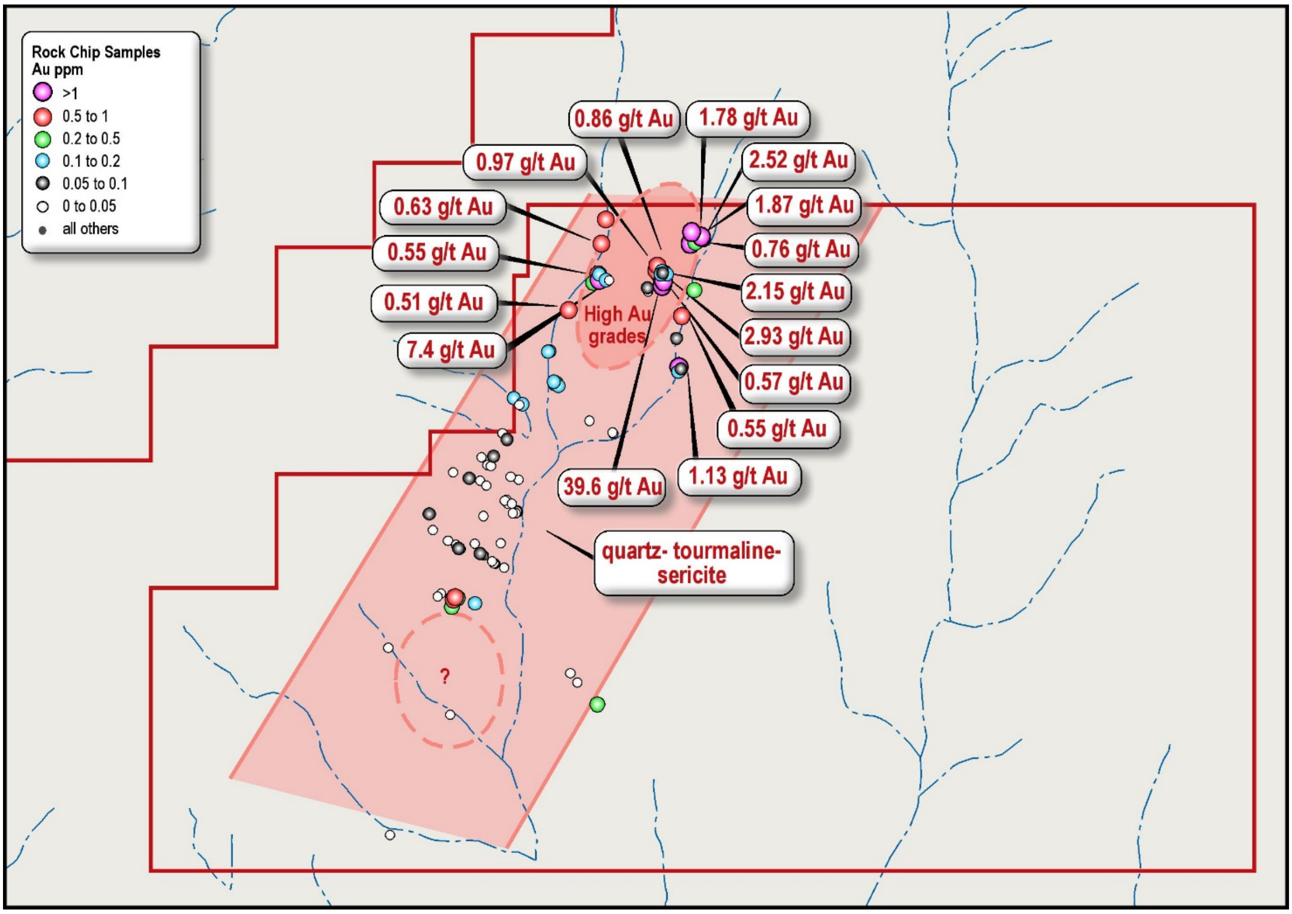


Figure 23 - Sharug Epithermal Zone rock chip samples showing gold assays.

Figure 24 – Sharug Project rock samples from the epithermal target

Figure 25 - Sharug project epithermal target outcrop

Figure 26 - Sharug Project: Stockwork veining – porphyry target

Quillosisa Prospect

The Quillosisa epithermal target (northern target) returned anomalous results for Au, Ag, Pb, Zn, Sb, Bi coincident with mineralized outcrops occurring in an area 500 x 150 meters.

Table 4: Significant Results from the Quillosisa Prospect

Sample ID	easting	northing	elevation	Au_gt	Ag_ppm	Cu_ppm	Pb_ppm	Zn_ppm
R03001156	664409	9638870	1815	39.6	>100	81	1130	93
R03000159	663958	9638913	1576	7.4	7.12	154	159.5	353
R03001157	664416	9638903	1823	2.93	>100	189	731	141
R03001169	664688	9639219	1879	2.52	6.41	156	1745	90
R03001194	664403	9638958	1851	2.15	98.3	372	3470	164
R03001195	664643	9639167	1879	1.865	17.25	432	298	395
R03001171	664635	9639259	1905	1.775	17.6	368	845	408
R03001203	664558	9638269	1421	1.125	>100	22960	>10000	3310

Santa Martha Prospect

Continued field mapping along the identified structural corridor has now discovered a significant copper gold molybdenum porphyry target called Santa Martha. Highly anomalous rock values followed by strong auger soil anomalies show this target covers an area 1.2km by 0.5km and remains open to the east. Auger soils were unable to test the eastern flank of the anomaly due to a drainage system comprising colluvial material.

The Santa Martha prospect consists of diorite, quartz diorite and small zones of tourmaline breccia. Hydrothermal alteration comprises zones of biotite-sericite, quartz-sericite, chlorite, chlorite-epidote and sericite alteration.

The Santa Martha porphyry returned results high in Cu and Mo coincident with the mineralised outcrop displaying strong stockwork quartz and feldspar veinlets, with disseminated chalcopyrite and secondary biotite in an area of 1200 x 600 meters.

Table 5 Significant results from rock chip sampling at Santa Martha

Sample ID	easting	northing	elevation	Cu %	Au g/t	Mo_ppm
R03001043	663071	9636625	1087	2.52	0.15	491.00
R03001045	662921	9636654	1126	0.78	0.51	6.35
R03001044	662950	9636668	115	0.73	0.33	53.70
R03001052	662932	9636671	1122	0.60	0.56	84.20
R03000168	662908	9636607	1149	0.56	0.20	13.80
R03001046	662829	9636695	1150	0.33	0.01	2.42

A ground magnetics geophysical program was completed covering both the Quillosisa and Santa Martha prospects. This program has highlighted an area of magnetite destruction over the Santa Martha prospect.

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

Cisne Victoria Project

Project Overview

Location:	Morana Santiago province, South-eastern Ecuador
Ownership:	100%
Subsidiary:	Cruz del Sol S.A.
Tenement Area:	170 km^2
Primary Targets:	Copper-gold porphyry

The project lies in south-eastern Ecuador within the eastern Jurassic Belt, which contains the Fruta del Norte epithermal gold deposit (14 million ounces Au), the Mirador copper porphyry deposit (3 million tonnes Cu) and the Santa Barbara gold-(copper) porphyry deposit (8 million ounces Au).

Numerous prospects have been discovered during SolGold's initial geochemical stream sampling. Significant alteration and mineralisation were identified that is indicative of a large porphyry system. Best results include a 7 metre continuous channel chip sample that returned: 7m @ 2.28% Cu, 0.73 g/t Au, 8.83 g/t Ag.

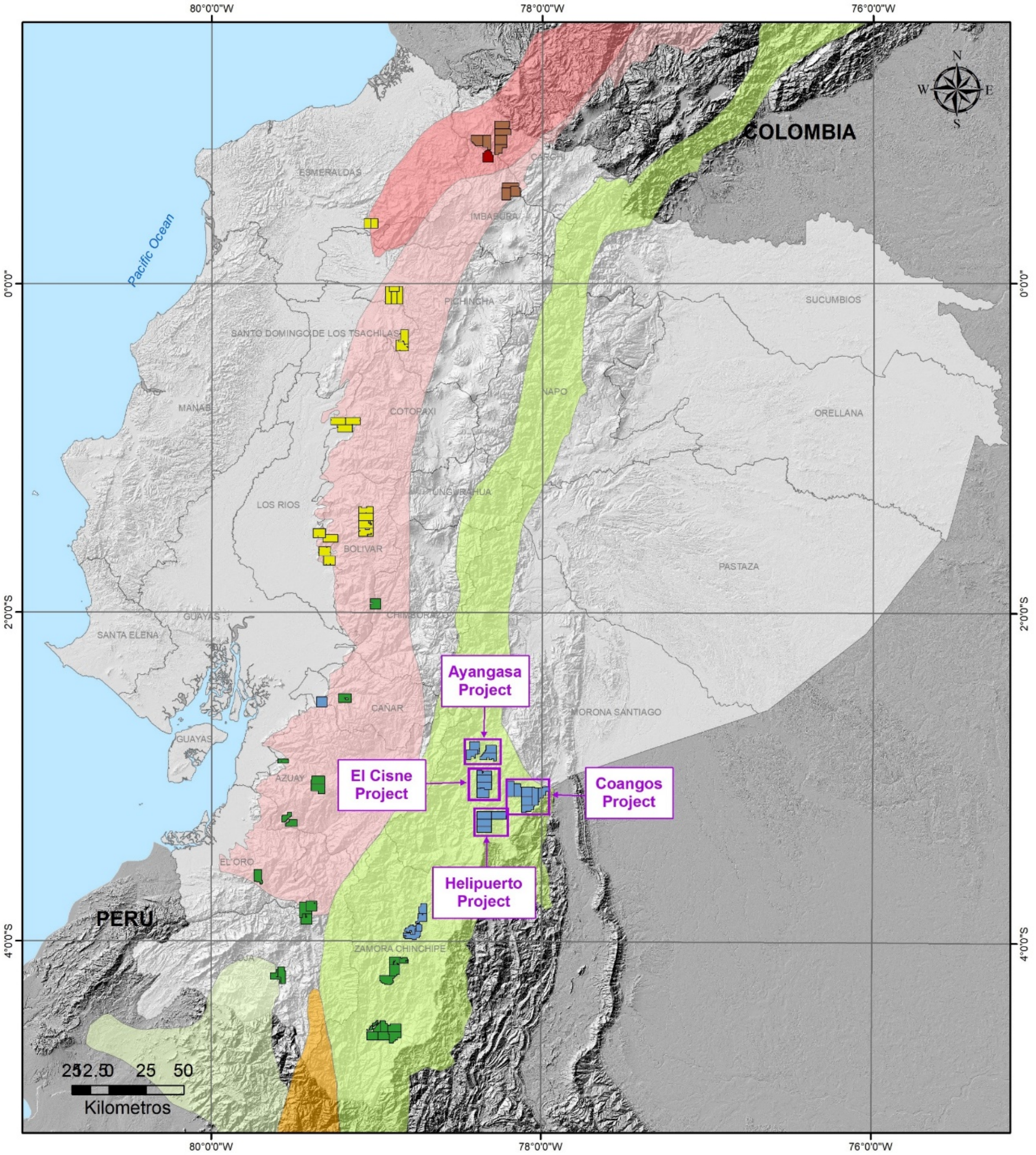


Figure 27 – El Cisne – Victoria Located in southeastern Ecuador on the prolific Andean Copper Belt

Coangos Project

Project Overview

Location: Morana Santiago province, south-eastern Ecuador
Ownership: 100%
Subsidiary: Cruz Del Sol S.A.
Tenement Area: 7 tenements (Coangos 1, Coangos 2, Chimius 1, Chimius 2, Chimius 3, Cisneros, Tsapa) 259 km^2
Primary Targets: Porphyry & Epithermal Copper-gold

The Coangos Project is located on the Southern Jurassic aged belt in Ecuador, which hosts the Fruta del Norte, Mirador and other projects in Ecuador.

Cruz del Sol teams have discovered two areas of mineralised outcrops in the Coangos project, characterised by strong copper-carbonates and copper-oxides exposed mainly in fractures.

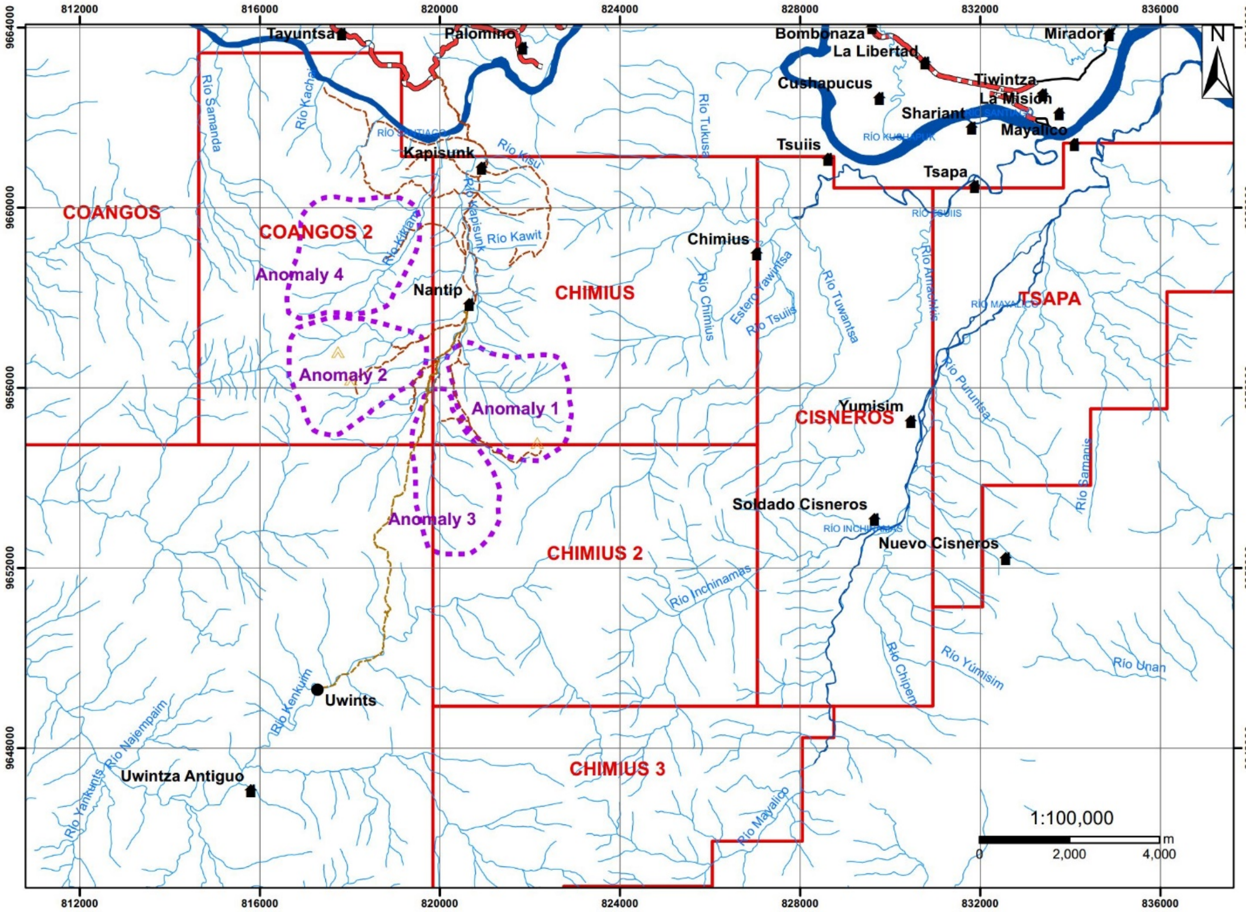


Figure 28 – Coangos Project showing 4 geochemical anomalies investigated to date.

Figure 29 – mineralised outcrops in the Coangos project

Anomaly 1

Anomaly 1 contains mineralization hosted in volcanoclastic rocks. The copper-silver zones contain primary chalcocite and chalcopyrite, and secondary chrysocolla, malachite, and tenorite. Near-source stream boulders with chrysocolla have returned very high copper and silver grades. Stream outcrops are up to 120m in length.

The main vein-joint orientation is 20°/70°E. A second area of concentrated copper-silver occurrences is associated with regional faults oriented 128°/62°W and 240°/85°W. Chrysocolla – tenorite occurs together with k-feldspar, plagioclase, and carbonates in micro-fractures. The following significant results have been obtained from in situ outcrops:

- R02001026 9.27% Cu, 91.5g/t Ag
- R02001027 8.31% Cu, 99.8g/t Ag
- R02001031 6.12% Cu, 60.1g/t Ag
- R02001019 4.13% Cu, 23.0g/t Ag
- R02001021 3.19% Cu, 28.3g/t Ag
- R02001017 2.23% Cu, 17.3g/t Ag

Results from rock float samples include:

- R02001010 23.2% Cu, 122g/t Ag, 0.98% Zn
- R02001011 20.6% Cu, 114g/t Ag
- R02001012 13.5% Cu, 90.4 g/t Ag

Teams have located likely sources of the high-grade results returned from transported boulders located in streams. The majority of outcrops correspond to a repetitive sequence of sandstones and volcanic- breccias. The breccias present subangular clasts of volcanic rocks with ferruginous interstitial matrix. Several mineralised structures that have corresponding high grades.

Anomaly 2

Anomaly 2 is located at the head of the Numpaim River where a breccia structure has been mapped. Mineralisation is associated with a fault breccia 1.5m wide containing quartz veins up to 8mm thick, sugary quartz clasts, rhodochrosite, barite and calcite in a zone of chlorite-sericite alteration.

The breccia outcrop contains up to 7% bornite, 3% chalcocite, 1% chalcopyrite 1% and 5% enargite. 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.

Rock chip samples from the breccia return:

- R02001034 27.98% Cu, 227 g/t Ag, 0.98% Zn
- R02001035 8.37% Cu
- R02001036 6.45% Cu

Anomaly 2 mapping delineated an 8m wide mineralised breccia mapped over 200m in the southwestern edge of Anomaly 2. The structure has quartz-sericite-chlorite alteration, containing abundant bornite, chalcopyrite, chalcocite and enargite.

Auger soil sampling over Anomalies 1 & 2 helped further delineate the Anomaly 1 & 2 prospects.

Chical Project

Project Overview

Location:	Carchi province, Northern Ecuador
Ownership:	100%
Subsidiary:	Carnegie Ridge Resources S.A.
Tenement Area:	4 tenements (Chical 1, 2,3 and 4) 1835) km^2
Primary Targets:	Epithermal Copper-gold

Follow up of anomalous stream sediment geochemistry has identified 5.8km² area of mineralised epithermal veining comprising 3 prospect areas; Pascal, La Esperanza and Espinoza prospects.

Mineralisation is associated with an extensive contact zone between intrusive granodiorite and gabbro with volcano-sedimentary units. Mineralised is related to epithermal stockwork quartz veining with density of 10 to 15 per metre with associated strong chlorite-sericite-epidote hydrothermal alteration.

