SolGold

AN EMERGING COPPER GOLD MAJOR

Annual Report 2021

SOLGOLD IS AN EMERGING COPPER-GOLD MAJOR, AND LEADING EXPLORATION COMPANY FOCUSED ON THE DISCOVERY, DEFINITION AND DEVELOPMENT OF WORLD-CLASS COPPER AND GOLD DEPOSITS

HAVING UTILISED ITS FIRST MOVER ADVANTAGE IN ECUADOR, SOLGOLD IS A LARGE AND ACTIVE CONCESSION HOLDER IN THE COUNTRY

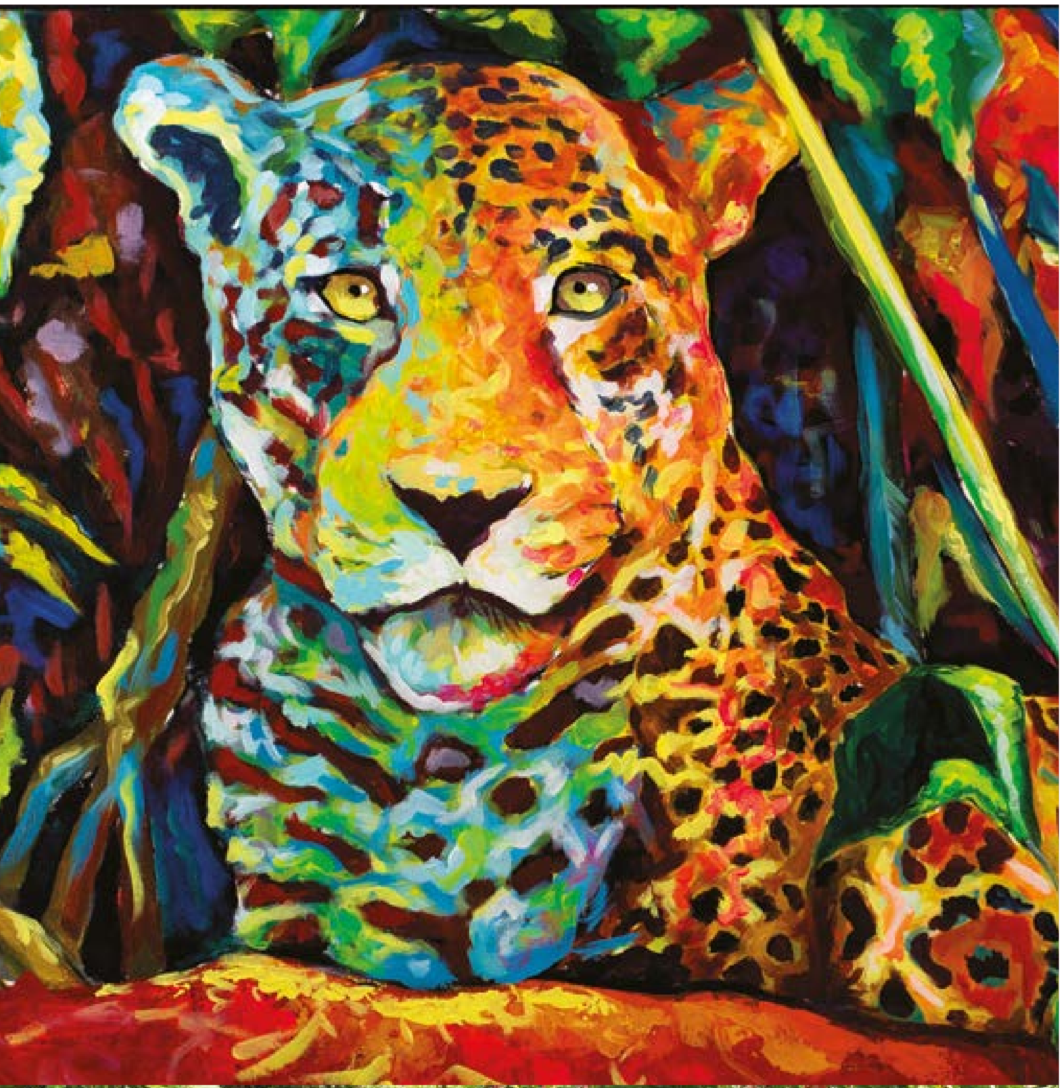
SolGold is an emerging copper-gold-silver major, and leading exploration company focused on the discovery, definition and development of world-class copper and gold deposits.

Having utilised its first mover advantage in Ecuador, SolGold is a large and active concession holder in the country. SolGold is rapidly exploring the length and breadth of this highly prospective section of the Andean Copper Belt, home of multiple Tier 1 copper and gold projects and half of the world's copper resources.

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

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

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



COMPANY OVERVIEW

STRATEGIC REPORT

CORPORATE GOVERNANCE

FINANCIAL STATEMENTS

VIEW OUR ANNUAL REPORT ONLINE AT
WWW.SOLGOLD.COM.AU/AR2021

ABOUT SOLGOLD

OUR PRIORITIES AND KEY AREAS OF FOCUS ARE GROUPED INTO THESE SIX PILLARS

HEALTH AND SAFETY

OUR PEOPLE

GOVERNANCE

OUR COMMUNITY

OUR ENVIRONMENTAL STEWARDSHIP

VALUE CREATION

SUSTAINABILITY GOALS AND PERFORMANCE HIGHLIGHTS

OUR SUSTAINABILITY GOALS ARE:

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

Our detailed sustainability section of this report can be found on pages 66–79.

SOLGOLD IS COMMITTED TO A SUSTAINABLE AND TRANSPARENT APPROACH TO ALL OPERATIONS IN EXPLORATION AND MINING

HIGHLIGHTS:

- Discovery of the Cacharposa highly mineralised copper-gold porphyry system at Porvenir, southern Ecuador
- Discovery of near-surface mineralisation at the Tandayama-Ameríca copper-gold porphyry target at Cascabel, 3km from the Alpala deposit
- Two successful equity raisings of gross proceeds of circa US$78.8 million to advance our regional exploration portfolio and advance Alpala
- Completion of NSR Financing Agreement of US$100 million from Franco-Nevada Corporation ("Franco-Nevada")
- Progression of the 13 priority regional exploration projects identified to date
- Initiated process seeking strategic partners to advance early-stage exploration projects, generating considerable interest
- Appointment of four additional independent Non-Executive Directors, appointment of independent Chair and improved board committee composition, demonstrating commitment to corporate governance
- New collaboration with Franco-Nevada and the Lita and Carolina communities on a community recycling and waste management initiative
- Invested in community engagement and expanded our social team in Ecuador to 35 people
- Signed up and support the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anticorruption
- Renewed and encouraging engagement with the government of Ecuador following the elections earlier in 2021
- US$109.6 million cash balance (2020: US$46.9 million)

SOLGOLD AT A GLANCE

SOLGOLD'S FOCUS SINCE 2012 HAS BEEN ON THE RICHES OF THE UNDEREXPLORED SECTION OF THE ANDEAN COPPER BELT IN ECUADOR

SOLGOLD PLC IS A MINERAL EXPLORATION AND DEVELOPMENT COMPANY HEADQUARTERED IN BRISBANE, AUSTRALIA

SolGold is listed on the London Stock Exchange's Main Market and on the Toronto Stock Exchange under the code 'SOLG'.

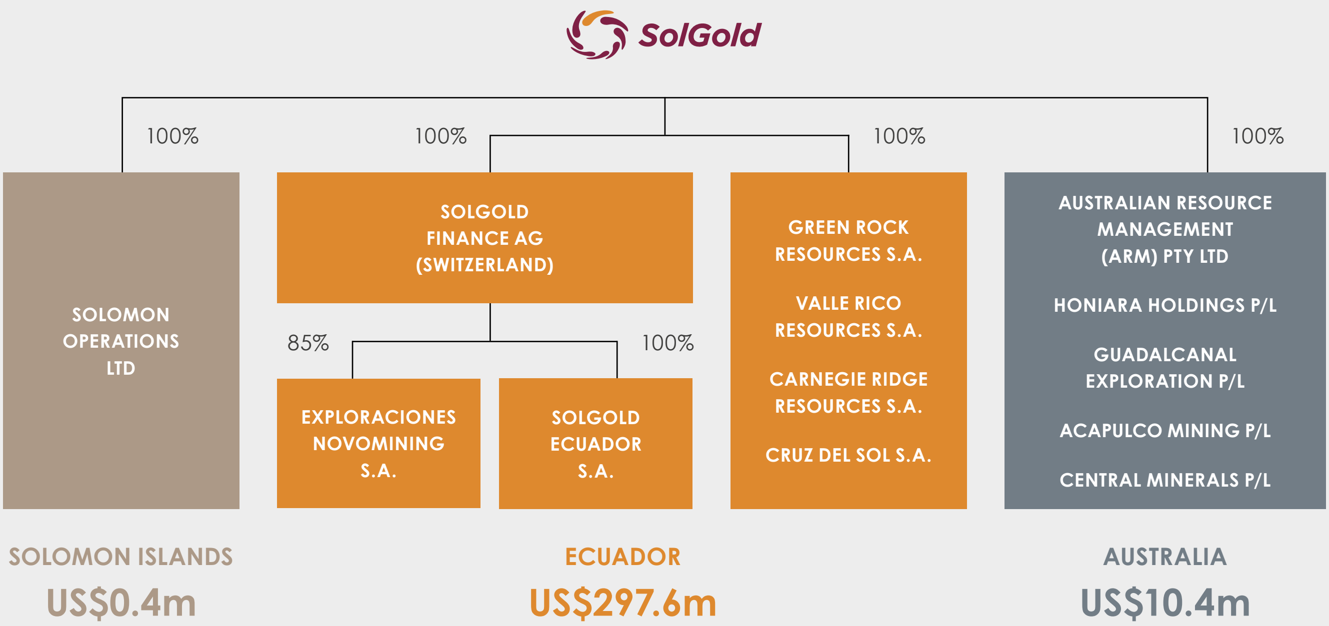
The Company has a large portfolio of copper, gold and silver projects in Ecuador, Australia and the Solomon Islands.

The Company's focus since 2012 has been on the riches of the underexplored section of the Andean Copper Belt in Ecuador. In addition to the Tier 1 Alpala Project, SolGold has identified 13 highly prospective priority projects throughout Ecuador and is exploring these in parallel to the development of Alpala.

SolGold has a highly experienced and significantly invested Board and SolGold's management team continues to strive to deliver objectives efficiently and in the interests of shareholders.

SOLGOLD CORPORATE STRUCTURE

SolGold plc is a mineral exploration and development company headquartered in Brisbane, Australia.



* United States Dollar amounts denote the total expenditure capitalised on 30 June 2021.

FOUR 100% OWNED ECUADORIAN SUBSIDIARIES FOR THE REGIONAL EXPLORATION PROGRAMME

Carnegie Ridge Resources S.A.

Cruz del Sol CSSA S.A.

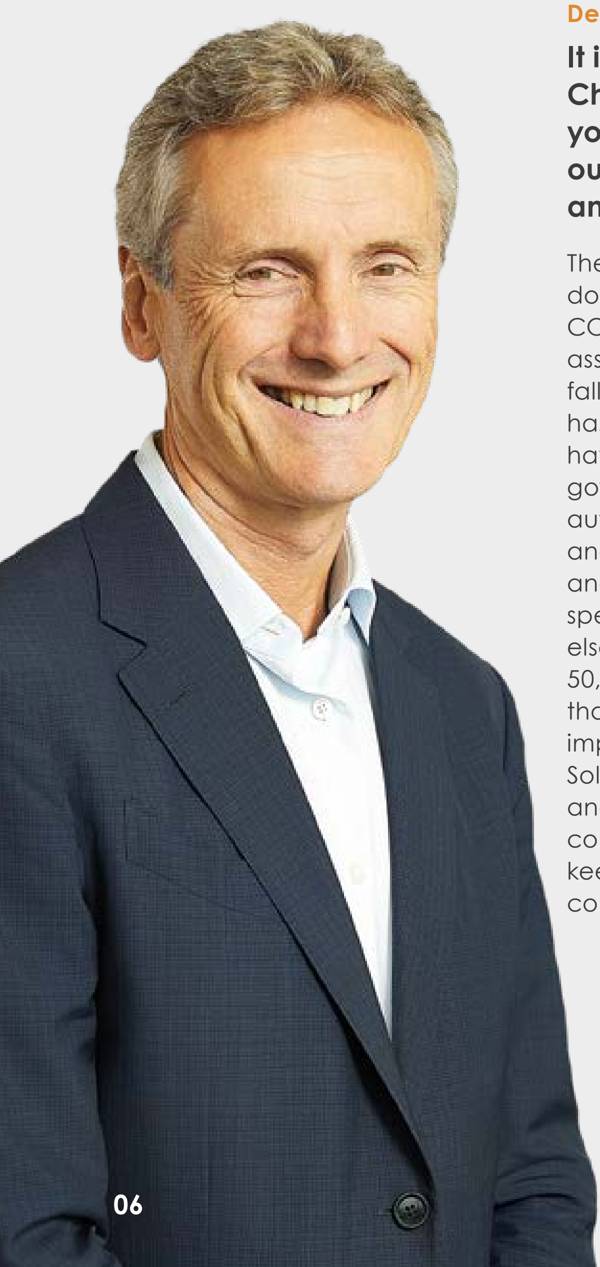
Valle Rico Resources VRR S.A.

Green Rock Resources GRR S.A.

STATEMENT OF THE CHAIR

WE ARE WELL-CAPITALISED, WITH A STRONG MANAGEMENT TEAM AND AN UNRIVALLED PORTFOLIO OF PROJECTS

LIAM TWIGGER
Chair



Dear Shareholders,

It is my pleasure, as your Chairman, to present to you on behalf of the Board, our 2021 Annual Report and Accounts.

The past year has, naturally, been dominated by the worldwide COVID-19 pandemic and its associated economic and social fallouts. Latin America in general has been badly affected and we have worked intensively with the government of Ecuador and local authorities to keep our employees and our wider community safe and our operations going. Our specific responses are detailed elsewhere in this report on page 50, but please allow me to say that I have been extremely impressed with everyone at SolGold, both on the operational and corporate level, for the commitment they have shown to keep their colleagues and wider communities protected and well.

It is likely that we will all have to live with certain restrictions for some time, but I am confident that with the protocols we have in place, coupled with the skills and dedication of our employees, we will continue to weather this crisis and emerge a stronger business as a result.

This year has also seen the retirement of Nick Mather from the role of Chief Executive Officer after 13 years at the helm of SolGold. During his tenure, the Company has delivered globally recognised exploration successes, become a distinguished explorer in Ecuador and laid the foundation for the next phase in the successful development of the Company. I would like to thank Nick most sincerely on behalf of the Board for everything he has done to create in Alpala one of the largest independent copper-gold-silver mine development projects the world has seen in the last decade. It is a tremendous legacy and he leaves the role with our very best wishes.

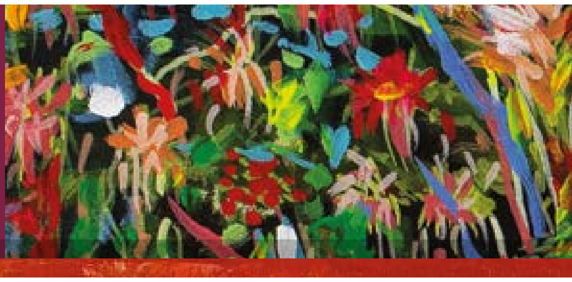
The CEO role is currently filled on an interim basis by Keith Marshall. Keith was previously a Non-Executive Director and the Board was extremely fortunate to have someone with Keith's skills and experience available to us. Keith has over 40 years' experience in the mining sector and has worked on significant underground block cave mines around the world, providing SolGold with extensive knowledge and guidance for the development of the Alpala Project. Keith has provided stability and leadership to the Company and I would like to recognise his outstanding performance to date.

We had initially planned delivery of the Alpala Pre-Feasibility Study ("PFS") at the end of Q3 2020. However, as a result of COVID-19 restrictions, SolGold had limited physical access to sites in Ecuador for a number of months, which resulted in delays in gathering and processing critical geotechnical data required to meet the original study plan and schedule. Furthermore, the newly formed Alpala Project Committee, chaired by Keith, reviewed the work undertaken on the Alpala PFS and provided its recommendation to the Board on the next steps to progress to completion of a revised Alpala PFS. The objective of a revised study is to reduce execution risks, lower expected pre-production capital and significantly reduce time to first potential production.

In April we announced that a total of 208,202,938 new Ordinary Shares in the capital of the Company were placed with new and existing investors via a Placing and Retail Offer at a Placing Price of 25.5 pence per new Ordinary Share. The Placing was significantly oversubscribed and raised gross proceeds of approximately US$73.8 million. As a result of the Placing, we added some very strong names to our shareholder register, and I would like to thank existing and new investors for their support and backing of our strategy and ongoing investment in Ecuador. This Placing underscores the quality of our mineral assets in Ecuador and the strong market sentiment for the development of copper mines in the coming years.

DURING THE YEAR WE ALSO CONTINUED OUR STRATEGY OF APPLYING OUR EXPLORATION BLUEPRINT OF SYSTEMATICALLY EVALUATING OUR EXPLORATION ASSETS ACROSS ECUADOR

STATEMENT OF THE CHAIR CONTINUED

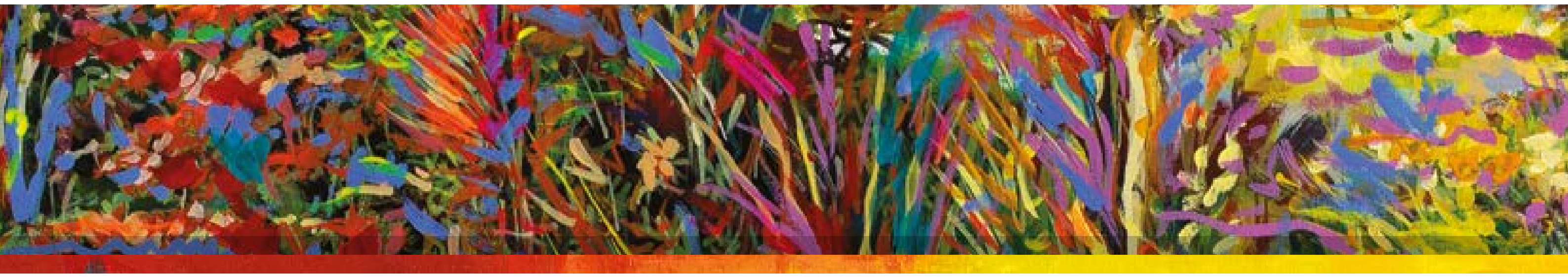


During the year we also continued our strategy of applying our exploration blueprint of systematically evaluating our exploration assets across Ecuador, which are held by four wholly owned subsidiaries that are actively exploring throughout the country. The Cacharposa discovery at Porvenir demonstrates the importance of regional exploration to SolGold's corporate strategy and to its shareholders and is a result of the Company's successful application of the Alpala geological, exploration and operational blueprint.

As Chairman, it is my responsibility to oversee the corporate governance of the Company. I am pleased to report that during the year, various initiatives have been undertaken as part of our continued drive towards compliance with the UK Corporate Governance Code (the "Code"). As part of the Company's commitment to being represented by an appropriate balance of experience, independence and diversity, the Board of Directors resolved to strengthen the Board so that at least half of the Board is comprised of independent Non-Executive Directors in the 2020 calendar year. The Board delivered on this commitment with the appointment of four independent Non-Executive Directors in July and October 2020 and reached another significant corporate milestone with the appointment of its second female Director. The appointment of Mrs Maria Amparo Alban to the Nominations Committee of the Board has brought that Committee into full compliance with the Code. The Board considers that each of the Audit and Risk, Remuneration and Nominations Committees now fully complies with the requirements of the Code. Details of the composition and charter of each Committee are currently available on the Company's website and are provided in this Report. In our continued drive towards full compliance with the Code, the Board is seeking to make further improvements including to increase diversity at the Board. It is intended that we will be compliant with all aspects of the UK Corporate Governance Code by mid-2022.

The Board's Senior Independent Director Elodie Grant Goodey, Keith Marshall and myself have consulted with a range of the Company's corporate and institutional shareholders during the year in relation to a wide range of issues including the 2020 AGM. As a result of these consultations the Board has addressed a number of the concerns previously held by certain shareholders which resulted in the votes cast "against" at the 2020 AGM. An external evaluation review of the Board was also completed during the year. Additionally, in line with good governance practice, the Audit and Risk Committee has started the tendering process for the Company's next external auditor.

We continue to place strong sustainability principles and practices at the heart of all our business and operations. The long-term development and success of the Company relies on a consistent and transparent approach to sustainability, which is embedded within the SolGold business model. We strive to be a responsible business that acts



in the best interests of all of our stakeholders, and this has been evidenced by the strong progress made across our environmental, social and governance initiatives during the year.

One initiative that I am particularly pleased about is our ESG initiative with our royalty partner Franco-Nevada. As part of the Franco-Nevada NSR Financing Agreement, Franco-Nevada has agreed to contribute a total of US$150,000 per calendar year for three years investing in one of our ESG projects jointly with SolGold. SolGold will match or exceed Franco-Nevada's contribution towards these projects. To that end, in May 2021, Franco-Nevada has confirmed its sponsorship of SolGold's community recycling and waste management initiative. Community waste management is a recurring theme when the Company conducts participatory community surveys and is considered a major concern for the communities and the local government alike.

Improving waste management removes health hazards and potential harm to the environment and improves the overall level of care for community property. Via this programme, the community plans to adopt waste management principles used successfully in other areas of SolGold's operations, which as a result we hope will generate not only income, but improved waste disposal procedures, increase community pride in keeping public spaces clean and safe from harmful materials and prevent harmful impacts on local rivers for others downstream.

I would like to thank all of our shareholders, employees and wider stakeholders for their continued support and increased interest in SolGold as we transition to a fully-fledged developer and producer. In particular, I would like to thank Karl Schlobohm who stepped down from the role of Company Secretary at the year end. Karl has acted as SolGold's Company Secretary since April of 2009, and I would like to sincerely thank him for his years of dedicated service and loyalty to the Company and its shareholders.

In conclusion, I would like to assure our shareholders that despite the headwinds of the pandemic and the necessary additional work to the Alpala Project, your Company is in excellent shape to meet the challenges ahead. We are well-capitalised, with a strong management team and an unrivalled portfolio of projects. The long-term demand for our metals remains strong and we are confident that we will continue to add value for both our shareholders and the communities in which we operate.

Liam Twigger

Chair

28 September 2021

CEO STATEMENT

WE HAVE MADE EXCELLENT PROGRESS THIS YEAR WITH OUR WIDER EXPLORATION PORTFOLIO

KEITH MARSHALL
Interim Chief Executive Officer

INTRODUCTION

I would like to begin by paying tribute to Nick Mather, who stepped down as CEO in March 2021.

During his tenure, Nick built SolGold into a distinguished Ecuadorian base metals explorer, with the discoveries laying the foundation for the next phase in the successful development of the Company.

When Nick stepped down and I was appointed Interim CEO, the Nominations Committee made the decision to go through a comprehensive global recruitment process, knowing it would take time to recruit the right CEO. The Nominations Committee viewed the appointment as the most important current issue for the development of SolGold. I am pleased to say that we are now well advanced with the recruitment process and hope to be making an announcement in the near future.

As with the rest of the world, the COVID-19 pandemic has made this an extremely challenging year for the Company and although there is now an immunisation programme being rolled out in Ecuador, I expect the impact of the pandemic to run well into 2022. I am pleased to tell you however that we are managing to work through the crisis, largely due to the resilience and professionalism of our employees, many of whom have been separated from their families for extended periods.

On the project front, the year has been significant for the change in the timetable of the release of the Alpala PFS. By way of background, in December 2020 the Board of Directors requested the formation of the Alpala Project Committee ("APC") and that the APC should thoroughly and completely review the draft PFS. The APC found that the draft PFS development and mine plan was considered to be overly optimistic and hence there was a real risk that the original plan could not be achieved. The APC advised the Board that ten months' additional time was required to prepare a more robust and realistic mine plan. I am pleased to inform you that the Alpala Project Team are progressing the revised PFS.

Having said that, we had to rework most elements of the study work and therefore further improvements and optimisation are expected as we progress towards a construction start.

On the exploration front we have made excellent progress this year with both our near surface drilling at our Cascabel concession (specifically the drilling of the Tandayama-Ameríca deposit, 3km northwest of Alpala has been highly encouraging) and with our wider exploration portfolio (specifically the drilling of the Porvenir deposit).

I was very pleased with the outcome of our equity placing in April that saw very strong demand from high-quality investors. We managed to raise US$73.8 million of gross proceeds which has put us in a strong capital position. The proceeds of the Placing and Retail Offer are intended to fund a minimum of 40,000 metres of diamond core drilling, related technical services and staff expenses as well as CSR initiatives related to the Company's Regional Portfolio. Any excess cash will be used for the Definitive Feasibility Study ("DFS"), which follows the PFS, and any workstreams related to the Alpala Project. Some long lead DFS work has already been initiated in anticipation of the PFS.

Shortly before the end of our financial year we were able to announce that the Company and our shareholder Cornerstone Capital Resources Inc. ("Cornerstone") will be working together to explore and evaluate a range of strategic and financing options focused on maximising value for their respective shareholders with respect to the Cascabel Project.

SolGold is committed to a sustainable and transparent approach to all of our operations whether in exploration or in mining. Our ambition is to become a major mining company in Ecuador, and so our business model, corporate governance practices and operations are structured with sustainable and responsible practices in mind. We strive to create an equal opportunity work environment where employees can be safe and healthy at all times, while feeling valued and supported. We continue to support our already strong community relations in our zone of influence through a number of different initiatives and programmes in place. Our in-depth sustainability report can be found on pages 66 to 79 in this report.

SolGold is committed to the safety and wellbeing of its employees and communities. As a result of the state policy in Ecuador and to ensure the protection of the communities we work with, the Company has established specific COVID-19 protocols to ensure compliance with government preventative measures. As a result, the Company was able to continue field operations in all locations in Ecuador. As of today, we have not relaxed any of the stringent quarantine and test requirements created at the onset of the pandemic for anyone entering field operations. We will continue to actively support local communities in their efforts to curtail the spread of the virus and are encouraging our employees to get vaccinated. A comprehensive information programme continues to be used by Social Team members. Further details of our COVID-19 management can be found on page 50 in this report.

CEO STATEMENT CONTINUED

ALPALA PRE-FEASIBILITY STUDY UPDATE

The Alpala deposit comprises 2,663 Mt at 0.53% CuEq in the Measured and Indicated categories and contains 9.9 Mt Cu, 21.7 Moz Au and 92.2 Moz Ag. The core of the deposit measures approximately 900m in height and 500m in diameter, making it ideal for underground block caving.

While the revised mine plan is smaller in scale, it is a much more selective and has a more straightforward approach to mining the deposit, which should guarantee noticeably enhanced returns over the first 25 years of operation. The revised selective approach is designed to add flexibility and provide optionality for a future mine expansion to enable successful mining of the lower grade sections of the orebody. I am very encouraged with this revised approach and I am confident that it will offer a robust but flexible solution to the development of Alpala.

Anticipated benefits of the revised approach being studied include lower execution risks with a shaft access providing early access to the orebody. An accelerated path to first ore should reduce pre-production capital costs. The Company is optimistic that the revised mine plan will deliver a similar metal production while mining significantly less material and will result in substantial cost savings.

Finally, I am pleased to highlight the potential for one or more open pits on the Cascabel concession. We are currently evaluating both the Alpala and the Tandayama-America deposits for their open pit potential. Both of these are relatively low-grade deposits but have the potential to generate economic ore quicker which will complement the high-grade Alpala underground ore. The Alpala underground project is a long lead time project with full production not expected until after 2030. Access to open pit material will enable initial production to potentially start as early as 2026.

EXPLORATION HIGHLIGHTS

SolGold's regional exploration programme in Ecuador coordinates multiple highly skilled field teams systematically exploring and assessing 75 concessions throughout the country. The Company's regional concessions are located along the prolific Andean Copper Belt which is renowned as the production base for a significant portion of the world's copper and gold resources. The regional exploration programme currently focuses on several priority projects identified for aggressive exploration, of which five are now considered Core Targets that have been elevated to drill ready status.

Early-stage results from the Company's regional exploration programme are testament to this, following the discovery of significant copper-gold mineralisation near the surface at the Cacharposa porphyry copper-gold target at Porvenir as well as discovery of significant geochemical and geophysical hallmarks of large porphyry systems identified at several project areas, including the Rio Amarillo, Cisne Loja, Sharug and Helipuerto projects. Drilling will continue at the Cacharposa target throughout 2021, with additional drilling programmes across the remaining four drill ready Core Targets at Cerro Quiroz, Varela, Santa Martha and Celen.

OUTLOOK

Long-term demand for copper is expected to continue to rise in line with the global economy's transition to a low-carbon future and continued strong economic growth in emerging markets. Increasing consumer uptake of electronics, electric vehicles, urbanisation and electrification, and renewable energy generation, will ensure strong demand for copper metal in the decades ahead.

It is a widely shared view that the Alpala resource is one of the most significant copper-gold porphyry discoveries of the last decade. It has the potential to become a key source of future copper supply amid an expected growing medium-term market deficit, reflecting limited new project development, a declining base production and growing demand supported by the shift towards electrification and decarbonisation.

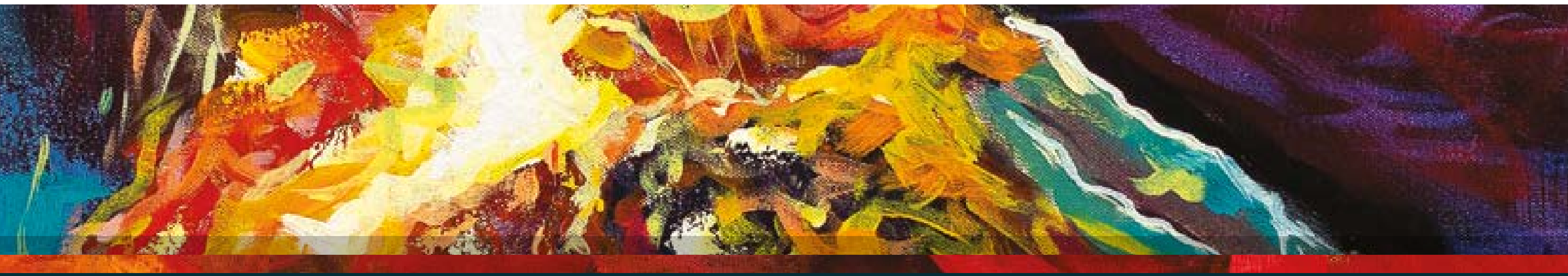
We look forward to the advancement of the Alpala project, as well as making continued progress with the wider exploration portfolio.

I would like to thank all our employees for their hard work and sacrifice in what has been an extremely challenging year for the Company. I am very confident that the year ahead will be a successful one for SolGold and our stakeholders.

Keith Marshall

Interim Chief Executive Officer

28 September 2021

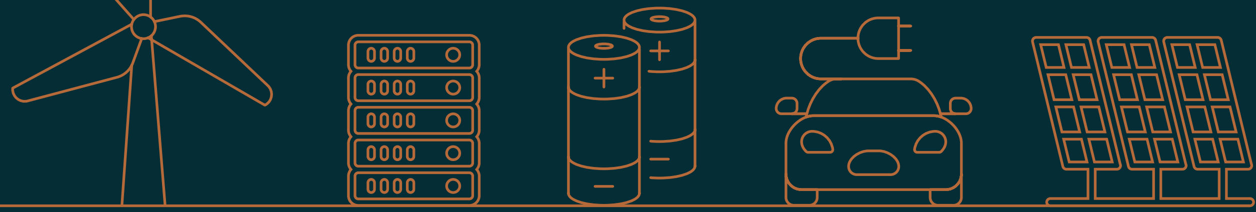


COPPER

KEY METAL TO SUPPORT THE GLOBAL ENERGY TRANSITION

THE TOP SIX USES:

- Electrical Networks
- Construction
- Industrial Machinery
- Home Appliance
- Transport
- Consumer Electronics



GOLD

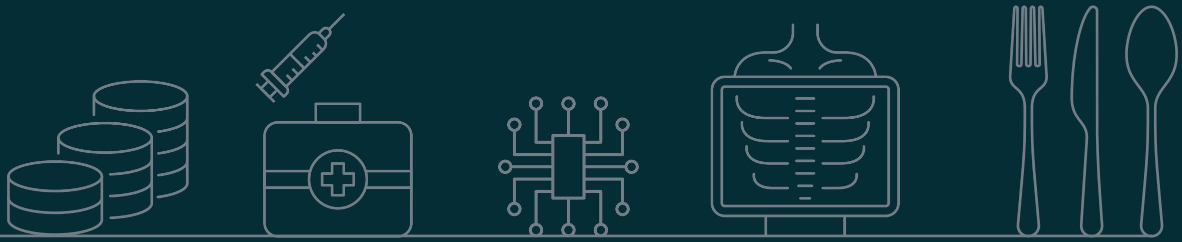
THE TOP SIX USES:

- Jewellery
- Finance
- Electronics/Computers
- Dentistry/Medicine
- Aerospace
- Medals/Awards

SILVER

FIVE COMMON USES:

- Coins, Rounds, Bullion
- Anti-bacterial
- Electronics
- X-ray and Photography
- Silverware and Jewellery

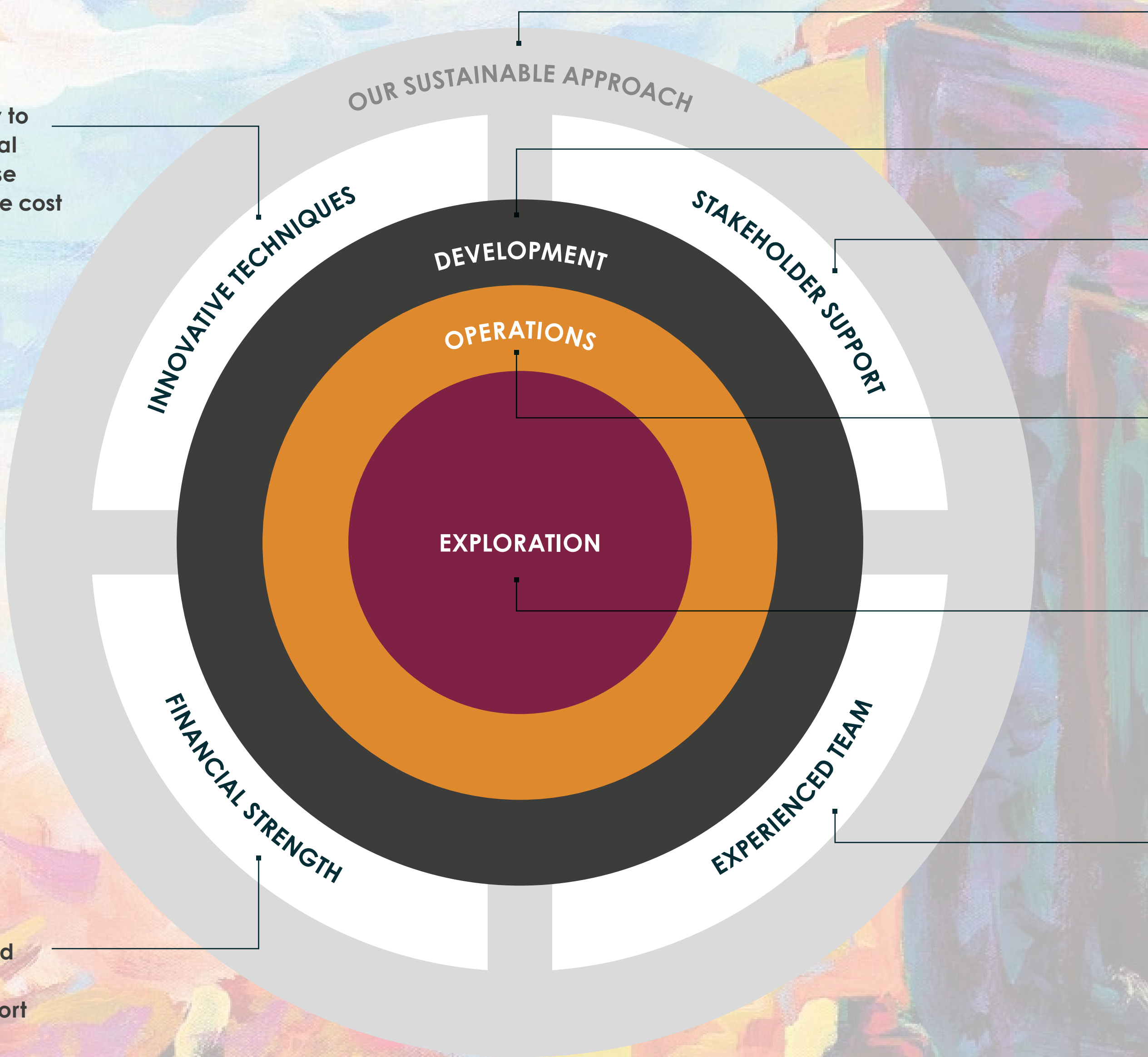


BUSINESS MODEL

THE EXPLORATION OF COPPER AND GOLD IS CORE TO OUR BUSINESS MODEL

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

INNOVATIVE TECHNIQUES
Utilise technology to limit environmental footprint, maximise funds and minimise cost



FINANCIAL STRENGTH
Secure control and longevity through shareholder support

OUR SUSTAINABLE APPROACH

Ensuring our social licence to operate complements our sustainable business model

DEVELOPMENT

Deliver growth by initially developing high value projects

STAKEHOLDER SUPPORT

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

OPERATIONS

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

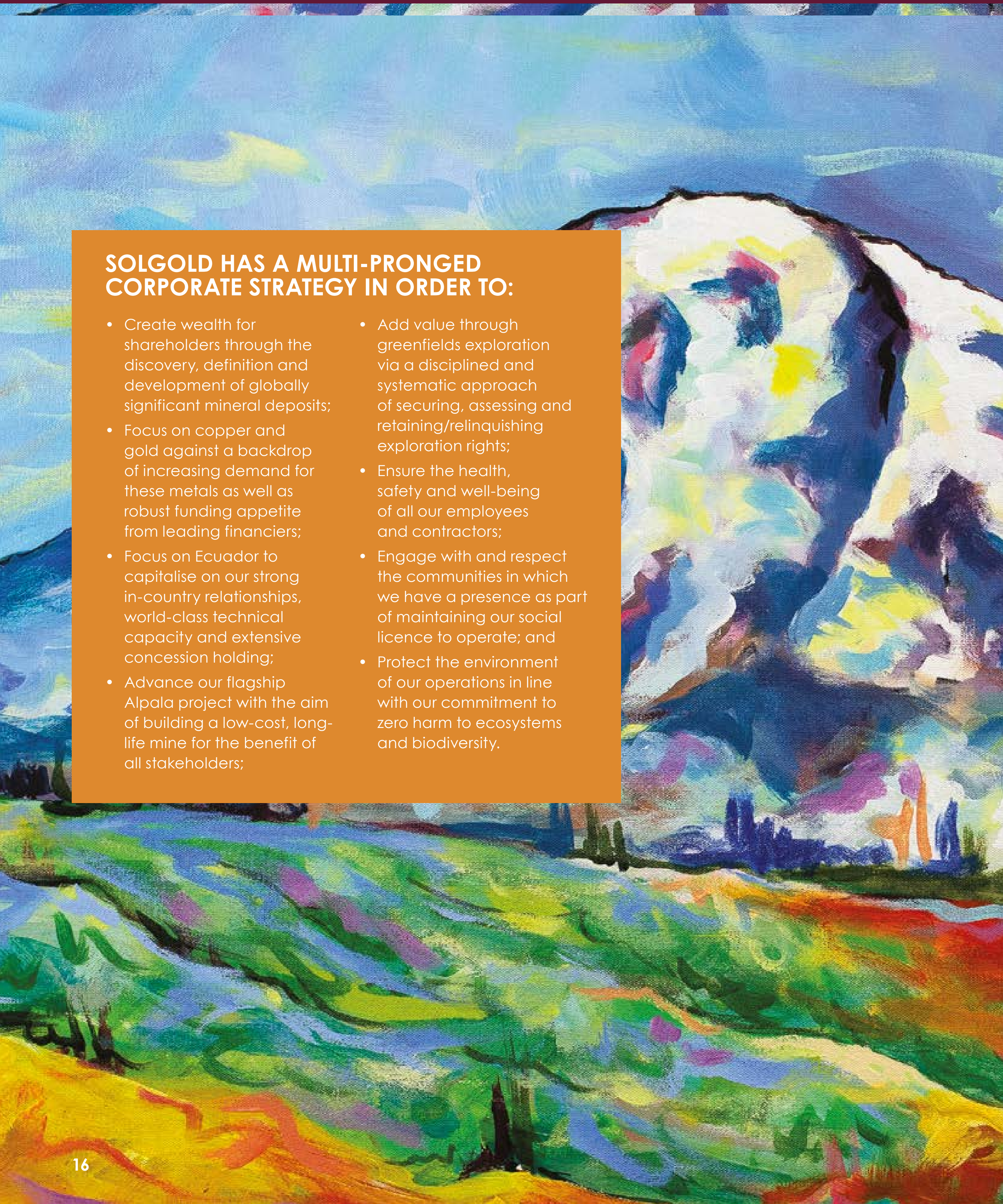
EXPLORATION

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

EXPERIENCED TEAM

Create a culture of creativity and productivity through ownership and transparency

COMPANY STRATEGY



SOLGOLD HAS A MULTI-PRONGED CORPORATE STRATEGY IN ORDER TO:

- Create wealth for shareholders through the discovery, definition and development of globally significant mineral deposits;
- Focus on copper and gold against a backdrop of increasing demand for these metals as well as robust funding appetite from leading financiers;
- Focus on Ecuador to capitalise on our strong in-country relationships, world-class technical capacity and extensive concession holding;
- Advance our flagship Alpala project with the aim of building a low-cost, long-life mine for the benefit of all stakeholders;
- Add value through greenfields exploration via a disciplined and systematic approach of securing, assessing and retaining/relinquishing exploration rights;
- Ensure the health, safety and well-being of all our employees and contractors;
- Engage with and respect the communities in which we have a presence as part of maintaining our social licence to operate; and
- Protect the environment of our operations in line with our commitment to zero harm to ecosystems and biodiversity.