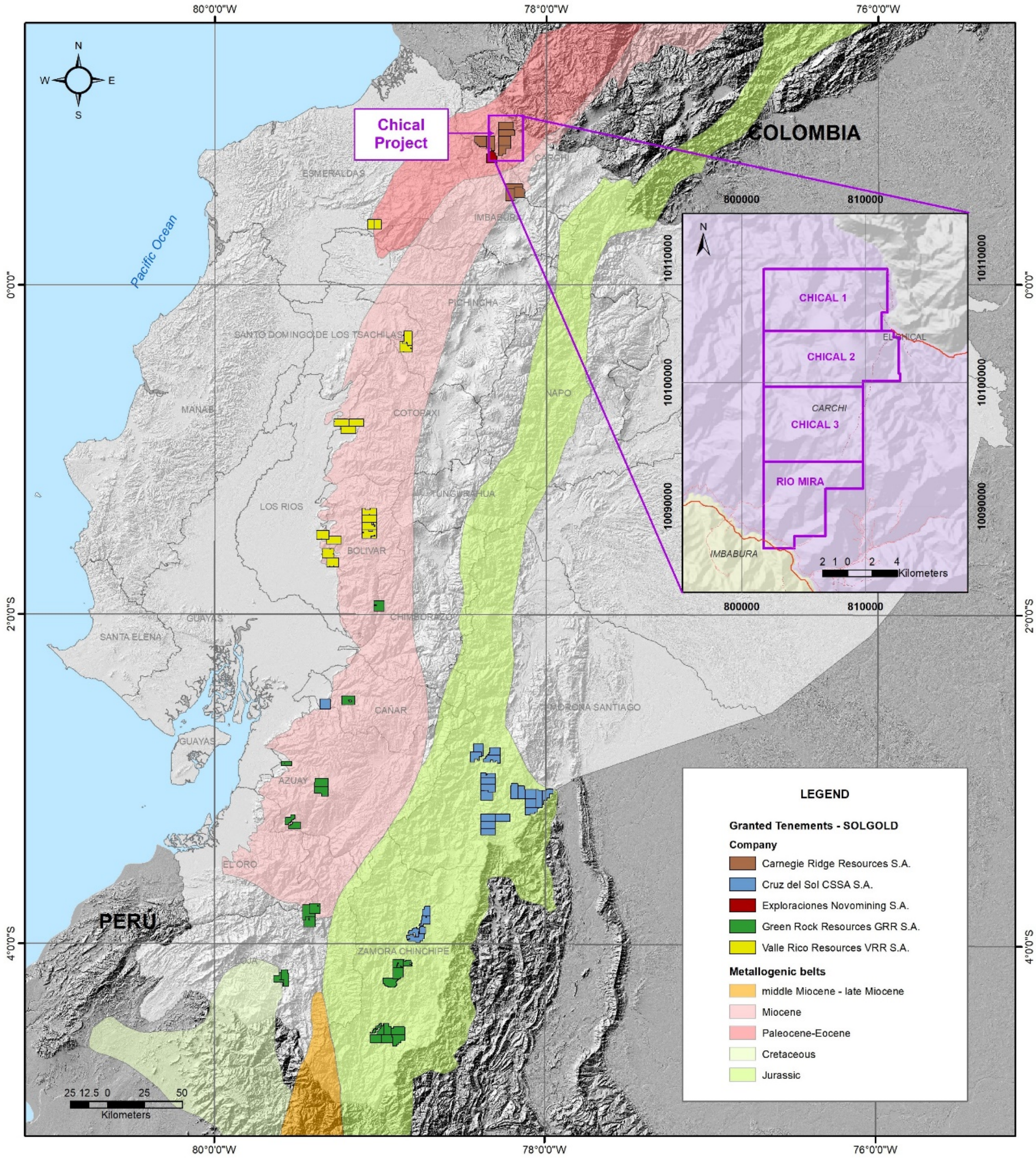


Figure 30 - Located immediately northeast of the Cascabel concession

Pascal and Espinoza Prospects

Follow up mapping and rock chip sampling of a stream sediment geochemical gold anomaly, known as the Pascal and Espinoza prospects returned rock results of up to 45.5 g/t Au in granodiorite and andesite rocks. Samples were taken from epithermal quartz stockwork outcrops associated with the mineralisation. Significant rock chip results from the Pascal prospect include:

- R01003083 45.5g/t Au (float)
- R01003217 7.05 g/t Au
- R01003148 3.27g/t Au
- R01003134 2.57g/t Au
- R01003064 2.41g/t Au

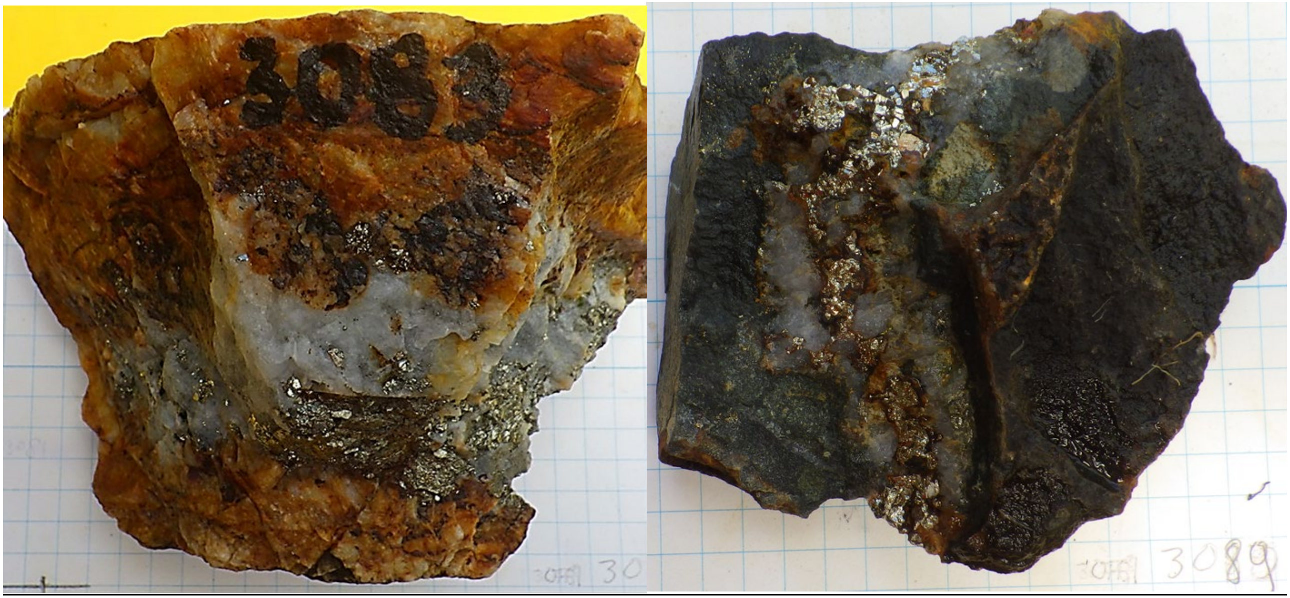


Figure 31 - Chical Project - sample R01003083 and R01003089

La Esperanza Prospect

A stream sediment geochemical copper anomaly was also identified in the La Esperanza prospect dominated by diorite and granodiorites with veinlets of quartz – chalcopyrite associated with potassic alteration. This copper anomaly has coincident molybdenum and copper - zinc ratio (Cu/Zn) geochemical anomalies. Best geochemical rock chip results include:

- R01003071 1.04% Cu, 0.42 g/t Au, 886 ppm Mo
- R01003095 0.94% Cu, 0.18 g/t Au, 5.84 ppm Mo
- R01003156 0.9% Cu, 0.44 g/t Au, 348 ppm Mo
- R01003226 0.63% Cu, 0.59 g/t Au, 50.8 ppm Mo (float)
- R01003157 0.42% Cu, 0.1 g/t Au, 459 ppm Mo

AUSTRALIA

In Queensland, Australia, the Company has identified the following 4 major project areas:

(i) Rannes;
(ii) Mount Perry;
(iii) Normanby; and
(iv) 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 as follows: EPM 25300 (Cooper Consolidated, Rannes Project), EPM 18760 (Westwood), EPM 18032 (Cracow West), EPM 27211 (Mt Pring) and EPM 19639 (Goovigen Consolidated). Acapulco Mining Pty Ltd. currently holds exploration permits at EPM 25245 (Mount Perry) and EPM 19410 (Normanby).

Exploration during the reporting period included a single diamond hole at Cracow West (374.43m), 8 RC/Diamond holes at Westwood (617.1m), 100 line-km's / 126km^2 Airborne EM (VTEM) and 3D inversion modelling at Rannes, tenement-wide photo-structural interpretation at Normanby and the granting of a new EPM at Mt Pring.

Rannes Project (EPM 25300)

Project Overview

Location: 140 km 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

Located, 140 km 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. 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.

During the year ended 30 June 2019, a variable time airborne electromagnetic survey (VTEM) was completed during the reporting period (100 line km's, 126km^2) and 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. Targets will be ranked and prioritized ahead of drill-testing in the 2019/2020 reporting period.

Mineral resource estimates completed by Hellman & Schofield Pty Ltd. and by H&S Consulting Pty. Ltd. includes 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 May 23, 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 May 23, 2012.

Prospect	Cut-Off (Au.Eq)	Resource Category	M.Tonnes	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**

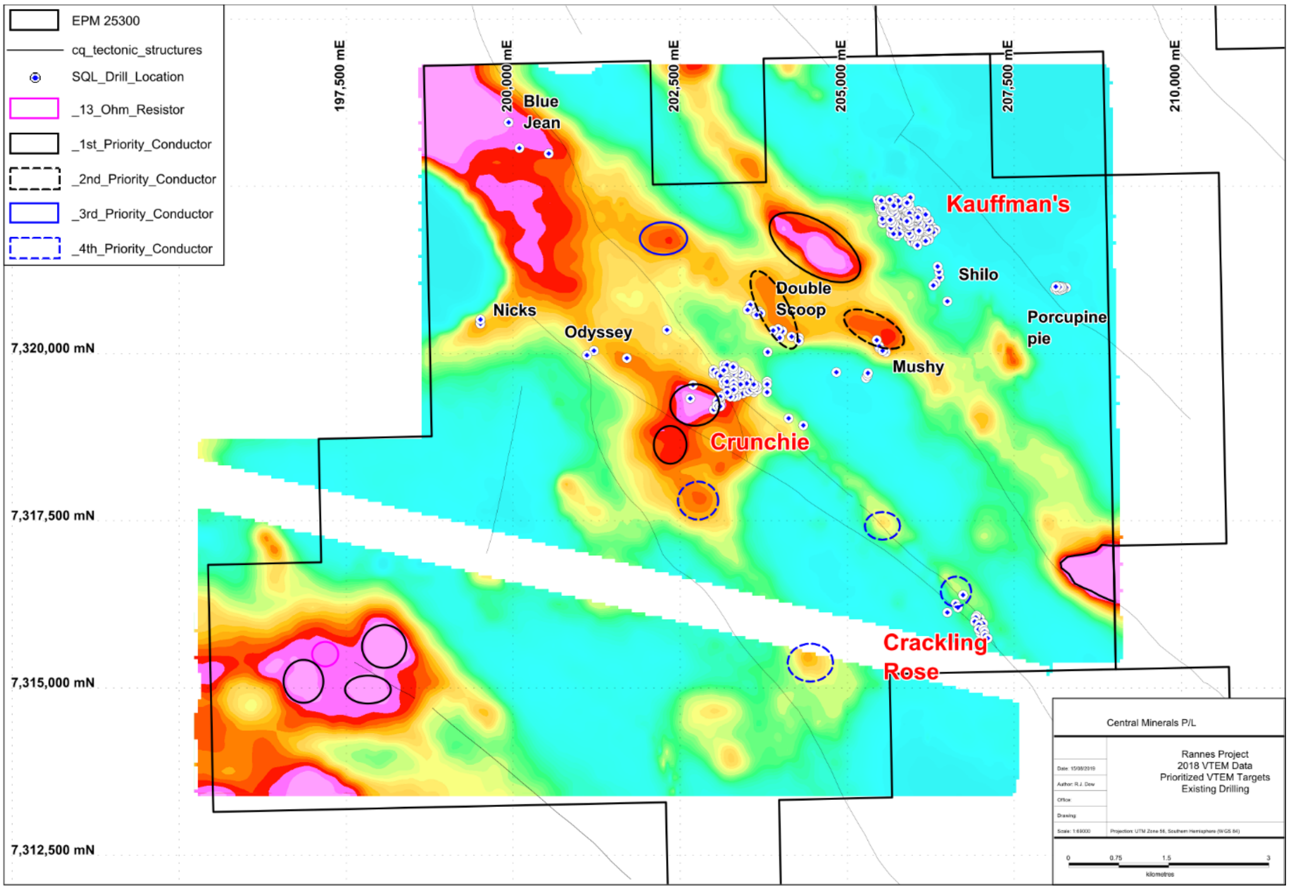


Figure 32 – Plan view of Rannes Project VTEM 3D inversion data. Warm colours represent lower resistivity / higher conductivity where magenta equals 13 Ohm Resistor. Ranked conductors were modelled from late-time channels only. Note the relative paucity of drilling proximal to modelled conductors. The three clustered 1st priority conductor targets in the southwest of the survey area are coincident with gold-silver surface geochemistry and a strong magnetic feature, probably relating to an intrusive complex coeval with mineralization.

Mount Perry Project (EPM 25245)

Project Overview

Location: 130 km northwest of Gympie, Queensland, Australia
Ownership: 100%
Subsidiary: Acapulco Mining Pty Ltd.
Tenement Area: 64 granted sub-blocks (circa 205km²)
Primary Targets: High grade, lode gold deposits and possible gold porphyry deposits

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

Assays were received for two RC water bores (NMN016, NMN017, total 59m) and two diamond holes (NMN018, NMN019, total 567.4 m). Drilling identified mineralization consistent with and indicative of a porphyry system, however, assay results were disappointing and lacked gold within the system core assemblage (best intercept 76m @ 0.09% Cu, 0.97 g/t Ag from 110m, NMN018).

A comprehensive assessment of the project has identified the Upper Chinaman's Creek prospects as the highest priority high-grade opportunity. Work in the upcoming reporting period will include 3DEM inversion modelling and potentially a 3D IP survey (3.7 x 1.5km) that will help define key mineralized structures and allow prioritization of drill hole targets.

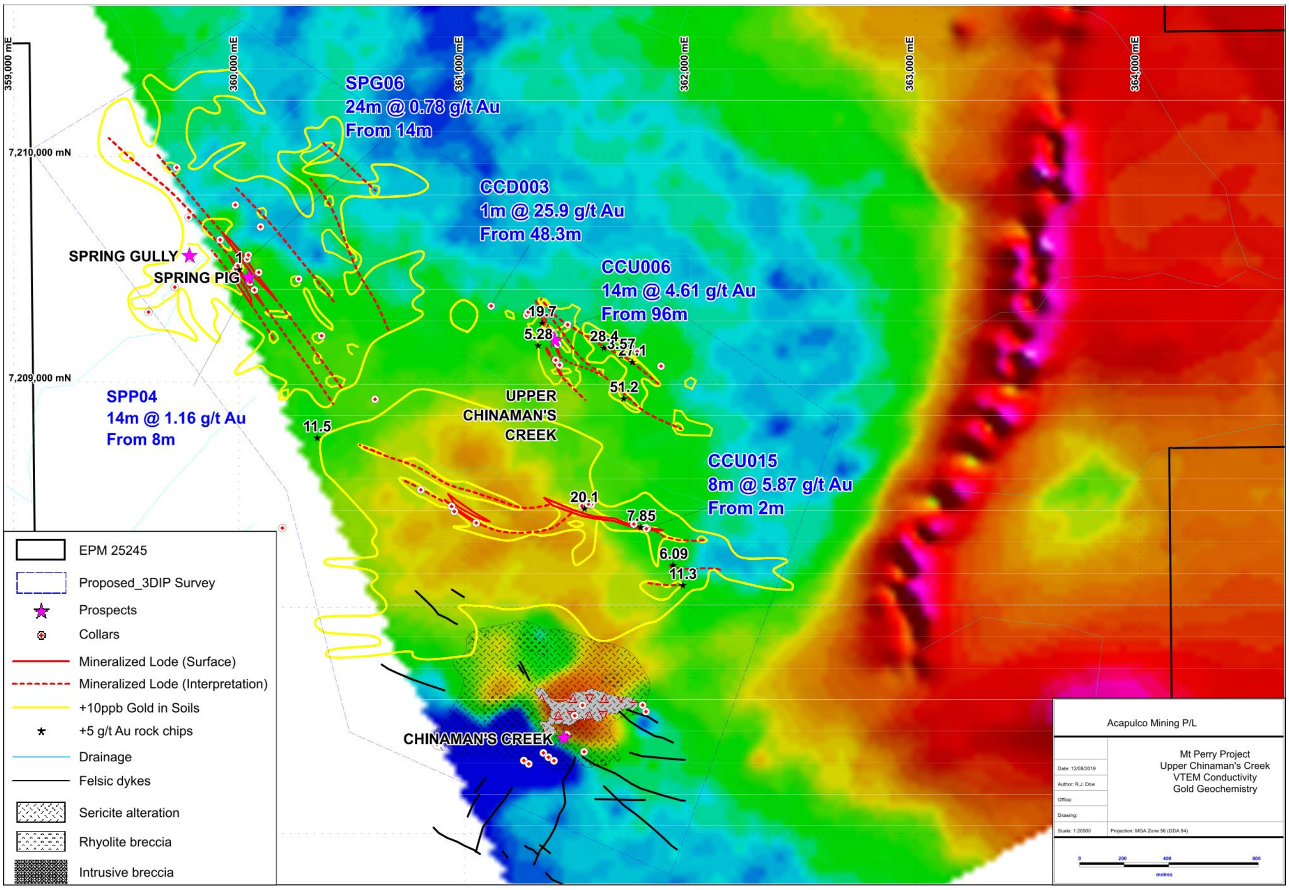


Figure 33 – 2018 VTEM survey conductivity image of the Chinaman's Creek area within the far southern limits of EPM 25245. Recent geological interpretation indicates a potentially linked mineralizing system between the southern Chinaman's Creek copper porphyry / intrusive breccia complex and the low sulphidation epithermal vein gold lodes of the Upper Chinaman's Creek and Spring Pig prospects. This epithermal system represents the best opportunity within the EPM for a +500koz, high-grade gold deposit. The proposed 3DIP survey has been designed to test the limits of gold soil anomalism and covers the entire porphyry – epithermal environment.

Normanby Project (EPM 19410)

Project Overview

Location: 120 km northwest of Mackay, Queensland, Australia
Ownership: 100%
Subsidiary: Acapulco Mining Pty Ltd.
Tenement Area: 60 granted sub-blocks (circa 192 km^2)
Primary Targets: Intrusion-related epithermal gold veins and potential porphyry Cu-Au deposits

The Normanby Goldfield comprises over 300 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.

Work completed during the reporting period included completion of a tenement-wide photo-structural interpretation that resulted in review and prioritization of key higher-grade targets. The Mt Flat Top prospect potentially sits at the transition between the epithermal and porphyry Cu-Au environment and represents the best opportunity to define a bulk tonnage within the goldfield. Mineralization at Mt Flat Top has been identified over a strike length of at least 500m and comprises 10-20m wide silica-pyrite zones hosted within a broader <80m-wide sericite-pyrite alteration envelope. A 3D IP survey has been planned to define the mineralized corridor and to assess the potential for bulk-tonnage, porphyry-type targets at depth.

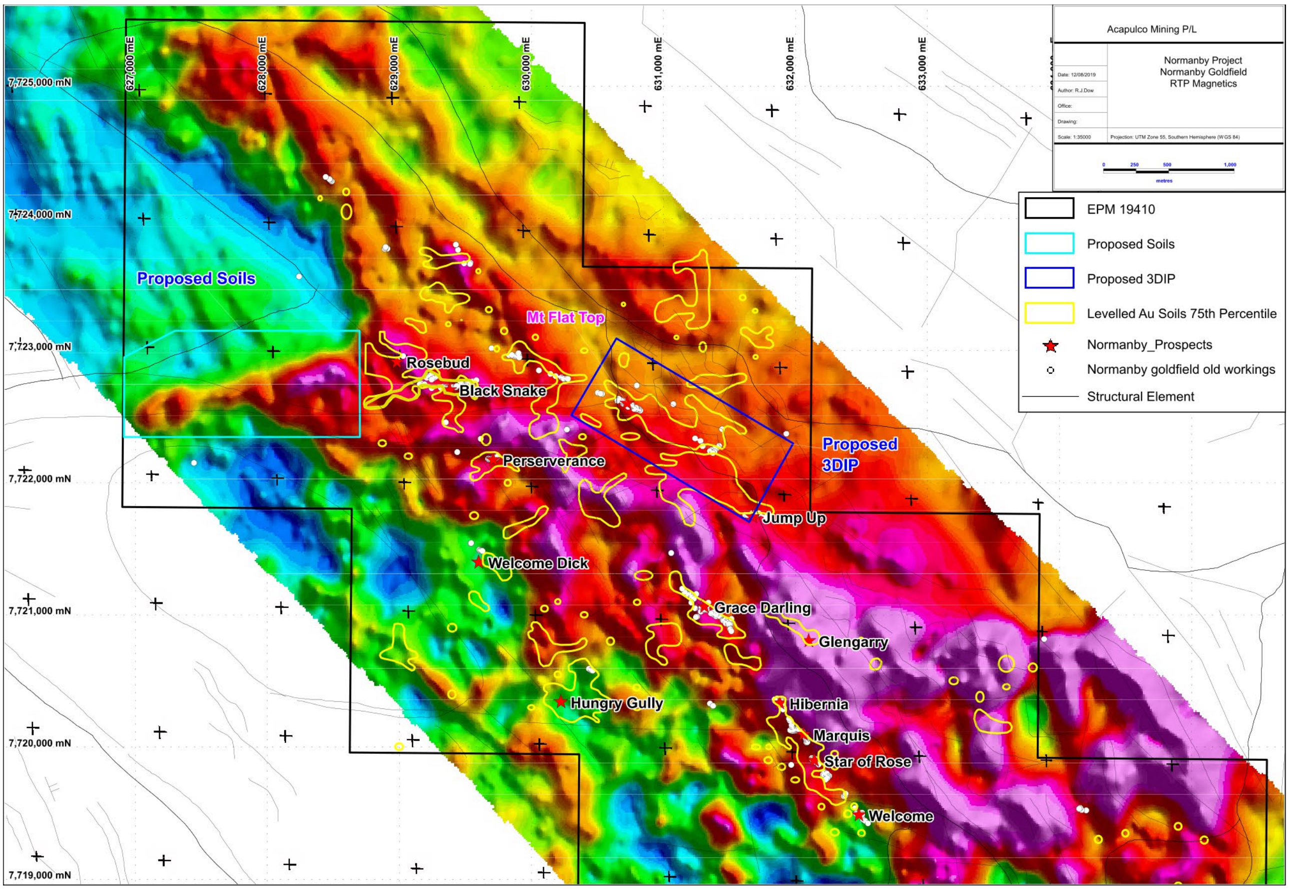


Figure 34 - Airborne RTP magnetic image of the Normanby Goldfield showing historic workings, gold-in-soil geochemistry, key structural elements and proposed 3DIP survey over the Mt Flat Top prospect and soil survey extensions of the Rosebud – Black Snake system. The 3DIP survey has been planned to test the potential for the Mt Flat Top system to transition into a more extensive porphyry system at depth. Resistivity can potentially map silicified mineralized structures and Induced Polarization may indicate the presence of a broader phyllic alteration system surrounding a deeper porphyry environment.

Westwood Project (EPM 18760)

Project Overview

Location: 45 km 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

Palladium-Gold-Copper ± Platinum mineralization at the Westwood project is associated with the Late Permian – Early Jurassic aged Bucknall mafic-ultramafic layered gabbro intrusive complex.

The Company's exploration has included stream sediment, soil and rock chip sampling and RC / Diamond drilling. Metal anomalism is focused 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).

Reverse circulation and diamond drilling in 2018 (WWD001 – WWD004, 713.7m) focused in the far southeast of the complex and identified a number of highly anomalous zones of magmatic sulphide concentration including 44m @ 1g/t combined PGE, 0.11% Cu from 8m (WWD001) and 38m @ 0.27ppm combined PGE, 0.1% Cu from 22m (WWD004). Exploration during the reporting period (WWD005 – WWD012, 617.1m, including 373.1m diamond) targeted lateral extension to known mineralization and untested magnetic and electromagnetic anomalies in the northern limits of the complex. RC pre-collar assays available at time of reporting 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 mineralization (up to 5%) was identified in two drill holes adjacent to 2018 intercepts (WWD009, WWD010), however, assay results were not available at time of reporting.

Mt Pring (EPM 27211)

Project Overview

Location: 65 km northwest of Proserpine, Queensland, Australia
Ownership: 100%
Subsidiary: Central Minerals Pty Ltd.
Tenement Area: 40 granted sub-blocks (circa 120km²)
Primary Targets: Magmatic Ni-Cu-PGE sulphide deposits

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 project hosts several, poorly-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 1970's and limited Ni-Cu soil sampling in the late 1980's. Soil sampling at Mt Pring defined a 700 x 350m, +1,000ppm Ni anomaly that has not been followed up with more advanced exploration.

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.

Cracow West Project (EPM 18032)

Project Overview

Location: 260 km 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

Gold mineralization 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 mineralization event.

The Company's exploration at Cracow West has included stream sediment, soil and rock chip sampling. This has identified three significant prospects: Dawson Park, Kambrook and Theodore Bends. A 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 3 years (to 10th 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.

SOLOMON ISLANDS

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

Project Overview

Location:	37km South-east of Honiara on the island of Guadalcanal
Ownership:	100% ownership
Tenement Area:	43 km2
Primary Targets:	Copper-gold porphyry

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 3.5-kilometre wide, annular, caldera-like topographic feature. Annular and nested topographic anomalies in the region suggest the presence of extensive batholiths of the Koloula 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.

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 that SolGold plans to drill test upon granting of tenure.

Geological reconnaissance surveys and mapping was conducted at Kuma in June. Activities focused on the Kuma and Alimuno Rivers where large red boulders were discovered in the 1990s. Low temperature quartz veins with comb textures were observed in outcrop. Surface alteration, geochemistry, and Terraspec results have been encouraging. Further work is planned to test the high sulfidation Kuma prospect that focuses on the upper part of Kuma ridges and a drilling program is planned for 2019.

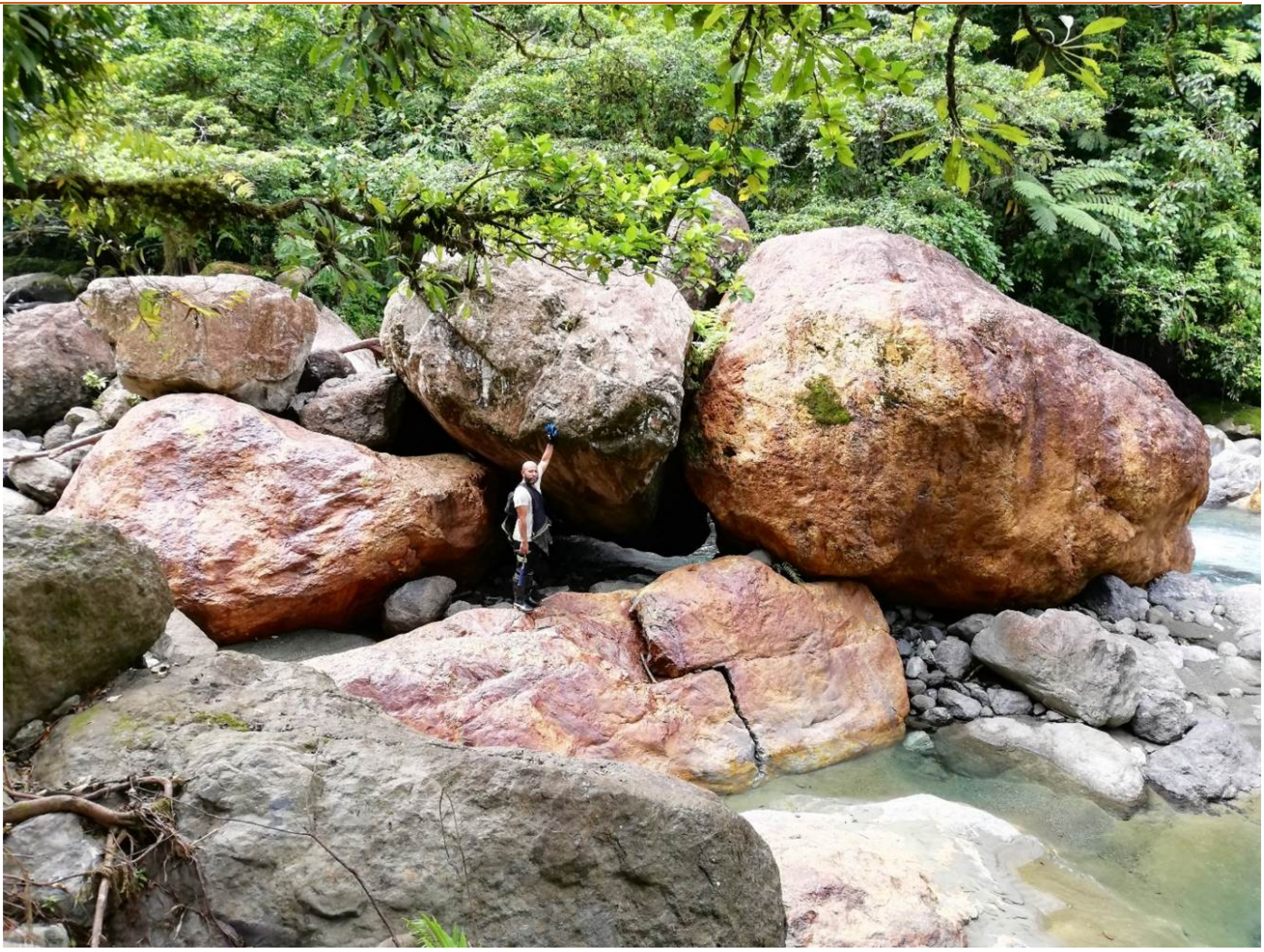


Figure 35 - Boulders at the Kuma River confirm the presence of high sulfidation system.

Mbetilonga Project

SolGold surrendered the Mbetilonga lease in December 2018.

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 during the financial year ended 30 June 2019. These included:

- The raising of £45 million via the issue of 100,000,000 shares at 45p to BHP Billiton Ltd.
- Exploration and evaluation expenditure of US$73 million for the year including the filing of the Preliminary Economic Assessment for its Alpala Copper-Gold Silver Deposit and the release of the updated Alpala Mineral Resource Estimate.
- Continued acquisition of US$6 million in landholdings in the Cascabel project area in anticipation of infrastructure requirements for project development.
- Operating loss of US$33.4 million representing an increase of US$21.0 million over the prior year. The increase in loss is largely attributable to a share-based payments expense of US $23.9 million recognised on the fair value of share options granted to Directors, employee and contractors. This represents an increase of US$15.8 million over the prior year charge.
- There was a reduction of US$2.6m in the unrealised foreign exchange gains recognised in the current year from US$3.2 million in the prior year to US$0.6 million in the current year. The reduction in unrealised foreign exchange gains is largely attributable to the change in the Group's reporting currency and the Company's functional currency to the US dollar.
- A gain of US$1.4 million recognised on the Company's mark to market adjustment on its investment in Cornerstone Capital Resources Inc.
- Corporate and exploration costs have been predominantly in line with budgets with an average cash burn of approximately US$6 million per month resulting from stringent cost and cash flow management.
- The average cost per metre of drilling was $408/m in 2019 compared to $391/m in 2018.

Results

The Group incurred a loss before tax of US$32,684,699 for the year (2018: US$11,844,645). The increase in the loss before tax is largely due to US$23,883,159 (2018: US$8,124,305) recognised as a share-based payments expense. This represents 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 employee benefit expenses and insurance costs. The increase in employee benefit expenses of US$1,129,388 from US$999,637 in 2018 to US$2,129,025 in 2019 was due to the fair value adjustment of US$921,448 recognised on the interest free loan granted to employees to exercise options facilitated via the Company Funded Loan Plan and payment of staff bonuses of US$800,081. Insurance costs increased from US$377,079 in 2018 to US$1,446,261 in 2019 largely attributable to increases in the political risk insurance premiums as a result of the increase in value of the Group's exploration assets.

An income tax benefit of US$614,906 (2018: tax expense of US$3,309,802) was recognised based primarily on the mark to market adjustment of the Company's investment in Cornerstone Capital Resources Inc.

A gain of US$1,441,319 (2018: loss of US$4,800,472) was recognised in comprehensive income representing the mark to market adjustment on the Company's investment in Cornerstone Capital Resources Inc. This was offset by a loss of US$2,037,944 for the financial year ended 30 June 2019 (2018: loss of US$4,176,439) recognised on exchange differences on translation of foreign operations. The average exchange rate used to translate the Group's Australian subsidiary financial statements for the year ended 30 June 2019 from Australian dollars to United States dollars was 0.7136 compared to 0.73852 for the financial year ended 30 June 2018.

Statement of Financial Position

As at 30 June 2019, the Group had net assets of approximately US$238.2 million, an increase of approximately US$67.6 million over the previous financial year. This increase was largely associated with the completion of US$76.4 million in share placements, net of costs which were largely expended on the Group's exploration projects in Ecuador.

Cash Flow

Cash expenditure (before financing activities) for the year ended 30 June 2019 was US$88.2 million (2018 US$67,7 million). During the financial year ended 30 June 2019, cash of US$68,984,676 (2018: US$58,630,346) was received from the issue of shares via private placements and the exercise of share options. Accordingly, the net cash outflow of the Group for the year ended 30 June 2019 was US$19,237,376 (2018: outflow of US$9,027,849).

Cash of approximately US$74.0 million (2017: US$56.0 million) was invested by the Group on exploration expenditure during the year.

Closing Cash

As at 30 June 2019, the Group held cash balances of US41.7 million (2018: US$60.5 million).

Post Reporting Date Events

On 5 August 2019, tenements wholly within an area of mutual interest extending 5 kms from the boundary of the Cascabel licence which were granted to SolGold's 100% owned subsidiary Carnegie Ridge Resources SA (CRRSA) were transferred to Exploraciones Novomining SA (ENSA) in which SolGold has a registered and beneficial 85% interest. The tenements which have been transferred from CRRSA to ENSA are: Blanca 2, Nieves 2 and Rio Mira 2.

In 2017, Major Drilling Group International Ecuador (hereinafter “Major”) filed an arbitration claim before the Arbitration Center of the Quito Chamber of Commerce against ENSA for the amount of US$350,000. Major alleged a breach of the drilling contract signed by the parties on 22 September 2016 (hereinafter “Agreement”). On 1 September 2017 ENSA filed a counterclaim against Major for the amount of US$ 360,000 for compensation for damages caused by Major. On 5 August 2019 Major and ENSA agreed to settle their dealings out of court by way of a USD$200,000 payment to Major for outstanding invoices. No additional penalties of payments will be paid by either company in excess of this USD$200,000.

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.

Outlook

The focus of the Group during the financial year ending 30 June 2020 will be on the collection of additional metallurgical and geotechnical data and the delivery of a third mineral resource estimate which will aim to deliver conversion of the bulk of the current inferred resource into indicated status as the central basis for the PFS. The PFS is targeted to be completed by end Q1 2020 with a Definitive Feasibility Study expected to be scheduled for completion at the end of 2020.

Furthermore, the Group is intent on the application of its strategy to its 12 other wholly owned and highly prospective targets throughout Ecuador. 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 norther Andean Copper Belt.

Key Performance Indicators

Given the stage of the Group's operations, the Board monitors the following key performance indicators in measuring the Group's success:

- Drilling efficiency and the associated metres drilled;
- Total cost per metre drilled
- Cost management and performance against budget
- Health and safety management
- Compliance with the Environmental Management Plan
- Staffing mix and engagement of communities

While the above key performance indicators are the main drivers of the Group’s continuing exploration program, the primary objectives for 2020 would be the update of the Mineral Resource Estimate (MRE#3) at the Alpala deposit, completion of a Pre-Feasibility Study by end Q1 2020, progression and drill permitting of the 12 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 7 to 58.

Financial Controls and Risk Management

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

Equity

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

On 4 October 2018, the Company issued an additional 550,000 shares at £0.28 as a result of the exercise of options previously issued to contractors of the Company in 2016.

On 11 October 2018, the Company issued an additional 9,795,884 shares at £0.14 to raise US$1.79 million (£1.37 million) in cash as a result of the exercise of Maxit Capital LP's options.

On 11 October 2018, the Company issued an additional 9,795,884 shares at £0.28 to raise US$3.59 million (£2.74 million) in cash as a result of the exercise of Maxit Capital LP's options.

On 17 October, the Company issued an additional 100,000,000 shares at £0.45 to raise US$59.03 million (£45 million) in cash to BHP Billiton Holdings Limited ("BHP").

On 29 October 2018, the Company issued an additional 20,624,553 shares at £0.28 as a result of the exercise of options previously issued to employees of the Company in 2016. Of this total 19,950,000 were funded through the Company Funded Loan Plan and 674,553 were paid for in cash.