KPIs

The Board has defined the following seven KPIs in order to monitor and assess the performance of the Company as it advances from a pure exploration company into a developer and explorer.

1. HEALTH, SAFETY AND ENVIRONMENT
2. OPERATIONAL PERFORMANCE
3. COST PERFORMANCE
4. SHARE PRICE PERFORMANCE
5. ADVANCEMENT OF PAN-ECUADORIAN STRATEGY
6. ENGAGEMENT WITH COMMUNITIES
7. CORPORATE GOVERNANCE IMPROVEMENTS

KPIs CONTINUED

1. HEALTH, SAFETY AND ENVIRONMENT

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

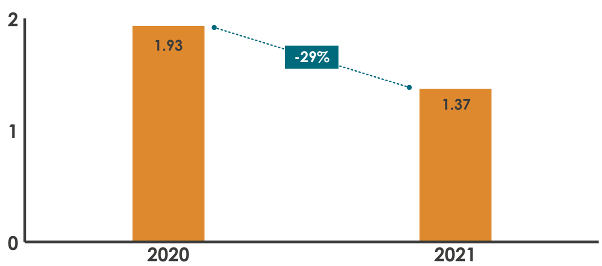
SolGold achieved its goal of maintaining a safe workplace for all and will strive to ensure this achievement is carried out every year. The Company achieved an LTIFR of 1.37 in the 2021 financial year, down from 1.93 in the prior year. LTIFR stands for Lost Time Injury Frequency Rate and is calculated as the number of work lost-time injuries, divided by the number of hours worked, multiplied by 1,000,000.

SolGold is committed to the safety and wellbeing of its employees and communities and has established specific COVID-19 protocols to ensure compliance with government preventative measures. A workforce vaccination programme commenced in June this year with the goal of fully vaccinating the entire workforce by the end of September 2021. A rapid rollout ensured that as of late August over 96% of our workforce have received the first vaccination dose and over 75% have received the second. The Company is committed to achieving an injury and incident free workplace. We achieve this through the following activities:

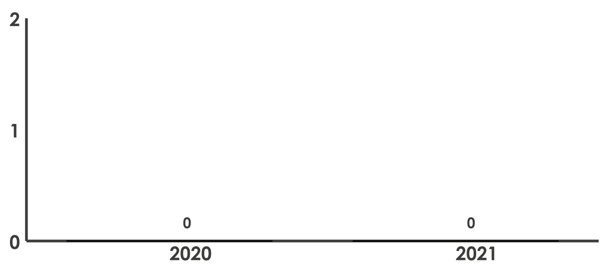
- Education of health and safety risks
- Implementation of health and safety procedures
- Training and awareness programmes
- Provision of health and safety equipment and appropriately trained personnel
- Prompt reporting of any injuries and incidents to ensure lessons are learnt and equipment and procedures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

SolGold strives for zero severe environmental incidents and had none in 2021 (2020: 0).

LTIFR 2020–2021



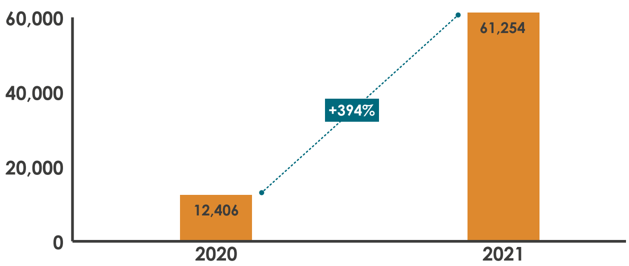
SEVERE ENVIRONMENTAL INCIDENTS 2020–2021



2. OPERATIONAL PERFORMANCE

SolGold's operations in Ecuador include the day-to-day management of several contracted drilling rigs and logistics teams, in addition to teams of explorationists, environmentalists and social scientists. In terms of drilling, a budget is established annually for both the Alpala project and the regional concessions. In the 2021 financial year, a total of 61,254 metres were drilled (2020: 12,406 metres).

METRES DRILLED 2020–2021



3. COST PERFORMANCE

The Company approves a yearly budget that is updated every quarter. Our subsidiaries in Ecuador are funded via monthly cash calls and any deviation from budget larger than 10% on a Group-wide basis will be discussed with the Board of Directors and requires additional sign-off. Key management personnel have cost performance as a KPI as the Company believes that for an entity without recurring cash flows the awareness of spending commitments is essential to the success of the Group and its long-term viability.

4. SHARE PRICE PERFORMANCE

The performance of SolGold's share price is the ultimate gauge of the Company's ability to generate market recognition and value from its exploration and development activities. This market recognition and valuation also facilitates the Company's ability to raise capital from new and existing investors. The share price performance is a target within the Short-Term Incentive Plan of several members of the Company's executive management team and several other employees in corporate finance.

SOLGOLD SHARE PRICE 2020-21

5. ADVANCEMENT OF PAN-ECUADORIAN STRATEGY

During the year ended 30 June 2021, the Company successfully progressed its pan-Ecuadorian exploration and development strategy through its developments at the flagship Alpala Project, as well as across its extensive regional exploration programme.

KPIs CONTINUED

ALPALA PROJECT

SolGold continued work on the Preliminary Feasibility Study that is expected to be completed in late 2021 and the Company will continue to advance work on the Definitive Feasibility Study in the 2021–22 financial year to further progress the Alpala project through to development.

REGIONAL EXPLORATION

During the year the Company announced the discovery of significant copper-gold mineralisation near the surface at the Cacharposa porphyry copper-gold target at the Porvenir project in southern Ecuador. Drilling will continue at the Cacharposa target throughout 2021, with additional drilling programmes across the remaining four drill ready Core Targets at Cerro Quiroz, Varela, Santa Martha and Celen to commence or continue in the coming year.

6. ENGAGEMENT WITH COMMUNITIES

Year on year the level of community engagement and community assisted programmes and projects within SolGold's area of influence grows. SolGold places huge importance on maintaining and bettering relationships with local community members to ensure a seamless and beneficial operation for all. During the year ended 30 June 2021, the Company continued to advance on the initiatives including:

- Improved internet connectivity in the municipality of Ibarra by adding four new internet centres, two that are now operational in the communities of Parambas and Santa Cecilia and the expansion of two internet centres in the parish offices of Lita and La Carolina to promote learning and communication through connectivity of students at schools and colleges.
- Creation of a university extension in the area of influence of the Cascabel Project and four college scholarships to promote higher education for students from our communities. This project is currently in the feasibility stage.
- Creation of several small business initiatives in the community to promote farming of agricultural products and livestock as additional sources of income.
- Improvement of the educational infrastructure at the townships of Lita and La Carolina to contribute to the physical and organisational improvement of formal education.
- Establishment of a health and sanitisation programme for the surrounding townships to improve hygiene awareness and the prevention of disease, especially for children, pregnant women and seniors. This includes the implementation of three water purification plants in the parish of Lita and improved solid waste management with the Municipality of Ibarra.
- Art for Kids initiative to promote environmental awareness and preservation of nature through the development of artistic abilities of children.

7. CORPORATE GOVERNANCE IMPROVEMENTS

The Company's ultimate goal is to ensure optimal corporate governance and executive leadership performance to complement the existing award-winning exploration expertise, with skills relevant to the successful development of the Tier 1 Alpala Project. The Board identified and recognised a gap in its skills and experience following an internal review and shareholder feedback and has committed to a number of changes in order to ultimately comply with the UK Corporate Governance Code from mid-2022. To achieve this target, the Company has during the reporting period developed an action plan towards full compliance. Especially in the area of board and executive remuneration, many provisions of the Code are now complied with or will be after a strategic workshop in autumn of 2021, which will help the Board to align the strategy with its remuneration framework.

During the reporting period the Company delivered on its commitment of being represented by an appropriate balance of experience, independence and diversity with the appointment of four independent Non-Executive Directors in July and October 2020:

- Elodie Grant Goodey
- Keith Marshall
- Kevin O'Kane
- María Amparo Albán

These appointees provide a wide range of expertise, in particular in mine development, large-scale and underground mining operations and external affairs and sustainability gained in top-tier organisations and environments close to the Company's markets in North America and the United Kingdom, as well as SolGold's operating jurisdiction in Ecuador. Keith Marshall took on the Interim CEO position effective 1 April 2021 and is no longer independent.

MARKET OVERVIEW

COPPER MARKET OUTLOOK

As the world emerges from the peak of the COVID-19 pandemic, a nascent economic recovery is being driven by record levels of central bank stimulus. This, in turn, is driving momentum in manufacturing, which is expected to result in refined copper consumption growth of 3.1% in 2022 and 2.8% in 2023 (according to Wood Mackenzie's June 2021 Outlook).

Furthermore, as rollout of the COVID-19 vaccine continues to advance, most notably in more developed economies, pandemic-related fears around the impact on industrial activity have now started to subside and consumer spending in several markets is above pre-pandemic levels. A key element of this economic recovery is the imperative to ensure a future that is less carbon intensive and more sustainable. Targets to reduce emissions from fossil fuels under the Paris Agreement are expected to accelerate the shift towards the electrification of transport and decarbonisation. As a superior conductor of electricity, copper will play an increasingly important role in this transition towards net-zero.

On the supply side, short-term disruptions related to the pandemic continue to impact copper output from significant producers while political and social instability remain a key concern in a number of high-risk mining jurisdictions like the DRC and Zambia, but also more recently Chile and Peru. Although some copper miners are promising increased metal supply, this is against a backdrop of declining grades globally, increasing ore depths as well as higher capital and operating costs.

Against this backdrop, commodity analysts at major investment banks predicted earlier this year that a surge in copper demand from the green energy transition and a sticky supply-side response could see positive pricing dynamics over the medium term with material upside to current price levels, driving prices above US$10,000 per ton. The Alpala project, which contains 9.9 million tonnes of copper in the Measured plus Indicated resource category, is perfectly placed to take advantage of this structural shift and robust long-term demand for copper.

GOLD MARKET OUTLOOK

Gold prices remain supported in the current monetary environment of low interest rates and ongoing quantitative easing. Despite potential for policy tightening by 2023, the likelihood of more timeous tapering has had minimal impact on bullion prices, pointing to the metal's key role as a safe haven asset in times of economic uncertainty. As governments around the world look to spend their way out of the current economic crisis, gold prices will continue to be supported by investors seeking protection from rising inflation.

SolGold's Alpala project contains 21.7 million ounces of gold in the Measured plus Indicated resource category, positioning it as a strong supply of gold production over the decades ahead.

ECUADOR'S UNTAPPED MINERAL WEALTH

Ecuador hosts significant, untapped geological potential at the northern end of the prolific Andean Copper Belt, home to some of the world's largest copper mines. SolGold's teams of experienced Ecuadorian explorationists and geologists are deploying advanced exploration techniques to uncover this mineral wealth. Such methodologies led to the discovery of the Company's flagship Alpala project, one of the world's most significant mineral discoveries of the last decade.

MARKET OVERVIEW CONTINUED

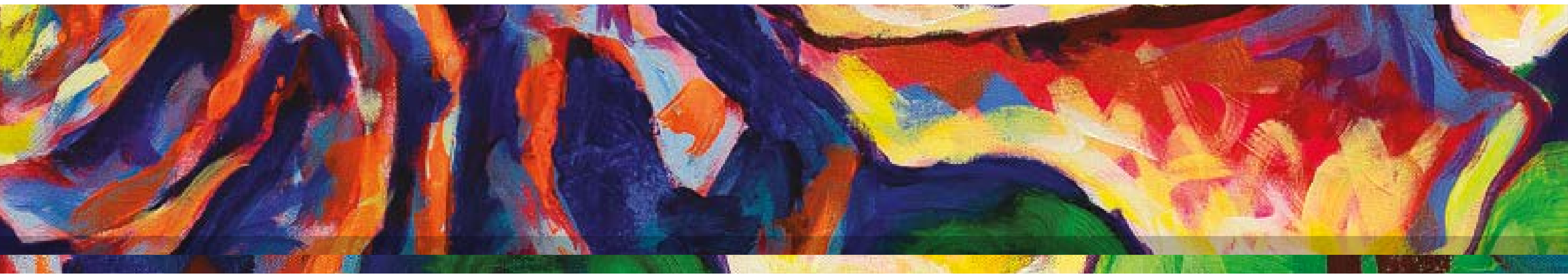
While there are a number of early-stage, prospective exploration projects across Ecuador, just two large-scale mines are currently in production, namely:

- the Mirador copper mine (owned by EcuaCorriente); and
- the Fruta del Norte gold mine (owned by Lundin Gold).

In addition to this, there are several high-profile development projects that are currently being advanced through feasibility studies. In the coming years, this number is likely to increase as additional capital is invested and these development projects are brought into production.

The development of Ecuador's mining sector has been made possible with the support from all levels of the government, with whom SolGold continues to maintain strong relationships. In addition, SolGold continues to work in close partnership with the communities in which it operates, as a key part of the Company's strong social licence to operate.

		METAL	
PROJECT	**COMPANY (OPERATOR)**	**PRIMARY**	**BY-PRODUCTS**
Operating mines			
1. Fruta del Norte	Lundin Gold	Gold	Silver
2. Mirador	EcuaCorriente	Copper	Gold
Development projects			
1. Alpala	SolGold	Copper	Gold, Silver
2. Llurimagua	Enami, Codelco	Copper	
3. El Palmar – Los Mandariycus	Edgar Salazar	Gold	Silver, Copper, Zinc
4. La Plata	Toachi Mining	Gold	Copper, Zinc
5. Curipamba	Adventus	Gold	Silver
6. Rio Blanco	Junefield	Gold	
7. Vetas Grandes	Cornerstone	Gold	Silver
8. Ruta de Cobre	Southern Copper	Copper	Molybdenum
9. Loma Larga	INV Metals/Dundee Precious Metals	Gold	Silver, Copper
10. Panantza	Tongling	Copper	
11. Warintza	Solaris Resources	Copper	Molybdenum
12. Bella Maria	Cornerstone	Gold	Copper
13. Cangrejos	Lumina Gold	Gold	Copper, Silver
14. Caña Brava	Cornerstone	Gold	Silver
15. Rio Zarza	Ecometals	Gold	Copper
16. Condor Gold	Luminex Gold	Gold	Silver, Copper



ECUADOR ENTERS NEW ERA FOR MINING INVESTMENT

Ecuador's recently elected President Mr Guillermo Lasso won the election in April this year on an investor-friendly mandate which aims to promote new private sector investment as part of efforts to revive the country's economy. President Lasso's appointment heralds a new era for Ecuador and investment in the country's emerging mining sector. He has also made clear that the ongoing development of Ecuador's mining sector is expected to be undertaken in line with international best practice, particularly with respect to ESG and the inclusion of all stakeholders. Markets responded very positively to news of the presidential appointment with the dramatic decrease in Ecuadorian sovereign bond yields, almost halving from 9–10% to under 6%.

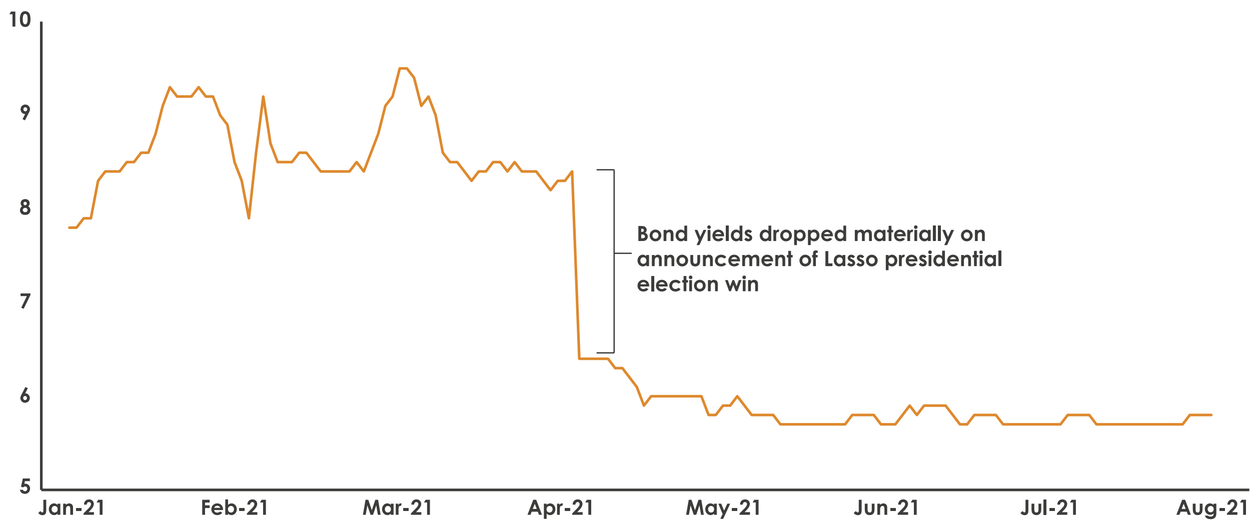
In addition, the government of Ecuador has taken a number of further proactive steps to support investment in the country's mining sector. These include:

- In June 2021, President Lasso endorsed Ecuador's return to the ICSID Convention by officially ratifying the treaty following a ruling by the Constitutional Court in support of this approach. The ICSID Convention serves as an international institution for the resolution of investment disputes. Ecuador's renewed support was very well received by the international investor community.
- In August 2021, President Lasso announced Executive Decree N° 151 in relation to Ecuador's refreshed Mining Policy. This promotes respect for the rule of law for all investors, best-practice ESG standards and the fight against illegal mining. This new Mining Policy includes clear principles of respect for mining rights, in line with the government's intention to create a favourable environment for increased investment and exports from the mining industry.

As a consequence of these steps, according to the Central Bank of Ecuador, Ecuador's country risk index fell from 1,169 points to 824 points immediately following Guillermo Lasso's election win and this has remained below 800 points recently.

ECUADOR SOVEREIGN BOND YIELDS

Source: Bloomberg



MARKET OVERVIEW CONTINUED

MINING SECTOR IS KEY FOR GROWING FDI

Since 2010, Foreign Direct Investment ("FDI") has increased across several sectors in Ecuador, on the back of higher commodity prices and government efforts to promote employment and economic activity.

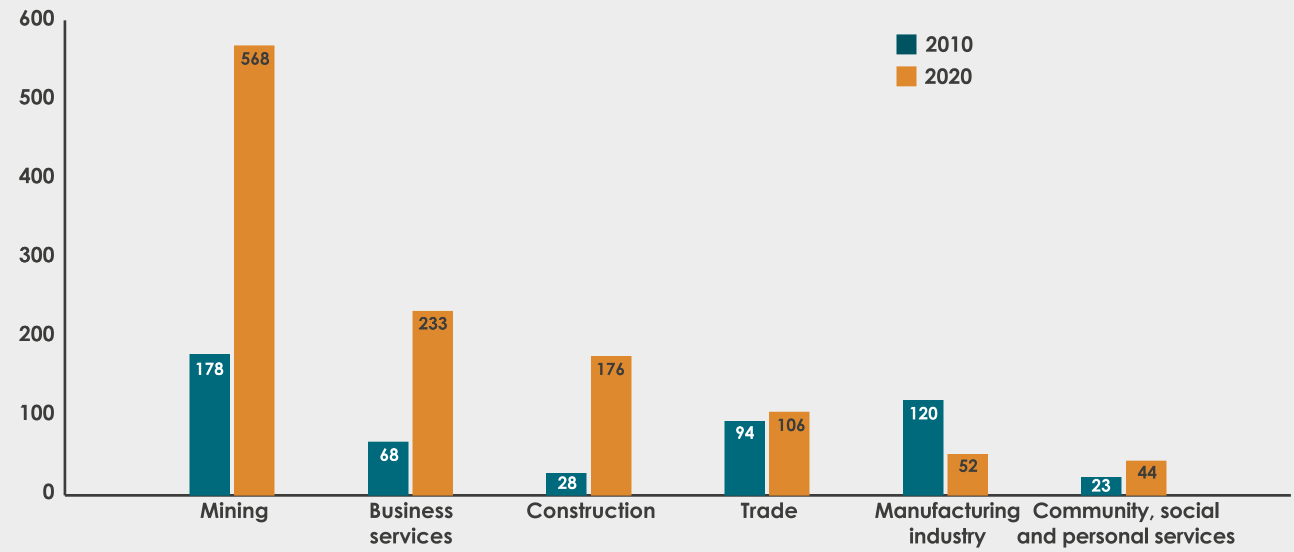
The country's economy has historically relied on export revenues from oil and agricultural produce. Looking ahead, the mining industry is emerging as a key sector for growth and development and is expected to be a priority for the government of Ecuador for the foreseeable future.

As part of this, mining sector FDI increased from US$178m in 2010 to US$568m in 2020, and now represents a top source of FDI in Ecuador. This trend is expected to continue as the country's supportive new mining policy attracts further foreign investment to develop its prospective, but untapped, mineral wealth.

With the recent commissioning of Lundin Gold's Fruta del Norte gold mine and EcuaCorriente's Mirador copper mine, exports of base and precious metals from Ecuador's mining sector have increased substantially, up to US$922m in 2020 from US$326m the year before. According to Ecuador's Ministry of Energy and Non-Renewable Natural Resources, exports of mineral products are projected to rise by 74% to US$1.6bn in 2021, compared to 2020.

FOREIGN DIRECT INVESTMENT ("FDI") US$M:

Source: The Central Bank of Ecuador

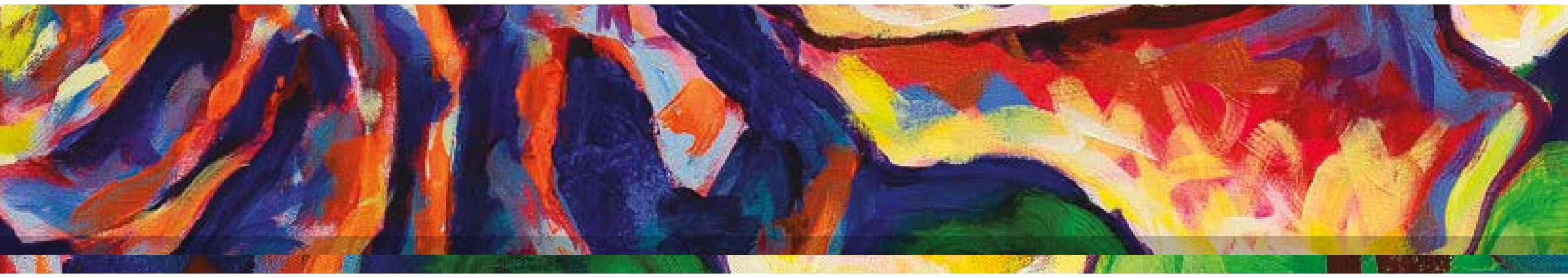


Once the Alpala mine commences production, it is forecast to become a significant contributor to Ecuadorian exports of copper and gold. Ecuador's fiscal regime is tax and royalty based, but also features some less common levies such as a currency export tax as well as other minor taxes based on balance sheet values or concession acreage.

Three main bases will underpin the Alpala mine's fiscal contribution to Ecuador, namely:

- Government Royalties (currently up to 5% for copper and up to 8% for gold and silver);
- Profit Sharing; and
- Corporate Income Tax.

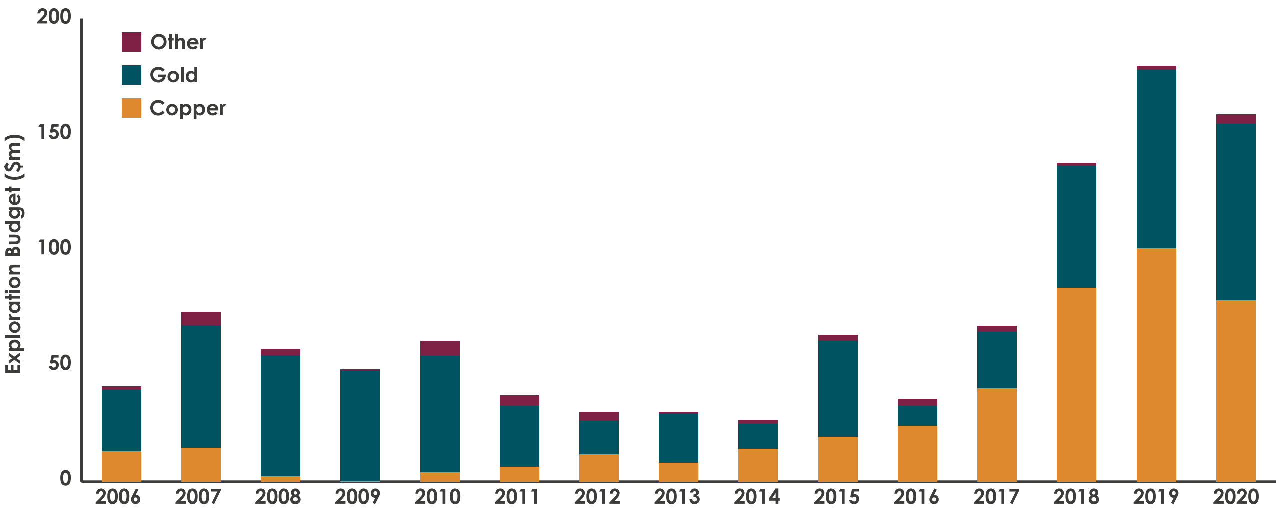
THE DEVELOPMENT OF ECUADOR'S MINING SECTOR HAS BEEN MADE POSSIBLE WITH THE SUPPORT FROM ALL LEVELS OF THE GOVERNMENT



ECUADORIAN EXPLORATION BUDGET TRENDS

Stage(s): Grassroots, Late Stage & Feasibility, Minesite
Company Type(s): Major, Intermediate, Junior, Government, Other

Source: S&P Global Market Intelligence



COPPER EXPLORATION EXPENDITURE IN ECUADOR RISES SEVENFOLD

As the world moves towards a greener future with a focus on increasing electrification and decarbonisation, finding more copper to deliver this transition towards net-zero has become an urgent priority for the world's leading miners. As a consequence of this, the last few years has seen sustained increases in exploration expenditure across Ecuador, particularly for copper. Since 2018, annual copper exploration expenditure in Ecuador has averaged ~US$90m, nearly 7x the average annual spend of ~US$13m over the previous decade.

While Ecuador has experienced short-term impacts on exploration expenditure as a consequence of COVID-19, a rebound is expected given the perspectivity of the country and the world economy's increasing need for more copper. Exploration in Ecuador therefore has a key role to play in the transition towards net-zero with the increasing recognition of the country's geological potential and supportive regulatory framework. Already, exploration teams from the world's most prominent miners and explorers are exploring the length and breadth of Ecuador, including:

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

ECUADOR'S MINING CADASTRE

The government of Ecuador continues to work with the World Bank and Inter-American Development Bank to consolidate the mining cadastre. With technical and financial input from these two leading institutions, Ecuador aims to launch a new mining cadastre to manage existing concessions and also deliver new ones. Once the new mining cadastre is operational the government can start the process of granting new concessions, further aiding the development of Ecuador's mining industry over the coming decades.

MARKET OVERVIEW CONTINUED

Concessions granted:

- In total, there are over 1,000 mining concessions in Ecuador.
- Under Former President Lenín Moreno, the government of Ecuador granted some 275 concessions.
- SolGold has been awarded a total of 76 concessions in Ecuador, including its flagship Cascabel concession which hosts the Alpala deposit.

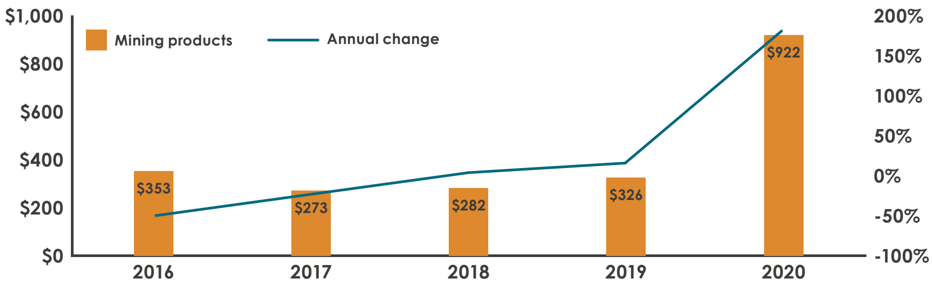
SOLGOLD'S EXTENSIVE REGIONAL EXPLORATION PROGRAMME AIMS TO UNCOVER FURTHER ECONOMIC DEPOSITS OF GOLD AND COPPER

SolGold has been in Ecuador for almost a decade, exploring the country's untapped geological potential with strong support from all levels of government as well as local communities. The Company's concessions cover some of the most geologically prospective areas of the northern extension of the Andean Copper Belt.

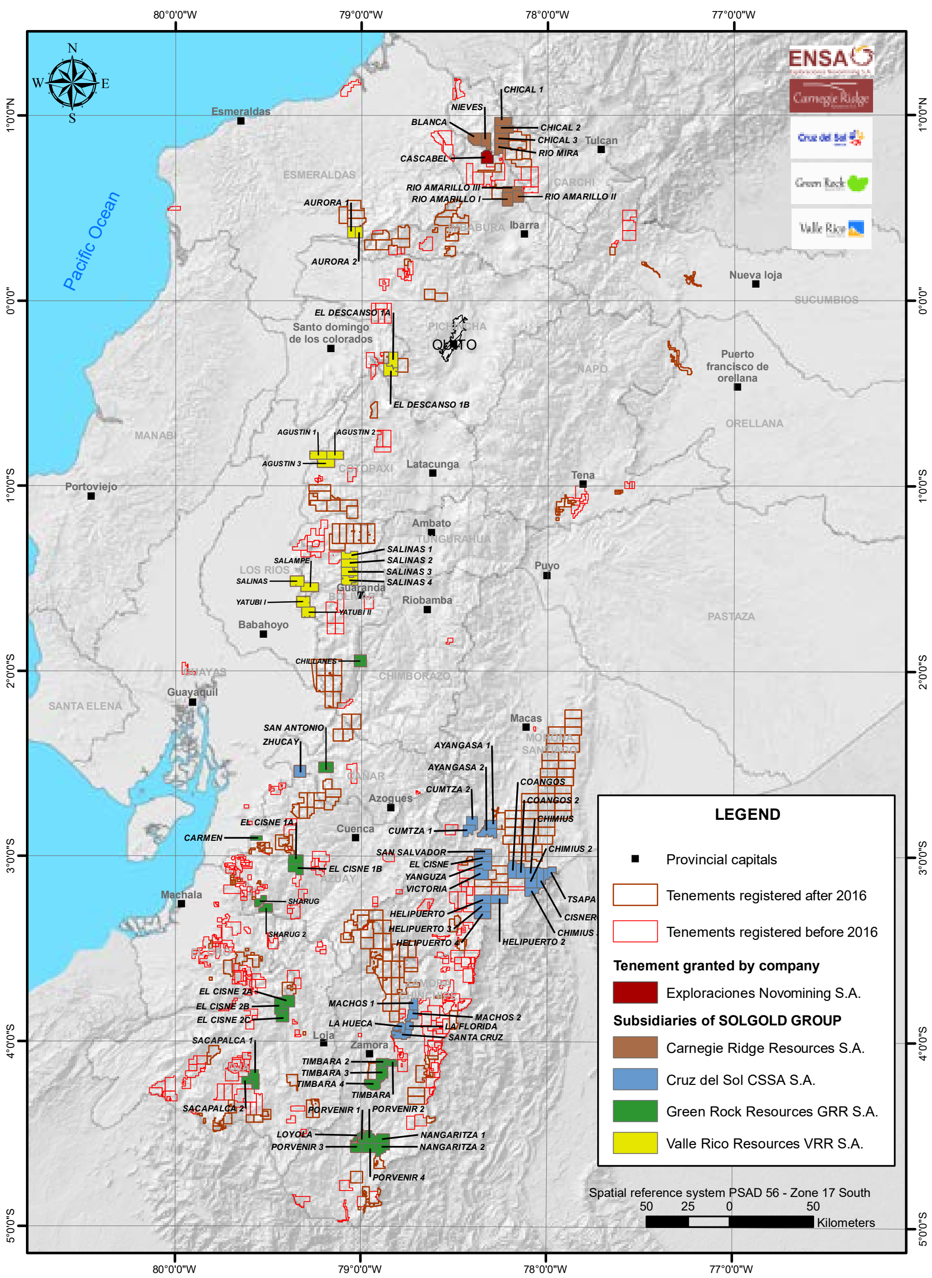
SolGold's team of Ecuadorian geologists is systematically assessing each one of the Company's concessions deploying a comprehensive exploration methodology, which incorporates state-of-the-art geochemistry, geophysics and drilling. This methodology has already been successful in the discovery of the world-class Alpala copper-gold porphyry deposit, as well as the copper-sulphide mineralisation at Porvenir.

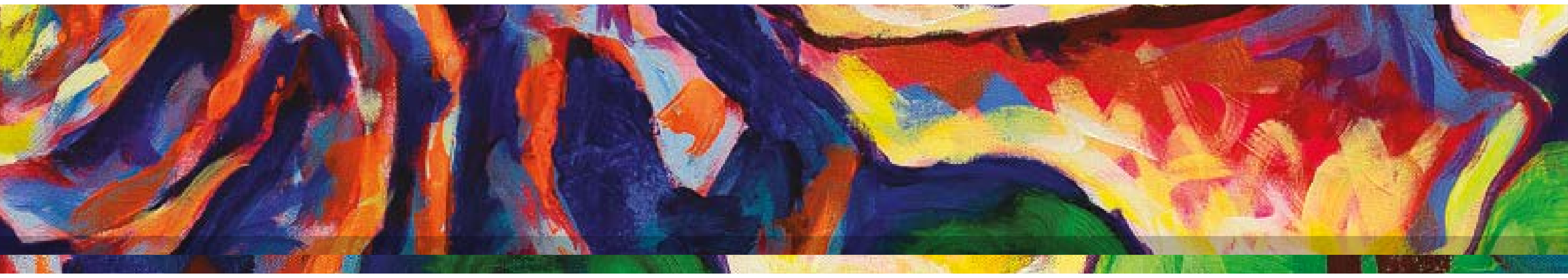
MINING EXPORTS (US$ MILLIONS AND % YOY) 2016–2020

Source: The Central Bank of Ecuador



METALLIC MINERALS MINING CONCESSIONS – ECUADOR

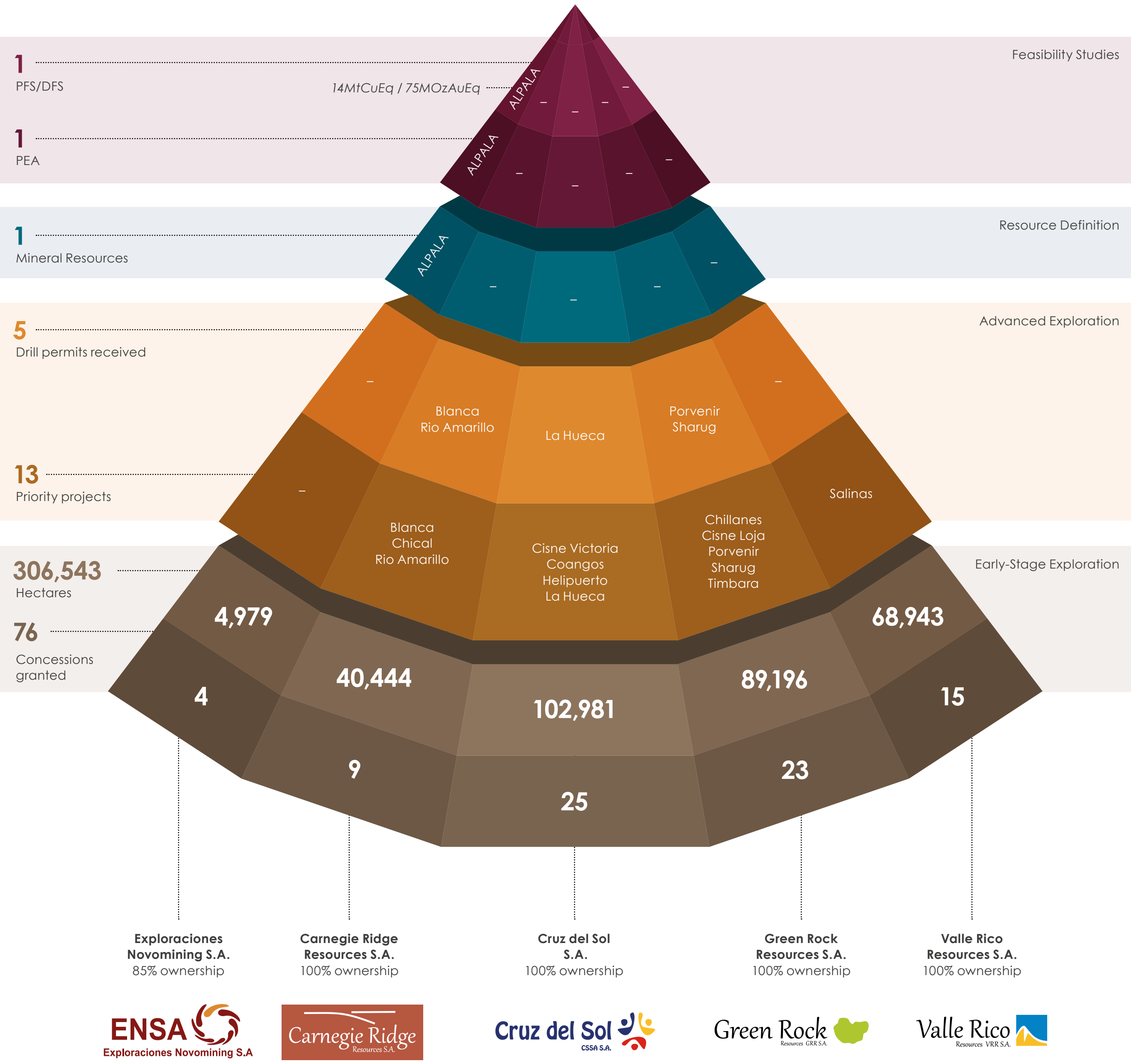




Looking ahead, SolGold believes that further world-class discoveries will be made across its regional concessions, given the similarity of geological settings. At present, the Company is focused on its 13 high priority targets with drilling underway at Porvenir, Rio Amarillo and Sharug and soon to commence at Cisne Loja.

In March this year, SolGold announced that it had commenced a process to identify potential JV/earn-in partners over 10 of its 100%-owned early-stage, grass roots exploration projects. These cover 20 prospective concessions over 86,000 hectares in Ecuador.

These concessions were all highly sought after during the original bidding process. Furthermore, there are no comparable and reliable alternative entry routes to exploration ground currently available in Ecuador. By partnering on these 10 projects, SolGold aims for a quicker discovery timeline and enhanced value creation for all SolGold stakeholders.



On 7 September 2021 the Company announced its intention to relinquish 10 of the 72 concessions held within the Company's four 100% owned subsidiaries in Ecuador, refer Note 27.