On 6 November 2018, the Company issued a total of 82,875,000 unlisted options to Employees and Contractors. The options have a strike price of £0.60 each and are exercisable through to 5 November 2021.

On 8 November 2018, the Company issued an additional 2,596,826 shares at £0.3888 to BHP pursuant to "top-up-rights" held by BHP pursuant to its Share Subscription Agreement. The allotment price was based on the 10-day VWAP, in accordance with the terms of the Share Subscription Agreement.

On 26 November 2018, the Company issued an additional 6,712,200 shares at £0.3714 to Newcrest International Pty Ltd ("Newcrest International"), a wholly owned subsidiary of Newcrest Mining Ltd pursuant to "top-up-rights" held by Newcrest International pursuant to the Newcrest Subscription Agreement (as varied). The allotment price was based on the 10-day VWAP, in accordance with the terms of the Newcrest Subscription Agreement.

On 20 December 2018, the Company issued a total of 11,375,000 unlisted options to Directors. The options have a strike price of £0.60 each and are exercisable through to 20 December 2021.

At year end and as at the date of this report the Company had a total of 1,846,321,033 shares and 160,262,000 options on issue.

PRINCIPAL RISKS & UNCERTAINTIES

Risk	Description	Key Mitigators
Funding Risks	The exploration and development of the Group's projects will require substantial additional financing above and beyond the Group's current treasury. 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.	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. It is management's view that high quality exploration projects should always be capable of being financed.
General Exploration and Extraction Risks	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 in may not result in new Reserves.	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. Mineral Resource and Ore Reserve estimates are prepared by independent consultants.
Title Risk	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 defects relates.	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.

Principal Risks & Uncertainties (continued)

Risk	Description	Key Mitigators
Geopolitical, Regulatory and Sovereign Risk	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. 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. 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. Under Ecuadorean 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 by applicants to the Ecuadorean 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. 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. 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.	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.

Principal Risks & Uncertainties (continued)

Risk	Description	Key Mitigators
Land Access Risk	Land access is critical for exploration and evaluation to succeed. In all cases the acquisition of prospective tenements is a competitive business, in which proprietary knowledge or information is critical and the ability to negotiate satisfactory commercial arrangements with other parties is often essential. Access to land for exploration purposes can be affected by land ownership, including private (freehold) land, pastoral lease and native title land or 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.	Attention is focused 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.
Environmental Risk	The Group's Ecuadorian exploration activities are required to adhere to local environmental regulations. Any failure to adhere to local environmental regulations could adversely affect the Group's ability to explore under its exploration rights in Ecuador.	In line with all Ecuadorian mining companies, the management of this risk is based on compliance with the Environmental Management Plan. In order to ensure compliance, the Group provides adequate resources to this area including the employment of personal and the utilisation of third party consultants to audit the compliance with the Environmental Management Plan. To date, the Group has been fully compliant.
Currency Risk	The Group's operations are sensitive to currency movements, especially those between the Australian Dollar, US Dollar and British Pound. These movements can have a negative impact on the Group's earnings.	The Group attempts to mitigate these risks by managing its US dollar inflows and outflows and maintaining a significant portion of it cash and cash deposits in US dollars. No hedging instruments have been used by the Group, however, depending upon the nature and level of future foreign exchange transactions, consideration may be given to the use of hedging instruments.

OUR SUSTAINABLE APPROACH

We are committed to a sustainable approach to exploration and mining. Transparent and responsible practices are critical to our long-term success.

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

- Employees, workers
- Local communities
- Local authorities
- Indigenous groups
- Suppliers
- Government agencies, ministries, representatives
- Shareholders, investors

Our priorities are :

- Our people
- Our community
- Our environment

Our 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

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 employees and prospective employees including those who are disabled. We are very proud to have a large, and skilled Ecuadorian workforce. SolGold, during the financial year ended 30 June 2019, employed over 650 people, of which 98% were Ecuadorian and of these 11% are women. The Strategic Report gives 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.

During the year the Company strengthened the diversity of the Board consisting of 8 members, by appointing its first female director, Anna Legge in June 2019.

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. 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
- Regular review of compliance to health and safety policies to avoid complacency.

At Cascabel we have 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.

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 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 dependant on their abilities and personal development goals.

Community Relations

SolGold believes that strong community relations are fundamental to creating a 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.

We have multiple community relations teams, 8 employees in the Cascabel team and 19 employees across the regional subsidiaries, that 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

27 experienced professionals in our Social Team with backgrounds in human development, economics, agronomy and project management

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 sanitisation program 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.

Environmental stewardship

Minimising our environmental footprint is a key priority for SolGold. We strive to go above and beyond 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.

We achieve this by:

- Designing, developing and operating company facilities with the goal of minimizing 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

During the financial year ended 30 June 2019, SolGold conducted the following key environmental activities to minimise its environmental footprint at the Cascabel project:

- Rehabilitation and the revegetation of a total of 1423m^2 of intervened drilling platforms and 1214m^2 of pits for drilling sediments.
- Implementation of the Million Plants Program, which aims to revegetate areas that have been historically damaged by the inhabitants of the project area.
- Training workshops for members of the community on environmental issues related to: Legislation, Environmental License and Environmental Management Plans.
- Construction of the second stage of the hazardous and non-hazardous waste storage area at the Alpala camp.
- 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.

The strategic report was authorised for issue and signed on behalf of the directors by,

Nicholas Mather
Chief Executive Officer and Managing Director

15 August 2019

GOVERNANCE

APPROACH TO CORPORATE GOVERNANCE

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 only required to comply with the relevant Listing Rules, the Disclosure and Transparency Rules of the UK Corporate Governance Code (the **Code**), and the Prospectus Rules, but not the super-equivalent provisions of the Listing Rules which apply to companies with a premium listing. 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 continue to voluntarily adopt and comply with the Quoted Company Alliance Code (**QCA Code**).

Given the Company's size, stage of development and resources, the Directors acknowledge that adherence to certain provisions of the QCA Code may be delayed until such time as the Directors are able to fully adopt them. In particular, the Company has not established a nominations committee, as it is considered unnecessary at this stage of the Company's development. The Board as a whole will consider potential Director appointments on a case-by-case basis.

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 in Australia.

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 Brian Moller, who is a Non-Executive Director. As Chair, Mr Moller is responsible for the leadership of the Board, efficient organization 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 three Executive Directors and five Non-Executive Directors. Dr. Robert Weinberg, Mr Liam Twigger, and Mr Craig Jones are considered to be independent by the Board. Mr Nicholas Mather is not independent as he is the Chief Executive Officer of the Company. Ms Anna Legge and Mr Jason Ward are not considered independent as they are both 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 considered to be the Company's Senior Independent Director (**SID**). 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 Chairman 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 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 OF DIRECTORS AND COMPANY SECRETARY

CHAIRMAN
Brian Moller

Mr Moller was appointed Non-Executive Director on 11 May 2005 and assumed the role of Non-Executive Chairman on 28 February 2013. Mr Moller is a corporate partner in the Brisbane-based law firm Hopgood Ganim Lawyers, the Australian solicitors to the Company. He was admitted as a solicitor in 1981 and has been a partner at Hopgood Ganim since 1983. He practices almost exclusively in the corporate area with an emphasis on capital raising, mergers and acquisitions.

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 TSX-V listed, Aguia Resources Limited and the non-executive Chairman of ASX-listed Aus Tin Mining Limited, Lithium Consolidated Mineral Exploration Ltd and Platina Resources Limited.

Committee member: Audit and Risk Management Committee and HSEC Committee

CHIEF EXECUTIVE OFFICER
Nicholas Mather

Mr Mather, Chief Executive Officer and Executive Director, was appointed on 11 May 2005. Mr Mather graduated in 1979 from the University of Queensland with a B.Sc. (Hons, Geology), and has a special area of experience and expertise in the generation of, and entry into undervalued or unrecognised resource exploration opportunities. He has been involved in the junior resource sector at all levels for more than 30 years. In that time, he has been instrumental in the delivery of major resource projects that resulted in nine corporate takeovers and over 5 billion dollars to shareholders.

Mr Mather was co-founder of Arrow Energy NL (an ASX-listed company) and was responsible for the generation of its Surat Basin Coal Bed Methane project and served as an Executive Director until 2004. He was also founder and Chairman of Waratah Coal Inc. until it was acquired in December 2008 and co-founder and Non-Executive Director of Bow Energy Limited until its recent takeover by Arrow Energy Pty Ltd in January 2012. Mr Mather and the DGR Global team founded Orbis Gold in 2006 and continued to hold a significant equity stake and board position through to its takeover in February of 2015. Previously as CEO of BeMax Resources NL (an ASX-listed company), Mr Mather headed the discovery of the company's Pooncarie mineral sands project in 1998. He has also been a Non-Executive Director of Ballarat Goldfields, having assisted with the recapitalisation of the company in 2002.

Mr Mather is Managing Director and Chief Executive Officer of DGR Global, Executive Chairman of Armour Energy Limited (an ASX-listed company) and Non-Executive Director of IronRidge Resources Limited (an AIM-listed company), Dark Horse Resources Limited (an ASX-listed company), Aus Tin Mining Limited (an ASX-listed company) and Lakes Oil NL (an ASX-listed company).

Committee member: HSEC Committee

SENIOR INDEPENDENT DIRECTOR
Dr Robert Weinberg

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.

Committee member: Audit and Risk Management Committee and HSEC Committee

NON-EXECUTIVE DIRECTOR
Craig Jones

Mr Jones was appointed on 3 March 2017. Mr Jones holds a Bachelor of Mechanical Engineering from the University of Newcastle, Australia, joined Newcrest Mining in 2008, and has held various senior management and executive roles within the Newcrest group, including General Manager Projects, General Manager Cadia Valley Operations, Executive General Manager Projects and Asset Management, Executive General Manager Australian and Indonesian Operations, Executive General Manager Australian Operations and Projects, and Executive General Manager Cadia and Morobe Mining Joint Venture.

Mr Jones is currently the Executive General Manager Wafi-Golpu (Newcrest / Harmony). Prior to joining Newcrest, Mr Jones worked for Rio Tinto.

Mr Jones' operational and block cave mining expertise, particularly relevant in the context of the Company's existing Alpala deposit at Cascabel in Northern Ecuador.

Committee member: Remuneration Committee and HSEC Committee

NON-EXECUTIVE DIRECTOR
James Clare

Mr Clare was appointed on 26 April 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.

Committee member: Remuneration Committee and HSEC Committee

NON-EXECUTIVE DIRECTOR
Liam Twigger

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 has completed over 130 transactions for in excess of AUD3.5 billion in value and is Australia's leading advisor on mine sales.

Liam is the Principal of mine brokerage business MinesOnline.com and gold royalty and streaming business FutureGold, which plans to issue Digital Securities via blockchain on a regulated Digital Exchange. He 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.

Liam holds a Graduate Diploma in Business, a Bachelor of Economics and is a Certified Practicing Accountant.

Committee member: Audit and Risk Management Committee, Remuneration Committee, and HSEC Committee

EXECUTIVE DIRECTOR
Jason Ward

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, Jason 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 Novomining S.A. (**ENSA**), and managing SolGold's four 100% owned subsidiaries, which have produced an unrivalled exploration portfolio across the rest of Ecuador, Jason has created a fully comprehensive corporate infrastructure for SolGold in Ecuador, run via the Company's office in Quito. In addition to Jason's technical role he oversees all local labour force development, community relations, landholder relations and government relations.

Jason 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.

Jason 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.

Committee member: HSEC Committee

EXECUTIVE DIRECTOR
Anna Legge

Ms Legge was appointed on 17 June 2019. Ms Legge has worked with SolGold since 2013, initially as a consultant before moving in house with SolGold and establishing the Company's London office in early 2017. As Head of Communications, Anna manages media relations, investor and capital market relations, in-country public relations and sustainability reporting. Anna is closely involved in SolGold's strategic decision-making and the development of SolGold's communications strategy in Ecuador and with Government.

Ms Legge has over 10 years' experience working in financial and corporate communications and has advised AIM, FTSE100, ASX, JSE and TSX- listed mining companies operating in multiple jurisdictions around the world. Her experience spans crisis communications, M&A transactions, internal communications, and corporate reputation management.
Anna holds a Bachelor of Politics and Economics Degree from Loughborough University in the UK.

Committee member: HSEC Committee

COMPANY SECRETARY

Karl Schlobohm

Mr Schlobohm, appointed 14 April 2009, has over twenty five 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.

BOARD CHANGES DURING FY2019

Mr John Bovard retired as a Non-Executive Director from the SolGold Board of Directors on 20 December 2018.

On 17 June 2019, Mr Liam Twigger (independent Non-Executive), Mr Jason Ward (Executive), and Ms Anna Legge (Executive) were appointed as Directors of the Company.

ATTENDANCE RECORD

Directors' attendance at Board and Committee meetings which they were eligible to attend the meetings during 2019 was as follows:

	Full Board	Audit & Risk Committee	Remuneration Committee	HSEC Committee
Total Meetings Held	**7**	**3**	**1**	**-**
Attendance:				
Brian Moller	7	3	1	-
Nicholas Mather	7	-	1	-
John Bovard (retired 20 Dec 2018)	3	-	1	-
Robert Weinberg	7	3	1	-
Craig Jones	7	-	-	-
James Clare	7	-	-	-
Liam Twigger (appointed 17 June 2019)	1	-	-	-
Anna Legge (appointed 17 June 2019)	1	-	-	-
Jason Ward (appointed 17 June 2019)	1	-	-	-

NOMINATION OF DIRECTORS

The Board does not currently have a formal Nomination Committee. The Board as a whole is responsible for identifying and recommending candidates for Directorial appointment. The Board reviews and makes determinations with respect to:

- the size and composition of the Board;
- the organization and responsibilities of the committees of the Board;
- the evaluation process for the Board and committees of the Board and the chairpersons of the Board and such committees; and
- creating a desirable balance of expertise and qualifications among members of the Board.

In any Director nomination process, the Board assesses its current composition and requirements going forward in light of the stage of the Company's project and corporate development and the skills required to ensure proper oversight of the Company and its operations.

The Board has adopted a nominee director policy (as part of the Corporate Governance Charter) setting out the principles to be followed by the Board in respect of those Directors that are nominated by a Shareholder and the nominating shareholders. The Corporate Governance Charter is available on the Company's website.

BOARD EVALUATION

During 2019 and as part of the ongoing compliance requirements for the Company's LSE and TSX listings, the Board reviewed its performance from the point of view of its composition, mix of skills, committee composition and roles. Based on this review, the composition of the Board was increased to 9 members to strengthen its independence and diversity. 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 in the process of establishing the criteria against which its performance and effectiveness will be measured and how frequently evaluations of the Board and the Board Committees will take place. These matters will be reported on in the future.

ORIENTATION AND CONTINUING EDUCATION

Incoming Directors are provided with access to the CEO and the Company Secretary to gain a full understanding of the Company, its projects, personnel and policies & procedures.

At all times Directors are encouraged to attend any professional course or update relevant to the discharge of their duties as a Director of the Company. Directors are also encouraged to visit the Company's project sites as practical and attend any international mining conferences at which the Company may present.

One third of the Directors retire from office at every Annual General Meeting of the Company. In general, those Directors who have held office the longest since their election are required to retire. A retiring Director may be re-elected, and a Director appointed by the Board may also be elected, though in the latter case the Director's period of prior appointment by the Board will not be taken into account for the purposes of rotation.

RELATIONS WITH SHAREHOLDERS

The Board attaches importance to maintaining good relationships with all its shareholders and ensures that all price sensitive information is released to all shareholders at the same time in accordance with LSE and TSX Listing Rules. The Company's principal communication with its investors is through the quarterly Management Discussion and Analysis (**MD&A**), the Annual General Meeting, the annual report and accounts, the interim statement and its website, twitter together with the e-mail news service.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the Company's risk management and internal control system and determine the nature and extent of the principal risks and uncertainties of the Company. The Board has delegated the Audit and Risk Committee to monitor the effectiveness of the Company's risk management processes on behalf of the Board. The Board supported by executive management will also enhance the review and closely monitoring the Company's principal risks and uncertainties.

The principal risks and uncertainties identified by the Company are shown on pages 53 to 55. The Company is diligent in minimising exposure to business risks, but by the nature of its activities and size, will always have some risks. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties materialise, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

The Company's system of internal control is designed to provide the Directors with reasonable, but not absolute, assurance that the Company will not be hindered in achieving its business objectives, or in the orderly and legitimate conduct of its business, by circumstances that may reasonably be foreseen. However, no system of internal control can eliminate the possibility of human error, fraud or other unlawful behaviour, management overriding controls, and the resulting potential for material misstatement or loss.

The process used by the Board to review the effectiveness of the internal controls are through the Audit and Risk Management Committee, and the executive management reporting to the Board on a regular basis where business plans and budgets, including investments are appraised and agreed. The Board also seeks to ensure that there is proper organisational and management structure with clear responsibilities and accountability.

A statement of Directors' responsibilities in light of the financial statements is on page 71.

Committee Reviews

As described above, one of the functions of the Board is to form and monitor any special purpose Committee established to review certain aspects of the operations of the Company, having regard to these principles.

So far to date, the Board has established an Audit & Risk Management Committee; a Remuneration Committee and a Health, Safety, Environment and Community (**HSEC**) Committee.

The Board has not yet formally established a Corporate Governance Committee; or a Nomination Committee. As the Board considers that the Company is not of a size nor is its affair of such complexity as to justify the formation of these Committees as at the date of this report. Rather, the Board as a whole is able to address the issues that would otherwise be addressed by such Committees and is guided by the principles set out in the Corporate Governance Charter that is available on the Company's website. The Company will review this position annually and determine whether additional special purpose Committee need to be established.

Audit and Risk Management Committee

Composition

The Audit and Risk Management Committee meets not less than twice a year and is responsible for ensuring that the financial performance, position and prospects of the Company are properly monitored as well as liaising with the Company's auditor to discuss financial statements and the Company's internal controls. The Executive Director attends meetings by invitation, if appropriate.

The Audit and Risk Management Committee is currently comprised of three members, all of whom are Non-Executive Directors of the Company. The members of the Committee are Mr Liam Twigger, Mr Brian Moller, and Dr Robert Weinberg. Mr Twigger is the Chair of the Audit and Risk Management Committee.

The members of the Committee have a wide range of financial and commercial experience, which the Board considers appropriate to fulfil the Committee's duties. Details of the experience and qualifications of Committee members are set out on pages 60 to 62.

Role and Responsibilities

The objective of the Committee is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in monitoring decisions and processes designed to ensure the integrity of financial reporting, to establish sound systems of internal control and to facilitate robust risk management processes.

The Committee's term of reference set out its main responsibilities and are available on the Company's website. The Committee is responsible for:

Audit Related

- monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance and reviewing significant financial reporting judgements contained in them prior to their approval by the Board;
- reviewing the Company's internal financial controls;
- monitoring and reviewing the effectiveness of the Company's internal audit function;
- reviewing the scope and results of both external and internal audits;
- monitoring corporate conduct and business ethics, including auditor independence and ongoing compliance with laws and regulations;
- maintaining open lines of communication between the Board, Management and the external auditors, thus enabling information and points of view to be freely exchanged;
- reviewing matters of significance affecting the financial welfare of the Company;
- ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate;
- reviewing the Company's internal financial control system;
- considering the appointment, re-appointment, removal, remuneration and terms of engagement of the external auditor and making recommendations to the Board in respect of the same;
- monitoring and reviewing the external auditor's independence, objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements; and
- developing and implementing policy on the engagement of the external auditor to supply non audit services, taking into account relevant ethical guidance regarding the provisions of non-audit services by the external audit firm and reporting to the Board in respect of the same.

Risk Related

- ensuring the development of an appropriate risk management policy framework that will provide guidance to Management in implementing appropriate risk management practices throughout the Company's operations, practices and systems;
- defining and periodically reviewing risk management as it applies to the Company and clearly identify all stakeholders;
- ensuring the A&R Committee clearly communicates the Company's risk management philosophy, policies and strategies to Directors, Management, employees, contractors and appropriate stakeholders;
- ensuring that Directors and Management establish a risk aware culture which reflects the Company's risk policies and philosophies;
- reviewing methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews;
- reviewing the Company's internal control and risk management systems and making informed decisions in respect of the same;
- considering capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products and levels of authorities; and
- implementing and reviewing arrangements by which Directors, Management, employees and contractors may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Main Activities Covered During FY2019

The Committee's activities focused on the following matters during the financial year ended 30 June 2019:

- reviewing the change in presentational and functional currency
- reviewing the impairment assessment of exploration and evaluation assets;
- reviewing the asset carrying values and other material accounting matters;
- discussing equity transactions and share based payments;
- MD&A report preparation to comply with TSX regulatory requirements; and
- reviewing all documents within the Annual Report and half-yearly financial input.

Remuneration Committee

Composition
The Remuneration Committee meets at least once a year and is responsible for making decisions on Directors' and key management's remuneration packages. Remuneration of any Executive Directors is established by reference to the remuneration of Executives of equivalent status both in terms of the level of responsibility of the position and by reference to their qualifications and skills. The Remuneration Committee will also have regard to the terms which may be required to attract an executive of equivalent experience to join the Board from another company. Such packages include performance related bonuses and the grant of share options.

At 30 June 2019, the members of the Remuneration Committee are Mr James Clare (as Chair), Mr Craig Jones, and Mr Liam Twigger. Details of the experience and qualifications of Committee members are set out on pages 60 to 62.

Prior to the retirement of Mr John Bovard and appointment of new Directors to the Board, the Remuneration Committee was comprised of Mr John Bovard (as Chair), Mr Nicholas Mather, Mr Robert Weinberg and Mr Brian Moller.

Role and Responsibilities
The Remuneration Committee is responsible for reviewing the remuneration policies and practices of the Company and making recommendations to the Board in relation to:

- executive remuneration and executive incentive plans;
- the remuneration packages for management including the Chief Executive Officer's and Non-Executive Directors' remuneration;
- the Company's recruitment, retention and termination policies and procedures for senior management; and
- incentive plans and share allocation schemes and superannuation arrangements.

The Committee's term of reference set out its main responsibilities and are available on the Company's website.

Main activities covered during FY2019
The Committee had one meeting during the financial year ended 30 June 2019 and the main item discussed was executive and staff bonuses.

HSEC Committee

The main purpose of the Committee is to review, monitor and make recommendations to the Board in respect of the environmental, health, safety and community policies and activities of the Company in order to ensure that such policies and activities reflect and are in accordance with the matters set out below.

The Committee may review or investigate any activities of the Company relating to the health, safety and environment and will have unrestricted access to any officers and employees of the Company, independent consultants and advisors, and such information and resources as the Committee considers necessary in order to perform its duties and responsibilities.

The Committee's term of reference set out its main responsibilities and are available on the Company's website.

Composition
Currently the entire Board fulfils this role.

Role and Responsibilities
In discharging its responsibilities, the Committee is expected to do the following:

- review, formulate and revise with management the Company's goals, policies and programs relative to environmental, health and safety and social issues;
- make inquiries and recommendations to the Board in respect of the Company's compliance with applicable environmental and occupational health and safety laws, regulations, and internal operating procedures and standards;
- review with management the Company's risk assessment, risk exposure and risk management in respect of environmental, health and safety matters;
- review with management the Company's record of performance on environmental, health and safety matters, along with any proposed actions based on such record;
- inform the Audit Committee of the Board in respect of significant changes in financial risk or potential disclosure issues related to environmental, health and safety matters;
- perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee shall deem appropriate;
- review and reassess the adequacy of these Terms of Reference on a regular basis and submit any proposed revisions to the Board for consideration and approval; and
- on a regular basis, review and assess the adequacy of the Company's individual Policies relating to sustainable development.

DIRECTORS' REPORT

The Directors present their annual report and audited financial statements for the year ended 30 June 2019.

Results

The Group's consolidated loss for the year was US$32,069,793 (2018: US$15,154,446).

Changes in Share Capital During 2019

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

Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend (2018: 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. Further details of financial risk management objectives and policies, and exposure of the Group and Company to financial risks are provided in Note 20 to the financial statements.

Donations

No political or charitable donations were made during the year (2018: 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$41,746,200 in cash and cash equivalents at 30 June 2019 and has sufficient working capital levels 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 (Strategic and Directors' Reports) Regulations 2013, SI 2013/1970 (the **Regulations**), 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 (PCFs), 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.

Consolidation approach and organisation boundary
An operational control approach was used to define the Company's organisational boundary and responsibility for GHG emissions. All material emission sources within this boundary have been reported upon, in line with the requirements of the Regulations.

Scope of reported emissions

Emissions data from sources within Scope 1 and Scope 2 of the Company's operational boundaries is detailed below. This includes emissions from direct activities of the operation, this include: the use of vehicles owned by the company for transportation of machinery, material and personnel, operation of machinery for perforation, the use of generator for electricity in the camps, LPG is camps and composting activities (Scope 1), as well as Emissions from activities of the operation associated with the consumption and purchase of electricity from the grid for the camps (Scope 2).

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 2018 to 30 June 2019), the intensity ratio for "Cascabel" operations was 0.05mtCO_2e/metre drilled (1 July 2017 to 30 June 2018: 0.05mtCO_2e/metre drilled).

Total greenhouse gas emissions data for the year from 1 July 2018 to 30 June 2019

Year chosen as base year (Financial Year)							
1 July 2018 - 30 June 2019							
Base year emissions							
EMISSIONS	**TOTAL (mtCO_2e)**	CO_2 (mtCO_2e)	CH_4 (mtCO_2e)	N_2O (mtCO_2e)	HFCs (mtCO_2e)	PFCs (mtCO_2e)	SF_6 (mtCO_2e)
Scope 1	4,767	4,714	37	16	-	-	-
Scope 2	44	44	0	0	-	-	-
TOTAL	4,811	4,758	37	16	-	-	-

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
Brian Moller	Non-Executive Chairman
Robert Weinberg	Non-Executive Director
John Bovard	Non-Executive Director – retired 20 December 2018
Craig Jones	Non-Executive Director
James Clare	Non-Executive Director
Jason Ward	Executive Director – appointed 17 June 2019
Anna Legge	Executive Director – appointed 17 June 2019
Liam Twigger	Non-Executive Director – appointed 17 June 2019

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 22. 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 5 August 2019, tenements wholly within an area of mutual interest extending 5 kms from the boundary of the Cascabel licence which were granted to SolGold's 100% owned subsidiary Carnegie Ridge Resources SA (CRRSA) were transferred to Exploraciones Novomining SA (ENSA) in which SolGold has a registered and beneficial 85% interest. The tenements which have been transferred from CRRSA to ENSA are: Blanca 2, Nieves 2 and Rio Mira 2.

In 2017, Major Drilling Group International Ecuador (hereinafter "Major") filed an arbitration claim before the Arbitration Center of the Quito Chamber of Commerce against ENSA for the amount of US$350,000. Major alleged a breach of the drilling contract signed by the parties on 22 September 2016 (hereinafter "Agreement"). On 1 September 2017 ENSA filed a counterclaim against Major for the amount of US$ 360,000 for compensation for damages caused by Major. On 5 August 2019 Major and ENSA agreed to settle their dealings out of court by way of a USD$200,000 payment to Major for outstanding invoices. No additional penalties of payments will be paid by either company in excess of this USD$200,000.

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' 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 financial statements and have elected to prepare the company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

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

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

Directors' responsibilities pursuant to DTR4

The directors confirm to the best of their knowledge:

- The group 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 15 August 2019 and signed on its behalf.

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

Statement of the Chairman of the Remuneration Committee

The remuneration committee presents its report for the year ended 30 June 2019.

The Annual Remuneration Report details remuneration awarded to directors and non-executive directors during the year. The shareholders will be asked to approve the Annual Remuneration Report as an ordinary resolution at the AGM in September 2019.

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 December 2018.

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
Chairman – Remuneration Committee
Brisbane QLD 4000
Australia

Signed on 15 August 2019

ANNUAL REMUNERATION REPORT

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's remuneration packages. The Remuneration Committee has among other duties the responsibility to recommend to the Board the compensation of the CEO and that of key management.

The remuneration of key management executives is determined by the Executive Director who considers it essential, notwithstanding the small size of the Company and the fact that it is not yet revenue earning, to recruit and retain individuals of the highest calibre for that role. Consequently, 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.

The Remuneration Committee is currently comprised of three members: Mr. James Clare (the Chair of the Remuneration Committee), Mr. Liam Twigger and Mr. Craig Jones, all of whom are independent directors with the exception of Mr. James Clare.

The Board recognises the significance of appointing independent, knowledgeable and experienced individuals to the Remuneration Committee who have the necessary background in executive compensation and risk management to fulfil the Remuneration Committee's duties and responsibilities.

Director 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 the compensation levels of the Company's directors.

The Company's directors' compensation program is designed to attract and retain qualified individuals to serve on the Board. Each Non-Executive Director receives base annual salary of A$70,000, all of which is payable in cash and none of which is payable in security based compensation. As Chairman of the Company, Mr. Brian Moller receives a base annual salary of A$110,000. The Executive Director receives a base annual salary of A$600,000. From time to time, the Board, in its discretion, may also compensate directors with fees for their services on Board projects. 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.

Remuneration Details

Single total figure of remuneration for the years ended 30 June 2019 and 2018:

	Salaries and Fees US$	Bonuses US$	Benefits US$	Total before share options US$	Share options US$	Total US$
Brian Moller						
2019	78,015	-	-	78,015	540,182	618,197
2018	84,557	-	-	84,557	486,865	571,422
Nicholas Mather						
2019	425,386	114,036	-	539,422	2,875,779	3,415,201
2018	307,480	-	-	307,480	3,408,053	3,715,533
Robert Weinberg						
2019	49,671	-	-	49,671	332,299	381,970
2018	53,809	-	-	53,809	292,119	345,928
John Bovard[1]						
2019	24,945	-	-	24,945	168,492	193,437
2018	53,809	-	-	53,809	292,119	345,928
Craig Jones						
2019	49,678	-	-	49,678	332,299	381,977
2018	53,809	-	-	53,809	292,119	345,928
James Clare						
2019	49,678	-	-	49,678	573,327	623,005
2018	8,968	-	-	8,968	-	8,968
Jason Ward[2]						
2019	260,125	205,264	-	465,389	1,421,592	1,886,981
2018	-	-	-	-	-	-
Liam Twigger[3]						
2019	1,914	-	-	1,914	-	1,914
2018	-	-	-	-	-	-
Anna Legge[2]						
2019	113,546	70,919	3,022	187,487	809,947	997,434
2018	-	-	-	-	-	-
Total remuneration						
2019	**1,052,958**	**390,219**	**3,022**	**1,446,199**	**7,053,917**	**8,500,116**
2018	**562,432**	**-**	**-**	**562,432**	**4,771,275**	**5,333,707**

[1] John Bovard retired as a Non-Executive Director on 20 December 2018.

[2] Jason Ward and Anna Legge were appointed as Executive Directors effective 17 June 2019. Salaries and Fees above includes total remuneration paid for the year, including payments prior to being appointed as Executive Directors. Jason Ward was paid $11,473 and Anna Legge was paid $7,329 during the period 17 June 2019 to 30 June 2019.

[3] Liam Twigger was appointed as Non-Executive Director effective 17 June 2019.

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	3 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	2 years	12 months
Liam Twigger	17 June 2019	Retire by rotation under the Articles of Association of the Company	3 months
Anna Legge	17 June 2019	2 years	2 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, motivate and retain a pool of talented executives and directors in a very competitive employment market as well as to ensure a proper alignment of the executives and directors' interests with those of shareholders. As of 30 June 2019, the following options have been issued under the ESOP (no performance conditions) which are fully vested:

	Balance at 30 June 2018	Granted as remuneration	Exercised	Forfeited	Balance at 30 June 2019	Exercise price	Exercise period
Directors							
Brian Moller	3,750,000	1,425,000	-	-	5,175,000	60p	28/01/19 – 20/12/21
Nicholas Mather	26,250,000	5,000,000	-	-	31,250,000	60p	28/01/19 – 20/12/21
Robert Weinberg	2,250,000	900,000	-	-	3,150,000	60p	28/01/19 – 20/12/21
John Bovard	2,250,000	-	-	(2,250,000)	-	-	-
Craig Jones	2,250,000	900,000	-	-	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	5,000,000	(5,000,000)	-	10,000,000	60p	08/08/20 – 06/11/21
Liam Twigger	-	-	-	-	-	-	-
Anna Legge	-	6,000,000	-	-	6,000,000	40p/60p	04/07/20 – 06/11/21
Total	**46,750,000**	**22,375,000**	**(5,000,000)**	**(2,250,000)**	**61,875,000**		

No consideration is payable for the grant of options under the Share Incentive Plan. The options at 30 June 2019 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.

Payments to past directors

No payments were made to past directors in the year ended 30 June 2019.

Payments for loss of office

No payments for loss of office were made in the year ended 30 June 2019.

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 2019	30 June 2018	30 June 2019	30 June 2018
Brian Moller	5,189,121	5,189,121	-	-
Nicholas Mather	82,186,957	82,186,957	7,331,318	7,731,318
Robert Weinberg	4,296,091	4,296,091	-	-
Craig Jones	-	-	-	-
James Clare	-	-	-	-
Jason Ward	9,978,581	-	-	-
Liam Twigger	-	-	-	-
Anna Legge	-	-	-	-
	101,650,750	**91,672,169**	**7,331,318**	**7,731,318**

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 2015	30 June 2016	30 June 2017	30 June 2018	30 June 2019
Share price at year end	£0.0225	£0.03075	£0.3925	£0.2280	£0.3200
Loss per share (cents)	(0.6)	(0.7)	(0.3)	(0.9)	(1.8)

There were no dividends paid during the year ended 30 June 2019 and the previous four years.

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.

Percentage change in remuneration of director undertaking role of Chief Executive

	Chief Executive			Other key management personnel		
	2019	2018	% change	2019	2018	% change
Base salary	425,386	307,480	38.43%	617,434	853,021	-27.6%
Pension	-	-	-	31,484	38,193	-17.6%
Bonuses	114,046	-	100%	324,774	-	100%

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.

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:

	2019	2018
Employee remuneration	40,697,849	19,618,874
Expenditure of exploration and evaluation	72,995,493	60,681,617

The increase 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 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 indefinitely unless changes are 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.

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 2019. Non executive director salary and fees remained unchanged at A$70,000 per annum and the Chairman's salary and fee remained unchanged at A$110,000 for the year ended 30 June 2019.

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 salary	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 2019 is shown in the table on page 75.
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.

Element	Purpose	Policy	Operation	Opportunity and Performance Condition
Executive Director				
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.
Non-Executive Directors				
Base salary	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	To align interest with shareholders.	Granted under the Employee Share Option 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.

The remuneration committee consider the performance measures outlined in the table above to be appropriate measures of performance and that the KPI's chosen to align the interests of the directors and shareholders.

For details of remuneration of other company employees can be found in Note 5 to the financial statements.

Independent Auditor’s Report

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 2019, 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 2019 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.

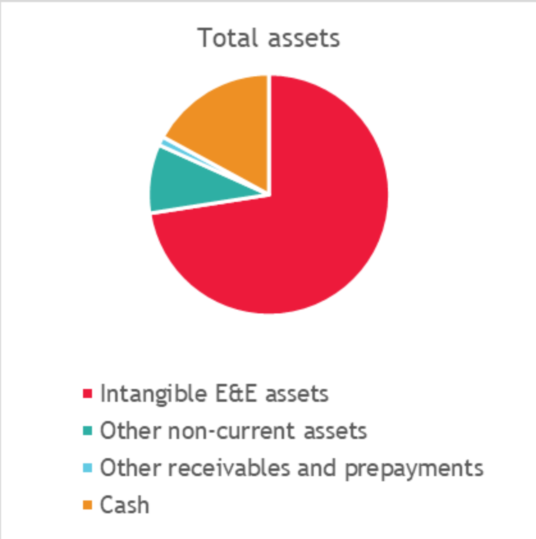
Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to 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 judgment, 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.

KEY AUDIT MATTER	HOW THE KEY AUDIT MATTER WAS ADDRESSED IN OUR AUDIT
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 2019.  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 2019 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.	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 preliminary economic assessment ("PEA") released in May 2019, discussed the planned operations with the operational site team and conducted a site visit to the Cascabel license area. • 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.	

Our application of materiality

Materiality	30 June 2019	30 June 2018	Basis of materiality
Materiality for financial statements as a whole	US$3.1m	US$2.2m	1.3% of total assets
Materiality for parent company financial statements	US$2.4m	US$1.1m	Capped at 75% of group materiality (2018: 50%)

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.

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.

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% (2018: 75%) of the above materiality levels.