OPERATIONS OVERVIEW

SOLGOLD'S FLAGSHIP PROJECT, THE ALPALA DEPOSIT, IS THE MAIN TARGET IN THE CASCABEL CONCESSION

During the financial year ended 30 June 2021, SolGold continued to actively explore its concessions in Ecuador, focus on target generation in Australia and on community engagement in the Solomon Islands.

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

During the financial year ended 30 June 2021, continued progress has been made at the Alpala Project with a total of 249,617m of drilling completed to date, and a further total of 21,610m of drilling completed at the satellite Aguinaga and Tandayama-Americа targets in the Cascabel concession.

Alpala has produced some of the greatest drill hole intercepts in porphyry copper-gold exploration history. SolGold has to date defined 9.9 million tonnes of contained copper, 21.7 million ounces of gold and 92.2 million ounces of silver in Measured and Indicated Resources, and 1.3 million tonnes of contained copper and 1.9 million ounces of gold in Inferred Resources as per the third Mineral Resource Estimate ("MRE#3"). The total project expenditures to date are US$228.41 million.

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 136.8 hectares of land in the financial year ended 30 June 2021.

In addition to the Tier 1 Alpala Project, SolGold has identified several other highly prospective priority projects throughout Ecuador and is exploring these in parallel with the development of Alpala. During the financial year ended 30 June 2021 drilling activity commenced at three targets at the Blanca, La Hueca and Porvenir projects, totalling 18,023m.

Activities conducted on the priority projects are described in the following sections.

Furthermore, SolGold in March commenced a process to identify potential JV/earn-in partners over 10 of its 100%-owned early-stage, grass roots exploration projects covering 20 prospective concessions over 86,000 hectares in Ecuador.

At year end, SolGold employs 874 people, 98% of whom are Ecuadorian, and 18% of the workforce is female. The staff mix comprises both permanent and temporary/contractor employees. The average number of employees over the 12-month period ended 30 June 2021 was 823 employees. This headcount is expected to grow over the coming 12 months as the operations at Alpala, and across the regional programmes in Ecuador, expand.

SolGold ensures its operations are safe, environmentally responsible and the Company maintains close relationships with its local communities. SolGold has engaged an increasingly skilled, refined and experienced team of geoscientists using state-of-the-art geophysical and geochemical modelling applied to an extensive

data-base to enable the delivery of ore grade intersections from nearly every drill hole at Cascabel and the broader regional exploration projects. SolGold employs 89 Ecuadorian geologists, giving SolGold a significant advantage exploring this highly prospective and gold-rich section of the Andean Copper Belt.

Preliminary exploration activities continue in the Solomon Islands on the Kuma prospecting licence which is considered highly prospective for porphyry copper and gold mineralisation, however, activities were reduced due to COVID-19. SolGold maintains its interest in Australia through its Queensland tenements. The Company remains optimistic about the potential of these holdings and will continue to focus on target generation and project development through geological reconnaissance activities and planned geophysics surveys.

The Company regularly receives proposals for its tenements outside Ecuador and will continue commercially sensible conversations with interested parties.

COVID-19 IMPACT

The Ecuadorian government publicly recognised the critical role the mineral mining and exploration industry will play in rebuilding national and local economies post COVID-19. In June 2020 SolGold commenced liaising with government authorities and local emergency committees at each of the Company's project locations to develop extensive COVID-19 related work protocols that has allowed a staged and safe return to field activities.

The Company is able to run its operations and will continue to support its employees in accordance with its COVID-19 management protocols.

The Company continues field operations in all locations in Ecuador and has not relaxed any of the stringent quarantine and PCR negative requirements created during 2020/21 for anyone entering field operations.

OPERATIONS OVERVIEW CONTINUED

ECUADOR

CASCABEL – ALPALA PROJECT

Location: Imbabura province, Northern Ecuador

Ownership: 85% Subsidiary: Exploraciones Novomining S.A.

Tenement Area: 1 concession, 50 km^2

Primary Targets: Copper porphyry

During the twelve months ended 30 June 2021, the Company spent US$48.83 million on the Alpala Project.

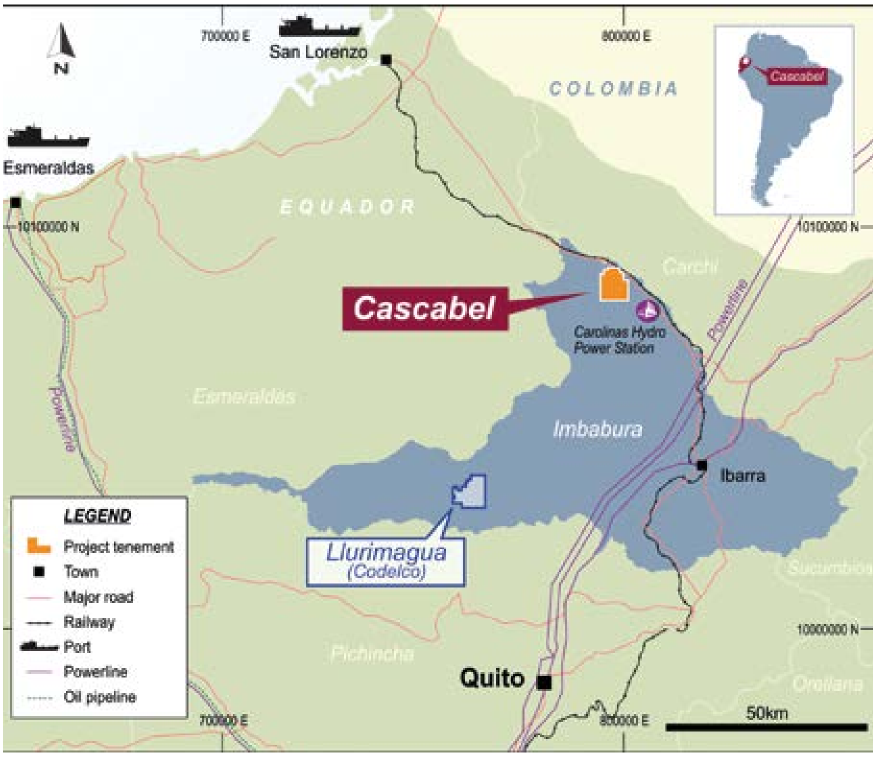
The Alpala Project is located in Northern Ecuador, lying upon the gold-rich section of the northern section of the prolific Andean Copper belt, renowned as the base for nearly half of the world's copper production. The project area hosts mineralisation of Eocene age, the same age as numerous Tier 1 deposits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

During the financial year drilling continued at Alpala for geotechnical, hydrogeological and metallurgical testwork. Resource extension and infill drilling was completed in June. 28,880m of drilling was completed at Alpala in the twelve months ended 30 June 2021 with up to eight drill rigs. Key activities related to the drilling programme include:

- Near-surface resource drilling for potential open-pittable options
- Sampling for advanced characterisation and parameterisation of metallurgy
- Acoustic emissions stress measurements sampling
- Geotechnical sampling for UCS and triaxial testing
- Updating interpretation of 3D geology, alteration and geotechnical models
- Packer testing and piezometer installation for hydrogeology modelling and monitoring

At Tandayama-Americá drilling continues for geotechnical, hydrogeological and metallurgical testwork and resource extension and infill drilling continues utilising four drilling rigs. 12,640m of drilling was completed at Tandayama-Americá and 1,712m at Aguinaga in the twelve months ended 30 June 2021. Geologists are consolidating data and significant results from 15 holes completed at Tandayama-Americá and two additional holes at Aguinaga. Activities include:

- Resource drilling
- Updating of interpretation of 3D geology and alteration models
- Commencement of resource estimation modelling
- Logging and collection of geotechnical parameters and samples for lab testwork
- Sampling for preliminary characterisation and parameterisation of metallurgy
- Packer testing and piezometer installation for preliminary hydrogeological modelling and monitoring



MINERAL RESOURCES ESTIMATE ("MRE#3")

The Alpala Porphyry Copper-Gold-Silver Deposit, at a cut-off grade of 0.21% CuEq, comprises 2,663 Mt at 0.53% CuEq in the Measured plus Indicated categories, which includes 1,192 Mt at 0.72% CuEq in the Measured category and 1,470 Mt at 0.37% CuEq in the Indicated category. The Inferred category contains an additional 544 Mt at 0.31% CuEq.

The estimate comprises a contained metal content of 9.9 Mt Cu and 21.7 Moz Au in the Measured plus Indicated categories, which includes 5.7 Mt Cu and 15.0 Moz Au in the Measured category, and 4.2 Mt Cu and 6.6 Moz Au in the Indicated category. The Inferred category contains an additional 1.3 Mt Cu and 1.9 Moz Au.

			GRADE				CONTAINED METAL			
CUT OFF GRADE	MINERAL RESOURCE CATEGORY	MT	CUEQ (%)	CU (%)	AU (G/T)	AG (PPM)	CUEQ (MT)	CU (MT)	AU (MOZ)	AG (MOZ)
0.21	Measured	1,192	0.72	0.48	0.39	1.37	8.6	5.7	15.0	52.4
	Indicated	1,470	0.37	0.28	0.14	0.84	5.5	4.2	6.6	39.8
	Measured + Indicated	**2,663**	**0.53**	**0.37**	**0.25**	**1.08**	**14.0**	**9.9**	**21.7**	**92.2**
	Inferred	554	0.31	0.24	0.11	0.61	1.7	1.3	1.9	10.6
	Planned dilution	*5*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*

Notes:

1 Mrs Cecilia Artica, SME Registered Member, Principal Geology Consultant of Mining Plus, is responsible for this Mineral Resource statement and is an "independent Qualified Person" as such term is defined in NI 43-101.

2 The Mineral Resource is reported using a cut-off grade of 0.21% CuEq calculated using copper grade (%) + gold grade (g/t) x 0.613.

3 The Mineral Resource is considered to have reasonable prospects for eventual economic extraction by underground mass mining such as block caving.

4 Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

5 The statement uses the terminology, definitions and guidelines given in the CIM Standards on Mineral Resources and Mineral Reserves (May 2014) as required by NI 43-101.

6 MRE is reported on 100 percent basis within an optimised shape.

7 Figures may not compute due to rounding.

PRE-FEASIBILITY STUDY

As part of the revised PFS, a number of proof-of-concept level studies have been initiated beginning with geotech and mining options. These are being followed with more detailed studies and included in the designs for downstream processes and tailing and transport infrastructure.

The metallurgical drilling programme for this phase of the PFS has been completed.

A technical review of the PFS metallurgical testwork resulted in the identification of additional works required to support the in-progress geology and mining activities and upcoming engineering investigations. The programme, which commenced in June, includes complementary testwork for the float plant design and extension gold recovery testwork. Long lead DFS metallurgical test work including HPGR testwork and materials handling samples are in transit to the respective laboratories.

As per the direction by the Alpala Project Committee, the Study Team has advanced:

- Identification of alternate mine access options including shaft options are under investigation as part of the overall design
- Conceptual modelling has been developed to refine the optimum cut-off grade, mining rate and footprint location
- Ongoing studies to optimise block cave footprints targeting higher grade material in the early stages
- Reassessment of mine plan layout to optimise underground layout
- Ongoing drilling and studies to assess potential near-surface mining options at the Alpala Deposit, and to investigate the resource potential at satellite targets on the Cascabel concession, including Tandayama-America and Aguinaga.

OPERATIONS OVERVIEW CONTINUED

ECUADOR CONTINUED

The 13 priority projects are as follows:

Carnegie Ridge Resources S.A.

- Blanca
- Chical
- Rio Amarillo

Valle Rico Resources S.A.

- Salinas

Cruz del Sol S.A.

- Cisne Victoria
- Coangos
- Helipuerto
- La Hueca

Green Rock Resources S.A.

- Chillanes
- Cisne Loja
- Porvenir
- Sharug
- Timbara

Management is also investigating other options and scenarios to deliver further value, including the construction of a dedicated hydropower station, and the improvement of metallurgical recoveries.

This work will continue and SolGold is confident that the additional time and work to complete the PFS is in the Company's best interest and will result in the publication of the best possible PFS.

REGIONAL EXPLORATION PROGRAMME – ECUADOR

A comprehensive, nationwide desktop study was undertaken by the Company's independent experts to analyse the available regional topographic, geological, geochemical and gravity data over the prospective magmatic belts of Ecuador, with the aim of understanding the controls to copper-gold mineralisation on a regional scale. The Company has delineated and ranked regional exploration targets for the potential to contain significant copper-gold deposits. As a result of this study, the Company formed and initially funded, four new 100% owned subsidiary companies in Ecuador: Carnegie Ridge Resources S.A., Green Rock Resources S.A., Cruz del Sol S.A. and Valle Rico Resources S.A.

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

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

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

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

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

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

BLANCA PROJECT OVERVIEW

Location: Carchi province, Northern Ecuador

Ownership: 100% Subsidiary: Carnegie Ridge Resources S.A.

Tenement Area: 2 concessions, 74 km^2

Primary Targets: Epithermal gold

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

Blanca hosts a silicified topographic dome which contains widespread gold mineralisation outcropping over an area of ~500m x 500m. A man-portable drill rig has been operating at Cerro Quiroz since 3 October 2020, with a break in operation over the Christmas period due to COVID-19 related delays.

Four drill holes have been completed at the Blanca project for a total of 2,041m. An initial 800m of drilling was completed in Holes 1 and 2 (BDH-20-001 and BDH-20-002) at the Cielito target in September 2019.

A second campaign from October to December 2020 at the Cerro Quiroz target, completed a further 1,241m of drilling in Holes 3 and 4 (BDH-20-003 and BDH-20-004).

Assays received from BDH-20-004 at Cerro Quiroz target returned: 9m @ 3.12 g/t Au, 7.5 g/t Ag, 0.74% Zn from 440m depth, including 2m @ 12.62 g/t Au, 24.9g/t Ag, 1.39% Zn.

BDH-20-003, located approximately 250m northeast of BDH-20-004, is interpreted to have intersected the same structural zone from 492m to 509m depth, returning anomalous gold of 17m @ 0.24g/t Au, 0.52g/t Ag.

Gold mineralisation intersected at Cerro Quiroz is associated with a northeast trending structural zone hosted within silicified hydrothermal breccia.

The Cerro Quiroz target is characterised by a northerly-trending, silicified topographic dome feature that occurs coincident with anomalous Au-Cu-Mo-Ag-Pb-Zn soil geochemistry. This signature is consistent with base-metal sulphide gold veining often formed peripheral to a porphyry source and/or epithermal vein systems.

Assays from BDH-20-004 at the Cerro Quiroz target indicate that hydrothermal breccia-hosted gold targets may host significant gold, silver and zinc mineralisation over narrow intervals at approximately 350m below surface. High-grade narrow-vein epithermal gold and telluride mineralisation is conspicuous at the nearby Cielito target, approximately 500m to the northeast.

OPERATIONS OVERVIEW CONTINUED

ECUADOR CONTINUED

CHICAL PROJECT OVERVIEW

Location: Carchi province, Northern Ecuador

Ownership: 100% Subsidiary: Carnegie Ridge Resources S.A.

Tenement Area: 4 concessions, 166 km^2

Primary Targets: Epithermal copper-gold

SolGold has identified multiple targets at the Chical project, located 15km north-east of the Cascabel concession. At Espinosa, a 1.5km x 1.0km soil anomaly has been defined with rock chip samples returning up to 7 g/t Au. At the Pascal and La Esperanza prospects, large copper-gold anomalies have been defined with rock chips returning up to 1% Cu, 0.4 g/t Au and 886 ppm Mo.

RIO AMARILLO PROJECT OVERVIEW

Location: Imbabura province, Northern Ecuador

Ownership: 100% Subsidiary: Carnegie Ridge Resources S.A.

Tenement Area: 3 concessions, 123 km^2

Primary Targets: Copper porphyry

SolGold's 100%-owned Rio Amarillo project in northern Ecuador lies approximately 30km southeast of the Cascabel concession.

The main target areas at Varela, Florida, Palomar and Chalanes exhibit porphyry style surface mineralisation and alteration covering a vertical extent of up to 1,500m over a 12km-long by 3km-wide northeast-trending, highly magnetic, porphyry belt. The major northeast trending magnetic belt is intersected by a secondary northwest-trending magnetic feature, likely to represent the intersection of two deep-seated crustal-scale fracture zones, which are filled by intrusive bodies with magnetic characteristics indicative of strongly differentiated and mineralised systems. This structural regime has strong similarities to that encountered at the nearby Alpala deposit.

Fathom Geophysics was commissioned to undertake 3D geochemical modelling based on the Cohen and Halley studies (Cohen 2011 and Halley et al., 2015). Both models are based on the Yerington model but use slightly different geochemical thresholds as the Halley model incorporates data from other porphyry districts. The resulting 3D models have significantly upgraded the Varela target, highlighting the similarities between the Varela and Alpala lithocap footprints and geochemical signatures. The Fathom 3D models have proven highly predictive when used at both the Alpala and Porvenir projects for targeting porphyry mineralisation.

The Varela target exhibits a well-preserved metalliferous lithocap and hydrothermal alteration system with a full complement of porphyry plume elements, which are inferred to be consistent with large and strongly mineralised porphyry copper-gold(-molybdenum) systems.

Drilling commenced in August 2021 at the Varela copper-gold porphyry target with the first drill hole currently underway towards a planned depth of 1,500m.

SALINAS PROJECT OVERVIEW

Location: Bolivar province, Southwest Ecuador

Ownership: 100% Subsidiary: Valle Rico Resources S.A.

Tenement Area: 4 concessions, 188 km^2

Primary Targets: Gold-silver-copper epithermal

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

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

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

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

OPERATIONS OVERVIEW CONTINUED

ECUADOR CONTINUED

CISNE VICTORIA PROJECT OVERVIEW

Location: Morana Santiago province, South-eastern Ecuador

Ownership: 100% Subsidiary: Cruz del Sol S.A.

Tenement Area: 4 concessions, 170 km^2

Primary Targets: Copper-gold porphyry

Located in south-eastern Ecuador, the Cisne Victoria project consists of an epithermal zone of alteration and mineralisation. Initial interpretation of the Heli-mag and ground mag data over the Cisne Victoria project is indicative of a large porphyry system.

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

The community relations, social, medical, logistics and technical teams have re-entered the concession site during the financial year following the COVID-19 restrictions.

COANGOS PROJECT OVERVIEW

Location: Morana Santiago province, South-eastern Ecuador

Ownership: 100% Subsidiary: Cruz del Sol S.A.

Tenement Area: 7 concessions, 305 km^2

Primary Targets: Porphyry and epithermal copper-gold

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

- Anomaly 1: Mineralisation is hosted in volcanoclastic rocks. The copper-silver zones contain primary chalcocite and chalcopyrite with secondary copper carbonates and oxides; chrysocolla, malachite, and tenorite. Near-source stream boulders with chrysocolla have returned very high grades of copper and silver.
- Anomaly 2: Mineralisation is associated with a 1.5m wide fault breccia containing quartz veins up to 8mm thick, sugary quartz clasts, rhodochrosite, barite and calcite in a zone of chlorite-sericite alteration. The breccia is exposed along strike in two separate streams, located 200m apart. The structure has not been closed off and mapping continues in streams along strike.

HELIPUERTO PROJECT OVERVIEW

Location: Morona Santiago province, South-eastern Ecuador

Ownership: 100% Subsidiary: Cruz del Sol S.A.

Tenement Area: 4 concessions, 184 km^2

Primary Targets: Porphyry and epithermal copper-gold

The Tinkimints copper prospect and the Helipuerto project concessions lie within one of the most prolific portions of the Andean Jurassic Porphyry Belt, which hosts globally significant copper and gold deposits in Ecuador, several of which have been developed into mines, such as the nearby Fruta del Norte and Mirador mines, the Santa Barbara, Panantza and Warintza deposits, and SolGold's newly discovered Cacharposa deposit at Porvenir.

The Tinkimints prospect is located adjacent to Solaris's Warintza copper deposit from which recent drilling results returned a world-class intersection of 922m @ 0.94% CuEq from surface (announced 22 March 2021).

The Tinkimints prospect is characterised by highly anomalous copper and copper/zinc in soil over a 1.5km by 1km area. High values of copper in soil are observed at Tinkimints, including 0.71% Cu and 0.16% Cu in soils.

Extensive and systematic geological and geochemical field programmes are underway at Helipuerto with an initial focus on the delineation of the size and tenor of the new Tinkimints copper prospect.

OPERATIONS OVERVIEW CONTINUED

ECUADOR CONTINUED

LA HUECA PROJECT OVERVIEW

Location: Zamora Chinchipe province, Southern Ecuador

Ownership: 100% Subsidiary: Cruz del Sol S.A.

Tenement Area: 3 concessions, 94 km^2

Primary Targets: Copper-gold porphyry

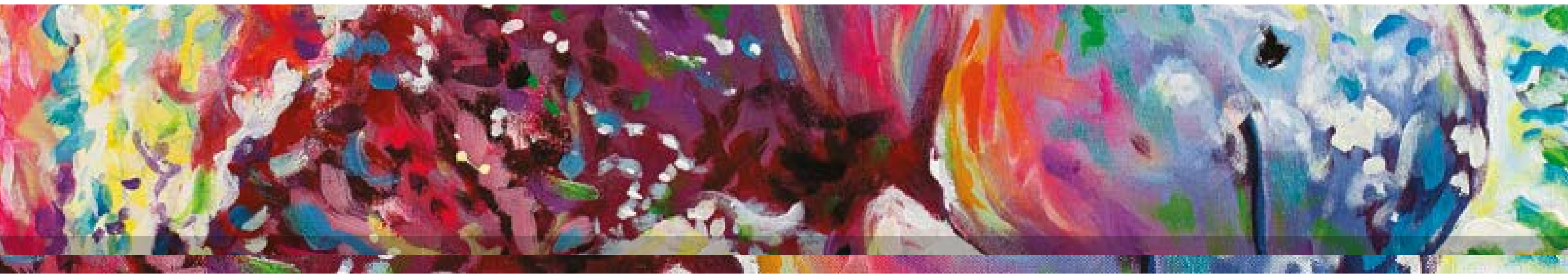
The La Hueca project is located in southern Ecuador in the same belt which hosts other significant deposits, including:

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

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

A six-hole drilling programme commenced on 10 August 2020 targeting Cu-Mo-Au soil geochemical targets, supported by geological mapping of outcropping porphyry style veining and alteration at Target#6. Three diamond drill holes were completed for a total of 1,558m. This programme was targeting a Cu-Mo mineralised porphyry system. No significant assay results were received from the first three holes and the programme was suspended to allow redirecting of the drilling rig to the priority Porvenir project.

While no significant assay results were received from the first three holes, encouraging alteration was encountered in the drilling potentially indicating a proximal mineralised porphyry system. Further drill targets have been identified and will be tested at a later date.



CHILLANES PROJECT OVERVIEW

Location: Bolivar/Chimborazo province, Central Ecuador

Ownership: 100% Subsidiary: Green Rock Resources S.A.

Tenement Area: 1 concession, 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.

Social teams have been working with communities to ensure ongoing access to this project is progressing well.

CISNE LOJA PROJECT OVERVIEW

Location: Loja province, Southern Ecuador

Ownership: 100% Subsidiary: Green Rock Resources S.A.

Tenement Area: 3 concessions, 147 km^2

Primary Targets: Epithermal gold and silver, Porphyry copper gold

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

Field geological, structural and alteration mapping in combination with soil and rock geochemical sampling have identified a 1,000m x 750m zone of coincident Cu-Au-Mo soil geochemical anomalism centred upon an RTP magnetic high with an annular magnetic low. Field mapping has identified zones of magnetite-chalcopyrite porphyry veining and diagnostic secondary copper minerals, neotocite, malachite and azurite within the target area. An initial 7,000m drilling programme is planned in the second half of 2021 at the Celen target, following completion of 3D geophysical and geochemical modelling, and the completion of the permitting processes for scout drilling.

OPERATIONS OVERVIEW CONTINUED

ECUADOR CONTINUED

PORVENIR PROJECT OVERVIEW

Location: Zamora Chinchipe province, Southern Ecuador

Ownership: 100% Subsidiary: Green Rock Resources S.A.

Tenement Area: 7 concessions, $244km^2$

Primary Targets: Copper-gold porphyry

The Porvenir project is located in southern Ecuador approximately 100km north of the Peruvian border and contains copper-gold mineralisation indicative of a well-preserved, vertically extensive porphyry system. Two geochemical anomalies, Derrumbo and Bartolo, have been identified within a larger 6.0km x 5.5km stream sediment anomaly.

The Cacharposa porphyry copper-gold target is part of a 1,700m long northerly-trending mineralised corridor, up to 1,000m wide. The target is characterised by coincident Cu, Mo, Au and Cu/Zn soil anomalies that lie central to a zone of Mn-depletion in soil. Soil molybdenum geochemistry shows a broad high nested within the magnetic feature and coincides with a zone of manganese-depletion in soil. RTP magnetics exhibit a central magnetic high surrounded by an annular magnetic low. These characteristics together are typical of numerous significant porphyry deposits globally, several of which have become mines.

The first drill hole PDH-20-001 at the Cacharposa prospect in Porvenir discovered a new highly mineralised copper-gold-molybdenum porphyry system, having returned a highly encouraging result of 928m @ 0.53% CuEq (0.39% Cu, 0.18g/t Au), including 644m @ 0.65% CuEq (0.47% Cu, 0.24g/t Au). Selected highlights of final drill hole assays received from subsequent holes include:

- Hole 2: 818m @ 0.45% CuEq from surface, including 262m @ 0.71% CuEq
- Hole 7: 570m @ 0.75% CuEq from 288m, including 204m @ 1.23% CuEq
- Hole 10: 608m @ 0.47% CuEq from surface, including 70m @ 0.73% CuEq
- Hole 13: 610m @ 0.42% CuEq from 2m, including 174m @ 0.92% CuEq

The drilling programme at Cacharposa is designed to test a mineralised corridor over a 1,700m by 1,000m area, with the deposit reaching a column of over 900m. The geology team are advancing in-house resource estimation models including level-plan and cross-section interpretation throughout the deposit, ahead of finalising work that will form the basis of the Cacharposa Maiden Mineral Resource. Ongoing updates to internal preliminary Resource Estimates indicate a significant prospective resource that appears amenable to bulk surface mining methods.

SHARUG PROJECT OVERVIEW

Location: Azuay province, Southwest Ecuador

Ownership: 100% Subsidiary: Green Rock Resources S.A.

Tenement Area: 2 concessions, 58 km^2

Primary Targets: Copper-gold porphyry

The Sharug project is located in the Miocene Belt in southern Ecuador. SolGold earlier this year received the water extraction licence for the Sharug project clearing the way for drilling to commence at the Santa Martha target. The Santa Martha copper-gold-molybdenum porphyry target covers an area of 1.2km by 0.6km and remains open to the east. This target is characterised by coincident porphyry style alteration, anomalous soil geochemistry and a classic magnetic annular low in the RTP magnetic data.

The Santa Martha target 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.

Drilling commenced in August 2021 at the Santa Martha copper-gold porphyry target as part of an initial six-hole programme testing extensive coincident surface geochemical and geophysical anomalies.

TIMBARA PROJECT OVERVIEW

Location: Zamora Chinchipe province, Southern Ecuador

Ownership: 100% Subsidiary: Green Rock Resources S.A.

Tenement Area: 4 concessions, 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). Results from reconnaissance mapping and sampling have identified outcropping porphyry style mineralisation.

Two main styles of mineralisation have been recognised to date at the Timbara Project. An epithermal vein-hosted gold and polymetallic system has been identified in the Timbara 2 concession. The mineralisation strikes over 1km, hosted in a sulphidic quartz vein. A porphyry style prospect has also been identified in the Timbara 1 concession. A gridded geochemical soil programme returned geochemical anomalies characteristic of mineralised porphyry copper-gold systems and is being followed up with further work by technical teams.

Technical teams continued mapping and surface geochemical sampling of prospective areas during the reporting period to further delineate targets for future drill testing.

OPERATIONS OVERVIEW CONTINUED

AUSTRALIA

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

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

SolGold continues to hold tenements across central and southeast Queensland, through its wholly owned subsidiaries, Central Minerals Pty. Ltd. and Acapulco Mining Pty. Ltd. Central Minerals Pty. Ltd. currently holds five exploration permits: EPM 25300 (Cooper Consolidated, Rannes Project); EPM 19639 (Goovigen Consolidated, Rannes Project); EPM 27211 (Mt Pring); EPM 18760 (Westwood) and EPM 18032 (Cracow West). Acapulco Mining Pty. Ltd. currently holds exploration permits at EPM 25245 (Mount Perry) and EPM 19410 (Normanby).

RANNES PROJECT (EPM 19639, 25300) PROJECT OVERVIEW

Location: 140km west of Gladstone, Queensland, Australia

Ownership: 100%

Subsidiary: Central Minerals Pty Ltd

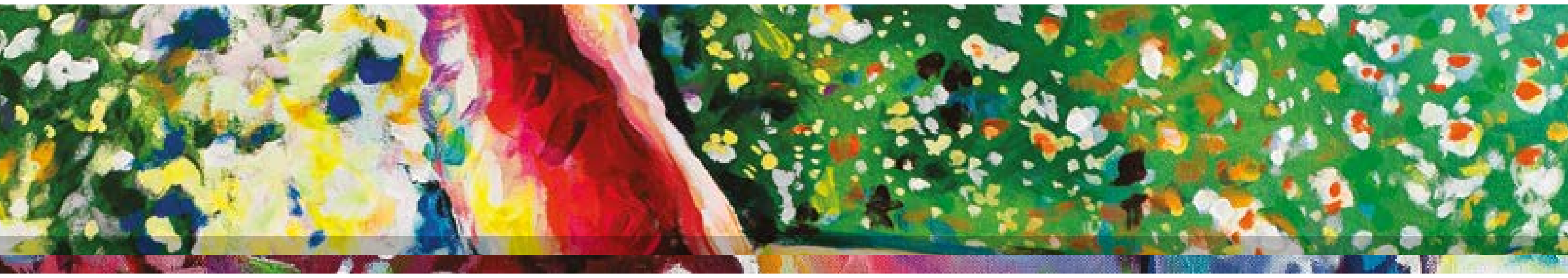
Tenement Area: 126 granted sub-blocks (circa 282km^2)

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

Located 140km west of Gladstone (Queensland, Australia), SolGold's principal targets at the Rannes project are structurally controlled, low-sulphidation epithermal gold-silver deposits. Thirteen prospects have been identified within the Permian-aged Camboon Volcanics, with the majority lying along north-northwest trending fault zones. Surface exploration has included tenement-wide stream sediment, soil and rock chip sampling surveys.

A detailed airborne magnetic survey was recently reinterpreted 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.

Exploration activities completed during this period include work on the Rannes Project focused on plate modelling of VTEM data and commencement of the integration of 3DIP, VTEM and magnetic inversion model data. Air-photo based litho-structural geological review and interpretation was also undertaken during the period.



MOUNT PERRY PROJECT (EPM 25245) PROJECT OVERVIEW

Location: 130km northwest of Gympie, Queensland, Australia

Ownership: 100%

Subsidiary: Acapulco Mining Pty Ltd

Tenement Area: 64 granted sub-blocks (circa 205km^2)

Primary Targets: High-grade, intrusion-related lode gold deposits and possible 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 mineralised 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. The Chinaman's Creek prospect cluster has been identified as the most prospective area within the project to host a high-grade gold deposit based on observed scale and grade of mineralised lodes.

Ground access negotiations were initiated with the main landowner and preliminary access was granted in the 2020/21 financial year. Operational risks and mandated restrictions in response to COVID-19 prevented any further field activity in the period.

NORMANBY PROJECT (EPM 19410) PROJECT OVERVIEW

Location: 120km northwest of Mackay, Queensland, Australia

Ownership: 100%

Subsidiary: Acapulco Mining Pty Ltd

Tenement Area: 50 granted sub-blocks (circa 160km^2)

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

The Normanby Goldfield comprises over 70 historic pits and shafts located within 14 prospects along an 8km structural zone. Gold-bearing quartz veins are hosted almost exclusively in the Shannon Vale Gabbro within a complex left-lateral dilation zone.

Operational risks and mandated restrictions in response to COVID-19 prevented any further field activity in the period. Postponed planned work includes a gradient array IP survey at Mt Flat Top prospect.

OPERATIONS OVERVIEW CONTINUED

AUSTRALIA CONTINUED

MT PRING PROJECT (EPMA 27211) PROJECT OVERVIEW

Location: 65 km northwest of Proserpine, Queensland, Australia

Ownership: 100%

Subsidiary: Central Minerals Pty Ltd

Tenement Area: 40 sub-blocks (circa 120km^2) in application

Primary Targets: Magmatic Ni-Cu-PGE sulphide and copper-gold porphyry 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 tenement was granted in Q1 2020 and no fieldwork was completed in the reporting period. The project hosts several, under-explored ultramafic intrusive complexes that historically have never been assayed for gold or platinum group elements. Historical exploration is limited to Ni-Cu stream sediment sampling by WMC in the late 1970s and limited Ni-Cu soil sampling in the late 1980s. Soil sampling at Mt Pring defined a 700 x 350m, +1,000ppm Ni anomaly that has not been followed up with more advanced exploration.

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

WESTWOOD PROJECT (EPM 18760) PROJECT OVERVIEW

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

Ownership: 100%

Subsidiary: Central Minerals Pty Ltd

Tenement Area: 16 granted sub-blocks (circa 45km^2)

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

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

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

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

CRACOW WEST PROJECT (EPM 18032) PROJECT OVERVIEW

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

Ownership: 100%

Subsidiary: Central Minerals Pty Ltd

Tenement Area: 12 granted sub-blocks (circa 38km^2)

Primary Targets: Low-sulphidation epithermal Au-Ag deposits

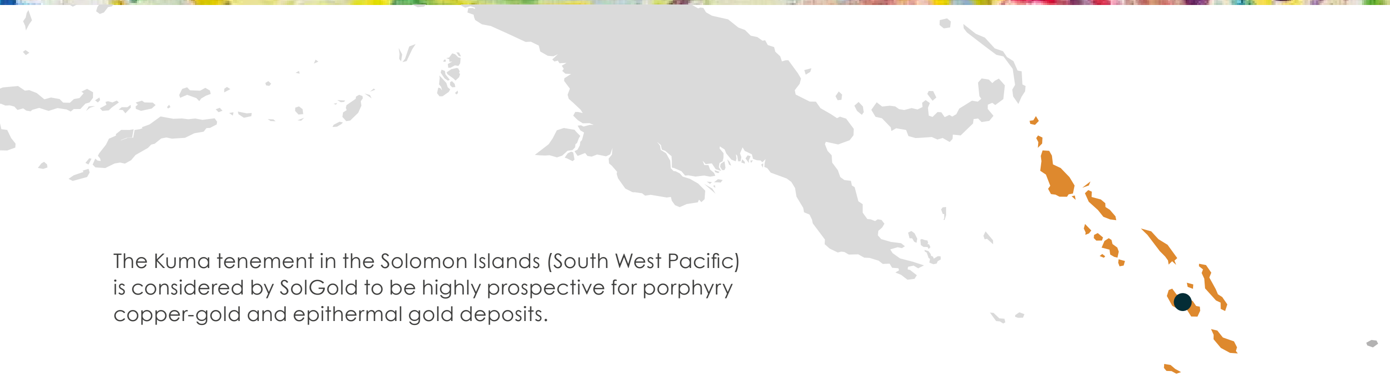
Gold mineralisation at the Cracow mine is associated with Permian-aged, low-sulphidation, epithermal quartz veins which have been emplaced along northwest and north-northwest trending fault zones. The Company's initial exploration concept was to explore for a similar deposit to Cracow gold mine, but a recent review of the regional geology suggests that the anomalism seen at Cracow West may be associated with a later phase of Triassic intrusions, suggesting a later mineralisation event.

The Company's exploration at Cracow West has included stream sediment, soil and rock chip sampling. This has identified three significant prospects: Dawson Park, Kambrook and Theodore Bends. A sub-audio magnetotellurics survey was completed over the Kambrook and Dawson Park prospect which identified a potential buried target at the Dawson Park prospect, which coincides with a distinct soil tellurium anomaly at surface.

EPM 18032 was renewed for a further three years (to 11 October 2023). Future work proposed will include a reinterpretation of the geophysical and structural dataset with specific focus on identifying high-priority targets within the Dawson Park, Kambrook and Theodore Bends prospects.

OPERATIONS OVERVIEW CONTINUED

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 OVERVIEW

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

Ownership: 100% ownership

Tenement Area: 1 concession, 43 km^2

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 Cu-Au 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.

QUALIFIED PERSON:

Information in this report relating to the exploration results is based on data reviewed by Mr Jason Ward ((CP) B.Sc. Geol.), Head of Exploration for the Company. Mr Ward is a Fellow of the Australasian Institute of Mining and Metallurgy, holds the designation FAusIMM (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

HIGHLIGHTS

The Group achieved several milestones during the financial year ended 30 June 2021. These have helped to progress the development of SolGold, in particular the development of the Alpala project and the exploration of the surrounding licence areas, and have included:

- Successful equity raising in April 2021 of approximately US$73.8 million with proceeds to advance our regional exploration portfolio
- The raising of approximately US$5 million in November 2020 via the issue of 11,900,000 shares at US$0.42 to Valuestone Advisors Ltd
- Completion of Royalty Financing Package of US$100 million from Franco-Nevada
- Exploration and evaluation expenditure (net of immaterial impairment) of US$77,508,612 for the year
- Continued acquisition of US$927,957 in landholdings in the Cascabel project area in anticipation of infrastructure requirements for project development, with another US$4,653,433 spent on advance payments for critical land parcels
- Operating loss after tax of US$22,893,167 representing an increase of US$8,769,414 over the prior year. The increase in loss is largely attributable to an increase in the Group's financing costs, refer to Note 6
- US$109,562,103 cash balance (2020: US$46,895,243)

RESULTS

The Group incurred a loss after tax of US$22,893,167 for the year (2020: US$14,123,753). The increase in the loss after tax is largely due to the financing charges linked to the NSR royalty financing of US$9,619,242, which represents an increase of $9,619,242 for the year ended 30 June 2021. These financing charges (Note 6) are a non-cash flow book entry accounting the financial liability at amortised cost. Overall administrative expenses remained consistent from 2020, although there are some noteworthy costs. Employee benefits expenses increased by US$1,397,379 as a result of the employment of additional senior management in Australia and London, and costs related to changes in senior leadership, with the CEO up to 31 March 2021 being included in Director expenses. Additionally, the Group experienced an increase in insurance costs, Director's fees and other expenditure. The insurance costs increased from US$1,884,388 in 2020 to US$3,464,139 in 2021 largely attributable to increases in the political risk insurance premiums as a result of the increase in value of the Group's exploration assets. Director fees of US$1,370,705 (2020: US$764,201) increased as a result of an increase in the number of Directors for the year and an increase in Directors' fees from 1 January 2021. Other expenditure of US$592,245 (2020: US$1,399,202) represents a decrease over the prior year as a result of the decreased legal and professional fees paid on the proposed takeover of Cornerstone Capital Resources Inc. and the Company's financing activities for the year ended 30 June 2020.

An income tax expense of US$151,173 (2020: US$1,103,409) was recognised predominantly relating to the derecognition of carried forward tax losses. This amount is offset by an income tax benefit of US$768,544 recognised directly in equity associated with capital raising costs, and an income tax benefit of US$692,474 recognised in other comprehensive income relating to the fair value movement of the Company's investment in Cornerstone Capital Resources Inc. (Note 7).

The Company recognised a total other comprehensive loss of income of US$1,818,657 (2020:US$1,935,418) for the financial year ended 30 June 2021. A gain of US$1,198,986 (2020: loss of US$1,320,370) was recognised in comprehensive income representing the mark-to-market adjustment on the Company's investment in Cornerstone Capital Resources Inc. For the financial year ended 30 June 2021 the Company recognised a gain of US$670,049 (2020: loss of US$139,285) on translation of foreign operations. The average exchange rate used to convert Australian dollars to United States dollars was 0.7470 for the financial year ended 30 June 2021 compared to 0.6710 for the financial year ended 30 June 2020. The Company also recognised an increase in the Ecuadorian pension reserve of US$50,378.

FINANCIAL REVIEW CONTINUED

STATEMENT OF FINANCIAL POSITION

Total assets at 30 June 2021 were US$456,913,025 compared to US$306,798,448 at 30 June 2020 representing an increase of US$150,114,577 largely as a result of the funds received from the successful equity raisings, funds received from the Franco-Nevada NSR Financing Agreement, the continued exploration on the Group's Ecuadorian tenements, and an increase in the fair value of the Company's investment in Cornerstone Capital Resources Inc.