Whilst materiality for the financial statements as whole was US$3.1m, each significant component was audited to a lower level of materiality of US$2.4m (2018: ranging from US$1m to US$1.1m). Such materialities 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$100,000 (2018: US$ 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

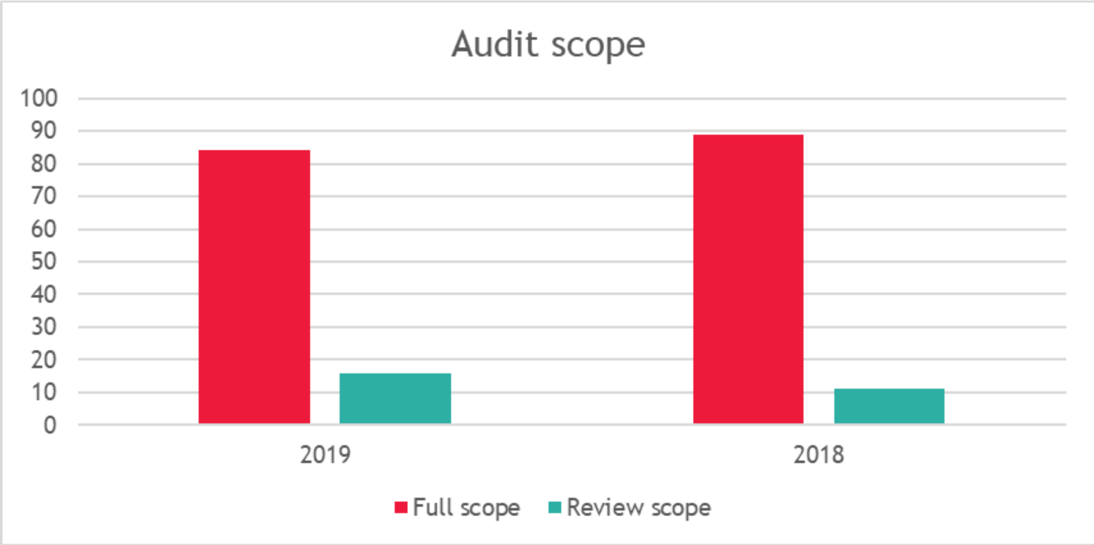
Our Group audit was scoped by obtaining an understanding of the Group and its environment and assessing the risks of material misstatement in the financial statements at the group level.

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. All audit work (full scope audit or review work) was conducted by BDO LLP and BDO member firms. 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.
- The group audit partner and senior members of the group audit team visited Ecuador to meet with component management during the audit.
- We performed a review of the component audit files in the Ecuador 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.

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 analytical review procedures.



The extent to which the audit is capable of detecting irregularities is affected by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error.

As part of the audit gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations where non-compliance might have a material effect on the financial statements, including, but not limited to, the Companies Act 2006, the UK Listing Rules and tax legislation. We also considered the risks of non-compliance with laws and regulations related to environmental and social matters.

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 and the audit committee 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 any 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' responsibilities statement set out on page 71, 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. The company was admitted to the London Stock Exchange Main Market on 6 October 2017. In respect of the year ended 30 June 2019 we were reappointed as auditor by the members of the Company at the annual general meeting held on 20 December 2018. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is 14 years, covering the years ending 30 June 2006 to 30 June 2019.

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.

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
15 August 2019

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

FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2019

	Notes	Group 2019 US$	Group 2018 US$ (restated)
Expenses			
Exploration costs written-off	12	(228,251)	(282,686)
Administrative expenses		(9,248,699)	(3,955,190)
Share based payments expenses	19	(23,883,159)	(8,124,305)
Operating loss	**3**	**(33,360,109)**	**(12,362,181)**
Finance income	6	675,410	517,537
Loss before tax		**(32,684,699)**	**(11,844,645)**
Tax benefit (expense)	7	614,906	(3,309,802)
Loss for the year		**(32,069,793)**	**(15,154,446)**
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets net of tax	10a / 14	-	(4,800,472)
Exchange differences on translation of foreign operations		(2,037,944)	(4,176,439)
Items that will not be reclassified to profit or loss			
Change in Ecuador pension		-	(53,727)
Change in fair value of financial assets, net of tax	10a / 14	1,441,319	-
Total comprehensive loss for the year		**(32,666,418)**	**(24,185,084)**
Loss for the year attributable to:			
Owners of the parent company		(31,941,715)	(15,026,902)
Non-controlling interest		(128,078)	(127,544)
		(32,069,793)	**(15,154,446)**
Total comprehensive loss for the year attributable to:			
Owners of the parent company		(32,538,340)	(24,057,540)
Non-controlling interest		(128,078)	(127,544)
		(32,666,418)	**(24,185,084)**

Loss per share		**Cents per share**	**Cents per share**
Basic loss per share	8	(1.8)	(0.9)
Diluted loss per share	8	(1.8)	(0.9)

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 2019

Registered Number 5449516

	Notes	Group 2019 US$	Group 2018 US$ (restated)	Group 1 July 2017 US$ (restated)
Assets				
Property, plant and equipment	11	8,847,785	3,167,032	1,366,682
Intangible assets	12	177,481,872	105,776,186	45,908,537
Investment in available-for-sale securities	10(a)	-	4,031,236	11,043,230
Financial assets held at fair value through OCI	10(a)	5,952,439	-	-
Loans receivable and other non-current assets	13	7,796,541	894,093	173,859
Total non-current assets		**200,078,637**	**113,868,547**	**58,492,308**
Other receivables and prepayments	15	2,891,326	3,131,509	1,004,942
Cash and cash equivalents	16	41,746,200	60,575,504	68,653,788
Total current assets		**44,637,526**	**63,707,013**	**69,658,730**
Total assets		**244,716,163**	**177,575,560**	**128,151,038**
Equity				
Share capital	17	26,402,424	24,443,853	21,987,050
Share premium	17	297,375,959	222,941,518	164,792,271
Other reserves		40,084,833	15,219,049	11,990,315
Accumulated loss		(120,342,688)	(88,859,667)	(73,876,759)
Foreign Currency Translation Reserve		(4,876,593)	(2,838,649)	1,337,790
Equity attributable to owners of the parent company		238,643,935	170,906,104	126,230,667
Non-controlling interest		(442,364)	(314,286)	(186,742)
Total equity		**238,201,571**	**170,591,818**	**126,043,925**
Liabilities				
Trade and other payables	18	6,514,592	6,983,742	2,107,113
Total current liabilities		**6,514,592**	**6,983,742**	**2,107,113**
Total liabilities		**6,514,592**	**6,983,742**	**2,107,113**
Total equity and liabilities		**244,716,163**	**177,575,560**	**128,151,038**

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

Company Statement of Financial Position

As at 30 June 2019

Registered Number 5449516

	Notes	Company 2019 US$	Company 2018 US$ (restated)	Company 1 July 2017 US$ (restated)
Assets				
Property, plant and equipment	11	83,910	117,057	145,545
Intangible assets	12	-	-	-
Investment in subsidiaries	9	200,507,458	108,381,978	49,390,058
Investment in available-for-sale securities	10(a)	-	4,025,313	11,038,942
Financial assets held at fair value through OCI	10(a)	5,946,815	-	-
Loans receivable and other non-current assets	13	7,260,213	683,947	69,287
Total non-current assets		**213,798,396**	**113,208,295**	**60,643,832**
Other receivables and prepayments	15	544,338	404,860	599,707
Cash and cash equivalents	16	38,290,929	58,948,814	68,159,431
Total current assets		**38,835,267**	**59,353,674**	**68,759,138**
Total assets		**252,633,663**	**172,561,969**	**129,402,970**
Equity				
Share capital	17	26,402,424	24,443,853	21,987,050
Share premium	17	297,375,959	222,941,518	164,792,271
Other reserves		40,190,726	15,324,942	12,042,482
Accumulated loss		(107,624,653)	(85,290,520)	(71,432,450)
Foreign Currency Translation Reserve		(5,006,473)	(6,245,182)	1,429,125
Equity attributable to owners of the parent company		251,337,983	171,174,611	128,818,478
Non-controlling interest		-	-	-
Total equity		**251,337,983**	**171,174,611**	**128,818,478**
Liabilities				
Trade and other payables	18	1,295,680	1,387,358	584,492
Total current liabilities		**1,295,680**	**1,387,358**	**584,492**
Total liabilities		**1,295,680**	**1,387,358**	**584,492**
Total equity and liabilities		**252,633,663**	**172,561,969**	**129,402,970**

The above company statements 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$22,792,827 (2018: US$13,911,798).

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 15 August 2019.

Nicholas Mather
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2019

	Share capital US$	Share premium US$	Financial assets held at fair value through other comprehensive income US$	Share based payment reserve US$	Foreign Currency Translation Reserve US$	Other Reserves US$	Accumulated loss US$	Total US$	Non-controlling interests US$	Total Equity US$
Balance at 1 July 2017	**21,987,050**	**164,792,271**	**6,733,566**	**5,308,915**	**1,337,790**	**(52,166)**	**(73,876,759)**	**126,230,667**	**(186,742)**	**126,043,925**
Loss for the year	-	-	-	-	-	-	(15,026,902)	(15,026,902)	(127,544)	(15,154,446)
Other comprehensive income	-	-	(4,800,472)	-	(4,176,439)	(53,727)	-	(9,030,638)	-	(9,030,638)
Total comprehensive income for the year	**-**	**-**	**(4,800,472)**	**-**	**(4,176,439)**	**(53,727)**	**(15,026,902)**	**(24,057,540)**	**(127,544)**	**(24,185,084)**
New share capital subscribed	2,423,392	58,279,359	-	-	-	-	-	60,702,751		60,702,751
Options exercised	33,411	668,208	-	-	-	-	-	701,619	-	701,619
Share issue costs (net of deferred tax)	-	(798,320)	-	2,622	-	-	-	(795,698)	-	(795,698)
Options forfeited	-	-	-	(43,994)	-	-	43,994	-	-	-
Value of shares and options issued to Directors, employees and consultants	-	-	-	8,124,305	-	-	-	8,124,305	-	8,124,305
Balance at 30 June 2018	**24,443,853**	**222,941,518**	**1,933,094**	**13,391,848**	**(2,838,649)**	**(105,893)**	**(88,859,667)**	**170,906,104**	**(314,286)**	**170,591,818**
Loss for the year	-	-	-	-	-	-	(31,941,715)	(31,941,715)	(128,078)	(32,069,793)
Other comprehensive income	-	-	1,441,319	-	(2,037,944)	-	-	(596,625)	-	(596,625)
Total comprehensive income for the year	**-**	**-**	**1,441,319**	**-**	**(2,037,944)**	**-**	**(31,941,715)**	**(32,538,340)**	**(128,078)**	**(32,666,418)**
New share capital subscribed	1,431,377	62,098,668	-	-	-	-	-	63,530,045	-	63,530,045
Options exercised	527,194	12,441,354	-	-	-	-	-	12,968,548	-	12,968,548
Share issue costs (net of deferred tax)	-	(105,581)	-	-	-	-	-	(105,581)	-	(105,581)
Options forfeited				(458,694)	-	-	458,694	-	-	-
Value of share and options issued to Directors, employees and consultants	-	-	-	23,883,159	-	-	-	23,883,159	-	23,883,159
Balance at 30 June 2019	**26,402,424**	**297,375,959**	**3,374,413**	**36,816,313**	**(4,876,593)**	**(105,893)**	**(120,342,688)**	**238,643,935**	**(442,364)**	**238,201,571**

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

Company Statement of Changes in Equity

For the year ended 30 June 2019

	Share capital US$	Share premium US$	Assets held at fair value through other comprehensive income US$	Share-based payment reserve US$	Foreign Currency Translation Reserve US$	Accumulated loss US$	Total US$
Balance at 1 July 2017	**21,987,050**	**164,792,271**	**6,733,566**	**5,308,915**	**1,429,125**	**(71,432,449)**	**128,818,478**
Loss for the year	-	-	-	-		(13,902,065)	(13,902,065)
Other comprehensive income	-	-	(4,800,472)	-	(7,674,307)	-	(12,474,779)
Total comprehensive income for the year	**-**	**-**	**(4,800,472)**	**-**	**(7,674,307)**	**(13,902,065)**	**(26,376,844)**
New share capital subscribed	2,423,392	58,279,359	-	-		-	60,702,751
Options exercised	33,411	668,208	-	-		-	701,619
Share issue costs	-	(798,320)	-	2,622		-	(795,698)
Options expired	-	-	-	(43,994)		43,994	-
Value of shares and options issued to Directors, employees and consultants	-	-	-	8,124,305		-	8,124,305
Balance at 30 June 2018	**24,443,853**	**222,941,518**	**1,933,094**	**13,391,848**	**(6,245,182)**	**(85,290,520)**	**171,174,611**
Loss for the year	-	-	-	-	-	(22,792,827)	(22,792,827)
Other comprehensive income for the year	-	-	1,441,319	-	1,238,709	-	2,680,028
Total comprehensive income for the year	**-**	**-**	**1,441,319**	**-**	**1,238,709**	**(22,792,827)**	**(20,112,799)**
New share capital subscribed	1,431,377	62,098,668	-	-	-	-	63,530,045
Options exercised	527,194	12,441,354	-	-	-	-	12,968,548
Share issue costs	-	(105,581)	-	-	-	-	(105,581)
Options expired	-	-	-	(458,694)	-	458,694	-
Value of shares and options issued to Directors, employees and consultants	-	-	-	23,883,159	-	-	23,883,159
Balance at 30 June 2019	**26,402,424**	**297,375,959**	**3,374,413**	**36,816,313**	**(5,006,473)**	**(107,624,653)**	**251,337,983**

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

Consolidated and Company Statements of Cash Flows

For the year ended 30 June 2019

	Notes	Group 2019 US$	Group 2018 US$ (restated)	Company 2019 US$	Company 2018 US$ (restated)
Cash flows from operating activities					
Loss for the year		(32,069,793)	(15,154,446)	(22,792,827)	(13,911,798)
Depreciation	11	67,604	61,845	40,532	37,069
Share based payment expense	5 / 19	23,883,159	8,124,305	16,183,483	8,124,305
Write-off of exploration expenditure	12	228,251	282,686	-	-
Foreign exchange (gain) / loss		(629,207)	(3,156,940)	(639,633)	(3,156,940)
Deferred taxes	14	(614,906)	1,981,335	(614,906)	1,981,335
Company funded loan plan employee benefit		921,448	-	921,448	-
Company funded loan plan accretion of interest		(299,319)	-	(299,319)	-
Decrease (increase) in other receivables and prepayments		679,597	977,985	(122,322)	1,030,787
(Decrease) / increase in trade and other payables		(805,535)	290,709	402,896	244,729
Net cash outflow from operating activities		**(8,638,701)**	**(6,592,521)**	**(6,920,648)**	**(5,650,513)**
Cash flows from investing activities					
Security deposit (payments) / refunds		(433,780)	(3,123,531)	(78,434)	(640,898)
Acquisition of property, plant and equipment	11	(5,622,644)	(1,983,673)	(7,385)	(13,069)
Acquisition of exploration and evaluation assets	12	(73,526,926)	(55,958,470)	-	-
Investment in subsidiaries		-	-	-	-
Loans advanced to subsidiaries	9	-	-	(83,042,767)	(62,517,225)
Net cash outflow from investing activities		**(79,583,350)**	**(61,065,674)**	**(83,128,586)**	**(63,171,192)**
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital	17	69,104,952	60,747,856	69,104,952	60,747,856
Payment of issue costs		(120,276)	(2,117,510)	(120,276)	(2,117,510)
Net cash inflow from financing activities		**68,984,676**	**58,630,346**	**68,984,676**	**58,630,346**
Net (decrease) / increase in cash and cash equivalents		**(19,237,375)**	**(9,027,849)**	**(21,064,558)**	**(10,191,359)**
Cash and cash equivalents at the beginning of year		60,575,504	68,653,788	58,948,814	68,159,431
Effect of foreign exchange on cash and cash equivalents		408,071	949,565	406,673	980,742
Cash and cash equivalents at end of year	16	**41,746,200**	**60,575,504**	**38,290,929**	**58,948,814**

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 2019

Note 1 Accounting Policies

SolGold Plc ('the Company' or 'SolGold') is domiciled in London, United Kingdom and was incorporated on 11 May 2015, 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 201 Bishopsgate, London EC2M 3AB, 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$"), rounded to the nearest dollar. Prior years consolidated financials have been previously presented in Australian dollars ("A$") 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 Company currently has sufficient working capital levels to operate as a going concern for the next 12 months and meet its exploration commitments however, 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 other finance arrangements or capital raisings, it may not be able to fully develop its projects and this may have a consequential impact on the carrying value of the related exploration assets and the investment of the parent company in its subsidiaries.

(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.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 1 Accounting Policies (continued)

(c) Basis of consolidation (continued)

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

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 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$). The functional currency of the Company has been changed with effect from 1 April 2019 from A$ to US$. At this date the statement of financial position, the statement of profit or loss and comprehensive income and the statement of cash flows of the Company have been translated into US$ 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 Analysis, 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

For the year ended 30 June 2019

Note 1 Accounting Policies (continued)

(d) Foreign currency (continued)

	Functional Currency	Functional Currency	Exchange rate at 30 June 2019 used in preparation of Financials
	2019	2018	
SolGold Plc	**US$**	**A$**	**n/a**
Australian Resources Management (ARM) Pty Ltd	A$	A$	0.7032
Acapulco Mining Pty Ltd	A$	A$	0.7032
Central Minerals Pty Ltd	A$	A$	0.7032
Solomon Operations Ltd	SBD$	SBD$	0.1178
Honiara Holdings Pty Ltd	A$	A$	0.7032
Guadalcanal Exploration Pty Ltd	A$	A$	0.7032
Exploraciones Novomining S.A.	US$	US$	n/a
Carnegie Ridge Resources S.A.	US$	US$	n/a
Green Rock Resources S.A.	US$	US$	n/a
Valle Rico Resources S.A.	US$	US$	n/a
Cruz Del Sol S.A.	US$	US$	n/a
SolGold Ecuador S.A	US$	US$	n/a

Translation into presentation currency

The presentation currency of the Group has historically been considered to be Australian Dollars (A$). Due to the announcement of the Preliminary Economic Analysis and the fact that majority of future transactions and funds will be held in US dollars, the presentation currency of the Group has also been changed to United States Dollars (US$) 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.

Further details in regards to the change in the presentation currency are outlined in section (w) Changes in Accounting Policies.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 1 Accounting Policies (continued)

(e) Property, plant and equipment

(i) Owned assets

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

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment 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

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

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.

(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.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 1 Accounting Policies (continued)

(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 19.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 1 Accounting Policies (continued)

(j) Employee benefits (continued)

(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 is 2 years.

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.

(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 (J) (ii) above. The effect of discounting is immaterial.

(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.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 1 Accounting Policies (continued)

(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$58,756,909 (2018: US$49,212,350) 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.

Notes to the Financial Statements
For the year ended 30 June 2019

Note 1 Accounting Policies (continued)

(q) Business Combinations (continued)

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.

(s) Leases

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

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

Notes to the Financial Statements

For the year ended 30 June 2019

Note 1 Accounting Policies (continued)

(t) Financial Instruments

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.

Financial assets

(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) *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. This is a new policy in the current year. Further details in regards to the change are outlined in section (w) Changes in Accounting Policies.

SolGold elected to classify irrevocably 'Investment in available for sale securities' under this category.

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 twelve-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 twelve 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

For the year ended 30 June 2019

Note 1 Accounting Policies (continued)

(t) Financial Instruments (continued)

Comparative figures for the year ended 30 June 2018 have not been restated and are still accounted for in accordance with IAS 39 Financial Instruments Recognition and Measurement.

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.

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 which are measured at amortised cost.

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 form 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 plc 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.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 1 Accounting Policies (continued)

(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, are recognised in other comprehensive income and accumulated in a separate reserve within equity.

(ii) Share option 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.
- the grant date fair value of shares issued to employees.

(iii) Foreign currency translation reserve
Exchange differences arising on translation of foreign controlled entities 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

Presentation Currency
The Group has changed the presentation currency from Australian Dollars (A$) to United States Dollars (US$) for the year ended 30 June 2019. This change reduces the foreign currency movements in the consolidated financial statements and is, therefore, providing the user of the consolidated financial statements with more reliable and relevant information in the currency which is most relevant to the Group's operating environment.

The change has been applied retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* by using the US$ as if it had always been the Group's presentation currency. Consequently, all assets and liabilities not denominated in US$ were translated into US$ by using the closing rate on the relevant balance sheet date. The equity components were translated at the historical exchange rate applicable at the date of the transaction. Non-US expenses and income were translated at the average rate of the relevant period.

The Group presents the opening balance sheet of the preceding period as a consequence of the retrospective change in the presentation currency.

The Company's presentation currency has also been changed form A$ to US$ for the year ended 30 June 2019. The same methodology as for the Group was applied to implement this accounting policy change.

Further details in regards to the foreign currency treatment are also outlined in section (d) Foreign Currency.

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 2019, and which have given rise to changes in the Group's accounting policies are:

- IFRS 9 Financial Instruments

Details of the impact that this standard had is detailed below. Other new and amended standards and Interpretations issued by the IASB do not 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.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 1 Accounting Policies (continued)

(w) Changes in accounting policies (continued)

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* has replaced IAS 39 *Financial Instruments: Recognition and Measurement*. The new Standard brings together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group has applied IFRS 9 retrospectively, with the initial application date of 1 July 2018, but availing the transition option not to restate comparative information.

IFRS 9 considerations

Classification and measurement

Upon adopting IFRS 9 the Groups 'Investment in available for sale securities' have been designated as financial assets recognised at fair value through OCI. The Group have made an irrevocable election to classify this investment as a financial asset held at fair value through other comprehensive income.

Impairment

The adoption of IFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss approach.

IFRS 9 requires the Group to measure and recognise expected credit losses on all applicable financial assets. .

Refer to Note 13 for the impairment assessment in relation to the Company Funded Loan Plan.

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.

Effective period commencing on or after		
IFRS 16	Leases	1 January 2019

IFRS 16 Leases

The new standard was issued in January 2016 replacing the previous leases standard, IAS 17 Leases, and related Interpretations. IFRS 16 establishes the principles for the recognition, measurement, presentation and disclosure of leases for the customer ('lessee') and the supplier ('lessor'). IFRS 16 eliminates the classification of leases as either operating or finance as is required by IAS 17 and, instead, introduces a single lessee accounting model requiring a lessee to recognise assets and liabilities for all leases unless the underlying asset has a low value or the lease term is twelve months or less. This new standard applies to annual reporting periods beginning on or after 1 January 2019.

Management has made a preliminary assessment of the effects of applying IFRS 16 on the Group's financial statements and has determined that the adjustments to assets and liabilities are expected to be immaterial.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 1 Accounting Policies (continued)

(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.

Accounting Estimates

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.

Company funded loan plan

The Company Funded Loan Plan provides interest free loans to employees for employees to be able to exercise share options. Loan 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.

Accounting Judgements

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 Maiden 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 2019. 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.

Functional currency

The functional currency for the Company is the currency of the primary economic environment in which the entity operates. The Company changed its functional currency from the Australian dollar to the US dollar in the current financial year. Determination of functional currency may involve certain judgments to determine the primary economic environment. Expenditure at a company level will continue to be incurred in a number of currencies but given the future activities driven by the release of the PEA in funding a prefeasibility and bankable feasibility Management have judged that USD faithfully represents the currency that impacts the primary economic environment. Management will continue to make this judgement at each reporting period.

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.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 1 Accounting Policies (continued)

(x) Critical Accounting Estimates and Judgements (continued)

Company funded loan plan

The Company Funded Loan Plan provides interest free loans to employees for employees to be able to exercise share options. Loan to employees are recorded at fair value on initial recognition. Key judgement is required in determining the fair value of the loans at inception based on market interest rates and timing of cash flows. Furthermore, judgement is required to ascertain the likelihood of any expected credit losses on the loans provided under the Company Funded Loan Plan.

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 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 Ecuadorian 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**

30 June 2018	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 *	-	24,508	-	(867,403)	89,537,439	5,041,776	-	52,507,789
Other Ecuadorian projects	174	-	282,005	(309,987)	13,979,032	471,335	-	10,439,160
Other projects	51	268	681	(64,258)	9,875,043	83,272	-	595,543
Corporate	517,311	37,069	-	(13,911,798)	64,184,046	1,387,359	8,124,305	(6,005,978)
Total	**517,536**	**61,845**	**282,686**	**(15,154,446)**	**177,575,560**	**6,983,742**	**8,124,305**	**57,536,514**

* The Cascabel project is held the subsidiary Exploraciones Novomining S.A. which is 15% owned by a non-controlling interest. See further details of the subsidiary in note 9.

Geographical information

Non-current assets	2019 US$	2018 US$
UK	-	-
Australia	15,832,185	12,894,731
Solomon Islands	60,355	-
Ecuador	184,186,097	100,973,816
	200,078,637	**113,868,547**

The Group had no revenue during the current and prior year.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 3 Operating Loss

	Group 2019 US$	Group 2018 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	196,238	195,300
Amounts received or due and receivable by BDO (Ecuador) for the audit of the subsidiaries	62,237	47,345
Other non-audit services	139,081	43,531
Depreciation	67,604	61,845
Foreign exchange (gains)/losses	(629,207)	(3,163,593)
Share based payments (Note 19)	23,883,159	8,124,305

Note 4 Staff Numbers and Costs

	Group 2019	Group 2018	Company 2019	Company 2018
Corporate finance and administration	30	22	18	12
Technical – permanent	415	250	6	6
Technical - temporary	225	183	-	-
	670	**455**	**24**	**18**

The aggregate payroll costs of employees were:

	Group 2019 US$	Group 2018 US$	Company 2019 US$	Company 2018 US$
Wages and salaries	16,772,817	11,454,185	2,992,048	1,853,302
Contributions to superannuation	41,874	40,384	41,874	40,384
Share based payments	23,883,159	8,124,305	16,183,483	8,124,305
Total staff costs	**40,697,850**	**19,618,874**	**19,217,405**	**10,017,991**

Included within total staff costs is US$14,992,821 (2018: US$10,000,122) which has been capitalised as part of deferred exploration costs.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 5 Remuneration of Key Management Personnel

	Basic Annual Salary US$	Bonus US$	Other Benefits[1] US$	Pensions US$	Total Remuneration US$
2019					
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 (Study Manager).

	Basic Annual Salary US$	Bonus US$	Other Benefits[1] US$	Pensions US$	Total Remuneration US$
2018					
Directors					
Nicholas Mather[2] (highest paid director)	307,480	-	3,408,053	-	3,715,533
Brian Moller[2]	84,557	-	486,865	-	571,422
Robert Weinberg	53,809	-	292,119	-	345,928
John Bovard	53,809	-	292,119	-	345,928
Craig Jones	53,809	-	292,119	-	345,928
James Clare	8,968	-	-	-	8,968
Other Key Management Personnel[3]	853,021	-	2,607,950	38,193	3,499,164
Total paid to Key Management Personnel	**1,415,453**	**-**	**7,379,225**	**38,193**	**8,832,871**
Other staff and contractors	10,038,732	-	745,080	2,191	10,786,003
Total	**11,454,185**	**-**	**8,124,305**	**40,384**	**19,618,874**

[1] Other Benefits represents the fair value of the share options granted during the year based on the Black-Scholes model.

[2] During the year Mr Mather and Mr Moller exercised a total of 2,600,000 options granted under the employee share option plan (2017: nil). The nominal gain on the date of exercise of the share options was US$573,150.

[3] Other Key Management Personnel consist of the aggregated remuneration of Karl Schlobohm (Company Secretary), Priy Jayasuriya (Chief Financial Officer), Jason Ward (Chief Geologist), Benn Whistler (Technical Services Manager), Eduardo Valenzuela (Study Manager) and Lazaro Roque-Albelo (Latin Affairs Manager).

During the year, US$34,506 employer's social security costs (2018: US$38,193) were paid in respect of remuneration for key management personnel.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 6 Finance Income and Costs

	Group 2019 US$	Group 2018 US$
Interest income	369,718	517,536
Accretion of Interest on Company Funded Loan Plan (note 13)	305,692	-
Finance income	**675,410**	**517,536**

Note 7 Tax Expense

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% (2018: 30%) being applied to the loss before tax arising during the year. The differences are explained below.

	Group 2019 US$	Group 2018 US$
Tax reconciliation		
Loss before tax	(32,684,699)	(11,844,645)
Tax at 30% (2018: 30%)	(9,805,410)	(3,553,393)
Add (less) tax effect of:		
Permanent differences	7,353,124	2,455,664
Derecognise (Recognise) prior year losses	1,793,556	4,803,092
Prior period adjustments to true-up tax return	-	(516,599)
Other	(23,709)	92,176
Impact of tax rate differences	120,128	-
Impact of exchange rate differences	(52,595)	28,862
Income tax (benefit) expense on loss	**(614,906)**	**3,309,802**
Components of tax (expense) / benefit on other comprehensive income comprise of:		
Valuation gains on available for sale investments (see note 14)	(629,818)	1,981,335
Income tax (expense) benefit on other comprehensive income	**(629,818)**	**1,981,335**
Amounts recognised directly in equity		
Net deferred tax credited directly to equity	14,912	1,287,403
Income tax benefit recognised directly in equity	**14,912**	**1,287,403**

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.

Factors that may affect future tax charges

The Group has carried forward gross tax losses of approximately US$58.8 million (2018: US$49.2 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.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 8 Loss Per Share

	2019 Cents per share	2018 Cents per share
Basic loss per share	(1.8)	(0.9)
Diluted loss per share	(1.8)	(0.9)

	2019 US$	2018 US$
(a) Loss		
Loss used to calculate basic and diluted loss per share	(31,941,715)	(15,026,902)
	Number of shares	**Number of shares**
(b) Weighted average number of shares		
Used in calculating basic LPS	**1,800,361,098**	**1,620,664,370**
Weighted average number of dilutive options	-	3,780,868
Weighted average number of ordinary shares and potential ordinary shares used in calculating dilutive LPS	**1,800,361,098**	**1,624,445,238**

The 160,262,000 options on issue at 30 June 2019 are out of the money and are considered non-dilutive. These out of the money options may become dilutive in the future.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 9 Investments in Subsidiary Undertakings

	Country of incorporation and operation	Registered Address	Principal activity	SolGold plc's effective interest 2019	SolGold plc's effective interest 2018
Australian Resources Management (ARM) 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%	-

Notes to the Financial Statements

For the year ended 30 June 2019

Note 9 Investments in Subsidiary Undertakings (continued)

	Investment in subsidiary undertakings US$
Cost	
Balance at 30 June 2017	**87,330,540**
Acquisitions and advances in the year	60,818,433
Change in currency variance	(3,218,183)
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**
Amortisation and impairment losses	
Balance at 30 June 2017	**(37,940,482)**
Provision for impairment	-
Change in currency variance	1,391,670
Balance at 30 June 2018	**(36,548,812)**
Provision for impairment	-
Change in currency variance	1,370,702
Balance at 30 June 2019	**(35,178,110)**
Carrying amounts	
Balance at 30 June 2017	49,390,058
Balance at 30 June 2018	108,381,978
Balance at 30 June 2019	**200,507,458**

Note 10 Investments

(a) Investments accounted for as available-for-sale assets / Financial assets held at fair value through OCI

	Group		Company	
	2019 US$	2018 US$	2019 US$	2018 US$
Movements in financial assets				
Opening balance at 1 July	4,031,236	11,043,230	4,025,313	11,038,942
Additions	-	-	-	-
Fair Value adjustment through other comprehensive income	1,921,203	(7,011,994)	1,921,502	(7,013,629)
Balance at 30 June	**5,952,439**	**4,031,236**	**5,946,815**	**4,025,313**

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

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.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 10 Investments (continued)

The fair values of financial assets and 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 assets and liabilities measured and recognised at fair value.

	US$ Level 1	US$ Level 2	US$ Level 3	US$ Total
2019				
Financial assets held at fair value through OCI	5,952,439	-	-	5,952,439
2018				
Available for sale financial assets	4,031,236	-	-	4,031,236

The financial assets are measured based on the quoted market prices at 30 June. On the adoption of IFRS 9 the Financial Assets previously classified as Available for Sale have been reclassified as Financial Assets held at fair value through OCI.

Note 11 Property, Plant and Equipment

	Group						Company
	Land and Buildings US$	Plant and Equipment US$	Motor Vehicles US$	Office Equipment US$	Furniture & Fittings US$	Total US$	Total US$
Cost							
Balance 30 June 2017	**149,464**	**565,859**	**655,958**	**284,437**	**200,489**	**1,856,207**	**215,441**
Effect of foreign exchange on opening balance	-	(17,439)	(2,189)	(2,864)	(1,082)	(23,574)	(7,957)
Additions	1,052,358	404,139	484,021	295,854	65,423	2,301,795	12,584
Disposals	-	-	(35,155)	-	-	(35,155)	-
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
Balance 30 June 2019	**7,245,043**	**1,056,889**	**1,105,265**	**646,113**	**262,360**	**10,315,670**	**223,937**
Depreciation and impairment losses							
Balance 30 June 2017	**-**	**(191,464)**	**(134,541)**	**(122,476)**	**(41,043)**	**(489,524)**	**(69,894)**
Effect of foreign exchange on opening balance	-	13,594	2,189	3,509	1,178	20,470	3,951
Depreciation charge for the year	-	(31,527)	-	(28,634)	(1,684)	(61,845)	(37,068)
Depreciation capitalised to exploration	-	(86,385)	(199,682)	(96,057)	(39,725)	(421,849)	-
Disposals	-	-	20,507	-	-	20,507	-
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)	-
Balance 30 June 2019	**-**	**(422,065)**	**(518,690)**	**(398,020)**	**(129,110)**	**(1,467,885)**	**(140,027)**
Carrying amounts							
At 30 June 2017	149,464	374,395	521,417	161,961	159,446	1,366,683	145,547
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**

Notes to the Financial Statements
For the year ended 30 June 2019

Note 12 Intangible Assets

	Group deferred exploration costs US$
Cost	
Balance 30 June 2017	**85,686,322**
Effect of foreign exchange on opening balances	(2,003,944)
Additions – expenditure	60,681,617
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**
Impairment losses	
Balance 30 June 2017	**(39,777,784)**
Impairment charge	(282,686)
Effect of foreign exchange on restatement	1,472,661
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)**
Carrying amounts	
At 30 June 2017	45,908,538
At 30 June 2018	105,776,186
At 30 June 2019	**177,481,872**

Impairment loss
A decision was made to expense US$228,251 (2018: US$282,686) 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.

Cascabel Project (85% Ownership)

The Cascabel Project is SolGold's flagship project. In November 2018, an updated Mineral Resource Estimate was released which demonstrated a resource of 2.95 Bt @ 0.52% CuEq (15.4 Mt CuEq) containing 10.9 Mt Cu and 23.2 Moz Au at 0.2% CuEq cut-off. Furthermore, in May 2019, a Preliminary Economic Assessment ("PEA") for the Alpala Copper-Gold-Silver Deposit, Cascabel Project Northern Ecuador was released.

Based on the above management have assessed that there are no indicators of impairment for the aggregate carrying value of US$142.63 million.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 12 Intangible Assets (continued)

SolGold 100% owned Projects

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 programs on these concessions and delineated 12 priority projects.

Based on the above management have assessed that there are no indicators of impairment for the aggregate carrying value of US$25.19 million.

Acapulco Mining Projects

The main exploration project of Acapulco Mining Pty Ltd is the Mt Perry project. Initial exploration has targeted the previously abandoned high grade underground mines in the New Moonta area. The drilling was completed early July 2018.

Drilling has identified chalcopyrite and molybdenum mineralisation consistent with and indicative of a porphyry system. Both holes intersected a copper/molybdenum mineralised monzonite porphyry and were terminated in mineralisation.

Based on the above management have assessed that there are no indicators of impairment for the aggregate carrying value of US$6.48 million.

Central Minerals Projects

Central Minerals hold the Rannes project which has a JORC certified resource of 550,000 ounces of gold equivalents. Recent transactions have valued in ground gold resources between US$10-US$15 per ounce. Based on recent transactions, this values the Rannes project between US$5.5 million and US$8.25 million.

Based on the above management have assessed that there are no indicators of impairment for the aggregate carrying value of US$3.11 million.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 13 Loan Receivables and Other Non-Current Assets

	Group 2019 US$	Group 2018 US$	Company 2019 US$	Company 2018 US$
Movements in loan receivable and other non-current assets				
Security bonds	1,298,710	894,093	763,806	683,947
Company Funded Loan Plan Receivable	6,496,407	-	6,496,407	-
Closing balance at the end of the reporting period	**7,796,541**	**894,093**	**7,260,213**	**683,947**
Company Funded Loan Plan Receivable				
Balance at beginning of reporting period	-	-	-	-
Additions – funds loaned under the plan	7,220,950	-	7,220,950	-
Fair value adjustment recognised as an employee benefit expense	(921,448)	-	(921,448)	-
Accretion of interest	299,319	-	299,319	-
Effect of foreign exchange	(102,414)		(102,414)	-
Balance at end of reporting period	**6,496,407**	**-**	**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 2019 there have been no repayments against the loans provided.

The key terms of this Plan are 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 2 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.

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. 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 2019. The loan is a non-cash transaction.

Security bonds relate to cash security held against office premises, Level 27, 111 Eagle St, Brisbane, Queensland Australia, 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 Ecuadorian Ministry of Environment against Ecuadorian exploration tenements held by the Group.

Notes to the Financial Statements
For the year ended 30 June 2019

Note 14 Deferred Taxation

Recognised deferred tax assets and liabilities

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 unwind / 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 is expenditure is deductible over 5 years from when production commences.