Current assets overall increased by US$74,737,368 primarily due to an increase in cash as a result of the net funds received from the equity raisings, the net funds received upon completion of the Franco-Nevada NSR Financing Agreement and the reclassification of the Company Funded Loan Plan, as the repayment terms are less than 12 months. Funds received from the June 2020 equity raise were utilised during the period to fund the Group's regional exploration programme and general overhead expenses, whilst funds received from the NSR Financing were used to fund the Group's flagship Alpala project and related overheads. Funds received from the April 2021 equity raise will continue to be utilised to fund the Group's exploration programmes and general overhead expenses.

Non-current assets increased by US$75,377,209 mainly due to increases in exploration and evaluation assets, classified as intangible assets. Exploration assets increased by US$78,175,859 predominantly due to the exploration expenditure incurred at the Alpala project (US$49.83 million) and the various regional projects (US$27.43 million) in Ecuador as identified in this report, during the twelve months ended 30 June 2021. Financial assets held at fair value through other comprehensive income ("OCI") increased by US$2,705,863 representing the mark to market adjustments that the Company makes on its investment in Cornerstone Capital Resources Inc. and also the increase in shareholding of 500,000 shares. Property, plant and equipment increased by US$741,132 primarily due to strategic land purchases at the Alpala project. Loans receivable and other non-current assets decreased by US$6,245,645 as a result of the reclassification of the Company Funded Loan Plan to a current asset and is due in December 2021.

Total liabilities at 30 June 2021 were US$118,290,830 compared to US$24,810,414 at 30 June 2020 representing an increase of US$93,480,416 largely as a result of the completion of the Franco-Nevada NSR Financing Agreement and revaluation of the derivative liability for options issued to BHP in conjunction with the placement on 2 December 2019.

Current liabilities at 30 June 2021 were US$8,183,399 compared to US$21,623,019 at 30 June 2020 representing a decrease of US$13,439,620. This decrease was predominantly due to the repayment of the Bridge Loan Agreement from the settlement of funds from the Franco-Nevada NSR Financing Agreement. Trade and other payables increased by US$1,787,457, mainly due to the increase in drilling associated with sites able to recommence drilling due to easing of COVID-19 restrictions and increased drilling in the regional programmes.

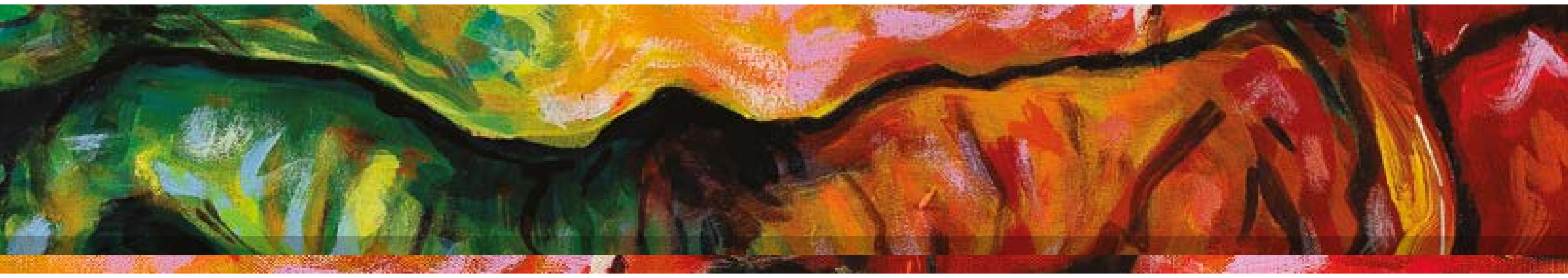
Non-current liabilities increased by US$106,920,036 due to the settlement of the Franco-Nevada NSR Financing Agreement, and subsequent valuation. The total represents the net settlement proceeds received and the repayment of the Bridge Loan Agreement.

CASH FLOW

Cash expenditure (before financing activities) for the year ended 30 June 2021 was US$95,812,235 (2020: US$68,471,595). Most of this cash spend relates to cash expenditure on the Group's exploration expenditure in Ecuador (US$75,607,912) and property, plant and equipment and strategic land purchases, that are currently still in negotiating stages (US$6,280,482).

During the financial year ended 30 June 2021, cash of US$76,113,126 (2020: US$62,700,190) was received from the issue of shares via private placements and the exercise of share options along with net proceeds of US$84,380,422 from the Franco-Nevada NSR Financing Agreement. Accordingly, the net cash inflow of the Group for the year ended 30 June 2021 was US$61,589,970 (2020: inflow of US$6,612,494).

As mentioned above, cash of US$75,607,912 (2020: US$54,444,043) was invested by the Group on exploration expenditure during the year.



CLOSING CASH

As at 30 June 2021, the Group held cash balances of US$109,562,103 (2020: US$46,895,243).

POST-REPORTING DATE EVENTS

On 7 September 2021 the Company announced its intention to relinquish 10 of the 72 concessions held within the Company's four 100% owned subsidiaries in Ecuador. The company is required to impair these 10 concessions in-line with International Financial Reporting Standards (IAS 36). The impairment charges of US$3.1 million are immaterial compared to the asset base of the Company.

OUTLOOK

The focus of the Group during the financial year ending 30 June 2022 will be on the delivery of the PFS and advancement of the Definitive Feasibility Study at Alpala.

Grassroots exploration will continue at all 13 priority projects during the next reporting period, as well as the ongoing drilling at Porvenir, Rio Amarillo and Sharug and the commencement of drilling at Cisne Loja and other projects upon receiving permits. A Maiden Mineral Resource statement at Porvenir is also targeted during the next reporting period. The Company will continue the process to identify potential JV/earn-in partners over 10 of its 100%-owned early-stage exploration projects.

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

COST MANAGEMENT AND PERFORMANCE AGAINST BUDGET

To ensure the business's continued success, SolGold must be adequately funded at all times in order to retain employees, meet expenditure requirements and keep operations running across all projects. This has been achieved during the year ended 30 June 2021 with two successful equity raisings totalling US$78.8 million (Valuestone in November 2020 and institutional and private investors in April 2021) and a successful completion of the US$100 million NSR Financing Agreement with Franco-Nevada in September 2020. As part of the Group's cost management strategy the Group has implemented several cost reduction initiatives to preserve cash. These include, but are not limited to, ongoing reviews of budgets and regular forecasts to ensure effective use of cash in core activities, reductions of corporate overheads where possible and active working capital management.

FINANCIAL CONTROLS AND RISK MANAGEMENT

The Board regularly reviews the risks to which the Group is exposed and ensures through Board Committees and regular reporting that these risks are managed across all sectors of the Company. The Audit and Risk Committee is responsible for the implementation and review of the Group's internal financial controls and financial risk management systems.

Refer to page 52 for detailed information on the principal risks and uncertainties and for further detailed information on the financial risks refer to Note 24.

EQUITY

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

On 13 November 2020, the Company completed a private placement of 11,900,000 ordinary shares to Valuestone Advisors Ltd. at a price of US$0.42 per ordinary share for gross proceeds to the Company of approximately US$5 million.

On 2 March 2021, the Company issued 3,000,000 unlisted share options over ordinary shares of the Company to an employee. The options are exercisable at £0.36 and expire on 2 March 2024.

On 28 April 2021, the Company issued 208,202,938 new ordinary shares at £0.255 via a placement and retail share issue to raise US$73.8 million.

On 10 June 2021, the Company issued 1,500,000 new ordinary shares at £0.25 as a result of the exercise of employee share options.

At year end the Company had a total of 2,293,816,433 fully paid ordinary shares and 106,875,000 options on issue. At the date of this report the Company had a total of 2,293,816,433 fully paid ordinary shares and 105,125,000 options on issue.

COVID-19 IMPACT

A FOCUS ON WELLBEING HAS CONTINUED THROUGH THE PERIOD

The COVID-19 pandemic created unforeseen circumstances for SolGold. SolGold acted and adapted quickly during the crisis, ensuring the safety of our employees and community members was the number one priority.

As a result of the state policy and to ensure the protection of the communities we work with, the Company established specific COVID-19 protocols. Quarantine and testing prior to entry into project areas is a mandatory requirement for all personnel to minimise the risk of infection. Anyone entering field operations must quarantine for a minimum of seven days and test negative for COVID-19 by means of a PCR test before entering the field. These protocols have limited the spread of infection and have allowed SolGold to continue operations with minimal disruption to business activities.

A workforce vaccination programme commenced in June 2021 with the goal of fully vaccinating the entire workforce, including contractor personnel by the end of September 2021. As of 30 June 2021, the end of the financial year, the workforce vaccination programme provided 113 personnel with the first of two COVID-19 doses, representing 13% of the workforce. A rapid rollout ensured that as of late August over 96% our workforce have received the first vaccination dose and over 75% have received the second. SolGold, in conjunction with local health authorities, seeks to extend the vaccination programme to immediate families of workers and others in the community with the aim of reducing the risk of serious effects and spread of the virus in the communities of our operating areas.

The Company continues field operations in all locations in Ecuador and has not relaxed any of the stringent quarantine and PCR negative requirements created during 2020/21 for anyone entering field operations. In certain cases, following regional government instructions, even more stringent protocols have been introduced as a reaction to localised increased COVID-19 cases. Ongoing refresher training for all employees and contractors is conducted on the importance of COVID-19 protocols to ensure effective biosecurity measures are maintained.

A focus on wellbeing has continued through the period with one-on-one mental health sessions held by in-house psychologists for employees who have tested positive for COVID-19. Social workers also commenced new programmes in exploration camps to identify emerging issues (such as fatigue from repeated isolation) as well as to provide supportive group training and information sessions with the workforce. As part of this programme, a psychosocial survey was implemented to gain employee feedback.

The initial interruption of activities and strict adherence to COVID-19 protocols across all projects globally, and in particular in Ecuador, has slightly impacted SolGold's operations including:

- Initial decreased camp accommodation capacity to ensure COVID-19 separation requirements were met
- Lower drilling rates associated with initial camp restrictions
- Longer duration of planned drilling programme
- Extended turnaround times for assay lab testwork undertaken in Peru associated with government COVID-19 controls
- Longer times to agree land access amid community concerns
- Strict COVID-19 protocols enforced by government regional emergency committees delayed access to some operational areas
- Permitting delays due to reduced working in government institutions
- In-country international support reduced significantly due to other countries' COVID-19 travel restrictions

Additional direct costs incurred as a result of COVID-19 protocols in the financial year ended 30 June 2021 totalled US$1,680,860 across SolGold's operations in Ecuador mainly relating to isolation lodging, COVID-19 PCR tests and biosecurity supplies.

A WORKFORCE VACCINATION PROGRAMME COMMENCED IN JUNE 2021 WITH THE GOAL OF FULLY VACCINATING THE ENTIRE WORKFORCE, INCLUDING CONTRACTOR PERSONNEL BY THE END OF SEPTEMBER 2021

PRINCIPAL RISKS AND UNCERTAINTIES

WE RECOGNISE THAT RISKS CAN HAVE A SAFETY, FINANCIAL, OPERATIONAL OR REPUTATIONAL IMPACT

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

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

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

ENTERPRISE-WIDE RISK MANAGEMENT

The Company has invested significant resources during the financial year to implement a company-wide risk management system, including a risk policy and risk standard. As part of its risk management system, SolGold's leadership team maintains a comprehensive corporate, operational and project risk register. The Group's risk registers are updated on a quarterly basis and are reviewed by the Audit and Risk Committee. COVID-19 related risks, project development and financial risks are some of the risks with the highest impact rating and are owned and managed by senior management of the Group. Given current circumstances, the ARC is meeting monthly. In the context of proactive risk management, the Company also decided to appoint an internal auditor.

PROJECT RISK MANAGEMENT

The Pre-Feasibility Study for our Alpala project continued during the financial year and explores further options that will better achieve the project objectives of exploiting the mineral resources and each of the options through consideration of environmental, social and economic impacts.

The PFS study team has conducted an integrated risk workshop to identify, record and discuss known and anticipated risks, which has considered and will be included in future phases of the project and formed the basis of the creation of the project risk register. A further review of these risks will be conducted prior to completion of the study – closing those that have been effectively treated or managed and communicating recommended actions for enduring high-rated risks.

RISK APPETITE OF THE GROUP

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

RISK	DESCRIPTION	KEY MITIGATORS
Health & Safety Risks	Safety risks are inherent in exploration and mining activities and include both internal and external factors requiring consideration to reduce the likelihood of negative impacts. The current highest risk, due to the geographical spread of exploration activities, is associated with transportation of people to and from the project areas. This includes transit vehicle accidents with a potential for multiple fatalities due to vehicle impacts or rollovers. In addition, drilling activities in remote areas increase the risk of delays in gaining access to effective emergency medical assistance resulting in delayed treatment in the event of incident or accident. Health and safety reviews, inspections, audits and hazard assessments are completed on a regular basis to ensure effective protocols, procedures and controls are in place. Any incident resulting in serious injury or death may result in litigation and/or regulatory action (including, but not limited to, suspension of development activities and/or fines and penalties), or otherwise adversely affect the Group's reputation and ability to meet its objectives.	The executive management team and onsite managers adhere to the highest safety protocols and place priority on ensuring all employees, contractors and suppliers are safe at all times. The Transport Plan that incorporates safe travel for people and a site safety system that incorporates hazard recognition, training, monitoring and continuous improvement will alleviate proposed safety risks and limit unnecessary accidents. Risk remained constant during the current year.
Pandemic Risk	The Group's exploration and business activities continue to be at risk from the COVID-19 pandemic currently affecting businesses globally. The Group has adapted the way it conducts its business in response to the pandemic and follows mandates of various governments as well as concerns of local communities in Ecuador. Rules in relevant jurisdictions are changing constantly and the Group will continue to evaluate and adapt to measures as they are announced. Pandemic risk also affects the health and wellbeing of employees, suppliers and contractors if appropriate measures are not followed. Any failure to adhere to government protocols during a pandemic crisis could adversely affect the Group's ability to continue exploration and operational activities. Mining is considered a strategic activity in Ecuador with the consequential ability to move around the country without limitations applied to other activity. Irrespective of applicable rules, the present concerns over COVID-19 variants and any corresponding resurgence of the pandemic could have a severe impact on SolGold and how the Group conducts its business, potentially causing delays as experienced in the first half of 2020. Our employees are exposed to physical security risks that could result in injury, theft or damage to property, work stoppages, or blockades of its exploration and deposit evaluation activities. There is a risk that the safety of personnel may be harmed if security is breached at any of the Group's operational sites.	Managing the unexpected risks from a pandemic stem directly from government protocols in the countries we operate in, as well as recommended guidelines by global health organisations like the World Health Organisation. To date, the Company has been fully compliant with all protocols put into effect for the COVID-19 pandemic and employees in all jurisdictions have successfully performed their duties remotely. Overall, the Pandemic has minimal impact on the operational performance of the Group as a whole. With a better understanding, better systems in place and increased vaccinations around the world we experienced a reduction of risk in this area, with travel between the locations gradually increasing. At July 2021 the Ecuadorian government has initiated and is well advanced with a vaccination programme which is seen as an advantage in combatting variant development. The Company has taken advantage of the vaccination programmes and over 95% of all employees have received their first injection.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RISK	DESCRIPTION	KEY MITIGATORS
Social Licence to Operate Risk	Strong community relations are fundamental to creating safe, sustainable and successful operations and losing the support from any individual community would be a risk for activities in that area. The Group´s concessions are near and, in limited areas, overlap with local communities, and it often needs local approvals in order to access and operate in these areas. The Group often enters into agreements with local communities, groups or individuals that address surface access, road or trail usage, local employment, social investment and other key issues. Every local stakeholder relationship, however, requires ongoing dialogue and relationship management. Events do not always unfold as intended or according to plan, however, and the status of relations can deteriorate for any number of reasons, including, but not limited to: influences of local or external political or social actors or organisations, shifts in the agendas or interests of individuals or the community as a whole, the Group's inability to deliver on community expectations or its commitments, or concerns stemming from communities' historic or recent experiences with legal and/or illegal miners. However, if under extreme circumstances the Group were to lose its social licence with one or more communities and be unable to regain it, this could impact the viability of the project. By the same token, if the Group is unable to obtain social licences from some communities, initial exploration could be prevented.	SolGold has ongoing community engagement and socialisation programmes in place in order to best understand the needs of local communities. The possible risks associated with the relocation of communities during the development stage will be managed with the community members' best interests at the core of all decisions. • The development of a relocation and resettlement plan will be developed with close consultation and involvement with the community, governments and other stakeholders. • The development of a transport plan in conjunction with government, community and other stakeholders. • Employment, training and development plan that continues to give preference to local communities. • Maintaining a robust grievance and obligations register that promotes transparency and trust. • Maintain independent community monitoring of water and continue water recycling and minimisation of river water extraction. • Work closely with the community to identify safe and acceptable alternative access. Risk remained constant during the current year.
People and Leadership Risk	The Group is dependent on recruiting and retaining high performing leaders focused on managing the Group's interests. SolGold requires a large number of persons skilled in project development, mining engineering, project financing and management of mining properties and competition for such persons is high in the current commodity price environment. The inability of the Group to successfully attract and retain highly skilled and experienced executives and personnel could have a material adverse effect on SolGold's business, its ability to attract financing and its ability to deliver key project milestones on time and on budget. In-country industrial relations risk places a risk on the Group and the country's focus on the development of a mining industry. An increased trade unionism and increased militancy in operating areas has the potential to disrupt operations and place risk on employees, contractors and suppliers. Establishing an effective composition of the Board, succession planning and evaluation methods are also critical to the success of the Group.	SolGold actively minimises this risk through its HR Function by ensuring there is a proper feedback and grievance process in place across Ecuador for all staff, supporting and growing employees' careers and ensuring they are properly equipped and receive support at all times. Building and maintaining an Industrial Relations Strategy for Ecuador through in-country specialist expertise, designing recruitment plans to include local and indigenous people and engaging skilled front line workers will help mitigate this risk. SolGold has during the Financial Year increased the members of its Community Engagement team and invested in training. The Company has a number of committees in place (Nominations, Remuneration and Audit and Risk Committee) to develop and implement the most appropriate criteria and succession tools to hire and retain the right people in the workforce. A key focus during the year was the review and roll-out of workforce related policies and better performance management. Risk reduced during the current year.

RISK	DESCRIPTION	KEY MITIGATORS
Geopolitical, Regulatory and Sovereign Risk	SolGold's exploration tenements are in Ecuador, Australia and the Solomon Islands and are subject to risks associated with operating both in domestic and foreign jurisdictions. Operating in these countries involves some risk of political and regulatory uncertainty, which may include changes in government, negative policy shifts, changes to the tax and royalty regime and in extreme cases, civil unrest. Under Ecuadorian law, citizens have a constitutional right, pursuant to a judicial process, to apply to the Constitutional Court for approval for a public referendum on any subject matter. In 2019, an application was made to the Ecuadorian Constitutional Court to request to have a referendum held, the effect of which was to seek to stop mining activities at the Cascabel concession. The Constitutional Court unanimously rejected the application. However, despite the Constitutional Court ruling on that particular occasion, no assurance can be given that at some future time a similar application designed to seek to stop mining at Cascabel or in any other location of interest to the Group, will not be made. Anti-mining activism involving protests or blockage of access is a risk for operational areas. The availability and rights to explore and mine, as well as industry profitability generally, can be affected by changes in government policy that are beyond the control of SolGold. 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. The election of centre-right president Guillermo Lasso averted the risk of an abrupt shift in macroeconomic policies and in SolGold's view reduces political uncertainty and raises the prospects of a market-friendly macro policy agenda. Ensuring the Company maintains strong relationships with regional and national government agencies, as well as community members from our area of influence is a key mitigator for minimising disruptions. The Company to date has not had any security threats, due to the implementation of our extensive safety management and security protocols in place. SolGold will continue to work closely with government agencies to support regional security efforts as well as continuously advance and update security measures as operations and activities increase. The current security plan in place is highly effective and tailored to the Company's needs and is reviewed regularly and in light of changing circumstances. Risk has reduced during the current year.
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 in Australia and the Solomon Islands. If applications for title 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 the Group's 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 relate. In Ecuador, the majority of SolGold's tenements were granted during an auction process conducted between 2016 and 2018, when the mining cadastre was opened with the aim of attracting foreign investment. An important criterion for the award of mining concession in Ecuador was an investment plan that had to be fulfilled in the first four years after a mining title was granted and certain authorisations were received. This situation can lead to tenements being relinquished or reduced, extinguishing future investment commitments.	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. During 2020, the Ecuadorian government clarified the timing surrounding the four-year investment period which resulted in extensions for a number of licences. The Company continues to assess its ability to meet the investment criteria on its Ecuadorian licences and is working closely with the government in communicating the needs of the industry. Risk has reduced during the current year.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RISK	DESCRIPTION	KEY MITIGATORS
Environmental Risk	The Group's Ecuadorian exploration activities are required to adhere to both international best practice and local environmental laws and regulations. Any failure to adhere to globally recognised environmental regulations could adversely affect the Group's ability to explore under its exploration rights in Ecuador. Fines could be imposed on SolGold for damages and in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by SolGold or its subsidiaries, or non-compliance with environmental laws or regulations. SolGold proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations, and where possible, by carrying appropriate insurance coverage.	In line with all Ecuadorian mining companies, the management of this risk is based on compliance with the Environmental Management Plan. SolGold will maintain effective environmental compliance register and reporting protocols and ensure effective emergency preparedness planning, and resources to contain and manage spills. 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. Risk remained constant during the current year.
Land Access, Permitting and Surface Rights 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. In the long run SolGold is required to acquire large areas of land for its surface operations, posing a risk of delays and increasing prices the longer the process takes. The Group is required to obtain governmental permits to conduct different phases of exploration and evaluation on its concessions. Obtaining the necessary permits can be a complex and time-consuming process, which at times may involve several different government agencies. 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 in a timeframe that might be reasonably expected. Any unexpected delays associated with the permitting processes could slow exploration and could adversely impact the Group's operations. There is a risk of permits that are needed for ongoing operations being denied regarding tenure and other development related infrastructure.	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. The possible risks associated with the relocation of communities during the development stage will be managed with the community members' best interests at the core of all decisions. The development of a relocation and resettlement plan will be developed with close consultation and involvement with the community, governments and other stakeholders. SolGold ensures it follows protocols put in place by local and national government bodies in a timely manner when applying for permits. The Company regularly meets with government officials to discuss ongoing permitting applications in a transparent and professional manner and is compliant with a stakeholder engagement plan for land access. Risk remained constant during the current year.

RISK	DESCRIPTION	KEY MITIGATORS
Project Development Risks	Where the Group discovers a potentially economic resource or reserve, there is no assurance that the Group will be able to develop a mine thereon, or otherwise commercially exploit such resource or reserve. Any failure of management to manage effectively the Group's growth and development could have a material adverse effect on the Group's business, financial condition and results of operations. There is no certainty that all or, indeed, any of the elements of the Group's current strategy will develop as anticipated.	The Company is following sound project management processes for taking a discovery into mineral resource and reserve by using established methods of evaluation including economic analysis. This is carried out using several different levels of studies to evaluate various options and assess the best option for SolGold to take into development and production. This is carried out by using a dedicated team and recognised consultants including subject matter experts. Risk remained constant during the current year.
Funding Risks	The exploration and development of the Group's projects will require substantial additional financing above and beyond the Group's current treasury. Recent global financial conditions have been subject to significant volatility, and access to equity and debt financing, particularly for resource companies, has been negatively impacted in recent years. Commodity prices have had a strong recovery during the financial year and many observers expect a prolonged period of inflated prices driven by increased post-pandemic demand and supported by a constrained supply outlook. 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 activities and the development of the Group's projects.	The executive management team regularly meets with shareholders, financiers and other capital market stakeholders to discuss the availability and costs of various types of financing with the aim to gauge their support. It is management's view that high quality exploration projects should always be capable of being financed. Given the increase in precious metals and base metals prices and a more positive economic outlook globally, project funding risk has reduced during the current year.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RISK	DESCRIPTION	KEY MITIGATORS
Mineral Reserve and Resource Estimates Risk	Mineral Reserve and Mineral Resource figures are estimates, and there is a risk that the Mineral Resources and Mineral Reserves will not be realised. The quantity of Mineral Resources and Mineral Reserves may vary depending on, among other things, metal prices. Any material changes in the quantity of Mineral Resources, Mineral Reserves or the amount of the Mineral Reserves that are mined, and metal recoveries achieved in production, may affect the economic viability of any project. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability, and there is a risk that they will never be mined or processed profitably. Further, there is a risk that Inferred Mineral Resources will not be upgraded to proven and probable Mineral Reserves as a result of continued exploration. Fluctuations in gold prices, results of drilling, metallurgical testing and preparation and the evaluation of studies, reports and plans subsequent to the date of any estimate may require revision of such estimate. Any material reductions in estimates of Mineral Reserves could have a material adverse effect on SolGold's results of operations and financial condition.	Key elements that mitigate the impact to the Company and investors are experienced and qualified personnel and advisors, applying industry standards, conducting independent review and continuous disclosure (including sensitivity analysis of key factors). SolGold employs experienced and qualified personnel to manage exploration programmes using practices and techniques that are accepted in industry or substantiated with appropriate analyses to validate new techniques. Quality checks and validation of results occurs across the data collection, interpretation, modelling, estimation and classification process. Results are reported progressively in-line with continuous disclosure obligations to ensure the market is informed of how projects advance. Further, qualified persons (independent qualified persons in the case of NI 43-101 Technical Reports) validate the information, processes and conclusions as part of the reporting process.
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 for Latin America and TSX-listed companies. Mineral Resource and Ore Reserve estimates are prepared by independent consultants. Risk remained constant during the current year.

VIABILITY STATEMENT

MINING IS A LONG-TERM BUSINESS AND TIMESCALES CAN RUN INTO DECADES

The Board recently initiated a long-term strategic planning process, supported by a strategic consulting firm. At the time of writing, this project is still on-going. In this context, SolGold started to put processes in place to assess the viability of the Group over a minimum of three years and to consider extending the assessment period as the Alpala project advances to its construction decision, to cover the full construction and ramp-up period, considering specific challenges arising from long-lead projects.

Mining is a long-term business and timescales can run into decades. When taking account of the impact of the Company's current position on this viability assessment, the Board is considering:

- material political events;
- commitments made to various stakeholders that have material financial impact;
- its financial forecast and resulting cash positions;
- the potential state of capital markets in light of available sources of funding and scenarios that impact these funding solutions;
- macro-economic developments and possible impacts on relevant commodity prices;
- a prolonged downturn in the price of copper and gold;
- the labour market relevant for a successful project execution, in particular factors that could prevent the Company from attracting and/or retaining executive leadership talent; and
- actions at the Group's disposal to mitigate the adverse impacts of any of the above.

The Group's viability assessment is focused on the existing asset base of the Company and factors in the most likely development projects. This is considered appropriate for an assessment of the Company's ability to fund its activities and manage the impact of the current COVID-19 pandemic, including the resulting volatility in capital markets. As a result of given uncertainties, the Company regularly updates its financial forecasts, monitors the state of relevant capital markets and runs various financial scenarios.

SolGold's worst-case scenario considers a melt-down of financial markets, caused by a resurgence of the pandemic or other factors like unsustainable global debt levels or social unrest, followed by a prolonged economic crisis that is not conducive to further capital raises when necessary.

In such a situation the Company would cease all exploration activities, terminate all technical services and dramatically reduce overheads in order to reduce costs.

Even under this worst-case scenario, the Company aims to continue to employ all, or as many employees as possible, linked to its most important projects in Ecuador to maintain its hard-earned and well-respected social licence to operate. Under its worst-case scenario, the Company would have funds sufficient at least until September 2023. However as disclosed in Note 1(b) the Directors considered that this is a material uncertainty regarding going concern as this is not the business plan.

The Company had a strong financial position as at 30 June 2021 with cash of US$109.6 million (2020: US$46.9 million). Based on the results of the work conducted to date and regular discussions with our key shareholders, the Directors have a reasonable expectation that the Group will be able to raise funds when necessary. The Group has no financial liabilities due in the coming three years and is strongly focused on its viability assessment on potential sources of funding and on-going cost savings.

NON-FINANCIAL INFORMATION STATEMENT

This section (pages 60–65) constitutes the Company's non-financial information statement, which was produced to comply with section 414CA (1) and 414CB (1) of the Companies Act 2006. This information was required by regulation in relation to:

- ENVIRONMENTAL MATTERS
- SOLGOLD EMPLOYEES
- SOCIAL MATTERS
- HUMAN RIGHTS
- ANTI-BRIBERY AND ANTI-CORRUPTION

S172 STATEMENT

OUR DUTY TO STAKEHOLDERS

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

We are conscious that the decisions we make have long term consequences and are aware of the need to foster close relationships with all our stakeholders and employees; and to consider the impact of our business on local communities and the environment. Minimising our environmental footprint is a key priority in everything we do.

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

- Implementation of specific COVID-19 protocols that have limited the spread of infection and have allowed SolGold to continue operations with minimal disruption to business activities, see COVID-19 impact on page 50
- A revised PFS approach that will be more beneficial for SolGold and will deliver shareholder value, see CEO Statement on page 10
- Leadership succession, see Nominations Committee Report on page 116

As part of the Company's decision-making process, the Board and its Committees consider the potential impact of decisions on relevant stakeholders. The Company continuously interacts with a variety of stakeholders important to its success including equity investors, debt and alternative finance providers, employees, government bodies, the local community, and suppliers. The Company strives to strike the right balance between engagement and communication. Furthermore, the Company works within the limitations of what can be disclosed to the various stakeholders with regard to maintaining confidentiality of market and/or commercially sensitive information. We have outlined here our key stakeholder groups and how we have engaged with them.

S172 STATEMENT CONTINUED

WHY THEY MATTER TO US

INVESTORS

- As a developing business, we are in the investment phase of unlocking our projects, and our shareholders play an important role in supporting our Company in achieving its strategic goals.
- While we are establishing the foundations for a long term, sustainable mining business we are building and maintaining an investor base that will support our objectives before we generate any revenues.
- Our focus for the year has been on progressing the Alpala project through to the development phase and engaging with existing and new investors to enable greater options for the business.
- Aligned to our long-term view on value creation for a range of investors, we have maintained a pipeline of other significant projects, including a further 75 concessions in Ecuador as a highly prospective and undeveloped mining country.
- Our shareholders expect sustainable value creation which requires us to ensure good governance and risk management alongside operational performance.

EMPLOYEES

- Our employees are our most important asset and are critical to our long-term success. We believe that their involvement depends on ensuring a positive and rewarding environment where they feel respected and safe.
- The Company employs 874 people across Australia, Ecuador, the Solomon Islands and the United Kingdom.
- 98% of our employees are based in Ecuador and the Directors consider workforce issues holistically for the Group as a whole.

HOW WE HAVE ENGAGED WITH THEM

- We regularly engage on topics of strategy, governance, project updates and performance. The CEO, CFO and other members of the senior management team presented at over 330 investor roadshows and one-to-one meetings in the financial year ended 30 June 2021, up from over 180 in the prior year.
- These meetings are often arranged by our brokers and banks working closely with us or are part of periodic calls with key shareholders, who request updates.
- The Company is seeking active feedback post these meetings, which are being passionately discussed at Board meetings.
- Ahead of the signing of the NSR Financing Agreement SolGold ran several parallel processes assessing the costs, other relevant commercial terms and the quantum of capital available from each funding solution. This allowed SolGold to gain a deep understanding of the state of the capital market specific to Alpala and to choose the most competitive option.
- The Board has consulted with a range of the Company's corporate and institutional shareholders during the year in relation to a wide range of issues, in particular during a proxy consultation roadshow ahead of the 2020 AGM.
- As a result of these consultations the Board has addressed several concerns previously held by certain shareholders which resulted in the votes cast "against" at the 2020 AGM.
- Our commitment to full compliance with the UK Corporate Governance Code from mid-2022 is a result of this engagement.
- As illustrated in our Strategic Report, we see the critical nature of copper in the energy transition and the long-term counter-cyclical nature of gold as a store of wealth and educate investors on a one-to-one basis about the attractiveness of our future copper-gold concentrate.
- We hold an annual general meeting and plan to make this important event more interactive, based on investor feedback.
- We regularly update the Company presentation and website to keep investors up to date on information.
- We issue regular news and project updates and post material on social media accounts e.g. LinkedIn and Twitter @SolGold.

- We have an open line of communication between employees, senior management and the Board of Directors.
- We hold weekly meetings with staff to provide updates on the projects and ongoing business objectives.
- Most employees are covered by yearly performance reviews and have KPIs linked to their short-term incentive scheme.
- We have a dedicated Ecuador HR function and in the last year have ensured that there is a feedback and grievance process in place across Ecuador for our staff, supported by various Group policies.
- We undertook a Group-wide cultural survey and undertook "temperature" checks, to assess which areas need most improvements in the eyes of our staff members.
- Supporting our growing employee development programme, we hold monthly induction courses for all new staff and, following the COVID-19 pandemic, this has extended to incorporate new health and safety protocols for all employees. SolGold employees continue working remotely when it is possible and appropriate for their role.
- Support through grievance mechanisms and a whistleblowing procedure which provides our employees, suppliers and contractors the opportunity to anonymously report any incidents that they feel have violated the Code of Conduct, internal policies or the law.
- We are working towards a more diverse workforce and recognise that in the last year 18% of the workforce was female, up from 14% in 2020. Tied to our ambition for greater local empowerment, it is important to note that this also varies by role, where for example 30% of our 89 geologists are Ecuadorian women. Equally, at a leadership level we are also working towards improving diversity with new Board hires, with Elodie Grant Goodey and María Amparo Albán appointed as Non-Executive Directors, delivering on the Company's commitment to have 25% female Board members (excluding the Chair) by the end of 2020.

S172 STATEMENT CONTINUED

WHY THEY MATTER TO US

GOVERNMENT BODIES

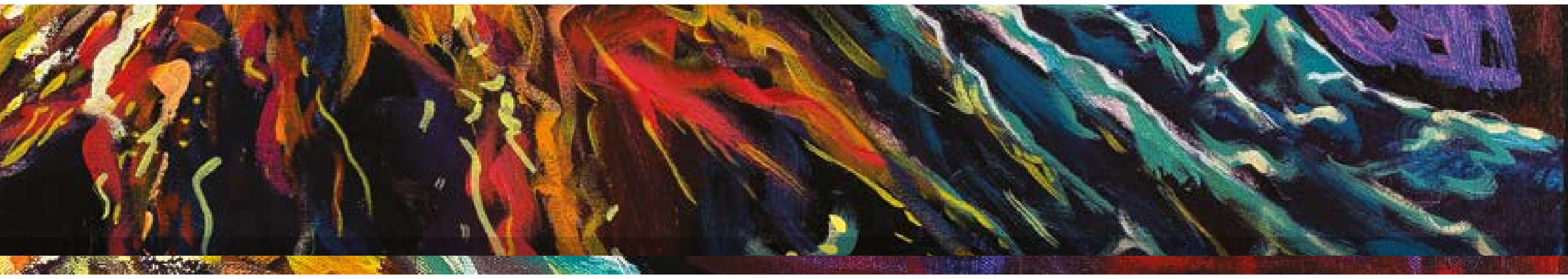
- Our vision is to create a lasting business for all Ecuadorians and to develop a sustainable mining industry for the country that benefits all stakeholders.
- Managing our licence to operate within Ecuador around our key projects means we consider the lifecycle of our projects from discovery and permitting, through development and operation to any closure and rehabilitation implications.
- As a country seeking both socio-economic development and enhanced governance around its natural resources – such as through the Extractive Industries Transparency Initiative ("EITI") – we recognise our ability to bring international expertise that can greatly support the country ambitions of accountability and transparency in resource development.

COMMUNITIES

- Building trust and a sense of partnership with communities is key to our business and local impact. We have a team of 35 people employed full-time to engage in face-to-face community meetings across all our projects.
- Community engagement informs better decision making and ensures all SolGold stakeholders benefit from the Company's decisions. Having the community's trust will mean it is more likely that any potential concerns the community has can be mitigated and our plans and strategies are more likely to be aligned to their expectations.
- The focus of our development has been in Ecuador and realising the opportunity for a national mining industry meaning we are keen to support this emerging industry.
- Around our flagship Alpala project, the local community in Santa Cecilia and wider Rocafuerte area provide employees to the project and will be a key part of our supply chain.
- As a long-term partner for Ecuador we are closely engaged with local and indigenous peoples in and around all our project affected areas and ensure that our discussions on permitting and developments across our portfolio involve free and prior consultation.

SUPPLIERS

- We have established long-term partnerships that complement our in-house expertise and as our business grows, we recognise the further opportunities and potential from trusted partnerships with our suppliers.
- Moving from an exploration business to one that is also developing projects means that our supplier partners are key to ensuring we develop a high standard, sustainable business and critical, new resources will be required to construct and power these projects.



HOW WE HAVE ENGAGED WITH THEM

- The Company Directors have a monthly dialogue with officials across national and federal level in Ecuador, giving presentations to senior federal government officials in Quito as well as to the Ibarra local government.
- The Company engages with the relevant departments of the Ecuadorian government in order to progress the operational licences it requires to advance each of its concessions.
- We are engaged in regular discussion and negotiation with the Ecuadorian government on fiscal packages for the Alpala project mine development from permitting to infrastructure and share of returns.
- Supporting the national ambitions for an energy transition away from hydrocarbons, our plans for the Alpala mine include use of hydro-electric power supply to help us minimise our carbon footprint.
- SolGold is developing its relations with the newly elected administration and is in regular dialogue with the relevant government bodies and with the newly appointed Minister of Energy and Non-Renewable Natural Resources Juan Carlos Bermeo Calderón.

- We have at least weekly engagements with the local community as part of the development of our sustainability initiatives. In the context of the Alpala project, we have regular open dialogue with the Imbabura local government and community leaders regarding the project development.
- The ongoing programme of information sessions delivered to communities in the direct area of influence provides an opportunity to coordinate local activities and is a means to strengthen the social presence of the Company, provides an opportunity to identify emerging issues and ultimately builds trust. In the financial year we updated our social baseline assessment of communities within the direct and indirect areas of influence of the Cascabel project.
- In Ecuador, we have initiated several partnerships with local and national universities to support education and development across the regions we operate in, including education and training of best practices to foster a culture of environmental stewardship.
- Throughout the year we have ensured that a strong engagement has taken place with local communities through local businesses (including, for example, the local bakery, chicken farm, plant nursery and hardware stores), to ensure we understand the ambition for greater local economic activity.
- The COVID-19 pandemic has provided SolGold with the opportunity to demonstrate its commitment to local communities and the benefits of the Company's presence going forward. SolGold has assisted in a number of ways during the pandemic, for example through the provision of face masks, hand sanitisers, gloves and other protective materials for local people, and more recently through a workforce vaccination programme that extends to immediate families of workers.
- COVID-19 protocols were established in consultation with local communities and were not yet relaxed, providing security to our employees and communities.

- We are committed to developing our local communities and have engaged smaller local vendors to manage Company initiatives and services needed.
- The management team continues to work closely with consultants to complete deliverables associated with the Alpala project studies.
- Implementing procedures and practices to ensure the efficient use of water, energy and other resources and regular training sessions to ensure Company standards are met.
- We have an Anti-Bribery policy in place which can be easily accessed on the Company's website. It is discussed at every induction and training session conducted for employees and site visitors. Going forward, SolGold will continue to promote the importance of this policy with suppliers.

SUSTAINABILITY REPORT

SOLGOLD IS COMMITTED TO ENGAGING OPENLY AND FREQUENTLY WITH ALL OUR STAKEHOLDER GROUPS

OUR SUSTAINABLE APPROACH

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

The Company has committed to the ten principles of the UN Global Compact and to making its principles part of the strategy, culture and day-to-day operations of the Company and to engage in collaborative projects which advance the broader development goals of the United Nations. In an effort to build and contribute to a more sustainable world, we continuously aim to support the UN's Sustainable Development Goals ("SDGs") and have linked these topics throughout this report to demonstrate our input toward these goals.

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

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

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

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

Our sustainability goals are:

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

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.

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

During the COVID-19 pandemic, SolGold has remained committed to the safety and wellbeing of all its employees and communities, and as a result of the state policy and to ensure the protection of the communities we work with, the Company has established specific COVID-19 protocols to ensure compliance with government preventative measures. Where possible, the SolGold teams worked from home and during the height of the virus, actively monitored all employees, supported local communities in their efforts to curtail the spread of the virus, and supplied local communities with face masks, hand sanitisers, gloves and other protective materials to help minimise the spread. A workforce vaccination programme commenced in June with the goal of fully vaccinating the entire workforce by the end of September 2021. At the end of the reporting period, the workforce vaccination programme has provided 113 personnel with the first of two COVID-19 doses, representing 13% of the workforce and SolGold will extend the vaccination programme to immediate families of workers with the ultimate aim to reduce the risk of infection and spread of the virus to the communities in which we operate.