Group 2018	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	12,013,315	8,947,975	-	-	-	20,961,290
Accruals / provisions	233,085	(57,600)	-	1,287,403	-	1,462,888
Potential benefit	**12,246,400**	**8,890,375**	**-**	**1,287,403**	**-**	**22,424,178**
Recognised deferred tax liabilities						
Available for sale financial assets	(2,830,224)	-	1,981,335	-	-	(848,889)
Exploration and evaluation assets	(9,413,176)	(11,476,220)	-	-	-	(20,892,396)
Foreign exchange gains/losses	-	(682,893)	-	-	-	(682,893)
Potential benefit	**(12,243,400)**	**(12,159,113)**	**1,981,335**	**-**	**-**	**(22,424,178)**
Net deferred taxes	**-**	**(3,268,738)**	**1,981,335**	**1,287,403**	**-**	**-**
Deferred tax assets not recognised						
Unused tax losses	4,961,054	5,805,208	-	-	-	10,766,262
Unused capital losses	-	-	-	-	-	-
Temporary differences[1]	8,962,905	-	-	-	-	8,962,905
Tax benefit	**13,923,959**	**5,805,208**	**-**	**-**	**-**	**19,729,167**

[1] Exploration expenditure incurred in the Solomon Islands that has been expensed. This expenditure is deductible over 5 years from when production commences.

Notes to the Financial Statements
For the year ended 30 June 2019

Note 14 Deferred Taxation (continued)

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	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					
Available for sale financial assets	(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**

Company 2018	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	2,830,225	(1,981,335)	-	-	848,890
Accruals / provisions	-	-	-	-	-
Potential benefit	**2,830,225**	**(1,981,335)**	**-**	**-**	**848,890**
Recognised deferred tax liabilities					
Available for sale financial assets	(2,830,225)	-	1,981,335	-	(848,890)
Exploration and evaluation assets	-	-	-	-	-
Potential benefit	**(2,830,225)**	**-**	**1,981,335**	**-**	**(848,890)**
Net deferred taxes	**-**	**(1,981,335)**	**1,981,335**	**-**	**-**
Deferred tax assets not recognised					
Unused tax losses	2,359,611	1,688,199	-	-	4,047,810
Unused capital losses	-	-	-	-	-
Temporary differences	-	-	-	-	-
Tax benefit	**2,359,611**	**1,688,199**	**-**	**-**	**4,047,810**

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

Notes to the Financial Statements

For the year ended 30 June 2019

Note 15 Other Receivables and Prepayments

	Group 2019 US$	Group 2018 US$	Company 2019 US$	Company 2018 US$
Other receivables	2,534,160	2,896,651	187,172	170,235
Prepayments	357,166	234,858	357,166	234,625
	2,891,326	**3,131,509**	**544,338**	**404,860**

Other receivables represent Australian Goods and Services Tax receivable, advances made to landowners in Ecuador for land purchases and in the prior year funds receivable from the exercise of share options. A provision for impairment loss is recognised when there is objective evidence that an individual receivable is impaired. No impairment loss has been recorded for the current and previous financial year.

Note 16 Cash and Cash Equivalents

	Group 2019 US$	Group 2018 US$	Company 2019 US$	Company 2018 US$
Cash at bank	41,746,200	60,575,504	38,290,929	58,948,814
Cash and cash equivalents in the statement of cash flows	**41,746,200**	**60,575,504**	**38,290,929**	**58,948,814**

The Group and Company do not have any loans or borrowings and therefore there are no changes in liabilities arising from financing activities to be disclosed in the cash flow statement.

Note 17 Allotted, Called-up and Fully Paid Share Capital and Reserves

(a) Authorised Share Capital

	2018 No. of Shares	2018 Nominal Value £
At 1 July 2017 – Ordinary shares	**2,020,000,000**	**20,200,000**
Increase in authorised share capital of £0.01 each on 30 January 2018	735,024,500	7,350,245
At 30 June 2018 – Ordinary shares	**2,755,024,500**	**27,550,245**

	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**

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.

Notes to the Financial Statements

For the year ended 30 June 2019

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

	No. of Shares	Nominal Value US$	Share Premium US$	Total US$
Ordinary shares of 1p each at 30 June 2017	1,512,955,686	21,987,050	164,792,271	186,779,321
Shares issued at £0.14 – Exercise of options 7 July 2017	1,300,000	16,705	217,168	233,873
Shares issued at £0.28 – Exercise of options 7 July 2017	1,300,000	16,705	451,041	467,746
Shares issued at £0.38 – Newcrest share issue 11 August 2017*	690,000	8,973	333,424	342,397
Shares issued at £0.25 – Placement 30 November 2017	180,000,000	2,414,420	57,945,935	60,360,355
Share issue costs charged to share premium account	-	-	(798,321)	(798,321)
Ordinary shares of 1p at 30 June 2018	**1,696,245,686**	**24,443,853**	**222,941,518**	**247,385,371**

	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 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.

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 2019 US$	Group 2018 US$	Company 2019 US$	Company 2018 US$
Current				
Trade payables	1,461,582	2,238,225	481,732	1,076,171
Other payables	2,264,538	1,480,574	148,617	83,189
Accrued expenses	2,788,472	3,264,943	665,331	227,998
	6,514,592	**6,983,742**	**1,295,680**	**1,387,358**

Trade and other payables are measured at amortised cost. The decrease in trade payables is due to the decrease in the number of drill rigs on site at Cascabel. The number of drill rigs have progressively decreased over the 12-month period from 12 to 9.

Decrease in accrued expenses for the Group represents amounts recognised for metres drilled but not invoiced. The Group finished with 9 drill rigs on the Cascabel project in 2019 compared to 12 drill rigs in 2018.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 19 Share Options

At 30 June 2019 the Company had 160,262,000 options outstanding for the issue of ordinary shares (2018: 88,353,768).

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.

Share options issued

There were 115,750,000 options granted during the year ended 30 June 2019 (2018: 46,762,000).

On 5 July 2018, the Company issued a combined total of 21,500,000 unlisted share options over ordinary shares of the Company, including:

- 21,250,000 share options to employees and contractors. The options are exercisable at £0.40 and expire on 4 July 2020; and
- 250,000 share options to a contractor. The options are exercisable at £0.60 and expire on 4 July 2021.

On 6 November 2018, the Company issued a combined total of 82,875,000 unlisted share options over ordinary shares of the Company to employees. The options are exercisable at £0.60 and expire on 6 November 2021.

On 20 December 2018, the Company issued a combined total 11,375,000 unlisted share options over ordinary shares of the Company to Directors following approval granted by shareholders at the Company's AGM on 20 December 2018. The options are exercisable at £0.60 and expire on 20 December 2021.

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**

*2,250,000 options previously issued to John Bovard were forfeited during the year as a result of his retirement.

Notes to the Financial Statements
For the year ended 30 June 2019

Note 19 Share Options (continued)

Date of grant	Exercisable from	Exercisable to	Exercise prices	Number granted	Number at 30 June 2018
17 October 2016	The options vested immediately, through to 17 October 2018	17 October 2018	£0.14 £0.28	9,795,884 9,795,884	9,795,884 9,795,884
28 October 2016	The options vest on the earlier of: (a) the expiry of 75% of the Term, or (b) a Change of Control Transaction, as defined under the Company's ESOP Rules	28 October 2018	£0.28	22,000,000	22,000,000
28 July 2014	The options vest on the earlier of: (a) 18 months after the issue date, or (b) a Change of Control Transaction, as defined under the Company's ESOP Rules	8 August 2020	£0.60	36,750,000	36,750,000
9 August 2017	The options vest on the earlier of: (a) 18 months after the issue date, or (b) a Change of Control Transaction, as defined under the Company's ESOP Rules	8 August 2020	£0.60	10,012,000	10,012,000
				88,353,768	**88,353,768**

Share-based payments

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

	Weighted average exercise price 2019	Number of options 2019	Weighted average exercise price 2018	Number of options 2018
Outstanding at the beginning of the year	£0.45	88,353,768	£0.25	44,191,768
Exercised during the year	£0.25	(40,766,321)	£0.21	(2,600,000)
Lapsed during the year	£0.28	(825,447)	-	-
Forfeited during the year	£0.60	(2,250,000)	-	-
Granted during the year	£0.56	115,750,000	£0.60	46,762,000
Outstanding at the end of the year	£0.57	160,262,000	£0.45	88,353,768
Exercisable at the end of the year	£0.57	160,262,000	£0.28	41,603,768

The options outstanding at 30 June 2019 have an exercise price of £0.40 and £0.60 (2018: £0.14 and £0.60) and a weighted average contractual life of 1.84 years (2018: 1.26 years).

Notes to the Financial Statements
For the year ended 30 June 2019

Note 19 Share Options (continued)

Share-based payments (continued)

Share options held by Directors are as follows:

Share options held	At 30 June 2019	At 30 June 2018	Option Price	Exercise Period
Nicholas Mather	26,250,000	26,250,000	60p	28/01/19 – 08/08/20
	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	-	60p	20/12/18 – 20/12/21
Robert Weinberg	2,250,000	2,250,000	60p	28/01/19 – 08/08/20
	900,000	-	60p	20/12/18 – 20/12/21
John Bovard	-	2,250,000	60p	28/01/19 – 08/08/20
Craig Jones	2,250,000	2,250,000	60p	28/01/19 – 08/08/20
	900,000	-	60p	20/12/18 – 20/12/21
James Clare	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	-	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

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

Share options held at 30 June 2019	Share options held at 30 June 2018	Option price	Exercise periods
-	9,795,884	£0.14	Exercisable through to 17/10/2018
-	9,795,884	£0.28	Exercisable through to 17/10/2018
-	22,000,000	£0.28	Vests on the earlier of the expiry of 75% of the term of the option or a Change of Control Transaction, as defined under the Company's ESOP Rules
34,500,000	36,750,000	£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.
21,250,000	-	£0.40	Exercisable through to 04/04/2020
250,000	-	£0.60	Exercisable through to 04/04/2021
82,875,000	-	£0.60	Exercisable through to 06/11/2021
11,375,000	-	£0.60	Exercisable through to 20/12/2021
160,262,000	**88,353,768**		

Notes to the Financial Statements
For the year ended 30 June 2019

Note 19 Share Options (continued)

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	£0.60 Options 9 August 2017	2019 £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.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 19 Share Options (continued)

Share-based payments (continued)

Fair value of share options and assumptions	£0.60 Options 28 July 2017	2018 £0.60 Options 9 August 2017	£0.60 Options 9 August 2017	2017 £0.28 Options 28 October 2016
Number of options	36,750,000	10,000,000	12,000	22,000,000
Share price at issue date	£0.365	£0.375	£0.375	£0.2675
Exercise price	£0.60	£0.60	£0.60	£0.28
Expected volatility	89.714%	89.714%	89.714%	99.744%
Option life	3.03 years	3.00 years	3.00 years	2.00 years
Expected dividends	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate (short-term)	0.461%	0.461%	0.461%	0.66%
Fair value	£0.167	£0.173	£0.173	£0.14
Valuation methodology	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes

For the financial year ended 30 June 2018	US$	US$	US$	US$
Share based payments expense recognised in statement of comprehensive income	4,771,274	1,304,054	-	2,048,974
Share based payments expense recognised as share issue costs	-	-	2,622	
Share based payments expense to be recognised in future periods	2,968,176	881,118	-	

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.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 20 Financial Instruments (Group and Company)

Financial instruments by category (Group)

Financial assets	Loans and receivables		Financial assets held at fair value through OCI / Available-for-sale	
	2019	2018	2019	2018
Cash and cash equivalents	41,746,200	60,575,504	-	-
Loans receivable and other non-current assets	7,796,541	894,094	-	-
Equity investments	-	-	5,952,439	4,031,236
Total financial assets	**49,542,741**	**61,469,598**	**5,952,439**	**4,031,236**

Financial liabilities	Financial liabilities at amortised cost	
	2019	2018
Trade and other payables	6,514,592	6,983,742
Total financial liabilities	**6,514,592**	**6,983,742**

Financial instruments by category (Company)

Financial assets	Loans and receivables		Financial assets held at fair value through OCI / Available-for-sale	
	2019	2018	2019	2018
Cash and cash equivalents	38,290,929	58,948,814	-	-
Other receivables	187,172	170,235	-	-
Loans receivable and other non-current assets	762,382	683,948	-	-
Investment in subsidiaries	200,507,458	108,381,978	-	-
Equity investments	-	-	5,946,815	4,025,313
Total financial assets	**239,747,941**	**168,184,975**	**5,946,815**	**4,025,313**

Financial liabilities	Financial liabilities at amortised cost	
	2019	2018
Trade and other payables	1,295,680	1,387,358
Total financial liabilities	**1,295,680**	**1,387,358**

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 year ended 30 June 2019 and 2018 no trading in commodity contracts was undertaken.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 20 Financial Instruments (Group and Company) (continued)

Market risk

Interest rate risks

The Group's and Company's policy is to retain its surplus funds on the most advantageous term of deposit available up to twelve month's maximum duration. The increase/decrease of 2% in interest rates will impact the Group's income statement by a gain/loss of US$834,924 and the company's income statement by US$765,819 The group considers that a 2% +/- movement interest rates represent reasonable possible changes.

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		**Functional currency of entity**		
Net Financial Assets (Liabilities)	**AUD**	**USD**	**SBD**	**TOTAL**
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**

Group		**Functional currency of entity**		
Net Financial Assets (Liabilities)	**AUD**	**USD**	**SBD**	**TOTAL**
2018				
Australian dollar	23,975	135,588	-	159,563
Solomon Island dollar (SBD)	3,910	-	-	3,910
Canadian dollar (CAD)	-	1,767,674	-	1,767,674
Great British Pound (GBP)	-	11,535,544	-	11,535,544
	27,885	**13,438,806**	**-**	**13,466,691**

Note 20 Financial Instruments (Group and Company) (continued)

Company	Functional currency of entity			
Net Financial Assets (Liabilities)	**AUD**	**USD**	**SBD**	**TOTAL**
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**

Company	Functional currency of entity			
Net Financial Assets (Liabilities)	**AUD**	**USD**	**SBD**	**TOTAL**
2018				
Australian dollar	-	135,588	-	135,588
Canadian dollar (CAD)	-	1,767,674	-	1,767,674
Great British Pound (GBP)	-	11,535,544	-	11,535,544
	-	**13,438,806**	**-**	**13,438,806**

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$1,869,180 (2018: US$1,296,792) in the Group net assets and reported earnings. A 10% decrease in the A$/US$ and GBP/US$ exchange rates would give rise to a change of approximately US$1,529,329 (2018: US$1,061,012), 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
For the year ended 30 June 2019

Note 20 Financial Instruments (Group and Company) (continued)

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 2019 were US341,764 in cash accounts with Macquarie Bank Limited (BBB) in Australia, US$13,044 in cash accounts with the ANZ Bank (AA-) in Australia, US$37,984,064 in cash accounts with Westpac Bank (AA-) in Australia, US$3,771 in cash accounts with ANZ Bank (AA-) in Honiara, Solomon Islands, US$2,650,436 in cash accounts with Banco Guayaquil (AAA-) in Ecuador, US$733,978 in cash accounts with Produbanco (B) in Ecuador, US$12,693 in cash accounts with Lloyds of London (A+), and US$6,450 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$44,280,360 (2018: US$63,472,169).

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 2019, the company had US$41,746,200 in cash and cash equivalents (2018:US$60,575,504) and US$6,496,407 of Company Loan Funded Plan receivable (2018: US$nil). The maximum exposure to credit risk at the reporting date was US$48,242,607 (2018: US$60,575,504).

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.

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 1 year.

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 21 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	3,248,160	6,496,320	-
Solomon Islands	3,141,333	6,282,667	-
Queensland	226,362	211,636	-
	6,615,855	12,990,623	-

To keep tenements in good standing, work programs 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.

Notes to the Financial Statements
For the year ended 30 June 2019

Note 22 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.

a) Transactions with Directors and Director-Related Entities

(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 2019 US$539,422 was paid or payable to Samuel (2018: US$296,120). These amounts are included in Note 5 (Remuneration of Key Management Personnel). The total amount outstanding at year end is US$925 (2018: US$12,388).

(ii) The Company has a long-standing commercial arrangement with DGR Global Ltd, an entity associated with Nicholas Mather (Director) and Brian Moller (Director), for the provision of various services, whereby DGR Global provides resources and services including the provision of its administration and exploration staff, its premises (for the purposes of conducting the Company's business operations), use of existing office furniture, equipment and certain stationery, together with general telephone, reception and other office facilities (''Services''). In consideration for the provision of the Services, the Company shall reimburse DGR Global for any expenses incurred by it in providing the Services. For the year ended 30 June 2019 US$255,700 was paid or payable to DGR Global (2018: US$266,508) for the provision of administration, management and office facilities to the Company during the year. The total amount outstanding at year end was US$15,788 (2018: US$70,213).

(iii) Mr Brian Moller (a Director), is a partner in the Australian firm HopgoodGanim lawyers. For the year ended 30 June 2019, HopgoodGanim were paid US$201,306 (2018: US$163,204) for the provision of legal services to the Company. The services were based on normal commercial terms and conditions. The total amount outstanding at year end was US$nil (2018: US$nil).

(iv) Mr James Clare (a Director), is a partner in the Canadian firm Bennett Jones lawyers. For the year ended 30 June 2019, Bennett Jones were paid US$152,559 (2018: US$418,996) for the provision of legal services to the Company. The services were based on normal commercial terms and conditions. The total amount outstanding at year end was US$nil (2018: USSnil)

(v) On 2 July 2018 and 13 June 2019, The Mather Foundation Limited, a Philanthropic Auxiliary Foundation Trust Fund of which Nicholas Mather is a Director, sold 850,000 and 400,000 shares in SolGold.

Share and Option transactions of Directors are shown under Notes 5 and 19.

(b) Company

The Company has related party relationships with its subsidiaries (see Note 9), Directors and other key personnel (see Notes 5 and 19).

Subsidiaries

The Company has an investment in subsidiaries balance of US$192,807,783 (2018: US$108,381,978). 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.

Notes to the Financial Statements

For the year ended 30 June 2019

Note 23 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 2019 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 2019, Cornerstone's equity interest in ENSA had not been diluted below 10%.

The amount receivable from CESA at 30 June 2019 was $23,516,425 (2018: $12,951,215). 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 2019 (2018: nil).

Note 24 Subsequent Events

On 5 August 2019, tenements wholly within an area of mutual interest extending 5 kms from the boundary of the Cascabel licence which were granted to SolGold's 100% owned subsidiary Carnegie Ridge Resources SA (CRRSA) were transferred to Exploraciones Novomining SA (ENSA) in which SolGold has a registered and beneficial 85% interest. The tenements which have been transferred from CRRSA to ENSA are: Blanca 2, Nieves 2 and Rio Mira 2.

In 2017, Major Drilling Group International Ecuador (hereinafter "Major") filed an arbitration claim before the Arbitration Center of the Quito Chamber of Commerce against ENSA for the amount of US$350,000. Major alleged a breach of the drilling contract signed by the parties on 22 September 2016 (hereinafter "Agreement"). On 1 September 2017 ENSA filed a counterclaim against Major for the amount of US$ 360,000 for compensation for damages caused by Major. On 5 August 2019 Major and ENSA agreed to settle their dealings out of court by way of a USD$200,000 payment to Major for outstanding invoices. No additional penalties of payments will be paid by either company in excess of this USD$200,000.

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.