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

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

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

In the reporting period, there were a total of two lost time incidents ("LTI") and only minor accidents that did not generate any extensive harm. These accidents were taken care of with first aid and medical treatment.

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

SUSTAINABILITY REPORT CONTINUED

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. We are very proud to have a large, and skilled Ecuadorian workforce and we believe that empowering our local workforce is an important factor for the growth of Ecuador and its mining industry.

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

STAFF RETENTION

SolGold recognises that the development, retention and wellness of our employees is a fundamental pillar to SolGold's success, sustainability as a business and the growth of Ecuador's mining industry.

Our people are incredibly important to us and we strive to consistently and fairly provide mentorship, empowerment and encouragement in each role in order for each employee to reach their full potential. We believe constant growth, internal opportunities and development programmes improve employee morale, productivity and career satisfaction which ultimately contributes to the Company's overall success.

DIVERSITY

At SolGold, we ensure our employees are working in an environment that values inclusivity and diversity where they can thrive and fulfil their full potential.

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

To date, we have delivered better business outcomes including improved leadership, diversity of thought and workplace wellness. The positive experience our employees have with SolGold has encouraged and attracted new talent into the Company, who are employed based on skills and merit.

We do not discriminate in any way, nor do we tolerate any form of bullying, harassment or discrimination. At SolGold, we promote empowerment and recognise the importance of employee diversity. For example, we employ a significant number of women in all areas of the business.

- 18% of Ecuadorian employees are women
- 154 employees of the Group at 30 June 2021 were women
- There were two female Directors at 30 June 2021
- There was one female key management personnel at 30 June 2021

WOMEN IN MINING IN ECUADOR

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

HUMAN RIGHTS

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

KEY SOCIAL PROGRAMMES

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

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

SOCIALISATION AND ENGAGEMENT

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

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

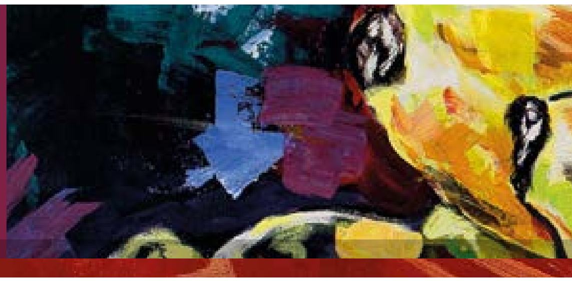
LOCAL JOB CREATION

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

Our job creation opportunity goals are focused on:

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

SUSTAINABILITY REPORT CONTINUED



EDUCATION AND TRAINING

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

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

TRAINING AND DEVELOPMENT

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

SOCIAL, CULTURAL AND SPORT

During meetings and conversational interactions with local community members, community members spoke about the ongoing need for health and wellbeing and the lack of facilities in the surrounding areas. SolGold recognises the importance of culture and sport within the communities and has listened to the needs of these communities. Volleyball is a hugely popular sport amongst local people and SolGold has invested in the construction of a volleyball court on site at Alpala. In recognition of the needs within the community, SolGold has:

- Helped strengthen sport, arts and music within the local Alpala community
- Contributed and developed sporting facilities such as volleyball courts
- Funded coaches and teachers for a number of sporting, culture and musical activities important to community members

COFFEE INITIATIVE

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

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

We intend to continue working closely with local farmers with the ambition to broaden the coffee farming footprint and increase produce. We will continue to build on this initiative and fund the training to improve and develop the skills of local coffee growers.

This initiative will help educate and innovate business entrepreneurship within the emerging coffee culture industry out of Ecuador.

COMMUNITY DEVELOPMENT AND HEALTH

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

- The development of medical brigades
- Provision of medical equipment
- Training and support for local health providers
- Improving local health services infrastructure
- Supply of local communities with face masks, hand sanitisers, gloves and other protective materials to help minimise the spread of COVID-19

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

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

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

ANTI-BRIBERY

We have an Anti-Bribery policy in place which can be easily accessed in our global offices and on the Company's website. It is discussed at every induction and training session conducted for employees and site visitors.

Our employees and contractors are informed that SolGold explicitly prohibits any form of bribery or corruption and are asked to read the Company's Anti-Bribery policy. SolGold will continue to promote the importance of this policy with our suppliers. SolGold is aligned with the Partnering Against Corruption Initiative ("PACI") principles for countering corruption and is aiming to become a signatory of PACI in the near future.

STRATEGIC IN-COUNTRY CORPORATE ALLIANCES

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

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

COMMUNITY RELATIONS

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

SUSTAINABILITY REPORT CONTINUED

SolGold wants to empower these communities and therefore creates strong alliances with state institutions and local governments to support the fulfilment of the specific development plans for the different communities. We have 35 experienced full-time professionals in our social team with backgrounds in human development, economics, agronomy and project management, who achieve this through the following activities:

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

SolGold's long-term ambition is to help develop diverse and thriving economies that are sustainable beyond the life of each project. The ongoing programme of information sessions delivered to communities in the direct area of influence provides an opportunity to coordinate local activities and is a means to strengthen the social presence of the Company, provides an opportunity to identify emerging issues and ultimately builds trust.

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

During the year ended 2021 the Group continued to advance on the initiatives including:

- Connectivity in the municipality of Ibarra adding four new internet centres, two that are now operational in the communities of Parambas and Santa Cecilia and two repowered internet centres in the parish offices of Lita and La Carolina to promote learning and communication through connectivity in students of schools and colleges.
- Creation of a university extension in the area of influence of the Cascabel Project and four college scholarships to promote the free exercise of higher education for students. This project is currently in the feasibility stage.
- Creation of several small business initiatives in the community to promote farming of agricultural products and livestock as additional sources of income.
- Improvement of the educational infrastructure at the townships of Lita and La Carolina to contribute to the physical and organisational improvement of formal education.
- Establishment of a health and sanitisation programme for the surrounding townships to improve the care, promotion and prevention of disease, especially for children, pregnant women and seniors. This includes also the implementation of three water purification plants in the parish of Lita and the project to improve solid waste management with the municipality of Ibarra.
- Art for Kids initiative to promote environmental awareness and preservation of nature through the development of artistic abilities of children.

EXTERNAL AFFAIRS AND IN-COUNTRY RELATIONSHIPS

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

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

SolGold remains in close contact with both Ambassadors and Trade Officers of the UK, United States of America, Canada and Australia.

Ambassadors of these missions and of Chile and Peru maintain a regular forum on mining issues. SolGold and other industry officials have contributed to several of these meetings with insight and concerns for the Ambassadors' knowledge in their own specific dealings with government.

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

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

FEEDBACK MECHANISMS

SolGold is committed to a 100% open door policy for all people directly and indirectly involved in the Alpala project and its area of influence. Our grievance mechanism ensures a quick response, never longer than 15 days.

Employees:

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

Community:

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

WHISTLEBLOWING POLICY

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

The policy will also be translated into Spanish in order to be readily available to all Ecuadorian employees, community members, contractors and suppliers.

ENVIRONMENTAL STEWARDSHIP

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

Our key environmental programmes include:

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

SUSTAINABILITY REPORT CONTINUED

We achieve this by:

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

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

USE AND MANAGEMENT OF WATER

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

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

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

ENVIRONMENTAL MONITORING

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

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

SolGold's Biotic Studies and Monitoring programmes carried out within the concession since 2013, has seen the identification of 293 flora species. In addition, the forest areas within the Cascabel concession are a carbon sink, which contributes to climate change mitigation, with an average biomass of 204.88 Tm/ha reported to date.

A total of 81 species of mammals, 38 species of bats, 295 species of birds, 51 species of amphibians, 38 reptiles and 28 species of fish have been identified and recorded.

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

During the reporting period the Environmental Compliance Audit (period 2018–2020) was carried out on the activities of the Cascabel project. The activity was carried out by an independent consulting company, qualified in the Ministry of the Environment and Water.

WASTE MANAGEMENT

Community waste management is a recurring theme when the Company conducts participatory community surveys and is considered a major concern for the communities and the local government alike. At SolGold, we are conscious of keeping our environmental footprint minimal, and therefore practice good waste management across all operations and have systems implemented to ensure this continues. On site, our bins are categorised into organic waste, recyclables and glass. We consistently reduce, reuse and recycle at each project operation.

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

COMMUNITY RECYCLING AND WASTE MANAGEMENT INITIATIVE

During the reporting period SolGold and Franco-Nevada announced a collaboration with the Lita and La Carolina communities on a community recycling and waste management initiative. Franco-Nevada and SolGold will each invest US$150,000 per calendar year for three years in this initiative with benefits extending to a population of around 7,000 in the Lita Parish and La Carolina Parish in the Imbabura province. The initiative has the potential to increase the well-being and living standards of the communities in close proximity to the mine site and create sustainable independent businesses while reducing pollution, including plastic waste, in the local environment.

This initiative aims to improve the quality of life in local communities through the following objectives:

- Training of members in both communities on recycling and composting methods
- Education on increased waste consciousness which should lead to minimising waste that can't be recycled or reused
- Implementation of a waste collection centre to satisfy the demand of projected population growth for the next 10 years in both parishes
- Creation of an economically independent small business within these communities which will generate self-sustaining income and provide employment for community members (similar to other initiatives like the Cascabel bakery).

ONE MILLION PLANTS PROGRAMME

We recognise that Ecuador is one of the most biodiverse countries in the world and are continuously implementing new programmes to further conserve the environment and minimise our footprint. We have continued with our One Million Plants programme which restores the structure, productivity and diversity in areas affected by agricultural activities. To date we have produced over 208,860 plants. This programme is done through:

- The installation of a forest nursery for the production of native species (5,000m^2)
- A specific team of 40 people from local communities have been hired to execute the programme
- Native species produced in regenerated areas are consistent with natural native populations

During the reporting period, the SolGold nursery produced 95,991 plants of native forest species and 89,061 forest species were planted that cover an area of 38.72 ha, as part of our One Million Plants initiative.

REHABILITATION OF DISTURBED AREAS

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

- Flora and fauna mapping was undertaken to determine natural population densities
- 61% of the disturbed areas have been fully rehabilitated to date
- The remaining 39% remains in operation

SUSTAINABILITY REPORT CONTINUED

During the financial year ended 30 June 2021, SolGold conducted the following key environmental activities to minimise its environmental footprint at the Cascabel project:

- Rehabilitation and the revegetation of land for a total of 3,003m² and 2,676m² for drilling platforms at Cascabel
- Implementation of the One Million Plants programme with the total number of plants grown now at c.210,000
- Training workshops for members of the community on environmental issues related to waste management, water management, environmental license and environmental management plans
- Construction of an additional hydrological station on the Crystal River, in addition to the five existing stations
- Monthly monitoring campaigns for water and sediments
- Semi-annual follow-up and baseline biotic monitoring
- Monthly flow measurement campaigns in the six hydrological stations
- Evacuated with a qualified environmental manager in the Ministry of Environment and Water: 33.82 tonnes of hazardous waste such as used oils, contaminated absorbent material, used filters, biohazard waste, expired pharmaceutical products, dirty or contaminated hydrocarbons, fluorescent tubes, batteries, etc.; and 20m³ of sludge from the domestic wastewater treatment system
- Semi-annual physical monitoring of air quality, sedimentable particles, ambient noise and vibrations, follow-up and baseline

CLIMATE CHANGE, EMISSIONS AND ENERGY USE

Climate change is a global challenge that requires focus and collaboration from companies within the resources sector. We recognise that the implementation of a climate change policy to the business is critical to a successful future. We are currently evaluating and understanding the uncertainties and risks that climate change has on the Company.

Following this, we will be able to manage our sustainability more appropriately and ensure we are covering all aspects for a cleaner work environment.

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

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

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

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

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

Streamlined Energy and Carbon Reporting ("SECR") regulations came into effect on 1 April 2019. SolGold is classified as a large company given it has greater than 250 employees and a balance sheet larger than £18 million.

This classification means that a company must report its UK energy consumption and resultant carbon emissions as well as a suitable intensity ratio.

The development of a greenhouse gas emission inventory for the Company's Cascabel and other regional exploration projects, is the first step in order to comply with this regulation. The activities evaluated are related to those that have the potential to generate greenhouse gas emissions, mainly CO_2, CH_4 and N_2O. Based on the geological studies of the concessions, the scope of activities for the present phase is summarised in access opening, exploratory drilling, soil and sediment sampling.

EMISSIONS SUMMARY

- The total carbon footprint from SolGold's operations at Cascabel and the regional exploration projects at Porvenir, Blanca and La Hueca is of 5,276 $mtCO_2e$ (generated outside of the United Kingdom), which corresponds to the activities for the reporting period of July 2020–June 2021. This value represents an increase of approximately 158% in relation to the carbon footprint value for the reporting period from July 2019–June 2020, which amounted to 2,043.5 $mtCO_2e$ for the Cascabel concession. This is predominantly attributable to the increase in drilling at Cascabel during this period and the additional drilling of regional exploration targets.
- The intensity ratio for Cascabel operations is 0.10 $mtCO_2e$/metre drilled in the reporting year, this compares to the 0.18 $mtCO_2e$/metre drilled ratio reported in the last report for the Cascabel operations. The average intensity ratio for the regional operations is 0.055 $mtCO_2e$/metre drilled bringing the total for SolGold's Ecuador operations to 0.086 $mtCO_2e$/metre drilled.
- The main source of emissions is related to the sector of stationary energy, from the combustion of diesel used primarily for drilling and the generators for electricity used in camps, contributing 89% of emissions.
- Waste incineration and disposal was not included in the report as it corresponds to scope 3 (voluntary emissions).

SUSTAINABILITY REPORT CONTINUED

2021 – CASCABEL AND REGIONAL EXPLORATION PROJECTS (PORVENIR, BLANCA, LA HUECA)

Year chosen as base year (Financial Year)							
1 July 2020–30 June 2021							
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	5,258	5,205	28.82	24.18			
Scope 2	18	18	0	0			
TOTAL	**5,276**	**5,223**	**28.82**	**24.18**			

3.1.1 CURRENT YEAR EMISSIONS BY SECTOR

Year chosen as base year (Financial Year)										
1 July 2020–30 June 2021										
CURRENT YEAR EMISSIONS										
						EMISSIONS ($MTCO_2E$)				
EMISSIONS	**SOURCE**	**DESCRIPTION**	**QTY**	**UNIT**	**EMISSIONS FACTOR (EF)**	**CO_2**	**CH_4**	**N_2O**	**TOTAL**
SCOPE 1	STATIONARY ENERGY	LPG consumption in camps	434,450.23	kWh	EF, LPG, residential	105	–	–	105
		Diesel consumption in generators and drilling	16,501,277.06	kWh	Stationary diesel combustion	4,627	5	10	4,642
		Gasoline consumption in engines	239,148.31	kWh	EF, Stationary gasoline combustion	59	1	1	61
	WASTE	Compost	42,466.00	kg	Solid waste disposal IPCC	–	11.82	6.72	18.54
		Waste Water	17,183.00	m^3	Calculations according to IPCC	–	–	2.46	2.46
SCOPE 1	TRANSPORT	Diesel consumption	811,592.95	kWh	EF, Mobile diesel combustion	203	–	3	206
		Jet kerosene helicopter consumption	840,866.19	kWh	EF, Jet kerosene	199	–	–	199
		Gasoline consumption	50,027.40	kWh	EF, Mobile gasoline combustion	12	–	1	13
SCOPE 2	STATIONARY ENERGY	Energy consumption from the grid	248,361.20	kWh	EF, Energy grid	18	–	–	18

2020 – CASCABEL

Year chosen as base year (Financial Year)							
1 July 2019–30 June 2020							
Prior 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	1,997.50	1,978	11	8.5			
Scope 2	44	44	0	0			
TOTAL	**2,043.50**	**2,024**	**11**	**8.5**			

3.1.2 PRIOR YEAR EMISSIONS BY SECTOR

Year chosen as base year (Financial Year)									
1 July 2019–30 June 2020									
Prior year emissions									
						EMISSIONS ($MTCO_2E$)			
EMISSIONS	**SOURCE**	**DESCRIPTION**	**QTY**	**UNIT**	**EMISSIONS FACTOR (EF)**	**CO_2**	**CH_4**	**N_2O**	**TOTAL**
SCOPE 1	STATIONARY ENERGY	LPG consumption in camps	220,556.05	kWh	EF, LPG residential	54	–	–	54
		Diesel consumption in generators and drilling	7,046,953.20	kWh	Stationary diesel combustion	1,764	2	4	1,770
		Gasoline consumption in engines	108,440.90	kWh	EF, Stationary gasoline combustion	27	–	–	27
	WASTE	Compost	36	m^3	Solid waste disposal IPCC	–	9	–	9
		Waste Water	9,904.00	m^3	Calculations according to IPCC	–	–	2.5	2.5
SCOPE 1	TRANSPORT	Diesel consumption	530,415.83	kWh	EF, Mobile diesel combustion	133	–	2	135
SCOPE 2	STATIONARY ENERGY	Energy consumption from the grid	161,608.00	kWh	EF, Energy grid	46	–	–	46

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

Liam Twigger
Chairman
28 September 2021

BOARD AND COMMITTEE STRUCTURE

THE BOARD IS COLLECTIVELY RESPONSIBLE FOR APPROVING THE LONG-TERM OBJECTIVES AND STRATEGY OF THE COMPANY

The Board ordinarily meets on a monthly basis, providing effective leadership and overall control and direction of the Company's affairs through the schedule of matters reserved for its determination. The Board is collectively responsible for approving the long-term objectives and strategy of the Company. This includes the approval of the budget and business plan, major capital expenditure, acquisitions and disposals, risk management policies, and the approval of the financial statements. Formal agendas, papers and reports are sent to the Board in a timely manner, prior to Board meetings. The Board also receives summary financial and operational reports before each Board meeting.

The Chair of the Board is Mr Liam Twigger, who is a Non-Executive Director. As Chair, Mr Twigger is responsible for the leadership of the Board, efficient organisation and conduct of the Board's function, and the briefing of all Directors in relation to issues arising at Board Meetings.

The Chair is also responsible for shareholder communication, arranging Board performance evaluation and setting the tone of the Company's approach to corporate governance.

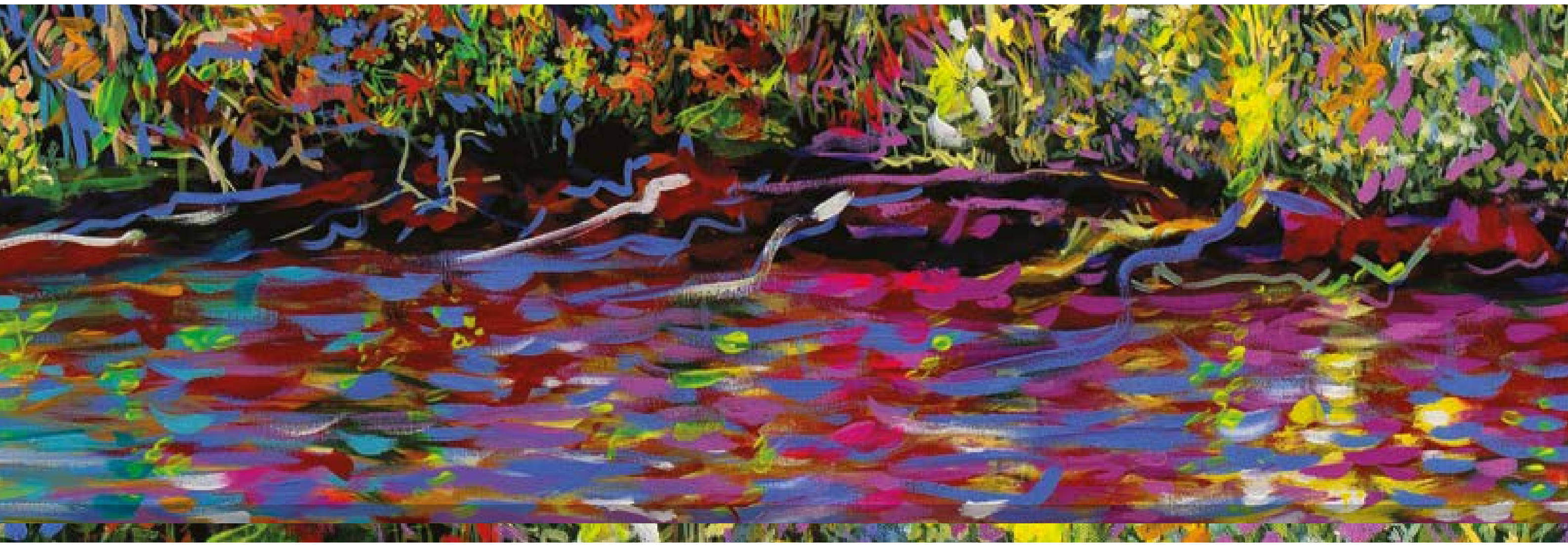
The terms of appointment for each of the Company's Directors is set out under a Letter of Appointment, which contains, amongst other things, the expected time commitment for Directors to:

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

It is the Board's policy to maintain independence by having a number of its members as Non-Executive Directors who are free from any material business or other relationship with the Company.

The Company reached a significant corporate milestone delivering on its commitment to have half of the Board comprised of Independent Directors and 25% female (excluding the Chair) by the end of the 2020 calendar year. The structure of the Board ensures that no one individual or group is able to dominate the decision-making process.

The Board of the Company is currently made up of two Executive Directors and seven Non-Executive Directors. Mr Liam Twigger, Mrs Elodie Grant Goodey, Mr Kevin O'Kane and Mrs María Amparo Albán are considered to be independent by the Board. Mr Keith Marshall is not independent as he is the Interim Chief Executive Officer of the Company. Mr Nicholas Mather is not independent as he was the Chief Executive Officer of the Company to 31 March 2021. Mr Jason Ward is not considered independent as he is employed by the Company in an executive capacity.



Mr Brian Moller is not considered independent as he is a partner in the Australian firm Hopgood Ganim Lawyers for the provision of legal services to the Company. Mr James Clare is not considered independent as he is a partner in the Canadian law firm Bennett Jones LLP for the provision of legal services to the Company. These professional services are provided on standard commercial terms and conditions.

Mrs Elodie Grant Goodey is 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 an experienced management team including the Chief Financial Officer, the Head of Exploration, the Study Manager, the General Manager Human Resources and the Company Secretary.

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, Remuneration and Nominations 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.

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

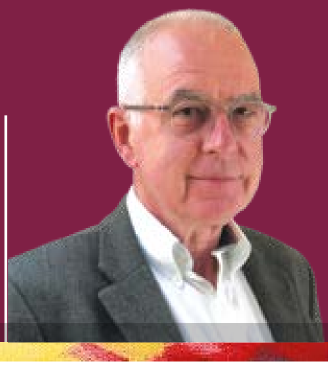
BOARD OF DIRECTORS

LIAM TWIGGER
Chairperson

Mr Twigger was appointed Non-Executive Director on 17 June 2019 and was appointed as Chairperson on 5 August 2020. Mr Twigger is Deputy Chairperson and an Executive Director of Argonaut Limited, a licensed and independent, Australian based investment banking, funds management and stockbroking firm. Mr Twigger is also Chairperson of Lunnon Metals Limited, an ASX listed emerging nickel exploration and mining company with assets in the prolific Kambalda region of Western Australia.

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

KEITH MARSHALL
Chief Executive Officer (Interim)



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Mr Marshall was appointed Non-Executive Director on 21 October 2020 and took on the Interim CEO position effective 1 April 2021. Mr. Marshall has over 40 years' experience in the mining sector and has worked on significant underground mines around the world. During the last fifteen years with Rio Tinto, Keith held senior mine leadership roles (General Manager and above). Keith's last two operational roles with Rio Tinto were as Managing Director of the Palabora Mining Company in South Africa (during its successful transition to block caving) and three years as President of the Oyu Tolgoi Project in Mongolia.

Keith's underground block cave mining experiences will provide SolGold with extensive knowledge and guidance for the development of the Alpala Project. Keith's diverse technical and executive level operational leadership experiences broadens the Company's skill base and will play a key role in advising on strategic development decisions. Mr Marshall also currently acts as a Non-Executive Director of Shanta Gold.

ELODIE GRANT GOODEY
Non-Executive Director

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

She is currently a managing director with Saltus Consulting, where she leads ESG consulting projects for the extractive industry in Africa and Latin America, and is also practice lead at International Conflict and Security (INCAS) Consulting, where she focuses on human rights compliance and responsible sourcing for the extractive industry.

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

Previously, she was a member of the board of directors of Amerisur Resources and a member of the FTSE's ESG Advisory Group. Earlier in her career, Mrs. Grant Goodey held roles with Monitor Deloitte (formerly known as Monitor Group) and BBC World Service and has volunteered for a number of human rights non-profit organizations.

COMMITTEE MEMBERSHIP KEY

- Audit and Risk Committee
- Alpala Project Committee
- HSEC Committee
- Nominations Committee
- Remuneration Committee
- C Chair of Committee

NICHOLAS MATHER
Non-Executive Director

Mr Mather graduated from the University of Queensland with a B.Sc (Hons, Geology). He has 35 years' experience in exploration and resource company management in a variety of countries. His career has taken him to numerous countries exploring for precious and base metals and fossil fuels. Mr Mather has focused his attention on the identification of and investment in large resource exploration projects. He has, during his career, been instrumental in capital raisings of over A$500 million and the return of A$5.7 billion to shareholders via takeovers.

Mr Mather retired from the role of CEO after 13 years at the helm of SolGold effective on 31 March 2021. He was Managing Director of BeMax Resources NL and was instrumental in the discovery of the world class Ginkgo mineral sand deposit in the Murray Basin in 1998. As an Executive Director of Arrow Energy NL until his resignation in 2004. Mr Mather drove the acquisition and business development of Arrow's large Surat Basin Coal Bed Methane project in south-east Queensland. He was Managing Director of Auralla Resources NL, a junior gold explorer, before its US$23 million merger with Ross Mining NL in 1995. He was a non-executive director of Ballarat Goldfields NL until 2004, having assisted that company in its recapitalisation and requotation on the ASX in 2003. He was also founder and Chairman of TSX-V listed Waratah Coal Inc until its A$130 million takeover by Minerology Pty Ltd in December 2008. Mr Mather is also Managing Director of ASX listed DGR Global Limited and sits on the boards of the following companies: Armour Energy (ASX), New Peak Metals (ASX), Aus Tin Mining (ASX), and Lakes Oil (ASX).

MARÍA AMPARO ALBÁN
Non-Executive Director

Mrs Albán was appointed Non-Executive Director on 21 October 2020 and has more than 25 years' experience in international trade and sustainable development, particularly environmental compliance. María has worked in a number of countries and was instrumental in the Free Trade Agreement negotiation between Ecuador and the United States on environmental matters.

María has served as an advisor to Ecuador's Trade Ministers, Ministry of Environment, United Nations Environmental Programme (among others) and was the founding partner of the Inter-American Institute for Justice and Sustainability ("IIJS"). She is a lawyer by background and has taught international trade negotiation, sustainable development and environmental law for over a period of ten years.

María's Ecuadorian experience and knowledge will provide exceptional value to the SolGold Board during permitting and fiscal agreement negotiations in Ecuador.

JASON WARD
Executive Director

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

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

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

BOARD OF DIRECTORS CONTINUED

BRIAN MOLLER
Non-Executive Director

Mr Moller was appointed Non-Executive Director on 11 May 2005. 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 practises almost exclusively in the corporate area with an emphasis on capital raising, mergers and acquisitions.

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

Mr Moller acts for many publicly listed resource and industrial companies and brings a wealth of experience and expertise to the Board, particularly in the corporate regulatory and governance areas. He is a Non-Executive Director of ASX listed DGR Global Limited, New Peak Metals, and the Non-Executive Chairman of ASX-listed Aus Tin Mining Limited, Tempest Resources Limited, and Platina Resources Limited.

JAMES CLARE
Non-Executive Director

Mr Clare was appointed Non-Executive Director 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 Canstar Resources Inc.

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.

KEVIN O'KANE
Non-Executive Director

Mr O'Kane was appointed Non-Executive Director on 21 October 2020 and is a mining engineer with almost 40 years' experience in the global mining industry. Kevin has worked extensively for BHP in South America and has significant executive level operation leadership skills which he gained from large scale copper mines, including more than ten years at Minera Escondida.

He is fluent in Spanish and brings a wealth of technical, operational and HSCE leadership combined with South American knowledge to the SolGold Board.

Mr O'Kane also currently acts as a Non-Executive Director of NorthIsle Copper and Gold Inc, Almaden Minerals and Intellisense.io.

BOARD CHANGES DURING FY2021

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

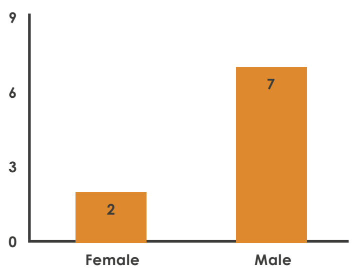
Mr Liam Twigger was appointed Chair on 5 August 2020, replacing Mr Brian Moller.

Mrs María Amparo Albán, Mr Keith Marshall and Mr Kevin O'Kane were appointed as Independent Non-Executive Directors of the Company on 21 October 2020.

Mr Robert Weinberg retired from the Board on 17 December 2020.

Mr Keith Marshall became an Executive Director on 1 April 2021 after taking on the Interim CEO role.

BOARD GENDER DIVERSITY



CORPORATE GOVERNANCE

IT IS INTENDED THAT THE COMPANY WILL BE COMPLIANT WITH ALL ASPECTS OF THE CODE BY MID-2022

As Chairman, it is my responsibility to oversee the corporate governance of the Company. I am pleased to report that during the year, various initiatives have been undertaken as part of our continued drive towards compliance with the UK Corporate Governance Code.

SolGold moved from the AIM Board to the Main Board of the London Stock Exchange in October 2017 via a standard listing. Accordingly, the Company is required to comply with the relevant Listing Rules, the Disclosure Guidance and Transparency Rules of the Code, and the Prospectus Rules. The Directors are, however, committed to maintaining high standards of Corporate Governance as detailed in the Company's Corporate Governance Charter (available on the Company's website) and have resolved to move to compliance with the UK Corporate Governance Code. For the 2021 financial year however, the Company is continuing to report against the Quoted Company Alliance Corporate Governance Code ("QCA Code"), which is recognised as being suitable for growth companies. We provide a table on our full compliance with the QCA Code below.

As part of the Company's commitment to being represented by an appropriate balance of experience, independence and diversity, the Board of Directors resolved to strengthen the Board so that at least half of the Board is comprised of independent Non-Executive Directors in the 2020 calendar year.

The Board delivered on this commitment with the appointment of four independent Non-Executive Directors in July and October 2020, however, Keith Marshall took on the Interim CEO position effective 1 April 2021 and is no longer independent. We reached another significant corporate milestone with the appointment of its second female Director.

The appointment of Mrs María Amparo Albán to the Nominations Committee of the Board has brought that Committee into full compliance with the UK Corporate Governance Code. The Board considers that each of the Audit, Remuneration and Nominations Committees now fully comply with the requirements of the Code. Details of the composition and charter of each Committee are currently available on the Company's website and are provided in this Report. In our continued drive towards full compliance with the Code, the Board is seeking to make further improvements including to increase diversity at the Board and it is intended that all Directors will be subject to annual re-election from 2022. Director succession planning and a push for increased independence of the Board is also currently underway. It is intended that the Company will be compliant with all aspects of the Code by mid-2022. Diversity, the annual re-election of all Board members, board independence, succession planning and alignment of the remuneration framework with the Group-wide strategy are the remaining items.

The Board, via myself, Senior Independent Director Elodie Grant-Goodey, and Keith Marshall, have consulted with a range of the Company's corporate and institutional shareholders during the year in relation to a wide range of issues including the 2020 AGM. As a result of these consultations the Board believes that it has addressed a number of the concerns previously held by certain shareholders which resulted in more than 20% of the votes cast "against" at the 2020 AGM.

As Chairperson, it is my intention to continue to ensure that the Company's approach to Corporate Governance moves parallel with the continued evolution of the Company's business. Doubtless this will require more rigour to be applied to the Company's internal and external policies and procedures as project and capital expenditures, levels of community and governmental engagement, personnel numbers and asset values all increase over the next 12 to 48 months.

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

Liam Twigger
Chair

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

"The QCA Code is a practical, outcome-oriented approach to corporate governance that is tailored for small and mid-size quoted companies in the UK. Since its initial release in 2013, it has become a valuable reference for growing companies wishing to follow good governance examples"

The QCA Code contains ten (10) principles which SolGold is pleased to report our compliance with as follows:

QCA PRINCIPLE	COMPLIANT	FURTHER READING
1) Promote Long-term Value for Shareholders	✓	Strategic Report
2) Addressing Shareholder Needs and Expectations	✓	Section 172 Statement
3) Accounting for Stakeholder and Social Responsibilities	✓	Section 172 Statement Sustainability Report
4) Embedded and Effective Risk Management	✓	Risk Management Principal Risks and Uncertainties
5) Maintenance of Board Function and Balance	✓	Corporate Governance, page 90
6) Appropriate Mix of Skills and Experience at Board Level	✓	Corporate Governance, page 92
7) Evaluation of Board Performance	✓	Corporate Governance, page 93
8) Corporate Culture Based on Ethical Values and Behaviours	✓	Sustainability Report Corporate Governance, page 93
9) Maintenance of Governance Structures and Processes	✓	Corporate Governance, page 94
10) Communications with Shareholders and Other Stakeholders	✓	Section 172 Statement

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

Principle 1 – Promote Long-term Value for Shareholders

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

It also believes that it has the team, the track record and the resources to succeed.

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

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

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

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

Key risk areas are further expanded and discussed on pages 52–58 of this Annual Report.

Principle 2 – Addressing Shareholder Needs and Expectations

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

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

Principle 3 – Accounting for Stakeholder and Social Responsibilities

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

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

- Employees and contractors;
- Local communities;
- Indigenous groups;
- Suppliers;
- Government agencies, ministries, representatives;
- Regulators, unions and industry associations;
- Non-governmental agencies and interest group; and
- Shareholders and potential investors.

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

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

SOLGOLD'S PEOPLE

Attracting and maintaining a skilled and diverse workforce is central to SolGold's success. An engaged, safe and motivated team maximises SolGold's ability to generate value for its stakeholders. The Group's policy is to attract staff and motivate employees by offering competitive terms of employment. The Group provides equal opportunities to all employees and prospective employees including those who are disabled. SolGold is very proud to have a large, and skilled Ecuadorian workforce. During the financial year ended 30 June 2021, we employed an average of 823 people, of which 98% were Ecuadorian and 18% are women. We employ 89 geologists and are focused on continuing to increase the proportion of female employees at SolGold in line with our diversity aims.

CORPORATE GOVERNANCE CONTINUED

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

HEALTH & SAFETY

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

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

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

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

SAFEGUARDING

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

TRAINING AND DEVELOPMENT

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

COMMUNITY RELATIONS

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

SolGold has multiple community relations teams with a total of 35 full-time employees. These teams achieve our goals through the following activities:

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

ENVIRONMENTAL STEWARDSHIP

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

The Company aims to achieve this by:

- Designing, developing and operating facilities with the goal of minimising the environmental impact;
- Implementing procedures and practices to ensure the efficient use of water, energy and other resources;
- Responsibly managing the Company's waste;

- Providing education and training of best practices to foster a culture of environmental stewardship; and
- Regularly monitoring its environmental impact and adapting procedures and practices where required.

ECUADORIAN COMMUNITY INITIATIVES AND PROJECTS

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

- Art for Kids program and Sports Stars initiative to foster and encourage young talent within local communities;
- Co-operation to improve the quality of formal student education;
- Courses for training and qualification of local employees;
- Assistance with community care initiatives, focused on the most vulnerable community members;
- Agroforestry program, to grow and distribute fruit and forestry flora within communities;
- Beekeeping project, for training, incentivising and collaborating in the production, management and marketing of bee honey;
- Local bakery at Santa Cecilia community to assist with the training and employment of local community women;
- Fish farming project to upskill local communities and provide a source of fresh locally-sourced produce;
- Chicken farming initiatives for strengthening local community capability and supply capacity for both meat and eggs;
- Local infrastructure assistance (sports facilities, community hall, bakery, chicken farm etc);
- The "One Million Plants" reforestation project, involving an extensive nursery on-site at Cascabel;
- Assistance with local kiosks and the provision of fresh agricultural products for local communities;
- Livestock project to assist with the breeding, fattening and marketing of local community cattle;
- Women in Agricultural Produce initiative, for training local community women in growing and marketing local vegetable produce within greenhouse environments;
- Collaborative studies into the production and marketing of a locally grown coffee industry;
- Numerous initiatives and assistance projects associated with the impact of COVID-19.

Principle 4 – Embedded and Effective Risk Management

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

FINANCIAL RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

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

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

OPERATIONAL AND PROJECT RISK MANAGEMENT

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

The health of the Company's people, and the communities in which it works, has been SolGold's priority in working through the COVID-19 pandemic. It remains the main consideration, along with governmental requirements, community concerns and health advice for planning of operations following the gradual relaxing of restrictions. The plan incorporates identification, assessment and minimisation of risks and addresses any concerns and requirements that have been identified through consultation between the SolGold management team and key stakeholders from communities that we operate in or traverse, other affected community groups, local and state government, health advisors and employees and contractors. The plans are reassessed and will continue to be reassessed with new information as it comes available and, as part of these plans, in June 2021 a workforce vaccination programme commenced with the goal of fully vaccinating the entire workforce, including contractor personnel by the end of September 2021.

The Company's Pre-Feasibility Study (PFS) currently underway in relation to its flagship Alpala Project, explores different options that will achieve the project objectives of exploiting the mineral resources, and each of the options through the consideration of environmental, social and economic impacts. Risks are considered independently at conceptual design, and further considered as an integrated project when other options for the PFS are elaborated. The PFS Team conducted an integrated risk workshop to identify, record and discuss known and anticipated risks that need to be considered and included in future phases of the project. A review of these risks will be conducted prior to completion of the PFS.

Principle 5 – Maintenance of Board Function and Balance

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

During the reporting period, SolGold appointed Independent Directors to help establish proper independent committees in accordance with the UK Corporate Governance Code and good corporate governance practices. The Company delivered on its commitment to have half of the Board comprised of Independent Directors by the end of the 2020 calendar year. The structure of the Board ensures that no one individual or group is able to dominate the decision-making process.

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

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

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

During the period 1 July 2020 to 30 June 2021, there were 20 Board meetings. Directors' attendance at Board and Committee meetings which they were eligible to attend during this period was as follows:

	FULL BOARD ELIGIBLE TO ATTEND	FULL BOARD ATTENDED	AUDIT AND RISK COMMITTEE*	REMUNERATION COMMITTEE*	NOMINATIONS COMMITTEE*	HSEC COMMITTEE	ALPALA PROJECT COMMITTEE
Total Meetings Held	20	20	11	4	4	5	4
Attendance:							
Liam Twigger	20	20	4	4	4		
Brian Moller	20	19	5		4		
Nicholas Mather	20	20			3		4
James Clare	20	18		1	1		
Robert Weinberg**	8	7	5				
Elodie Grant Goodey***	20	20	7	4		5	
Keith Marshall****	15	14	2	3			4
Kevin O'Kane****	15	15		3	3	5	4
María Amparo Albán****	15	14	7			5	
Jason Ward	20	20				4	4

Notes:

* Attendance reflects changes made to membership of the committees during the year.

** Robert Weinberg resigned from the Board 17 December 2020.

*** Elodie Grant Goodey was appointed on 17 July 2020 and became Chair of the Audit and Risk Committee on 8 December 2020.

**** Keith Marshall, Kevin O'Kane and María Amparo Albán were appointed on 21 October 2020.

DEALING WITH POTENTIAL CONFLICTS OF INTEREST

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

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

CORPORATE GOVERNANCE CONTINUED

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

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

BOARD SKILLS MATRIX

Maintaining a balance of experience and skills is an important factor in the Company's Board composition. The Board is currently comprised of seasoned industry professionals with combined qualifications, skills and experience as outlined below.

SKILL	LIAM TWIGGER	KEITH MARSHALL	ELODIE GRANT GOODEY	NICHOLAS MATHER	MARÍA AMPARO ALBÁN	JASON WARD	JAMES CLARE	BRIAN MOLLER	KEVIN O'KANE
Minerals Exploration	○	○	○	●	○	●	○	○	●
Capital Raising	●	●	○	●	○	○	●	●	○
Corporate Strategy	●	●	●	●	○	●	○	○	●
Underground Block Cave Mining	○	●	○	○	○	○	○	○	○
Financial Management	●	○	○	○	○	○	○	○	○
Contract Management	○	●	○	●	●	●	●	●	●
Corporate M&A	●	●	○	●	○	○	●	●	●
Project Development	○	●	○	○	○	○	○	○	●
Sustainability/ESG	○	●	●	○	●	●	○	○	●
Legal	○	○	○	○	●	○	●	●	○
Risk	●	●	●	○	○	●	○	●	●

SUMMARY BOARD SKILLS MATRIX

The Company considers the current Board of Directors to provide the following matrix of skills:

- Publicly-listed, junior mining industry corporate experience;
- Mineral exploration and resource definition and development expertise;
- Capital raising expertise and experience;
- Corporate strategy development expertise;
- Financial management and financial accounting experience;
- Contract management experience;
- Exploration and mining joint venture and farm-in experience;
- Human resource management experience;
- OH&S management experience;
- Corporate M&A and associated legal experience;
- Investor communication and presentation expertise;
- Sustainability, human rights and social performance expertise;
- Environmental, Social and Governance expertise;
- Communications, risk assessment and stakeholder engagement expertise;
- Ore mining and production expertise;
- Underground block cave mining expertise; and
- Commodity marketing and global trading expertise.

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

MAINTENANCE OF DIRECTORS' SKILLSET

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

COMPANY SECRETARY

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

The Company Secretary has more than 25 years' experience working in governance and company secretarial roles for resource companies covering many international financial markets and regulatory environments. The Company Secretary is a member of the Institute of Company Directors, Australian Institute of Chartered Secretaries and AMEC.

Principle 7 – Evaluation of Board Performance

BOARD COMPOSITION, SUCCESSION AND PERFORMANCE EFFECTIVENESS

The Board is currently comprised of seven (7) Non-Executive and two (2) Executive Directors. The Board will continue to regularly review and monitor its composition and performance having regard to the evolving complexity of the Company's activities and operations and make changes as appropriate. The Company is committed to a process against which its composition, succession pipeline and performance effectiveness will be measured, and frequent evaluations of the performance and function of the Board and the Board Committees will take place. An external Board effectiveness review was commissioned in the financial year ended 30 June 2021.

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

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

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

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

Principle 8 – Corporate Culture Based on Ethical Values and Behaviours

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

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

- Code of Conduct;
- Board and Management commitment to the Code of Conduct;
- Responsibilities to shareholders and the broader financial community;

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

- Responsibilities to clients, customers, consumers and the broader community;
- Environmental practices;
- Employment practices; and
- Obligations relative to fair trading.

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

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

Principle 9 – Maintenance of Governance Structures and Processes

The Chairperson of the Company is ultimately responsible for the approach taken to the adoption, review and maintenance of Corporate Governance standards by the Board, Executive Management and personnel. The Chairperson is assisted by the CEO and the CFO in the maintenance and management of Corporate Governance and risk management standards from an operational perspective throughout the Company and is also assisted from a policy and documentation perspective by the Company Secretary. In the financial year ended 30 June 2021 the Audit and Risk Committee, on behalf of the Board, commissioned an independent external review of its internal controls, covering Compliance and Finance controls process effectiveness and corporate culture. The review identified areas for improvement and management is now implementing a plan to address the recommendations received.

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

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

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

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

- approving and monitoring financial and other reporting; and
- appointing and overseeing Committees where appropriate to assist in the above functions and powers.

(II) THE CHAIR

The Chair is responsible for leadership of the Board, for efficient organisation and conduct of the Board's function and the briefing of all Directors in relation to issues arising at Board meetings. The Chair is also responsible for shareholder communication and arranging Board performance evaluation. The Chair leads the Board ensuring its effectiveness, and his role and responsibilities are clearly delineated from the Chief Executive Officer.

The Chair:

- Has primary responsibility for leading the Board;
- Takes a leading role in establishing and maintaining the Company's Corporate Governance policies and practices;
- Sets the Board agenda;
- Ensures that the Directors receive accurate and timely information for Board Meetings;
- Facilitates discussion of all Board Meeting agenda items;
- Encourages the participation of all Directors in Board deliberations;
- Strives to maintain a constructive relationship between the Executive and Non-Executive Directors;
- Chairs Board and Shareholder Meetings.

(III) SENIOR INDEPENDENT DIRECTOR

The Senior Independent Director ("SID") provides a sounding board for other Directors of the Company as required. In addition, the SID is available to meet with the Company's Non-Executive Directors independently of the Chair and the Executive Directors and may act as an intermediary on Board matters. The SID is also available to the Company's shareholders, who may wish to approach the Company to discuss concerns that may not have been addressed through other available channels. Elodie Grant Goodey is the Company's SID.

(IV) CHIEF EXECUTIVE OFFICER

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

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

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

(V) CORPORATE ETHICS

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

(VI) CORPORATE CODE OF CONDUCT

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

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

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

BOARD MEETINGS

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

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

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

MATTERS RESERVED FOR THE BOARD

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

- setting the Group's strategic aims and corporate objectives;
- approval of the published financial results and other external and regulatory reporting;
- establishment / approval / maintenance of a Delegation of Authority matrix;
- establishment / approval / maintenance of corporate policies, including Corporate Governance;
- approval, as appropriate, of Board Committee recommendations;
- annual approval of business plans and budgets;
- approval of corporate and/or project acquisitions, mergers and disposals;
- approval of public announcements;
- overview of risk management initiatives and reporting protocols;
- consideration of material contracts and transactions not in the ordinary course of business;
- approval of treasury policy and significant financing arrangements; and
- approval for the allotment of equities and other financial instruments.

Outside the formal schedule of matters reserved for the Board, the Chairperson and Non-Executive Directors make themselves available for consultation with the executive team as often as necessary.

BOARD COMMITTEES

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

- Audit and Risk;
- Remuneration;
- Nominations;
- Health, Safety, Environment and Community; and
- Alpala Project.

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

Principle 10 – Communications with Shareholders and Other Stakeholders

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

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

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

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

PRINCIPAL ACTIVITIES

SolGold plc ("SolGold" or the "Company") is a mineral exploration and development company headquartered in Brisbane, Australia. The Company is a UK incorporated public limited company with the registration number 5449516 and registered address 1 King Street, London, EC2V 8AU. SolGold is dual LSE and TSX-listed (SOLG on both exchanges) and has a leading exploration and project team focused on copper-gold exploration and mine development with assets in Ecuador, Solomon Islands and Australia.

REVIEW OF BUSINESS

A review of the current and future development of the Group's business is given in the Strategic Report on pages 10–79 which forms part of, and by reference is incorporated in, this Directors' Report.

Financial risk management has been assessed within Note 24 to the financial statements.

RESULTS

The Group's consolidated loss after tax for the year was US$22,893,167 (2020: US$14,123,753).

BRANCHES

The Company has a branch in Australia.

DIVIDENDS PAID OR RECOMMENDED

The Directors do not recommend the payment of a dividend (2020: 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 of deposits with banks, loans to employees under the Company Funded Loan Plan ("CFLP"), accounts payable, other financial liabilities in the form of the Franco-Nevada NSR Financing Agreement, and derivative liabilities associated with the option issuance to BHP in December 2019. In addition to the Group's financial instruments, the Company's financial instruments also include its loans to subsidiaries. Further details of financial risk management objectives and policies, and exposure of the Group and Company to financial risks are provided in Note 24 to the financial statements.

DONATIONS

No political donations were made during the year (2020: nil).

GOING CONCERN

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Company has not generated revenues from operations, and in common with many exploration companies, the Company raises capital for its exploration and appraisal activities in discrete tranches. As such, the ability of the Group to continue as a going concern depends on its ability to secure additional financing. While this situation gives rise to a material uncertainty and there can be no assurance the Company will be able to raise required financing in the future, the Directors consider it appropriate to prepare the financial statements on a going concern basis given the Group's proven ability to raise necessary funding.

During the period the Company completed two successful equity raisings totalling US$78.8 million (Valuestone in November 2020 and institutional and retail investors in April 2021) and closed the

NSR Financing Agreement with Franco-Nevada in September 2020. As part of the latter, the Group has received net funds of US$85 million following the repayment of the US$15 million Bridge Loan Agreement ("BLA"). The funds raised from the NSR Financing are ring fenced for the continued exploration and development work on the Cascabel licence area. The Group had US$109,562,103 in cash and cash equivalents at 30 June 2021.

STREAMLINED ENERGY AND CARBON REPORTING

SECR regulations came into effect on 1 April 2019. The Company must report energy consumption and resultant carbon emissions as well as a suitable intensity ratio in its 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 (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PCFs), sulphur hexafluoride (SF_6) and nitrogen trifluoride (NF_3), and it covers the Company's operational boundaries.

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

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

INTENSITY RATIO

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

In the reporting year (1 July 2020 to 30 June 2021), the intensity ratio for the Cascabel and regional exploration operations was 0.086mtCO_2e/metre drilled (1 July 2019 to 30 June 2020: 0.18mtCO_2e/metre drilled).

For further details on the Company's emissions report and details refer to section "*Climate Change, Emissions and Energy use*" on page 76.

CURRENCY

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 Company and 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' REPORT CONTINUED

DIRECTORS AND DIRECTORS' INTERESTS

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

Liam Twigger	Non-Executive Chair – appointed Chair 5 August 2020
Brian Moller	Non-Executive Director – resigned as Chair 5 August 2020
Elodie Grant Goodey	Non-Executive Director and Senior Independent Director – appointed 17 July 2020
James Clare	Non-Executive Director
Jason Ward	Executive Director
Keith Marshall	Executive Director – appointed NED on 21 October 2020 and Interim CEO on 1 April 2021
Kevin O'Kane	Non-Executive Director – appointed 21 October 2020
María Amparo Albán	Non-Executive Director – appointed 21 October 2020
Nicholas Mather	Non-Executive Director – retired as CEO on 31 March 2021
Robert Weinberg	Non-Executive Director – resigned 17 December 2020

The Company's Directors are chosen based on their skill, experience and expertise. The terms of appointment for each of the Company's Directors is set out under a Letter of Appointment, which contains, amongst other things, the requirement for Directors to attend:

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

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. Under the Company's Articles of Association, each Director submits himself or herself for re-election by shareholders at least every three (3) years.

At each Annual General Meeting, up to one-third of the Directors must stand for re-election by shareholders. This year, Liam Twigger, Brian Moller and Jason Ward will accordingly retire and offer themselves for re-election. Amendments to the Company's Articles of Association are generally required to be approved by shareholders.

Details relating to the function, powers and responsibility of the Board are given on page 90. Changes in the Directors' interests are detailed in the Remuneration Committee Report on page 111

CHANGES IN SHARE CAPITAL DURING 2021

Details of the issued share capital of the Company, including details of ordinary shares issued during the year, is set out in Note 23 to the financial statements.

As at the date of this report the Company's issued share capital consisted of 2,293,816,433 ordinary shares of 1p each. The Company does not hold any shares in Treasury.

Details of the Company's Employee Share Option Plan ("ESOP") is set out in Note 23. No votes are cast in respect of the options under the ESOP until such time the options are converted to shares. No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

The Annual General Meeting ("AGM") held in December 2020 authorised the Directors to allot shares in the capital of the Company, a renewal of this authority will be proposed at the 2021 AGM.

There are no:

- restrictions on the transfer of securities in the Company
- restrictions on voting rights
- persons holding securities carrying special rights regarding control of the Company
- special rights attaching to shares under employee share schemes
- agreements between holders of securities that are known to the Company and may restrict transfer of securities or voting rights

SUBSTANTIAL SHAREHOLDING

At the date of this report the Company has been notified or is aware of the following interests in the Shares of the Company of 3% or more of the Company's total issued share capital.

	NO. OF SHARES	% OF VOTING RIGHTS[1]
BHP Group PLC	310,965,736	13.56
Newcrest International Pty Ltd	309,309,996	13.48
DGR Global Ltd	204,151,800	8.90
Cornerstone Capital Resources	157,141,000	6.85
Black Rock Inc.	115,973,223	5.06
Tenstar Trading Limited	107,877,393	4.70
Nicholas Mather[1]	90,726,710	3.96

1 Includes Mr Mather's beneficial and non-beneficial holdings.

TAKEOVER

There are no significant agreements that take effect, alter or terminate on change of control of the Company following a takeover. Certain employees may receive compensation on a change of control of the Company following a takeover.

RELATED PARTY TRANSACTIONS

Details of related party transactions for the Group and Company are given in Note 26. Key management personnel remuneration disclosures are given in Note 5.

DIRECTORS' INDEMNITY

The Company has maintained Directors' and Officers' insurance during the year. Such provisions remain in force at the date of this report.

The Company has entered into deeds of indemnity with each of the Directors and which were in force as at the date of this Directors' report.

AUDITOR

The tendering process for the Company's next external auditor is underway and is overseen by the Audit and Risk Committee.

SUBSEQUENT EVENTS

Details of significant events since the balance sheet date are contained in Note 28 to the financial statements.

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.

SECTION 172 STATEMENT

A statement of how the Board has performed its duties under section 172 of the Companies Act 2006 ("the Act") can be found on page 61 of the Strategic Report.

AGM NOTICE

A separate communication will be sent to shareholders and published on the Company's website regarding the Company's 2021 AGM.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements and have elected to prepare the company financial statements in accordance with International Financial Reporting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006. 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 for the Group and company for that period. The Directors are also required to prepare financial statements in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

DIRECTORS' REPORT CONTINUED

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 international accounting standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements;
- state whether they have been prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- prepare a Directors' report, a Strategic Report and Directors' 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 Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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. The Directors are responsible for ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

CORPORATE GOVERNANCE

The Governance Report can be found on pages 80 to 103 as well as 104 to 119. The Governance Report forms part of this Directors' Report and is incorporated by cross reference.

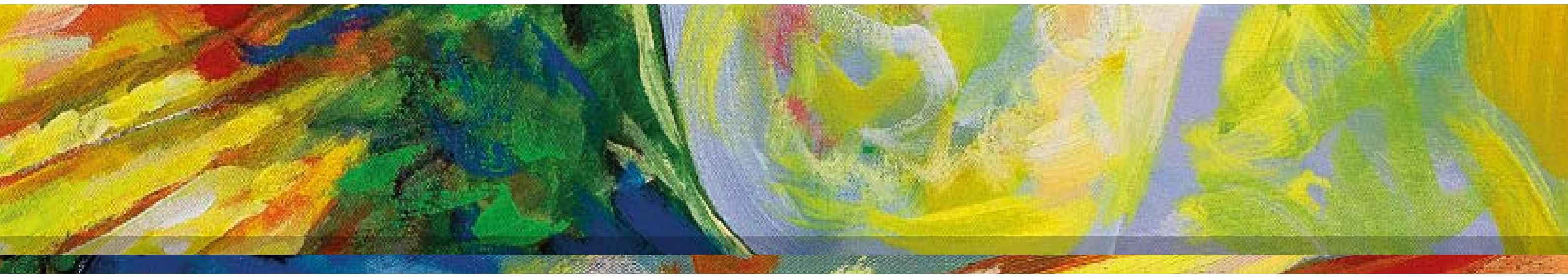
WEBSITE PUBLICATION

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 individually to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards 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 and Company; and
- The annual report includes a fair review of the development and performance of the business and the financial position of the Group and 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 28 September 2021 and signed on its behalf.

Dennis Wilkins

Company Secretary

Level 27, 111 Eagle Street
Brisbane QLD 4000
Australia

2021 BOARD COMMITTEE REPORTS
AUDIT AND RISK COMMITTEE REPORT

ELODIE GRANT GOODEY
Chair, Audit and Risk Committee

The Audit and Risk Committee ("ARC") is responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored as well as liaising with the Company's auditors to discuss accounts and the Group's internal controls.

The members of the Committee are Elodie Grant Goodey (as Chair) and María Amparo Albán. Keith Marshall stepped down from the Committee in March 2021 to take over as Interim CEO and so did Brian Moller and Liam Twigger. It is expected that Keith Marshall will return to the ARC when a permanent CEO is nominated. The ARC has a permanent external advisor on audit and financial matters and during the period invited Brian Moller and Liam Twigger as guests to provide continuity during the transition phase.

The CEO, the CFO, the Group Finance Manager, the Group Financial Controller, the General Counsel, the Company Secretary, the internal auditor and the external auditor also participate in meetings of the Committee as requested by the Chair of the ARC.

ROLE AND RESPONSIBILITIES

The ARC's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company by:

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;
- assessing the Company's internal financial controls;
- reviewing the appointment, scope and performance results of both external and internal audits;
- monitoring corporate conduct and business ethics 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;
- ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate;
- considering the appointment, reappointment, 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

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;
- determining the amount and nature of risk that the Company wishes to take in pursuit of its strategy;
- reviewing methods of identifying broad areas of risk in line with the principal risks outlined in this document;
- setting parameters or guidelines for business risk reviews;
- reviewing and assessing the effectiveness of the Company's internal control and risk management systems and making informed decisions in respect of the same; 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.

The Committee's terms of reference are available to view online.

COMMITTEE DISCUSSIONS IN 2020–2021

The Committee met 11 times in 2020/21. All the meetings were held using videoconferencing, due to travel restrictions as a result of the COVID-19 pandemic. The ARC paid particular attention to internal controls, fraud and bribery prevention, financial planning, reporting and controls and the Group's liquidity position. In addition, there were in-depth discussions on ad hoc topics as requested by the ARC; for example, covering the system of internal audit and risk assurance. The key topics discussed by the Committee are set out on the following pages.

SYSTEM OF INTERNAL CONTROL

Review of internal controls Reviewing the Company's internal financial controls	As a result of one case of cyber fraud related to a fraudulent invoice and a separate case of fraud conducted by two employees, the Committee commissioned an independent external review of its internal controls, covering financial controls, core processes, compliance and corporate culture. The review identified areas for improvement and management is now implementing a plan to address the recommendations received. Even so, the financial impact of the above breach was not considered material and a large amount of the financial loss has been recovered and future amounts may be recovered. Multiple immediate measures have been put in place to prevent similar cases from occurring that could have the potential to be a risk to the viability of the business. As part of a wider drive to improve internal controls, the Committee updated the Delegation of Authority for the Company and supported key personnel changes, including the decision to appoint an internal auditor (see below).

Ethical business conduct Monitoring corporate conduct and business ethics	The Committee requested management to review and amend the Code of Conduct and associated policies. This is ongoing.

RISK ASSURANCE

Risk management Assessing the Group's risk profile and the process by which risks are identified and assessed	The Committee assessed the Group's risk management policy and standard, including the risk appetite. The Committee discussed the key risks, the mitigation plans in place and the appropriate executive management responsibilities. The Committee also considered the process by which the risk profile is generated, the changes in risk definitions and how the risks aligned with the Group's risk appetite. Following discussion and challenge, the risk management policy and standard was approved.

Internal audit work Reviewing the results of internal audit work and the 2021/22 plan	The Committee put in place an internal audit function and started discussions on the internal audit plan for 2021–2022. The chair of the Committee held regular one-to-one meetings with the internal auditor. This enables further evaluation of the work performed.

2021 BOARD COMMITTEE REPORTS
AUDIT & RISK COMMITTEE REPORT CONTINUED

External audit Reviewing the results of the external audit work, evaluating the quality of the external audit and consideration of management letter recommendations	The Committee reviewed the preliminary planning report from BDO in June 2021 and approved the final audit plan and fee, having given due consideration to the audit approach, materiality level and audit risks. The Committee received updates during the year on the audit process as BDO now undertakes reviews of the quarterly financial reports (as part of the Quarterly MD&A disclosures made on the TSX). The Committee is satisfied with the timeliness and veracity of management's financial reporting, with no material occurrences of fraud, material misstatement or override of internal controls noted (except as described in the first heading in this section) as part of the external audit process. In line with good governance practice and driven by requirements in Ecuador, the Committee started the tendering process for the next external auditor.

SIGNIFICANT ACCOUNTING ISSUES CONSIDERED BY THE AUDIT AND RISK COMMITTEE IN RELATION TO THE GROUP'S FINANCIAL STATEMENTS

Financial statements Monitoring the integrity of the financial statements of the Company	We have been debating the appropriate recognition for the accounting for the NSR royalty financing agreement in accordance with IFRS 9 and in particular whether there are derivative elements to the contract. The Company sought external support in the context of the valuation of the embedded derivative.

Going concern basis of accounting in preparing the financial statements Determining the ability of the Company to continue as a going concern depends upon continued access to sufficient financing facilities	The Committee assessed the proposed budget and forecast for this financial year and coming periods and worked with the Finance team on scenario planning and the long-term strategic plan.

EXTERNAL AUDITOR INDEPENDENCE

A key factor that may impair an auditor's independence is a lack of control over non-audit services provided by the external auditor. Non-audit work is only undertaken where there is commercial sense in using the auditor without jeopardising auditor independence; for example, where the service is related to the assurance provided by the auditor or benefits from the knowledge the auditor has of the business. For the year 2020/21, non-audit fees represented 31% of the total 2021 fees paid to BDO of $501,566 and included Quarterly and Half Year financial statements agreed upon procedures, audit fees on the Ecuadorian subsidiaries, tax compliance advice for Ecuador, incorporation of SolGold Finance AG, and translation services.

The ARC has satisfied itself that the external auditor's independence was not impaired.

The ARC held meetings with the external auditor, without the presence of management, on one occasion, and the Chair of the ARC held regular meetings with the lead audit engagement partner during the year.

Elodie Grant Goodey

Chair – Audit and Risk Committee

28 September 2021

2021 BOARD COMMITTEE REPORTS
REMUNERATION COMMITTEE REPORT

KEVIN O'KANE
Chair, Remuneration Committee

REMUNERATION GOVERNANCE

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

The remuneration of key management executives is proposed by the CEO. Notwithstanding the current size of the Company, and that it is not yet revenue earning, it is essential to recruit, develop and retain individuals of the highest calibre. Consequently, the Board believes that it is in the interests of Shareholders that key executives be provided with options, in addition to salaries and benefits aligned with the market and the current exploration and development phase of the Company.

During the 2020/21 financial year the Remuneration Committee reviewed the Board and Executive Remuneration Framework with an increased focus on evolving the performance and reward system including 'at risk' incentives. Endorsement and approval by the Board and shareholders will be recommended as this review evolves. Aligned to market feedback and benchmarked peer organisations, the Remuneration Committee is currently reviewing a Performance and Remuneration Framework to attract top senior talent to the organisation, underpin increased Board independence, and more strongly align executive remuneration to organisational performance outcomes.

The Remuneration Committee is comprised of three members: Mr Kevin O'Kane (as Chair), Mr Liam Twigger and Mrs Elodie Grant Goodey. All three are Non-Executive Directors and considered by the Board to be independent.

The Board recognises the significance of appointing independent, knowledgeable and experienced individuals to the Remuneration Committee with the necessary background in executive compensation, financial analysis and governance to fulfil the Remuneration Committee's duties and responsibilities. As of June 2021, the Remuneration Committee met four times during the year with all Committee Members in attendance.

The Company is committed to improving gender diversity across the organisation at every level including the Board and executive management. The Company has specifically and deliberately invested in a Human Resources function in order to further progress focus on inclusion, diversity and culture aligned with SolGold's values.

2021 BOARD COMMITTEE REPORTS REMUNERATION COMMITTEE REPORT CONTINUED

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

DIRECTOR REMUNERATION/ COMPENSATION

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

The Company's Directors' compensation programme is designed to attract and retain qualified individuals to serve on the Board. During the first half of the 2021 financial year, each Non-Executive Director received a base annual fee of A$70,000, all of which was payable in cash and none of which was an 'at-risk' form of compensation. Effective 1 January 2021, this fee was modified to A$100,000, in line with similar companies. As Chairperson of the Company during the first half of the 2021 financial year, Mr Liam Twigger received a base annual fee of A$110,000, all of which is paid in cash and none of which was an 'at-risk' component. Effective 1 January 2021, this fee was modified to A$180,000. The CEO receives a base annual fee of A$600,000. The Company has agreed to reimburse Directors for all reasonable expenses incurred in order to attend meetings and any other business they may conduct on behalf of the Company. As of 1 January 2021, chairs of delegated Board Committees receive an additional fee of A$10,000 per annum.

A performance and remuneration framework, which carefully considers previous feedback from investors and shareholders has been endorsed by the Remuneration Committee and approved by the Board of Directors.

REMUNERATION DETAILS

Single total figure of remuneration for the years ended 30 June 2021 and 2020:

	TOTAL SALARY AND FEES * US$	TAXABLE BENEFITS[7]* US$	BONUSES/LOSS OF OFFICE ** US$	SHARE OPTIONS ** US$	PENSIONS * US$	TOTAL US$	TOTAL FIXED REMUNERATION US$	TOTAL VARIABLE REMUNERATION US$
Liam Twigger								
2021	93,075	–	–	–	8,972	102,047	102,047	–
2020	42,908	–	–	76,625	4,127	123,660	47,035	76,625
Keith Marshall[1]								
2021	212,145	–	–	–	–	212,145	212,145	–
2020	–	–	–	–	–	–	–	–
Nicholas Mather[2]								
2021	349,510	–	477,871	–	–	827,381	349,510	477,871
2020	400,162	–	–	–	–	400,162	400,162	–
Brian Moller								
2021	64,628	–	–	–	–	64,628	64,628	–
2020	73,211	–	–	–	–	73,211	73,211	–
James Clare								
2021	61,824	–	–	–	–	61,824	61,824	–
2020	47,002	–	–	–	–	47,002	47,002	–
Jason Ward[3]								
2021	304,352	–	–	–	–	304,352	304,352	–
2020	322,892	–	–	–	–	322,892	322,892	–
Kevin O'Kane								
2021	51,202	–	–	–	–	51,202	51,202	–
2020	–	–	–	–	–	–	–	–
Elodie Grant Goodey								
2021	71,756	–	–	–	–	71,756	71,756	–
2020	–	–	–	–	–	–	–	–
María Amparo Albán								
2021	47,326	–	–	–	–	47,326	47,326	–
2020	–	–	–	–	–	–	–	–
Robert Weinberg[4]								
2021	23,506	–	–	–	–	23,506	23,506	–
2020	46,755	–	–	–	–	46,755	46,755	–
Craig Jones[5]								
2021	–	–	–	–	–	–	–	–
2020	46,331	–	–	–	–	46,331	46,331	–
Anna Legge[6]								
2021	–	–	–	–	–	–	–	–
2020	84,187	–	–	–	447	84,634	84,634	–
Total remuneration								
2021	**1,279,324**	**–**	**477,871**	**–**	**8,972**	**1,766,167**	**1,288,296**	**477,871**
2020	1,063,448	–	–	76,625	4,574	1,144,647	1,068,022	76,625

1 Keith Marshall: Salaries and Fees above includes total remuneration paid for the year as an Employee and Director.
2 Nick Mather received a severance pay-out during 2021 upon retiring from the position of CEO.
3 Jason Ward: Salaries and Fees above includes total remuneration paid for the year as an Employee and Director.
4 Robert Weinberg resigned as Non-Executive Director on 17 December 2020.
5 Craig Jones resigned as Non-Executive Director on 25 June 2020.
6 Anna Legge resigned as an Executive Director on 13 November 2019.
7 Benefits represent pension payments.
* Represent Fixed Remuneration.
** Represent Variable Remuneration.

2021 BOARD COMMITTEE REPORTS
REMUNERATION COMMITTEE REPORT CONTINUED

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	1 April 2021	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
Elodie Grant Goodey	17 July 2020	Retire by rotation under the Articles of Association of the Company	3 months
Keith Marshall	21 October 2020	Retire by rotation under the Articles of Association of the Company	3 months
Kevin O'Kane	21 October 2020	Retire by rotation under the Articles of Association of the Company	3 months
María Amparo Albán	21 October 2020	Retire by rotation under the Articles of Association of the Company	3 months

SHARE OPTION SCHEMES

The Employee Share Option Plan (the "ESOP") of the Company was adopted by the Board in July 2017 and approved by shareholders at the Annual General Meeting held on 28 July 2017. The Company understands that the establishment of a balance between short and long-term compensation is essential for the Company's sustained performance, including its ability to attract, engage and retain a pool of talented executives and Directors in a competitive employment market as well as to ensure a proper alignment of executives and Directors' interests with those of shareholders. As of 30 June 2021, the following options have been issued under the ESOP (no performance conditions) which are fully vested:

	BALANCE AT 30 JUNE 2020	GRANTED AS REMUNERATION	EXERCISED	FORFEITED / LAPSED	BALANCE AT 30 JUNE 2021	EXERCISE PRICE	EXERCISE PERIOD
Directors							
Brian Moller	5,175,000	–	–	(5,175,000)	–	–	–
Nicholas Mather	31,250,000	–	–	(26,250,000)	5,000,000	60p	28/01/19 – 20/12/21
James Clare	3,150,000	–	–	(3,150,000)	–	–	–
Jason Ward	10,000,000	–	–	(5,000,000)	5,000,000	60p	06/11/18 – 06/11/21
Liam Twigger	3,150,000	–	–	(3,150,000)	–	–	–
Robert Weinberg	3,150,000	–	–	(3,150,000)	–	–	–
Craig Jones	3,150,000	–	–	(3,150,000)	–	–	–
Total	**59,025,000**	**–**	**–**	**(49,025,000)**	**10,000,000**		

No consideration is payable for the grant of options under the Share Incentive Plan. The options at 30 June 2021 were fully vested. Refer to Note 23 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 these options.

The Company intends to move towards full compliance with the provisions of the UK Corporate Governance Code, and as part of this process, Non-Executive Directors Mr Liam Twigger, Mr Brian Moller and Mr James Clare agreed to the cancellation of their Company options in September 2020. Of the Company's remaining Directors, Mr Nicholas Mather and Mr Jason Ward retain their option holdings. Mr Ward is an Executive Director of the Company.

Mrs Elodie Grant Goodey, Mr Keith Marshall, Mr Kevin O'Kane and Mrs María Amparo Albán were not offered Company options on their appointment, and it remains the Company's intention that options will not form part of the terms of appointment for future Non-Executive Directors.

PAYMENTS TO PAST DIRECTORS

No payments were made to past Directors in the year ended 30 June 2021.

PAYMENTS FOR LOSS OF OFFICE

Nick Mather received a severance pay-out during 2021 upon retiring from the position of CEO.

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 2021	30 JUNE 2020	30 JUNE 2021	30 JUNE 2020
Nicholas Mather	84,266,052	83,303,236	6,460,658	7,331,318
Jason Ward	10,094,860	10,094,860	–	–
Brian Moller	5,267,552	5,189,121	–	–
Liam Twigger	392,156	–	–	–
Kevin O'Kane	392,156	–	–	–
James Clare	143,137	–	–	–
Keith Marshall	98,039	–	–	–
María Amparo Albán	51,676	–	–	–
Elodie Grant Goodey	19,607	–	–	–
	100,725,235	**98,587,217**	**6,460,658**	**7,331,318**

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

2021 BOARD COMMITTEE REPORTS
REMUNERATION COMMITTEE REPORT CONTINUED

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 shows the share price at the end of the financial year for the Company for the past five years:

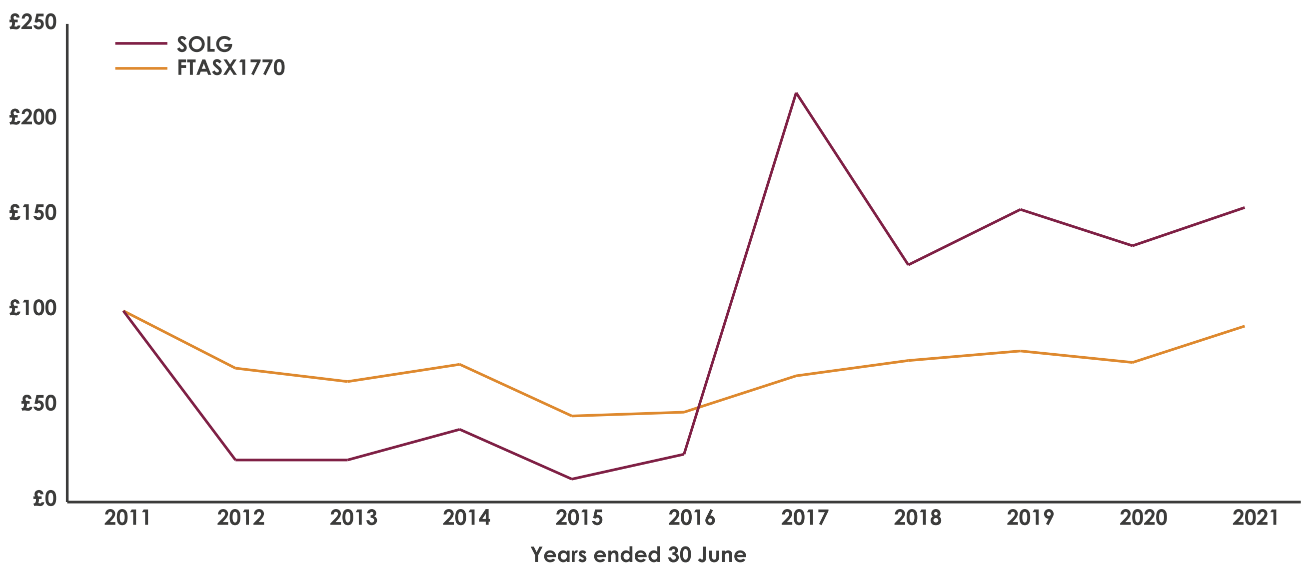
	30 JUNE 2017	30 JUNE 2018	30 JUNE 2019	30 JUNE 2020	30 JUNE 2021
Share price at year end	£0.3925	£0.2280	£0.3200	£0.2100	**£0.2850**
Loss per share (cents)	(0.3)	(0.9)	(1.8)	(0.7)	**(1.1)**

There were no dividends paid during the year ended 30 June 2021 and the previous four years.

10-YEAR TOTAL SHAREHOLDER RETURN ("TSR")

The graph below shows SolGold's TSR against the performance of the FTSE All Share Mining Index (FTASX1770) over the same 10-year period. The indices shown in the graph were chosen as they include companies within the mining sector.

VALUE OF £100 INVESTED OVER THE 10-YEAR PERIOD TO 30 JUNE 2021



As the Company is still in the exploration and development stage, the link between remuneration, Company performance and shareholder wealth is tenuous. Share prices are subject to the influence of metals prices and market sentiment toward the sector, and as such increases or decreases may occur quite independent of executive performance or remuneration. The only variable component of Executive Directors' remuneration is the discretionary bonuses. These bonuses are paid at the discretion of the Board. No bonuses were paid to the Executive Directors during the year ended 30 June 2021.

The Remuneration Committee is implementing short-term and long-term 'at risk' performance related incentives aligned to agreed specified Key Performance Indicators for executives, clearly linked to Company performance and shareholder return and verified by independent advice.

PERCENTAGE CHANGE IN REMUNERATION OF DIRECTOR UNDERTAKING ROLE OF CHIEF EXECUTIVE

	CHIEF EXECUTIVE			OTHER KEY MANAGEMENT PERSONNEL		
	2021	2020	% CHANGE	2021	2020	% CHANGE
Base salary[1]	680,436	400,162	70.04%	1,798,374	1,067,381	68.48%
Severance pay	477,871	–	100%	–	–	–
Pension	–	–	0%	115,207	77,185	49.26%
Bonuses	–	–	0%	193,739	38,595	401.98%

1 Includes costs for Nick Mather and Keith Marshall, who transitioned into the interim CEO role from February 2021, ahead of his official appointment.

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

	2017 % CHANGE	2018 % CHANGE	2019 % CHANGE	2020 % CHANGE	2021 % CHANGE
CEO	0%	(2.19%)	75.43%	(25.82%)	189.46%
Directors	0%	64.28%	254.48%	(26.61%)	(9.71%)
Other key management personnel	0%	18.20%	10.46%	17.38%	80.12%

RELATIVE IMPORTANCE OF SPEND ON PAY

The total expenditure of the Group on remuneration to all employees and Directors (see Notes 5 and 12 to the financial statements) is shown below:

	2021	2020
Employee remuneration	23,757,734	19,695,492
Expenditure of exploration and evaluation	77,508,612	53,121,969

The increase in remuneration from the prior year is a result of the appointment of additional personnel and the payment of bonuses to management personnel in the UK office.

STATEMENT OF IMPLEMENTATION OF NEW REMUNERATION POLICY

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

Each Executive (those deemed direct reports of the CEO) are paid according to their contract type. The most common contract type at Executive level is either an employee contract or service agreement and the most common remuneration package is one of fees or total fixed reward ("TFR") and discretionary bonus. For executives, the CEO recommends any increase and bonus to the Remuneration Committee. As of 1 July 2021, the pay/fees of the CEO and the Board are being aligned with the pay and conditions of employees in a phased approach. Employees are not consulted when drawing up the Directors' remuneration policy. Remuneration of Directors and the CEO is decided using benchmark data on comparative sized companies within the sector and at a similar stage of development.

2021 BOARD COMMITTEE REPORTS
REMUNERATION COMMITTEE REPORT CONTINUED

CONSIDERATION BY THE DIRECTORS OF MATTERS RELATING TO DIRECTORS' REMUNERATION

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

At the Annual General Meeting held 17 December 2020, 98.20% of proxy votes received voted in favour of the Directors' Remuneration Report (1,648,200,468 voted for and 30,278,701 voted against).

REMUNERATION POLICY TABLE

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

ELEMENT	PURPOSE	POLICY	OPERATION	OPPORTUNITY AND PERFORMANCE CONDITION
Executive Director				
Base fee	To recognise: Skills Responsibility Accountability Experience Value	Considered by the 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 2021 is shown in the table on page 109.
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 are assessed on an annual basis. The performance measures applied may be financial, non-financial, corporate, divisional or individual and in such proportion as the Remuneration Committee considers appropriate.

Share options	To provide Executive Directors with a long-term interest in the Company.	Granted under the Employee Share Option Plan.	Offered at appropriate times by the Remuneration Committee.	Entitlement to share options have historically not been subject to any specific performance conditions. With the adoption of the new Remuneration Framework in implementation, entitlement will be tied to performance. 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.

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

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

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

STATEMENT OF THE CHAIRMAN OF THE REMUNERATION COMMITTEE

The Remuneration Committee presents its report for the year ended 30 June 2021.

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 November 2021.

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

The Remuneration Committee reviewed the existing policy and deemed no changes necessary to the current arrangements, other than those mentioned elsewhere in this report.

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, has audited the disclosures subject to audit.

Kevin O'Kane

Chair – Remuneration Committee

28 September 2021

2021 BOARD COMMITTEE REPORTS NOMINATIONS COMMITTEE REPORT

KEVIN O'KANE
Chair, Nominations Committee

The Company established the Nominations Committee in June 2020 as a stand-alone delegated Committee. The purpose of the Nominations Committee is to evaluate the current Board with reference to independence, diversity and to propose Board succession. The Committee remit also includes guardianship of Board performance effectiveness. In this way, the Company demonstrates its ongoing commitment to the independence, skills mix and diversity of the Board. Tools for composition assessment succession have been designed for this purpose.

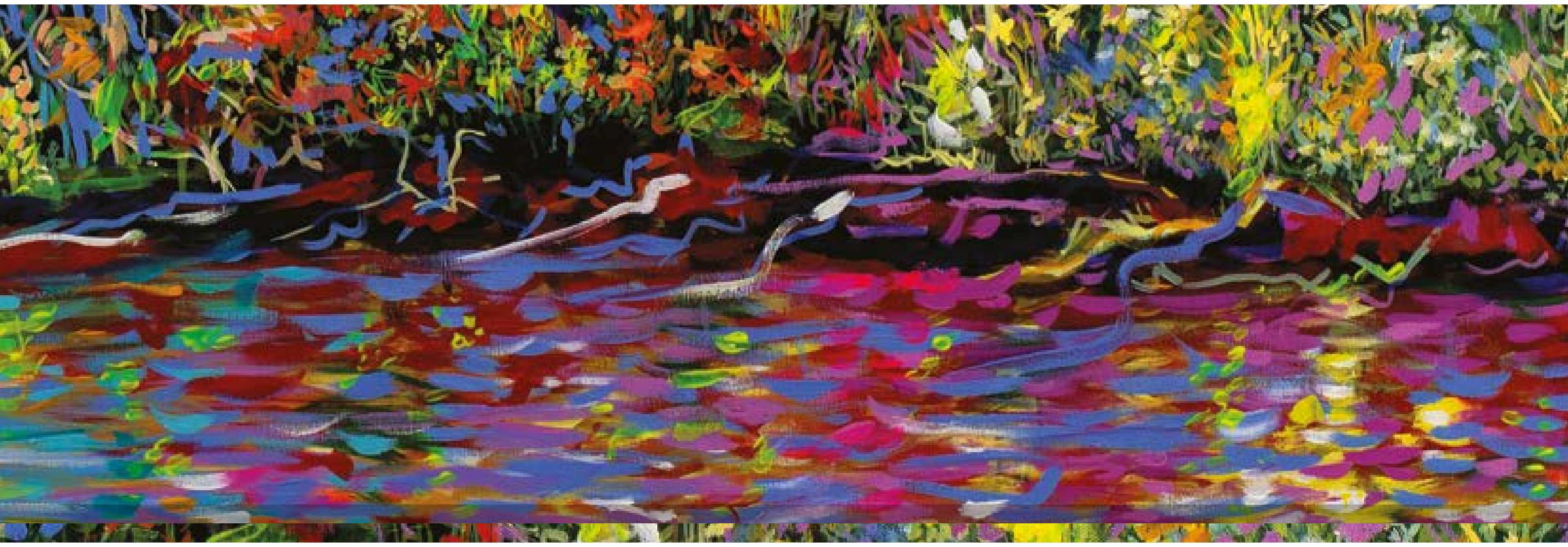
The Committee is responsible for assisting the Board in relation to the appointment of members to the Board and of Management (including, without limitation, the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer (to the extent that the Company has or requires such positions), and for the review of the performance of such persons.

The members of the Nominations Committee are Kevin O'Kane (Chair), Brian Moller, Nicholas Mather, María Amparo Albán and Liam Twigger.

The key objectives of the Committee are to:

- Develop criteria for seeking and reviewing candidates for a position on the Board, including by implementing processes to assess the necessary and desirable skill sets of the Board members including experience, expertise, skills and performance of the Board and the Committees;
- Identify suitable candidates for appointment to the Board or senior Management positions from diverse backgrounds;
- Review appropriate applications for positions of the Board and recommending individuals for consideration by the Board;
- Recommend procedures, including but not limited to strategies to address Board diversity and increasing the proportion of women in the Company, for adoption by the Board for the proper oversight of the Board and senior management;
- Ensure that such procedures, once adopted, are implemented such that the performance of each member of the Board and of senior Management is reviewed and assessed each year in accordance with the procedures; and
- Annually review the composition of each Committee and present recommendations for Committee memberships to the Board.

The first successful outcome of the Nominations Committee was the appointment of SolGold's first female Director on the Board. Mrs Elodie Grant Goodey was appointed on 17 July 2020. This was followed in October 2020 with the appointment of three additional Independent Non-Executive Directors: Mrs María Amparo Albán, Mr Kevin O'Kane and Mr Keith Marshall after an extensive competitive process undertaken internally by SolGold. These appointments contribute significant experiences and a diverse skillset to the SolGold Board and delivered on the Company's commitment to have half of the Board comprised of Independent Directors and 25% female (excluding the Chair) by the end of the 2020 calendar year.



LEADERSHIP SUCCESSION AND CEO/CFO EXECUTIVE SEARCH

CHIEF EXECUTIVE OFFICER

In January of 2021, Mr Nicholas Mather advised the Board of his intention to retire from the role of Chief Executive Officer ("CEO") after 13 years at the helm of SolGold. The Company commenced a global executive search programme to identify and engage with candidates with experience in base and precious metals exploration and the construction of large copper-gold porphyry mines in South America, development financing and executive corporate management.

Mr Mather stepped down effective 31 March 2021, at which point Independent Non-Executive Director Keith Marshall commenced as interim CEO for the period of time until a new CEO is on board. Mr Mather remains on the Board as Non-Executive Director, continuing to support the Company's ongoing exploration focus in Ecuador, independent financing and strategic corporate initiatives.

The search process is nearing completion and it is anticipated that the appointment of the new CEO is forthcoming.

CHIEF FINANCIAL OFFICER

The Board announced during November 2021 that Mr Priy Jayasuriya resigned by mutual agreement as Chief Financial Officer. SolGold commenced an executive search for a new Chief Financial Officer and appointed Mr Ingo Hofmaier as Interim Chief Financial Officer to provide continuity until the search process was completed. Mr Hofmaier has served as Executive General Manager, Project and Corporate Finance of SolGold since 9 September 2019 and has over 20 years of corporate finance and investment banking experience.

The search process is aligned with the completion of the CEO succession given the critical importance of the relationship between these two key roles.

Kevin O'Kane

Chair – Remuneration Committee

28 September 2021

2021 BOARD COMMITTEE REPORTS
HEALTH, SAFETY, ENVIRONMENT AND COMMUNITY COMMITTEE REPORT

ELODIE GRANT GOODEY
Chair, Health, Safety, Environment and Community Committee

The Health, Safety, Environment and Community Committee ("HSEC Committee") is responsible for shaping the Company's policies, objectives, and guidelines on environmental, health, safety, and community relations matters and for analysing and reporting to the Board of Directors on the expectations of the Company's various stakeholders.

The members of the Committee are Elodie Grant Goodey (as Chair), María Amparo Albán, Kevin O'Kane and Jason Ward.

The CEO, Vice-President Ecuador, the Environment Manager, the Health & Safety Manager and the Community Relations Manager have also participated in meetings of the Committee.

ROLE AND RESPONSIBILITIES

In discharging its responsibilities, the HSEC Committee is expected to do the following:

- Review and make recommendations on the management of the Company's goals, policies and programmes 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 health, safety, social and environmental matters;
- Review with management the Company's record of performance on health, safety, social and environmental matters, along with any proposed actions based on such record;
- Prepare and adopt an annual report on its activities for incorporation in the Annual Report;
- Review and make recommendations to the Board in relation to disclosures regarding sustainability issues in the Annual Report and the separate Sustainability Report (from 2021);
- Inform the Audit and Risk Committee of the Board in respect of significant changes in financial risk or potential disclosure issues related to health, safety, social and environmental 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.

COMMITTEE DISCUSSIONS IN 2020–2021

The Committee was formed in December 2020 and met five times. All the meetings were held using videoconferencing, due to travel restrictions as a result of the COVID-19 pandemic. The following matters were discussed during 2020–2021:

- Health and safety management systems, including metrics
- Emergency preparedness and response
- Environmental management system
- Community relations management
- Land acquisition and potential resettlement
- Responsible supply chain and procurement
- Climate change risks

Elodie Grant Goodey
Chair – HSEC Committee
28 September 2021

2021 BOARD COMMITTEE REPORTS
ALPALA PROJECT COMMITTEE REPORT

KEITH MARSHALL
Chair, Alpala Project Committee

The Company formed the Alpala Project Committee ("APC") in November 2020 with the remit of reviewing and challenging the work of the SolGold Project Team. The APC comprises at least three Board members (two being independent Non-Executive Directors) as well as senior members of the project and executive team: Nicholas Mather and Kevin O'Kane (Non-Executive Directors), Keith Marshall and Jason Ward (Executive Directors), Peter Holmes (Director of Studies), Benn Whistler (Technical Services Manager) and Ingo Hofmaier (Executive General Manager, Project & Corporate Finance).

The key objectives of this Committee are to actively participate in setting the development strategy, provide advice, support effective decision making and monitor the staged development to achieve agreed outcomes relating to the Alpala Project. The role and responsibilities of the Committee are to:

- Review and guide the strategic direction of the Alpala Project;
- Review and guide the work undertaken by the Project Team and related consultants and contractors;
- Monitor and support the Director of Studies and Chief Executive Officer and their teams in the management and control of the stage gates;
- Analyse progress versus commitments made to stakeholders;
- Monitor material project risks and approve actions to mitigate identified risks;
- Propose recommendations for any necessary approvals within the mandate of the Board for moving the project to the next stage gate, material contracts, purchases and commitments;
- Ensure the project's stages/ phases are managed by the project team to achieve project completion criteria and transition to the next stage in line with the Board-approved key performance indicators;
- Ensure SolGold's organisational development anticipates necessary resource requirements and provide guidance to create an effective organisational design; and
- Provide counsel during the recruitment, retention and development of high performing technical leaders that are critical to the project's success.

Keith Marshall

Chair – Alpala Project Committee

28 September 2021

INDEPENDENT AUDITOR'S REPORT

to the members of SolGold Plc

OPINION ON THE FINANCIAL STATEMENTS

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 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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.

We have audited the financial statements of SolGold Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 June 2021 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the 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 accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

INDEPENDENCE

Following the recommendation of the audit committee, we were appointed by the audit committee to audit the financial statements for the year ending 30 June 2018 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ending 2018 to 2021. We remain 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. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to note 1(b) of the financial statements which explains that the Group requires to secure additional funding to continue their exploration and development program, in order to continue to meet its obligations and liabilities as they fall due.

As stated in note 1(b) these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Parent Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

The Group has not generated revenues from operations and therefore its funding position is reliant upon raising capital from either equity raises, debt financing or the sale of assets. We have highlighted going concern as a key audit matter as a result of the estimates and judgements required by the Directors' in their going concern assessment and the effect on our audit strategy.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- We challenged management and the Directors' forecasts to assess the Group's ability to meet its financial obligations as they fall due within the period of twelve months from the date of approval of the financial statements.
- We reviewed the assumptions and inputs in the cash flow forecast and assessed whether these were in line with our understanding of the Group's operations, contractual obligations, general operating costs and other information obtained by us during the course of the audit.
- We performed an accuracy check on the mechanics of the cash flow forecast model prepared by management and the Directors.
- We reviewed the sensitised cash flow forecasts and assessed whether the funding position was at risk of going negative within the twelve month period.
- We compared the forecast that is based on accelerated activity, particularly regarding land purchases and regional Ecuadorian licences, alongside the completion of the Pre-Feasibility Study ("PFS") and Definitive Feasibility Study ("DFS"), to the stress test forecast.
- We considered the impact of any potential future farm in agreements to understand how these may impact the going concern position of the Group.
- We considered the Group's ability to raise further financing, noting that historically the Group has demonstrated a proven ability to raise funding when required.
- We reviewed the adequacy and completeness of disclosures in the financial statements in respect of going concern.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

Coverage	*81% (2020: 92%) of Group loss before tax* *97% (2020: 97%) of Group total assets*		
Key audit matters		**2021**	**2020**
	Carrying value of exploration and evaluation assets	X	X
	Going Concern	X	X
	Accounting treatment of Franco-Nevada net smelter royalty agreement	X	
Materiality	*Group financial statements as a whole* *$5.9m (2020: $3.3m) based on 1.3% (2020: 1.1%) of total assets*		

INDEPENDENT AUDITOR'S REPORT CONTINUED
to the members of SolGold Plc

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

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.

OUR INVOLVEMENT WITH COMPONENT AUDITORS

For the work performed by BDO Ecuador, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with BDO Ecuador included the following:

- Detailed group reporting instructions were sent to the component auditor, which included the significant areas to be covered by the audit (including areas that were considered to be key audit matters as detailed above), and set out the information required to be reported to the group audit team.
- We performed a review of the component audit files remotely and held calls and meetings with the component audit team during the planning and completion phases of their audit.
- The group audit team was actively involved in the direction of the audits performed by the component auditors for group reporting purposes, along with the consideration of findings and determination of conclusions drawn. We performed our own additional procedures in respect of certain of the significant risk areas that represented Key Audit Matters in addition to the procedures performed by the component auditor.

The remaining components of the Group were considered non-significant and such components were subject to analytical review procedures performed by the group audit team, together with substantive testing on Group audit risk areas determined to be applicable to a particular component.

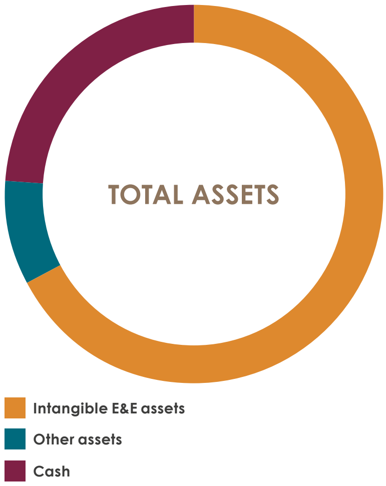
KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the material uncertainty relating to going concern section of out report we have determined the matters described below to be the key audit matters.

KEY AUDIT MATTER

Carrying value of Exploration and Evaluation assets (see note 1 and 13)

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 2021.



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 2021 may not be recoverable. In addition, we note that management is also looking for potential JV/ earn-in partners for some of the regional projects.

Given the materiality of the E&E assets in the context of the Group's statement of financial position and the significant judgement involved in making the assessment of whether any indicators of impairment exist we consider this to be a key audit matter.

HOW THE SCOPE OF OUR AUDIT ADDRESSED THE 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 to supporting documentation and through discussion with external lawyers, 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 the portfolio of licence areas.
- We used results from exploration of the licensed areas and the Mineral Resource Estimate #3 to assess the current potential of the asset. We spoke to members of the operations team about exploration in the licensed area and understand the process to move the asset through to development and this information has been corroborated to public information and board minutes. In addition, we spoke to members of the Alpala Project Committee to discuss the progress made on the Pre-Feasibility Study and the next steps needed to develop the Definitive Feasibility Study.
- Corroborated management's assessment of the carrying value through discussions with the Group's independent lawyers.
- Assessed whether the process initiated by the Company to identify potential JV/earn-in partners for ten regional projects in Ecuador meant the assets should be considered as held for sale.
- Reviewed and assessed the adequacy of the disclosures in the financial statements to ensure that they were prepared in accordance with the requirements of the accounting standards.

Key observations

We found the key assumptions made by management to be reasonable and the disclosures in the financial statements to be in line with the accounting standards.

INDEPENDENT AUDITOR'S REPORT CONTINUED
to the members of SolGold Plc

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Accounting treatment of Franco-Nevada Net Smelter Royalty ("NSR") Agreement The Group's financing liability is $107m and represents the most significant liability on its statement of financial position as at 30 June 2021. The NSR agreement contains some specific options which require significant judgement and estimates to determine both the accounting treatment and valuation. Management has appointed an expert to review and provide a conclusion on the accounting treatment of the financing agreement and the valuation of the embedded derivative (note 21). Given the materiality of the liability in the context of the Group's statement of financial position and the complex nature of the accounting for the royalty financing we consider this to be a key audit matter.	Our specific audit testing in this regard included: • We examined the terms of the NSR agreement and evaluated management's assessment of the accounting treatment of the transaction to ensure it is in line with IAS. • We examined the report produced by management's expert on the accounting treatment, and the conclusions agreed to those reached by our own technical accounting experts. We also assessed management's expert to ensure they were competent to make the assessment and independent of the Group. • We reviewed management's assessment of the fair value of the embedded derivative ('Buy back option'). We engaged BDO valuation experts to review management's valuation and concur the value of the option was not considered material. • We assessed the appropriateness of the method of valuation of the embedded derivative, checked the arithmetic of the model and corroborate the inputs in the model to empirical market data and the published Preliminary Economic Assessment. • We reviewed the management's effective interest rate calculation to the underlying NSR model, and challenged the estimates and judgements applied in this calculation by benchmarking the rate used against other Group rates applied including those used in the current life of mine plan and project feasibility study.
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

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.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	GROUP FINANCIAL STATEMENTS		PARENT COMPANY FINANCIAL STATEMENTS	
	2021 US$'000	2020 US$'000	2021 US$'000	2020 US$'000
Materiality	5,900	3,300	4,400	2,500
Basis for determining materiality	1.3% of total assets	1.1% of total assets	1.3% of total assets capped at 75% of Group Materiality	1.3% of total assets capped at 75% of Group Materiality
Rationale for the benchmark applied	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.		SolGold Plc is a holding company with investments in subsidiaries. We have therefore considered to apply the same benchmark as the Group as an appropriate materiality basis but capping materiality to a percentage of Group materiality.	
Performance materiality	4,400	2,500	3,300	1,900
Basis for determining performance materiality	75% of materiality and considering the nature of activities and historic audit adjustments.		75% of materiality and considering the nature of activities and historic audit adjustments.	

COMPONENT MATERIALITY

We set materiality for each component of the Group based on a percentage of between 46% and 75% (2020: 50% – 75%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from $2.7m to $4.4m (2020: ($1.7m – $2.5m). In the audit of each component, we further applied performance materiality levels of 75% (2020 – 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

REPORTING THRESHOLD

We agreed with the Audit Committee that we would report to the Committee all individual audit differences in excess of US$120,000 (2020: US$ 100,000). We also agreed to report differences below that threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Annual Report 2021 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT CONTINUED

to the members of SolGold Plc

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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. In the light of the knowledge and understanding of the Group and 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	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, 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.

EXTENT TO WHICH THE AUDIT WAS CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Holding discussions with management and the audit committee to consider any known or suspected instances of non-compliance with laws and regulations or fraud identified by them;
- The Audit Committee has disclosed within their report that an immaterial fraud was detected during the year under audit. The board of directors appointed an independent forensic team to investigate the fraud. We assessed the scope of the investigation to be undertaken by the independent forensic team and reviewed the results of the investigation.
- Engaged internal forensic experts to support the audit team in evaluating the scope and findings of the investigation. This included review of engagement letter and scope, reading the final report and findings, assessing and challenging the evidence identified to support the transactions such as the email searches and transcripts of interviews and challenged as to whether further procedures could be undertaken.
- Assessed the competence, capabilities and objectivity of the forensic investigators.
- Considered the impact on other areas of the audit pertaining to management override.
- Gaining an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, through discussion with management, Company's external lawyers and the audit committee and our knowledge of the industry;
- Considering the significant laws and regulations of Ecuador, Australia, Canada, Solomon Islands, Switzerland and the UK to be those relating to the industry, financial reporting framework, tax legislation and the listing rules;
- Assessing the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur;
- Testing the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud;
- Performing a detailed review of the Group's year end adjusting entries and investigating any that appear unusual as to nature or amount and agreeing to supporting documentation;
- For significant and unusual transactions, particularly those occurring at or near year-end, obtaining evidence for the rationale of these transactions and the sources of financial resources supporting the transactions;
- Assessed whether the judgements made in accounting estimates were indicative of a potential bias (refer to key audit matters above);
- Reviewing minutes from board meetings of those charged with governance to identify any instances of non-compliance with laws and regulations;
- Directing the auditors of the significant component in Ecuador to ensure an assessment is performed on the extent of the component's compliance with the relevant local and regulatory framework. Reviewing this work and holding meetings with relevant internal management and external third parties to form our own opinion on the extent of Group wide compliance; and
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

INDEPENDENT AUDITOR'S REPORT CONTINUED
to the members of SolGold Plc

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

28 September 2021

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2021

	NOTES	GROUP 2021 US$	GROUP 2020 US$
Expenses			
Exploration costs written-off	13	(4,353)	(218,163)
Administrative expenses		(12,545,812)	(12,411,630)
Share based payments expenses	23	(315,436)	(1,156,832)
Operating loss	**3**	**(12,865,601)**	**(13,786,625)**
Other income		344,565	398,472
Finance income	6	454,575	513,336
Finance costs	6	(10,061,787)	(425,440)
Movement in fair value of derivative liability	22	(613,746)	279,913
Loss before tax		**(22,741,994)**	**(13,020,344)**
Tax (expense) benefit	7	(151,173)	(1,103,409)
Loss for the year		**(22,893,167)**	**(14,123,753)**
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		670,049	(139,285)
Items that will not be reclassified to profit or loss			
Change in Ecuador pension		(50,378)	(475,763)
Change in fair value of financial assets, net of tax	11a / 15	1,198,986	(1,320,370)
Other comprehensive profit/(loss), net of tax		**1,818,657**	**(1,935,418)**
Total comprehensive loss for the year		**(21,074,510)**	**(16,059,171)**
Loss for the year attributable to:			
Owners of the parent company		(22,811,409)	(14,067,978)
Non-controlling interest		(81,758)	(55,775)
		(22,893,167)	**(14,123,753)**
Total comprehensive loss for the year attributable to:			
Owners of the parent company		(20,992,752)	(16,003,396)
Non-controlling interest		(81,758)	(55,775)
		(21,074,510)	**(16,059,171)**

LOSS PER SHARE		CENTS PER SHARE	CENTS PER SHARE
Basic loss per share	8	(1.1)	(0.7)
Diluted loss per share	8	(1.1)	(0.7)

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 2021

Registered Number 5449516

	NOTES	GROUP 2021 US$	GROUP 2020 US$
Assets			
Property, plant and equipment	12	15,682,120	14,940,988
Intangible assets	13	308,432,012	230,256,153
Financial assets held at fair value through OCI	11(a)	6,825,042	4,119,179
Loans receivable and other non-current assets	14	1,457,324	7,702,969
Total non-current assets		**332,396,498**	**257,019,289**
Other receivables and prepayments	16	8,458,494	2,883,916
Loans receivable and other current assets	14	6,495,930	–
Cash and cash equivalents	17	109,562,103	46,895,243
Total current assets		**124,516,527**	**49,779,159**
Total assets		**456,913,025**	**306,798,448**
Equity			
Share capital	18	32,350,699	29,281,511
Share premium	18	426,819,162	353,220,481
Other reserves	18	26,625,929	38,331,650
Accumulated loss		(142,247,869)	(133,331,591)
Foreign currency translation reserve		(4,345,829)	(5,015,878)
Equity attributable to owners of the parent company		**339,202,092**	**282,486,173**
Non-controlling interest		(579,897)	(498,139)
Total equity		**338,622,195**	**281,988,034**
Liabilities			
Trade and other payables	19	7,847,650	6,060,193
Lease liability	20	335,749	314,524
Borrowings	21	–	15,248,302
Total current liabilities		**8,183,399**	**21,623,019**
Lease liability	20	607,214	875,141
Other financial liabilities	22	2,926,000	2,312,254
Borrowings	21	106,574,217	–
Total non-current liabilities		**110,107,431**	**3,187,395**
Total liabilities		**118,290,830**	**24,810,414**
Total equity and liabilities		**456,913,025**	**306,798,448**

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 2021

Registered Number 5449516

	NOTES	COMPANY 2021 US$	COMPANY 2020 US$
Assets			
Property, plant and equipment	12	958,850	1,187,191
Investment in subsidiaries	9	120,045,844	259,951,415
Loans with subsidiaries	10	167,399,767	–
Financial assets held at fair value through OCI	11(a)	6,819,046	4,113,660
Loans receivable and other non-current assets	14	756,332	7,173,984
Total non-current assets		**295,979,839**	**272,426,250**
Other receivables and prepayments	16	1,938,616	714,197
Loans receivable and other current assets	14	6,495,930	–
Cash and cash equivalents	17	72,918,016	45,356,423
Total current assets		**81,352,562**	**46,070,620**
Total assets		**377,332,401**	**318,496,870**
Equity			
Share capital	18	32,350,699	29,281,511
Share premium	18	426,819,162	353,220,481
Other reserves	18	27,257,963	38,913,306
Accumulated loss		(109,416,834)	(119,164,736)
Foreign currency translation reserve		(5,006,473)	(5,006,473)
Equity attributable to owners of the parent company		372,004,517	297,244,089
Non-controlling interest		–	–
Total equity		**372,004,517**	**297,244,089**
Liabilities			
Trade and other payables	19	1,475,395	2,616,941
Lease liability	20	319,275	222,109
Borrowings	21	–	15,248,302
Total current liabilities		**1,794,670**	**18,087,352**
Lease liability	20	607,214	853,175
Other financial liabilities	22	2,926,000	2,312,254
Total non-current liabilities		**3,533,214**	**3,165,429**
Total liabilities		**5,327,884**	**21,252,781**
Total equity and liabilities		**377,332,401**	**318,496,870**

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$4,147,229 (2020: US$12,653,965).

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 28 September 2021.

Liam Twigger

Chair

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	NOTES	SHARE CAPITAL US$	SHARE PREMIUM US$	FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME US$
Balance at 1 July 2019		**26,402,424**	**297,375,959**	**3,374,413**
Loss for the year		–	–	–
Other comprehensive income		–	–	(1,320,370)
Total comprehensive income for the year		**–**	**–**	**(1,320,370)**
SolGold Ecuador employee profit share		–	–	–
New share capital subscribed		2,879,087	57,228,934	–
Share issue costs (net of deferred tax)		–	(1,384,412)	–
Options forfeited		–	–	–
Value of shares and options issued to Directors, employees and consultants		–	–	–
Balance at 30 June 2020		**29,281,511**	**353,220,481**	**2,054,043**
Loss for the year		–	–	–
Other comprehensive income		–	–	1,198,986
Total comprehensive income for the year		**–**	**–**	**1,198,986**
New share capital subscribed	18	3,048,487	75,695,147	–
Options exercised	18	20,701	496,834	–
Share issue costs (net of deferred tax)	18	–	(2,593,300)	–
Options forfeited		–	–	–
Value of share and options issued to Directors, employees and consultants	23	–	–	–
Adjustment to retained earnings		–	–	–
Balance at 30 June 2021		**32,350,699**	**426,819,162**	**3,253,029**

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

SHARE BASED PAYMENT RESERVE US$	OTHER RESERVES US$	ACCUMULATED LOSS US$	FOREIGN CURRENCY TRANSLATION RESERVE US$	TOTAL US$	NON-CONTROLLING INTERESTS US$	TOTAL EQUITY US$
36,816,313	**(105,893)**	**(120,342,688)**	**(4,876,593)**	**238,643,935**	**(442,364)**	**238,201,571**
–	–	(14,067,978)	–	(14,067,978)	(55,775)	(14,123,753)
–	(475,763)	–	(139,285)	(1,935,418)	–	(1,935,418)
–	**(475,763)**	**(14,067,978)**	**(139,285)**	**(16,003,396)**	**(55,775)**	**(16,059,171)**
–	–	(34,807)	–	(34,807)	–	(34,807)
–	–	–	–	60,108,021	–	60,108,021
–	–	–	–	(1,384,412)	–	(1,384,412)
(1,113,882)	–	1,113,882	–	–	–	–
1,156,832	–	–	–	1,156,832	–	1,156,832
36,859,263	**(581,656)**	**(133,331,591)**	**(5,015,878)**	**282,486,173**	**(498,139)**	**281,988,034**
–	–	(22,811,409)	–	(22,811,409)	(81,758)	(22,893,167)
–	(50,378)	–	670,049	1,818,657	–	1,818,657
–	**(50,378)**	**(22,811,409)**	**670,049**	**(20,992,752)**	**(81,758)**	**(21,074,510)**
–	–	–	–	78,743,634	–	78,743,634
–	–	–	–	517,535	–	517,535
–	–	–	–	(2,593,300)	–	(2,593,300)
(13,169,765)	–	13,169,765	–	–	–	–
315,436	–	–	–	315,436	–	315,436
–	–	725,366	–	725,366	–	725,366
24,004,934	**(632,034)**	**(142,247,869)**	**(4,345,829)**	**339,202,092**	**(579,897)**	**338,622,195**

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2021

	NOTES
Balance at 1 July 2019	
Loss for the year	
Other comprehensive income	
Total comprehensive income for the year	
New share capital subscribed	
Share issue costs (net of deferred tax)	
Options forfeited	
Value of shares and options issued to Directors, employees and consultants	
Balance at 30 June 2020	
Loss for the year	
Other comprehensive income for the year	
Total comprehensive income for the year	
New share capital subscribed	18
Options exercised	18
Share issue costs (net of deferred tax)	18
Options forfeited	
Value of shares and options issued to Directors, employees and consultants	23
Adjustment to retained earnings	
Balance at 30 June 2021	

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

SHARE CAPITAL US$	SHARE PREMIUM US$	ASSETS HELD AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME US$	SHARE-BASED PAYMENT RESERVE US$	ACCUMULATED LOSS US$	FOREIGN CURRENCY TRANSLATION RESERVE US$	TOTAL US$
26,402,424	**297,375,959**	**3,374,413**	**36,816,313**	**(107,624,653)**	**(5,006,473)**	**251,337,983**
–	–	–	–	(12,653,965)	–	(12,653,965)
–	–	(1,320,370)	–	–	–	(1,320,370)
–	**–**	**(1,320,370)**	**–**	**(12,653,965)**	**–**	**(13,974,335)**
2,879,087	57,228,934	–	–	–	–	60,108,021
–	(1,384,412)	–	–	–	–	(1,384,412)
–	–	–	(1,113,882)	1,113,882	–	–
–	–		1,156,832	–	–	1,156,832
29,281,511	**353,220,481**	**2,054,043**	**36,859,263**	**(119,164,736)**	**(5,006,473)**	**297,244,089**
–	–	–	–	(4,147,229)	–	(4,147,229)
–	–	1,198,986	–	–	–	1,198,986
–	**–**	**1,198,986**	**–**	**(4,147,229)**	**–**	**(2,948,243)**
3,048,487	75,695,147	–	–	–	–	78,743,634
20,701	496,834	–	–	–	–	517,535
–	(2,593,300)	–	–	–	–	(2,593,300)
–	–	–	(13,169,765)	13,169,765	–	–
–	–	–	315,436	–	–	315,436
–	–	–	–	725,366	–	725,366
32,350,699	**426,819,162**	**3,253,029**	**24,004,934**	**(109,416,834)**	**(5,006,473)**	**372,004,517**

CONSOLIDATED AND COMPANY STATEMENTS OF CASH FLOWS

For the year ended 30 June 2021

	NOTES	GROUP 2021 US$	GROUP 2020 US$	COMPANY 2021 US$	COMPANY 2020 US$
Cash flows from operating activities					
Loss for the year		(22,893,167)	(14,123,755)	(4,147,229)	(12,653,965)
Depreciation	12	582,026	685,332	341,626	525,467
Interest on lease liability	20	67,730	173,679	62,787	161,410
Interest on bridging loan	21	371,275	248,303	371,275	248,303
Interest on NSR	21	9,619,242		–	
Interest on loan to SolGold Finance AG		–	–	(4,519,889)	–
Effect of modification of lease terms		–	(70,693)	–	(70,693)
Share based payment expense	5 / 23	315,436	1,156,832	315,436	1,156,832
Write-off of exploration expenditure	13	4,353	218,163	–	–
Foreign exchange (gain) / loss		(1,790,028)	1,679,382	(1,797,341)	1,673,710
Movement in fair value of derivative liability	22	613,746	(279,913)	613,746	(279,913)
Deferred taxes	15	151,173	1,103,409	64,375	1,103,409
Non cash employee benefit expense – company funded loan plan	14	–	402,082	–	402,082
Accretion of interest – company funded loan plan	14	(449,613)	(439,246)	(449,613)	(439,246)
Decrease / (increase) in other receivables and prepayments		(765,607)	(337,096)	103,035	(187,987)
(Decrease) / increase in trade and other payables		124,682	485,306	(1,028,881)	973,643
Net cash outflow from operating activities		**(14,048,752)**	**(9,098,215)**	**(10,070,673)**	**(7,386,948)**
Cash flows from investing activities					
Security deposit (payments) / refunds		(126,407)	(29,950)	42,829	(36,779)
Exercise of Cornerstone Capital Resources warrants	11(a)	(813,927)	–	(813,927)	–
Acquisition of property, plant and equipment		(6,280,482)	(4,899,387)	(18,255)	(27,039)
Acquisition of exploration and evaluation assets		(75,607,912)	(54,444,043)	–	–
Proceeds from payment to company funded loan plan	14	1,065,245	–	1,065,245	–
Loans advanced to subsidiaries		–	–	(5,001,463)	–
Advances in investment in subsidiaries		–	–	34,155,941	(59,255,734)
Net cash outflow from investing activities		**(81,763,483)**	**(59,373,380)**	**(38,881,512)**	**(59,319,552)**
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital	18	76,113,126	62,700,190	76,113,126	62,700,190
Payment of issue costs		(333,629)	(1,718,672)	(333,629)	(1,718,672)
Net proceeds from NSR financing	21	84,380,422	–	–	–
Payment of NSR costs	21	(2,318,598)	–	–	–
Proceeds from bridging loan	21	–	14,815,000	–	14,815,000
Repayments of lease liability		(439,116)	(712,429)	(348,912)	(569,843)
Net cash inflow from financing activities		**157,402,205**	**75,084,089**	**75,430,585**	**75,226,675**
Net increase / (decrease) in cash and cash equivalents		**61,589,970**	**6,612,494**	**26,478,400**	**8,520,175**
Cash and cash equivalents at beginning of year	17	46,895,243	41,746,200	45,356,423	38,290,929
Effect of foreign exchange on cash and cash equivalents		1,076,890	(1,463,451)	1,083,193	(1,454,681)
Cash and cash equivalents at end of year	**17**	**109,562,103**	**46,895,243**	**72,918,016**	**45,356,423**

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 2021

NOTE 1 ACCOUNTING POLICIES

SolGold Plc ("the Company" or "SolGold") is a mineral exploration and development company headquartered in Brisbane, Australia. The Company is a UK incorporated (on 11 May 2005) public limited company with company registration number 05449516. SolGold is dual listed on the London Stock Exchange and the Toronto Stock Exchange. The address of the Company's registered office is 1 King Street, London EC2V 8AU, United Kingdom.

(A) STATEMENT OF COMPLIANCE

The consolidated financial statements and company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations issued by the International Accounting Standards Board ("IASB"), in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. 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 the TSX in Canada. The accounting policies set out below have been applied consistently throughout these consolidated financial statements.

(B) BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND GOING CONCERN

The consolidated financial statements are presented in United States dollars ("US$"), rounded to the nearest dollar. Prior to 2019 consolidated financials have been previously in Australian dollars ("A$"). Refer to Note 1(d) for further details relating to the foreign exchange translation.

The Company was incorporated on 11 May 2005. From incorporation the Group has prepared the annual consolidated financial statements in accordance with IFRS.

As at the year end the Company has cash on hand of US$109.3 million and net current assets of US$116.3 million. 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 its history and, in common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches. Based on the latest forecast, including all activities at both Cascabel and the regional Ecuadorian projects, approved by the Directors, funding will likely be raised within the next 12 months from the date of approving these financial statements. As such, the ability of the Group to continue as a going concern depends on its ability to secure this additional financing. While this situation gives rise to a material uncertainty and there can be no assurance the Company will be able to raise required financing in the future, the Directors consider it appropriate to prepare the financial statements on a going concern basis given the Group's proven ability to raise necessary funding. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

During the period the Company completed two successful equity raisings totalling US$78.8 million (Valuestone in November 2020 and Institutional and private investors in April 2021) and closed the Net Smelter Returns Financing ("NSR Financing") Agreement with Franco-Nevada Corporation ("Franco-Nevada") in September 2020. As part of the latter, the Group has received net funds of US$85 million following the repayment of the US$15 million Bridge Loan Agreement ("BLA"). The funds raised from the NSR Financing are ring fenced for the continued exploration and development work on the Cascabel licence area. This demonstrates the ability for the Company to raise funds when required.

Alongside these factors, given the level of uncertainty in various markets and economies around the world, the Company is factoring into its forecasts that COVID-19 could potentially be an issue for the foreseeable future. As a result, financial planning is increasingly focusing on fixed cost reductions and scenario planning.

SolGold's worst-case scenario considers a melt-down of financial markets, caused by a resurgence of the pandemic or other factors like unsustainable global debt levels or social unrest, followed by a prolonged economic crisis that is not conducive to further capital raises when necessary.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 1 ACCOUNTING POLICIES CONTINUED

(B) BASIS OF PREPARATION OF FINANCIAL STATEMENTS AND GOING CONCERN CONTINUED

In such a situation the Company would cease all exploration activities, terminate all technical services and dramatically reduce overheads in order to reduce costs. Even under this worst-case scenario, the Company aims to continue to employ all local employees, or as many employees as possible, linked to its direct zone of influence to maintain its hard-earned, and well-respected social licence to operate. Under this worst-case scenario, the Company would have funds sufficient at least until September 2023. As this is not the intention of the Directors a material uncertainty is recognised in relation to raising the additional funding and pursuing the current plan outlined in the latest forecast. These factors indicate the existence of material uncertainties which may cast significant doubt on the Group's and Company's ability to continue as a going concern.

(C) BASIS OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year.

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by the Group.

Non-controlling interests are allocated their share of net profit after tax and share of other comprehensive income in the statement of profit or loss and comprehensive income and presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(D) FOREIGN CURRENCY

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 of that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the historical foreign exchange rate. Any resultant foreign exchange currency translation amount is taken to the profit and loss.

Management reconsiders the functional currency where there is a change in events or conditions used in initial determination. Where the assessment indicates that a change in functional currency is required, the change is applied prospectively from the date it is deemed to have occurred.

The functional currency of the parent entity and subsidiaries of the Group are detailed in the table below:

SOLGOLD PLC	FUNCTIONAL CURRENCY 2021 US$	FUNCTIONAL CURRENCY 2020 US$	EXCHANGE RATE AT 30 JUNE 2021 USED IN PREPARATION OF FINANCIALS N/A	EXCHANGE RATE AT 30 JUNE 2020 USED IN PREPARATION OF FINANCIALS N/A	AVERAGE EXCHANGE RATE FOR THE YEAR ENDED 30 JUNE 2021 N/A	AVERAGE EXCHANGE RATE FOR THE YEAR ENDED 30 JUNE 2020 N/A
Australian Resource Management (ARM) Pty Ltd	A$	A$	0.7495	0.6899	0.7470	0.6710
Acapulco Mining Pty Ltd	A$	A$	0.7495	0.6899	0.7470	0.6710
Central Minerals Pty Ltd	A$	A$	0.7495	0.6899	0.7470	0.6710
Solomon Operations Ltd	SBD$	SBD$	0.1245	0.1716	0.1245	0.1298
Honiara Holdings Pty Ltd	A$	A$	0.7495	0.6899	0.7470	0.6710
Guadalcanal Exploration Pty Ltd	A$	A$	0.7495	0.6899	0.7470	0.6710
SolGold Finance AG	US$	–	n/a	–	n/a	–
SolGold Canadian Callco Corp.	CAD$	CAD$	0.8067	0.7362	0.7804	0.7454
SolGold Canadian Exchangeco Corp.	CAD$	CAD$	0.8067	0.7362	0.7804	0.7454
Exploraciones Novomining S.A.	US$	US$	n/a	n/a	n/a	n/a
Carnegie Ridge Resources S.A.	US$	US$	n/a	n/a	n/a	n/a
Green Rock Resources S.A.	US$	US$	n/a	n/a	n/a	n/a
Valle Rico Resources S.A.	US$	US$	n/a	n/a	n/a	n/a
Cruz del Sol S.A.	US$	US$	n/a	n/a	n/a	n/a
SolGold Ecuador S.A.	US$	US$	n/a	n/a	n/a	n/a
Novoproyectos-Sustentables S.A.	US$	US$	n/a	n/a	n/a	n/a

Translation into presentation currency

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 differences are recognised in the income statement as part of the profit or loss on sale. Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

(E) PROPERTY, PLANT AND EQUIPMENT

(i) Owned assets

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

(ii) Leased assets

Items of property, plant and equipment that are accounted for under IFRS 16 Leases are recognised when contracts are entered into at an amount equal to the corresponding lease liability (see accounting policy (s) below).

(iii) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 1 ACCOUNTING POLICIES CONTINUED

(E) PROPERTY, PLANT AND EQUIPMENT CONTINUED

(iv) Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment used in corporate and administrative operations. Depreciation is capitalised to exploration on a straight-line basis over the estimated useful lives of each item of property, plant and equipment used in exploration operations. The estimated useful lives of all categories of assets are:

Office Equipment	3 years
Furniture and Fittings	5 years
Motor Vehicles	5 years
Plant and Equipment	5 years
Buildings	12 years
Land	Not depreciated

Depreciation charged on leased assets is charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

The residual values and useful lives are assessed annually. Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in the statement of comprehensive income.

(F) INTANGIBLE ASSETS (AS PER IFRS 6 – EXPLORATION FOR AND EVALUATION OF MINERAL RESOURCES)

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 as exploration and evaluation assets, pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical and administrative overheads. Exploration and evaluation assets 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.

(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. As the material value of the Group's property, plant and equipment is associated with the exploration and evaluation these are also considered within the impairment review. 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 1 ACCOUNTING POLICIES CONTINUED

(J) EMPLOYEE BENEFITS

(i) Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Share based payments to non-employees are measured at the fair value of goods or services rendered or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured. Estimating fair value for share based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share based payment transactions are disclosed in Note 22.

(ii) Retirement benefits

The Group accounts for its defined benefit pension obligations in Ecuador in accordance with the Ecuadorian labour code. Whilst this is not payable until an employee has rendered a minimum of 25 years served, the Ecuadorian subsidiaries accrue for this on a monthly basis. The balance of these contributions are valued through an actuary process every six months and contributions payable 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") 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.

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.

Further details on the CFLP are disclosed in Note 14.

(iv) Derivative Financial Instruments

The Company has issued options that are exercisable in a currency other than the functional currency of the entity issuing. As such these options are treated as derivative liabilities which are measured initially at fair value and gains or losses on subsequent re-measurement are recorded in the profit or loss. This subsequent remeasurement is valued using the Monte Carlo method.

(K) PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

A contingent asset or liability is disclosed in the notes to the financial statements when an uncertainty exists and the amount of the asset or liability cannot be reliably measured.

(L) TRADE AND OTHER PAYABLES

Trade and other payables are not interest bearing and are stated at amortised cost, unless settled with shares as per (i) above. The effect of discounting is immaterial.

(M) 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.

(N) 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$73,685,405 (2020: US$68,507,193) 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.

(O) 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.

(P) PROJECT FINANCING / FARM-OUTS

The Group, from time to time, enters into funding arrangements with third parties in order to progress specific projects. The Group accounts for the related exploration costs in line with the terms of the specific agreement. Costs incurred by SolGold plc are recognised as intangible assets within the financial statements. Costs incurred by third parties are not recognised by SolGold plc.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 1 ACCOUNTING POLICIES CONTINUED

(Q) LEASES

For any contracts entered into, the Group considers whether the contract is or contains a lease. For those contracts that fall within the exemptions of IFRS 16 and are classified as short-term, these are charged as expenses on a straight-line basis over the period of the lease. For all other leases, the Group recognises a right-of-use asset ("ROUA") and a lease liability on the balance sheet.

The ROUA is measured at cost at an amount equal to the lease liability. The process to adopt this approach can be summarised as follows:

- Calculate the lease liability at commencement date of the lease. At the initial adoption of the standard this was calculated as at the date on initial application of IFRS 16.
- Set the ROUA as an amount equal to the lease liability in line with the above dates.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the implicit interest rate in the lease. Where the implicit rate cannot be easily determined the Group's incremental borrowing rate is used instead. As there is no implicit rate in the leases, the Group has chosen to use 8% per the discount rate used in the recent economic project studies.

The Group depreciates the ROUA on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROUA or the end of the lease term.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. The liability is remeasured to reflect any reassessment or modification. Where the lease liability is remeasured, the corresponding adjustment is reflected in the profit and loss if the ROUA is already reduced to zero.

On the statement of financial position, ROUA have been included in property, plant and equipment and lease liabilities have been included in both current and non-current liabilities, under lease liability.

(R) 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 transaction 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 principal 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.

SolGold elected to classify irrevocably 'Investments in equity excluding subsidiaries' 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. Please refer to Note 14 for the CFLP.

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, current and non-current lease liabilities and other financial liabilities (Franco-Nevada NSR Financing Agreement, refer Note 21) which are measured at amortised cost.

Financial liabilities measured at fair value through profit or loss

Financial liabilities that are (i) held for trading, or (ii) designated by the entity as being at FVTPL are measured at fair value through profit or loss. The Group's financial liabilities at FVTPL comprise the derivative liability associated with the share issuance to BHP in December 2019.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 1 ACCOUNTING POLICIES CONTINUED

(R) FINANCIAL INSTRUMENTS CONTINUED

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- SolGold has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) SolGold has transferred substantially all the risks and rewards of the asset, or (b) SolGold has neither transferred nor retained substantially all the risks and rewards of the asset; but has transferred control of the asset.

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

(S) 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.

(ii) Intercompany loans

Intercompany loans with its subsidiary (SolGold Finance AG) undertakings are measured in line with the Group's policy mentioned in (r) Financial Instruments above. That is at amortised cost, with all subsequent measures using the effective interest 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. Refer to Note 1(v).

(T) NATURE AND PURPOSE OF RESERVES

(i) Financial assets at fair value through other comprehensive reserve

Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as financial assets at fair value through OCI, are recognised in other comprehensive income and accumulated in a separate reserve within equity.

(ii) Share-based payment reserve

The share-based payment reserve is used to recognise:

- the grant date fair value of options issued to employees that have vested but not been exercised; and
- the grant date fair value of shares issued to employees.

(iii) Foreign currency translation reserve

Exchange differences arising on translation of foreign controlled entities where the functional currency differs from the presentational currency 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 actuarial assessed fair value for the defined benefit pension obligation linked to 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.

(U) CHANGES IN ACCOUNTING POLICIES

New standards and amendments in the year

The Group has adopted the following revised and amended standards. The list below includes only standards and interpretations that could have an impact on the Consolidated Financial Statements of the Group.

- IFRS 3 — Business Combinations: Definition of a Business
- IFRS 9, IAS 39 & IFRS 7 — Interest Rate Benchmark Reform
- IAS 1 & IAS 8 — Definition of Material
- IFRS 16 — Leases: COVID-19 Related Rent Concessions

Details of the impact that these standards had is detailed below. Other new and amended standards and interpretations issued by the IASB do not impact the Group or Company as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

IFRS 3: Business Combinations

In October 2018, the IASB issued "Definition of a Business (Amendments to IFRS 3)" to make it easier for companies to decide whether activities and assets they acquire are a business or merely a group of assets. The amendments:

- Confirmed that a business must include inputs and a process, and clarified that:
  - the process must be substantive; and
  - the inputs and process must together significantly contribute to creating outputs.
- Narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- Added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendment is effective for periods beginning on or after 1 January 2020.

Management has made an assessment of the effects of applying the updated definition on the Group's financial statements and has determined that there will be no material impact.

IFRS 9, IAS 39 & IFRS 7: Interest Rate Benchmark Reform

In September 2019, the IASB amended IFRS 9, IAS 39 and IFRS 7 in response to uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates ("IBORs").

The amendments modify the requirements relating to hedge accounting in order to provide relief from potential consequences of IBOR reform. Additionally, the standards were amended to require additional disclosures explaining how an entity's hedging relationships are affected by the uncertainties involving IBOR reform. The amendment is effective for periods beginning on or after 1 January 2020 with early application permitted.

Management has made an assessment of the effects of applying the amendment on the Group's financial statements and has determined that there is no material impact.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 1 ACCOUNTING POLICIES CONTINUED

(U) CHANGES IN ACCOUNTING POLICIES CONTINUED

IAS 1 & IAS 8: Definition of Material

In October 2018, the IASB issued "Definition of Material (Amendments to IAS 1 and IAS 8)" to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and the standards themselves.

There are three new aspects of the proposed new definition that should be noted:

- The proposed definition now makes reference to 'obscuring' information that may influence the decisions of primary users of general purpose financial statements;
- The existing definition made reference to 'could influence' whereas the proposed definition makes reference to 'could reasonably be expected to influence'; and
- The existing definition referred to 'users' of the financial statements whereas the proposed definition refers to 'primary users' of the financial statements.

The amendment is effective for periods beginning on or after 1 January 2020.

Management has made an assessment of the effects of applying the updated definition on the Group's financial statements and has determined that there will be no material impact.

IFRS 16: Leases and COVID-19

On 28 May 2020, the IASB issued final amendments to IFRS 16 related to COVID-19 rent concessions for lessees.

The amendments modify the requirements of IFRS 16 to permit lessees to not apply modification accounting to certain leases where the contractual terms have been affected due to COVID-19. For example, where landlords have offered rent relief or rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted.

Management has made an assessment of the effects of applying the amendment to IFRS 16 on the Group's financial statements and has determined that there is no material impact.

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.

(V) 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

NSR royalty interest

The NSR royalty has been valued using the amortised cost basis. IFRS 9 requires that amortised cost is calculated using the effective interest method, which allocates interest expense at a constant rate over the term of the instrument. The effective interest rate of a financial liability is calculated at initial recognition and is the rate that exactly discounts the estimated future cash flows through the expected life of the financial liability, based on the then current mine plan and project development study assumptions.

In the case of the Franco Nevada NSR royalty, the Company arrived at an effective interest rate ("EIR") of 11.84%. Total interest for the financial year is estimated at US$9,619,242, see Note 6. Should there be a 2% increase in the EIR this would have an impact on the accounts and increase the finance expenses by US$1,588,532.

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 Mineral Resources Estimate, the status of its permits and internal economic models and financing which supported the carrying value of the project. No triggers of impairment were identified at 30 June 2021. The Directors have carried out an assessment of the carrying values of deferred exploration and evaluation expenditure and any required impairment and this is included in Note 13.

Intercompany loan

The Company has an intercompany loan with one of its subsidiaries – SolGold Finance AG – that is the shareholder of the Group's main project at Cascabel and strategic land purchases in Ecuador.

The carrying values of exploration and evaluation expenditure for Cascabel were assessed for indicators of impairment based on an estimation of the recoverability from expected future development and production. In forming this assessment, the Company considered the external Mineral Resources Estimate, the status of its permits and internal economic models and financing which supported the carrying value of the project. No triggers of impairment were identified at 30 June 2021 on the carrying values of the Cascabel exploration and evaluation asset, which is directly linked to the repayment of the loans from SolGold Finance AG. All recovery strategies indicate that the loans will be fully recovered, therefore no loss allowances have been made.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

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 projects".

30 JUNE 2021	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 *	–	104,200	–	(545,050)	237,525,826	3,153,210	–	46,446,578
Other Ecuadorian projects	–	136,175	4,353	(1,525,313)	89,212,722	1,968,707	–	29,288,209
Other projects	246	25	–	(16,907)	10,502,441	20,513	–	255,325
Corporate	454,329	341,626	–	(20,805,897)	119,372,036	113,148,400	315,436	(42,829)
Total	**454,575**	**582,026**	**4,353**	**(22,893,167)**	**456,913,025**	**118,290,830**	**315,436**	**75,947,283**

30 JUNE 2020	FINANCE INCOME US$	DEPRECIATION US$	IMPAIRMENT OF E&E US$	LOSS FOR THE YEAR US$	ASSETS US$	LIABILITIES US$	SHARE BASED PAYMENTS US$	NON-CURRENT ASSET ADDITIONS US$
Cascabel project *	–	52,093	–	(371,834)	186,326,970	1,899,646	–	34,592,783
Other Ecuadorian projects	–	107,750	220,257	(1,081,818)	51,907,905	1,643,133	–	22,091,570
Other projects	253	22	(2,094)	(16,136)	10,018,121	14,854	–	405,131
Corporate	513,083	525,467	–	(12,653,965)	58,545,452	21,252,781	1,156,832	36,779
Total	**513,336**	**685,332**	**218,163**	**(14,123,753)**	**306,798,448**	**24,810,414**	**1,156,832**	**57,126,263**

* The Cascabel project is held by 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	2021 US$	2020 US$
Australia	16,285,847	20,299,052
Solomon Islands	433,708	231,744
Ecuador	315,676,943	236,488,493
	332,396,498	**257,019,289**

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

NOTE 3 OPERATING LOSS

	GROUP 2021 US$	GROUP 2020 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	270,116	212,382
Amounts received or due and receivable by BDO (Ecuador) for the audit of the subsidiaries	77,049	72,157
Other non-audit services:		
– Agreed upon procedures on quarterly and half year financial statements	103,686	97,864
– Translation services	27,585	64,661
– Incorporation of SolGold Finance AG	18,130	–
– Tax compliance – Ecuador	5,000	–
Employee expenses	3,304,006	1,906,627
Insurance (largely political risk)	3,464,139	1,884,388
Legal fees	746,590	681,781
Depreciation	582,026	685,332
Foreign exchange (gains)/losses	(1,790,028)	1,679,382
Share based payments (Note 22)	315,436	1,156,832

NOTE 4 STAFF NUMBERS AND COSTS (AVERAGES FOR THE YEAR)

	GROUP 2021	GROUP 2020	COMPANY 2021	COMPANY 2020
Finance and administration	37	39	14	19
Technical – permanent	456	424	7	8
Technical – temporary	329	164	–	–
	822	**627**	**21**	**27**

The aggregate payroll costs of employees were:

	GROUP 2021 US$	GROUP 2020 US$	COMPANY 2021 US$	COMPANY 2020 US$
Wages and salaries	23,566,670	18,435,276	5,020,454	2,952,026
Contributions to superannuation	191,064	103,384	191,064	103,384
Share based payments	315,436	1,156,832	315,436	1,156,832
Total staff costs	**24,073,170**	**19,695,492**	**5,526,954**	**4,212,242**

Included within total staff costs is US$20,176,654 (2020: US$16,466,874) which has been capitalised as part of deferred exploration costs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 5 REMUNERATION OF KEY MANAGEMENT PERSONNEL

	BASIC ANNUAL SALARY US$	BONUS US$	OTHER BENEFITS[1] US$	PENSIONS US$	TOTAL REMUNERATION US$
2021					
Directors					
Keith Marshall[4]	212,145	–	–	–	212,145
Nicholas Mather (highest paid Director)[6]	827,381	–	–	–	827,381
Brian Moller	64,628	–	–	–	64,628
Robert Weinberg[2]	23,506	–	–	–	23,506
James Clare	61,824	–	–	–	61,824
Jason Ward[3]	304,352	–	–	–	304,352
Liam Twigger	93,075	–	–	8,972	102,047
Elodie Grant Goodey[4]	71,756	–	–	–	71,756
Kevin O'Kane[4]	51,202	–	–	–	51,202
Maria Amparo Alban[4]	47,326	–	–	–	47,326
Other key management personnel[5]	1,798,374	193,739	–	115,207	2,107,320
Total paid to key management personnel	**3,555,569**	**193,739**	**–**	**124,179**	**3,873,487**
Other staff and contractors	19,725,000	92,363	315,436	66,885	20,199,684
Total	**23,280,569**	**286,102**	**315,436**	**191,064**	**24,073,171**

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 Robert Weinberg resigned as a Director effective 17 December 2020.

3 Jason Ward's basic annual consultancy fees include total remuneration paid for the year including payments prior to Director appointment.

4 Elodie Grant Goodey was appointed as a Non-Executive Director on 17 July 2020. Keith Marshall, Kevin O'Kane and Maria Amparo Alban were all appointed as Non-Executive Directors on 21 October 2020.

5 Other key management personnel consist of the aggregated remuneration of Karl Schlobohm (Company Secretary, retired in June 2021), Priy Jayasuriya (Chief Financial Officer, resigned in November 2020), Benn Whistler (Technical Services Manager), Chris Connell (Regional Exploration Manager), Peter Holmes (Director of Studies), Ingo Hofmaier (Interim Chief Financial Officer, Executive General Manager Projects and Corporate Finance), Nadine Dennison (Chief Human Resources Officer, resigned in March 2021), Peter Holmes (Director of Studies), Lisa Park (Metallurgy Manager, joined in March 2021), Steve Belohlawek (General Manager Underground Development and Mining, resigned in October 2020) and Eduardo Valenzuela (Executive General Manager of Studies, deceased).

6 Nick Mather received a severance pay-out during 2021 upon retiring from the position of CEO.

	BASIC ANNUAL SALARY US$	BONUS US$	OTHER BENEFITS[1] US$	PENSIONS US$	US$ TOTAL REMUNERATION
2020					
Directors					
Nicholas Mather (highest paid director)	400,162	–	–	–	400,162
Brian Moller	73,211	–	–	–	73,211
Robert Weinberg	46,755	–	–	–	46,755
Craig Jones[3]	46,331	–	–	–	46,331
James Clare	47,002	–	–	–	47,002
Jason Ward[4]	322,892	–	–	–	322,892
Liam Twigger	42,908	–	76,625	4,127	123,660
Anna Legge[2]	84,187	–	–	447	84,634
Other key management personnel[5]	1,067,381	38,595	928,599	77,185	2,111,760
Total paid to key management personnel	**2,130,829**	**38,595**	**1,005,224**	**81,759**	**3,256,407**
Other staff and contractors	16,265,851	–	151,608	21,625	16,439,084
Total	**18,396,680**	**38,595**	**1,156,832**	**103,384**	**19,695,491**

1 Other Benefits represents the fair value of the share options granted during the year based on the Black-Scholes model considering the effects of the vesting conditions.

2 Anna Legge resigned as a Director effective 13 November 2019.

3 Craig Jones resigned as Director effective 25 June 2020.

4 Jason Ward's basic annual consultancy fees include total remuneration paid for the year including payments prior to Director appointment.

5 Other key management personnel consist of the aggregated remuneration of Karl Schlobohm (Company Secretary), Priy Jayasuriya (Chief Financial Officer,), Benn Whistler (Technical Services Manager), Chris Connell (Regional Exploration Manager), Peter Holmes (Director of Studies), Ingo Hofmaier (Executive General Manager, Projects and Corporate Finance), Nadine Dennison (Chief Human Resources Officer) and Eduardo Valenzuela (Executive General Manager of Studies).

NOTE 6 FINANCE INCOME AND COSTS

	GROUP 2021 US$	GROUP 2020 US$
Interest income	4,962	74,090
Accretion of interest on company funded loan plan (Note 14)	449,613	439,246
Finance income	**454,575**	**513,336**

	GROUP 2021 US$	GROUP 2020 US$
General interest	3,540	3,458
Interest on lease liability	67,730	173,679
Interest on bridging loan	371,275	248,303
Interest on NSR	9,619,242	–
Finance costs	**10,061,787**	**425,440**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 7 TAX EXPENSE

FACTORS AFFECTING THE TAX CHARGE FOR THE CURRENT YEAR

SolGold's headquarters is in Australia and as the Company has its central management and control in Australia, the applicable tax rates are Australian. 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% (2020: 30%) being applied to the loss before tax arising during the year. The differences are explained below.

	GROUP 2021 US$	GROUP 2020 US$
Tax reconciliation		
Loss before tax	(22,741,994)	(13,020,344)
Tax at 30% (2020: 30%)	(6,822,598)	(3,906,103)
Add / (less) tax effect of:		
Permanent differences	474,253	654,558
Derecognise (Recognise) current year tax losses	4,483,039	–
Derecognise (Recognise) prior year losses	7,879,110	2,668,255
Derecognition of temporary differences	378,687	–
Prior year tax expense attributable to Ecuador	6,504	–
Current year tax expense attributable to Ecuador	80,294	–
Prior period adjustments to true-up tax return	10,979	(16,180)
Other	7,448	(13,390)
Impact of tax rate differences	2,500,519	116,269
Impact of exchange rate differences	(8,847,062)	1,600,000
Income tax (benefit) expense on loss	**151,173**	**1,103,409**
Components of tax (expense) / benefit on other comprehensive income comprise of:		
Valuation gains on investments held at fair value through OCI (Note 14)	692,474	(512,783)
Income tax benefit / (expense) on other comprehensive income	**692,474**	**(512,783)**
Amounts recognised directly in equity		
Attributable to prior periods	11,695	–
Net deferred tax credited directly to equity	(768,544)	(590,626)
Income tax benefit recognised directly in equity	**(756,849)**	**(590,626)**

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$88.88 million (2020: US$68.5 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 (US$73.3 million) can be carried forward indefinitely while in Ecuador (US$15.51 million), tax losses may be carried forward and offset against profits in the following five years, provided that the amount offset does not exceed 25% of the year's profits.

NOTE 8 LOSS PER SHARE

	2021 CENTS PER SHARE	2020 CENTS PER SHARE
Basic loss per share	(1.1)	(0.7)
Diluted loss per share	(1.1)	(0.7)

	2021 US$	2020 US$
(a) Loss		
Loss used to calculate basic and diluted loss per share	(22,811,409)	(14,067,978)

	NUMBER OF SHARES	NUMBER OF SHARES
(b) Weighted average number of shares		
Used in calculating basic LPS	**2,115,829,663**	**1,900,597,102**
Weighted average number of dilutive options	–	–
Weighted average number of ordinary shares and potential ordinary shares used in calculating dilutive LPS	**2,115,829,663**	**1,900,597,102**

Options granted are not included in the determination of diluted earnings per share as they are considered to be anti-dilutive. These out of the money options may become dilutive in the future.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 9 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	COUNTRY OF INCORPORATION AND OPERATION	REGISTERED ADDRESS	PRINCIPAL ACTIVITY	SOLGOLD PLC'S EFFECTIVE INTEREST 2021	SOLGOLD PLC'S EFFECTIVE INTEREST 2020
Australian Resource 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.[1]	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.[1]	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.[1]	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.[1]	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.[1]	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.[1]	Ecuador	Avenida La Coruña E25–58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito, Ecuador	Services management	100%	100%
Novoproyectos-Sustentables S.A.[1]	Ecuador	Avenida La Coruña E25–58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito, Ecuador	Project development	100%	–
SolGold Canadian Callco Corp.[1]	Canada	4500, 855 – 2nd Street S.W, Calgary, Alberta T2P 4K7	Investment	100%	100%
SolGold Canadian Exchangeco Corp.	Canada	4500, 855 – 2nd Street S.W, Calgary, Alberta T2P 4K7	Investment	100%	100%
SolGold Finance AG	Switzerland	Baarerstrasse 21, 6300 Zug	Investment	100%	–

1 Reporting date is 31 December.

	INVESTMENT IN SUBSIDIARY UNDERTAKINGS INVESTMENT US$
Cost	
Balance at 30 June 2019	**235,685,568**
Acquisitions and advances in the year	59,443,957
Balance at 30 June 2020	**295,129,525**
Acquisitions and advances in the year[1]	33,592,422
Reallocation to SolGold Finance AG	(173,497,993)
Balance at 30 June 2021	**155,223,954**
Amortisation and impairment losses	
Balance at 30 June 2019	**(35,178,110)**
Change in currency variance	–
Balance at 30 June 2020	**(35,178,110)**
Change in currency variance	–
Balance at 30 June 2021	**(35,178,110)**
Carrying amounts	
Balance at 30 June 2019	200,507,458
Balance at 30 June 2020	259,951,415
Balance at 30 June 2021	**120,045,844**

1 During the year ended 30 June 2021, the intercompany loans between SolGold plc and Exploraciones Novomining S.A./SolGold Ecuador S.A. were reallocated to a newly established intermediary company (SolGold Finance AG).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2021

NOTE 10 INTERCOMPANY LOANS WITH SUBSIDIARIES

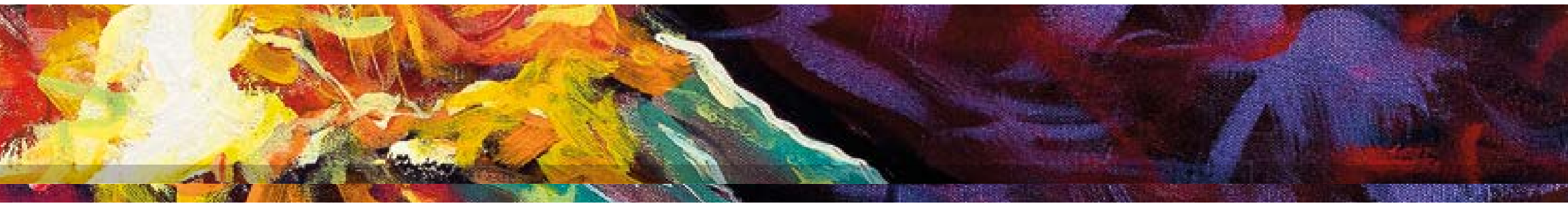
	INTERCOMPANY LOANS WITH SUBSIDIARIES LOAN US$
Cost	
Balance at 30 June 2019	**–**
Advances in the year	–
Balance at 30 June 2020	**–**
Reallocation of loans	173,497,993
BLA offset	(15,619,579)
Advances in the year	5,001,463
Interest accrued in the year	4,519,890
Balance at 30 June 2021	**167,399,767**
Amortisation and impairment losses	
Balance at 30 June 2019	**–**
Additions	–
Balance at 30 June 2020	**–**
Additions	–
Balance at 30 June 2021	**–**
Carrying amounts	
Balance at 30 June 2019	–
Balance at 30 June 2020	–
Balance at 30 June 2021	**167,399,767**

In September 2020 SolGold plc transferred its investments and associated intercompany loans in ENSA (85%) and SolGold Ecuador S.A. (100%) to a newly established wholly-owned subsidiary called SolGold Finance AG.

Upon the transfer of the investments and associated intercompany loans from ENSA and SolGold Ecuador S.A. to SolGold Finance AG, a new back-to-back loan agreement was implemented between SolGold plc and SolGold Finance AG. The key terms of this new back-to-back loan agreement include:

- 10-year loan maturity period
- 3.5% annual interest rate, calculated daily
- Interest accrues and is due on or before 10 years, or thereafter by agreement between the parties
- SolGold plc has the ability to call the loan for repayment at any point on or before 10 years from the date of issue
- SolGold Finance AG may prepay the whole or any part of the advances made by SolGold plc at any point without notice, penalty or bonus

The Company has assessed the receivable and no loss allowances have been made, refer to Note 1(v).



NOTE 11 INVESTMENTS

(A) INVESTMENTS ACCOUNTED FOR AS FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OCI

	GROUP		COMPANY	
	2021 US$	2020 US$	2021 US$	2020 US$
Movements in financial assets				
Opening balance at 1 July	4,119,179	5,952,439	4,113,660	5,946,815
Additions	813,927	–	813,927	–
Fair value adjustment through other comprehensive income	1,891,936	(1,833,260)	1,891,459	(1,833,155)
Balance at 30 June	**6,825,042**	**4,119,179**	**6,819,046**	**4,113,660**

Financial assets comprise an investment in the ordinary issued capital of Cornerstone Capital Resources Inc., listed on the TSX Venture Exchange 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.

The fair values of financial assets approximate their carrying amounts principally due to their short-term nature or the fact that they are measured and recognised at fair value.

The following table represents the Group's financial assets measured and recognised at fair value.

	US$ LEVEL 1	US$ LEVEL 2	US$ LEVEL 3	US$ TOTAL
2021				
Financial assets held at fair value through OCI	6,825,042	–	–	6,825,042
2020				
Financial assets held at fair value through OCI	4,119,179	–	–	4,119,179

The financial assets are measured based on the quoted market prices at 30 June and therefore are classified as Level 1.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2021

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

	GROUP						COMPANY
	LAND AND BUILDINGS US$	PROPERTY, PLANT AND EQUIPMENT US$	MOTOR VEHICLES US$	OFFICE EQUIPMENT US$	FURNITURE & FITTINGS US$	TOTAL US$	TOTAL US$
Cost							
Balance 30 June 2019	**7,245,043**	**1,056,889**	**1,105,265**	**646,113**	**262,360**	**10,315,670**	**223,937**
Effect of foreign exchange on opening balance	–	17,528	(1,028)	(617)	(196)	15,687	18,626
Additions	5,154,482	219,381	–	83,818	2,750	5,460,431	27,956
IFRS 16 transition additions	–	2,125,847	–	–	–	2,125,847	1,889,132
Disposals	–	(515,540)	–	–	–	(515,540)	(515,540)
Balance 30 June 2020	**12,399,525**	**2,904,105**	**1,104,237**	**729,314**	**264,914**	**17,402,095**	**1,644,111**
Effect of foreign exchange on opening balance	–	124,554	4,596	2,776	877	132,803	119,635
Additions	972,957	457,182	–	187,496	9,400	1,627,035	19,304
IFRS 16 modifications	–	(12,645)	–	–	–	(12,645)	–
Disposals	–	–	(35,155)	–	–	(35,155)	–
Balance 30 June 2021	**13,372,482**	**3,473,196**	**1,073,678**	**919,586**	**275,191**	**19,114,133**	**1,783,050**
Depreciation and impairment losses							
Balance 30 June 2019	**–**	**(422,065)**	**(518,690)**	**(398,020)**	**(129,110)**	**(1,467,885)**	**(140,027)**
Effect of foreign exchange on opening balance	–	(47,832)	1,025	642	196	(45,967)	(8,358)
Depreciation charge for the year	–	(615,222)	–	(60,191)	(9,919)	(685,332)	(525,467)
Depreciation capitalised to exploration	–	(127,247)	(195,290)	(119,928)	(36,388)	(478,853)	–
Disposals	–	216,932	–	–	–	216,932	216,932
Balance 30 June 2020	**–**	**(995,434)**	**(712,955)**	**(577,497)**	**(175,221)**	**(2,461,107)**	**(456,920)**
Effect of foreign exchange on opening balance	–	(29,513)	(4,595)	(2,858)	(877)	(37,843)	(24,606)
Depreciation charge for the year	–	(482,064)	–	(93,615)	(6,347)	(582,026)	(341,626)
Depreciation capitalised to exploration	–	(123,839)	(188,182)	(37,907)	(36,264)	(386,192)	(1,048)
Disposals	–	–	35,155	–	–	35,155	–
Balance 30 June 2021	**–**	**(1,630,850)**	**(870,577)**	**(711,877)**	**(218,709)**	**(3,423,013)**	**(824,200)**
Carrying amounts							
At 30 June 2019	7,245,043	634,824	586,575	248,093	133,250	8,847,785	83,910
At 30 June 2020	12,399,525	1,908,671	391,282	151,817	89,693	14,940,988	1,187,191
At 30 June 2021	**13,372,482**	**1,842,346**	**203,101**	**207,709**	**56,482**	**15,682,120**	**958,850**

NOTE 13 INTANGIBLE ASSETS

	GROUP DEFERRED EXPLORATION COSTS US$
Cost	
Balance at 30 June 2019	**214,860,493**
Effect of foreign exchange on opening balances	(129,525)
Additions – expenditure	53,121,969
Balance at 30 June 2020	**267,852,937**
Effect of foreign exchange on opening balances	667,247
Additions – expenditure	77,512,965
Balance at 30 June 2021	**346,033,149**
Impairment losses	
Balance at 30 June 2019	**(37,378,621)**
Impairment charge	(218,163)
Balance at 30 June 2020	**(37,596,784)**
Impairment charge	(4,353)
Balance at 30 June 2021	**(37,601,137)**
Carrying amounts	
At 30 June 2019	177,481,872
At 30 June 2020	230,256,153
At 30 June 2021	**308,432,012**

IMPAIRMENT LOSS

A decision was made to expense US$4,353 (2020: US$218,163) of 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.

ALPALA PROJECT (85% OWNERSHIP)

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

The Alpala Porphyry Copper-Gold-Silver Deposit, at a cut-off grade of 0.21% CuEq, comprises 2,663 Mt at 0.53% CuEq in the Measured plus Indicated categories, which includes 1,192 Mt at 0.72% CuEq in the Measured category and 1,470 Mt at 0.37% CuEq in the Indicated category. The Inferred category contains an additional 544 Mt at 0.31% CuEq.

The estimate comprises a contained metal content of 9.9 Mt Cu and 21.7 Moz Au in the Measured plus Indicated categories, which includes 5.7 Mt Cu and 15 Moz Au in the Measured category, and 4.2 Mt Cu and 6.6 Moz Au in the Indicated category. The Inferred category contains an additional 1.3 Mt Cu and 1.9 Moz Au.

Based on the above, management have assessed that there are no indicators of impairment for the aggregate carrying value of US$228.41 million.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 13 INTANGIBLE ASSETS CONTINUED

SOLGOLD 100% OWNED PROJECTS

Regional concessions granted for 100% SolGold Ecuador subsidiaries

The four 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.-hold 72 mining concessions in Ecuador that the companies were successful in bidding as part of the auction process in 2016 and 2017.

The Company has carried out initial exploration work programmes on these concessions and delineated 13 priority projects, five of which have been elevated to drill ready status.

Based on the above, management have assessed that there are no indicators of impairment for the aggregate carrying value of US$69.16 million.

Acapulco Mining projects

The main exploration project of Acapulco Mining Pty Ltd is the Mt Perry project. A comprehensive assessment of the project has identified the Upper Chinaman's Creek prospects as the highest priority high-grade opportunity. Ground access negotiations were initiated with the main landowner and preliminary access was granted in the 2020/21 financial year.

Based on the above, management have assessed that there are no indicators of impairment for the aggregate carrying value of US$6.88 million.

Central Minerals projects

Central Minerals hold the Rannes project where recently completed exploration activities include:

- Work on the Rannes Project focused on plate modelling of VTEM data and commencement of the integration of 3DIP, VTEM and magnetic inversion model data
- Air-photo based litho-structural geological review and interpretation

Based on the above, management have assessed that there are no indicators of impairment for the aggregate carrying value of US$3.55 million.

NOTE 14 LOAN RECEIVABLES AND OTHER ASSETS

	GROUP 2021 US$	GROUP 2020 US$	COMPANY 2021 US$	COMPANY 2020 US$
Loan receivable and other current assets				
Company funded loan plan receivable	6,495,930	–	6,495,930	–
Closing balance at the end of the reporting period	**6,495,930**	**–**	**6,495,930**	**–**

	GROUP 2021 US$	GROUP 2020 US$	COMPANY 2021 US$	COMPANY 2020 US$
Loan receivable and other non-current assets				
Security bonds	1,457,324	1,329,571	756,332	800,586
Company funded loan plan receivable	–	6,373,398	–	6,373,398
Closing balance at the end of the reporting period	**1,457,324**	**7,702,969**	**756,332**	**7,173,984**
Company funded loan plan receivable				
Balance at beginning of reporting period	6,373,398	6,496,407	6,373,398	6,496,407
Additions – funds loaned under the plan	–	–	–	–
Proceeds received for payment of the loans during the period	(1,065,245)	–	(1,065,245)	–
Fair value adjustment recognised as an employee benefit expense	–	(402,082)	–	(402,082)
Accretion of interest	449,613	439,246	449,613	439,246
Effect of foreign exchange	738,164	(160,173)	738,164	(160,173)
Balance at end of reporting period	**6,495,930**	**6,373,398**	**6,495,930**	**6,373,398**

The CFLP 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 2016 via the CFLP. As at 30 June 2021 total repayments of US$1,065,245 have been received against the loans provided.

The key terms of this CFLP on the date the loans were granted were as follows:

- The employee may only use a loan under the Plan to pay for the exercise of Employee Options granted by the Company.
- The loan will be granted for a maximum period of two years (extended in the meantime).
- 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 at the date of grant. The fair value of the loan was estimated based on the future cash flow and a market rate of 7%. In future reporting periods, the loan will be measured at amortised cost. The loans provided are full recourse loans. If the sale of shares does not cover full repayment the balance will be recovered from employees. This transaction was a non-cash transaction with employees. Management have considered the likelihood of default is low and the expected credit losses under the loans will be immaterial and accordingly, no impairment has been recognised at 30 June 2021. The loan is a non-cash transaction, and accordingly the exposure to credit risk is low.

On 24 February 2020 the maturity date for the CFLP was extended by 12 months to 29 October 2021. All other terms of the CFLP remained consistent. The 12-month extension of the loan resulted in an overall increase of US$402,082 in employee benefits expense. This fair value adjustment is represented in the above table and was recognised as an employee benefit expense.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 14 LOAN RECEIVABLES AND OTHER ASSETS CONTINUED

At 30 June 2021 the loan has been reclassified as a current asset as there is less than 12 months for all payments to be made in full.

The Board of Directors in June 2021 resolved to extend the CFLP until 31 December 2021.

Security bonds relate to cash security held against office premises, Level 27, 111 Eagle St, Brisbane, Queensland Australia, 1 King Street, St Paul's London United Kingdom, Baarerstrasse 21, 6300 Zug, 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.

NOTE 15 DEFERRED TAXATION

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

GROUP 2021	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	7,184,409	(7,184,409)	–	–	–	–
Accruals / provisions	1,431,263	(670,986)	–	756,849	–	1,517,126
Potential benefit	**8,615,672**	**(7,855,395)**	**–**	**756,849**	**–**	**1,517,126**
Recognised deferred tax liabilities						
Financial assets held at fair value through other comprehensive income	(569,295)	60,036	(692,474)	–	–	(1,201,733)
Derivative liabilities	(67,340)	110,654	–	–	–	43,314
Exploration and evaluation assets	(2,302,332)	(296,921)	–	–	–	(2,599,253)
Foreign exchange gains/losses	(5,317,434)	7,836,277	–	–	–	2,518,843
IFRS 16 right of use asset	(359,271)	80,974	–	–	–	(278,297)
Potential benefit	**(8,615,672)**	**7,791,020**	**(692,474)**	**–**	**–**	**(1,517,126)**
Net deferred taxes	**–**	**(64,375)**	**(692,474)**	**756,849**	**–**	**–**
Deferred tax assets not recognised						
Unused tax losses	5,369,347	20,150,640	–	–	–	25,519,987
Temporary differences[1]	8,962,905	378,687	–	–	–	9,341,592
Tax benefit	**14,332,252**	**20,529,327**	**–**	**–**	**–**	**34,861,579**

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

GROUP 2020	OPENING BALANCE US$	NET CHARGED TO INCOME US$	NET CHARGED TO OTHER COMPREHENSIVE INCOME US$	NET CHARGED TO EQUITY US$	NET MOVEMENT ON UNWIND / TRANSFER US$	CLOSING BALANCE US$
Recognised deferred tax assets						
Carried forward tax losses	10,029,422	(2,845,013)	–	–	–	7,184,409
Accruals / provisions	956,757	(116,120)	–	590,626	–	1,431,263
Potential benefit	**10,986,179**	**(2,961,133)**	**–**	**590,626**	**–**	**8,615,672**
Recognised deferred tax liabilities						
Financial assets held at fair value through other comprehensive income	(1,224,062)	141,984	512,783	–	–	(569,295)
Derivative liabilities	–	(67,340)	–	–	–	(67,340)
Exploration and evaluation assets	(2,223,619)	(78,713)	–	–	–	(2,302,332)
Foreign exchange gains/losses	(7,538,499)	2,221,065	–	–	–	(5,317,434)
IFRS 16 right of use asset	–	(359,272)	–	–	–	(359,272)
Potential benefit	**(10,986,179)**	**1,857,724**	**512,783**	**–**	**–**	**(8,615,673)**
Net deferred taxes	**–**	**(1,103,409)**	**512,783**	**590,626**	**–**	**–**
Deferred tax assets not recognised						
Unused tax losses	5,369,347	7,354,701	–	–	–	12,724,048
Temporary differences[1]	8,962,905	–	–	–	–	8,962,905
Tax benefit	**14,332,252**	**7,354,701**	**–**	**–**	**–**	**21,686,953**

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2021

NOTE 15 DEFERRED TAXATION CONTINUED

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES CONTINUED

COMPANY 2021	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	4,860,353	(4,860,353)	–	–	–
Accruals / provisions	363,929	(60,916)	–	–	303,013
Capital raising costs	977,865	(615,239)	–	756,849	1,119,475
Other temporary differences	20,083	(9,044)	–	–	11,039
Potential benefit	**6,222,230**	**(5,545,552)**	**–**	**756,849**	**1,433,527**
Recognised deferred tax liabilities					
Financial assets held at fair value through other comprehensive income	(569,295)	60,036	(692,474)	–	(1,201,733)
Derivative liabilities	–	43,313	–	–	43,313
Foreign exchange gains / (losses)	(5,317,434)	5,317,434	–	–	–
IFRS 16 right of use asset	(335,501)	60,394	–	–	(275,107)
Potential benefit	**(6,222,230)**	**5,481,177**	**(692,474)**	**–**	**(1,433,527)**
Net deferred taxes	**–**	**(64,375)**	**(692,474)**	**756,849**	**–**
Deferred tax assets not recognised					
Unused tax losses	5,347,495	16,758,127	–	–	22,105,622
Unused capital losses	–	–	–	–	–
Temporary differences	–	2,973,922	–	–	2,973,922
Tax benefit	**5,347,495**	**19,732,049**	**–**	**–**	**25,079,544**

COMPANY 2020	OPENING BALANCE US$	NET CHARGED TO INCOME US$	NET CHARGED TO OTHER COMPREHENSIVE INCOME US$	NET CHARGED TO EQUITY US$	CLOSING BALANCE US$
Recognised deferred tax assets					
Carried forward tax losses	7,805,802	(2,945,449)	–	–	4,860,353
Accruals / provisions	30,994	332,935	–	–	363,929
Capital raising costs	894,532	(507,293)	–	590,626	977,865
Other temporary differences	31,232	(11,149)	–	–	20,083
Potential benefit	**8,762,560**	**(3,130,957)**	**–**	**590,626**	**6,222,230**
Recognised deferred tax liabilities					
Financial assets held at fair value through other comprehensive income	(1,224,062)	141,984	512,783	–	(569,295)
Foreign exchange gains / (losses)	(7,538,499)	2,221,065	–	–	(5,317,434)
IFRS 16 right of use asset	–	(335,501)	–	–	(335,501)
Potential benefit	**(8,762,561)**	**2,027,548**	**512,783**	**–**	**(6,222,230)**
Net deferred taxes	**–**	**(1,103,409)**	**512,783**	**590,626**	**–**
Deferred tax assets not recognised					
Unused tax losses	5,347,495	5,418,935	–	–	10,766,430
Unused capital losses	–	–	–	–	–
Temporary differences	–	–	–	–	–
Tax benefit	**5,347,495**	**5,418,935**	**–**	**–**	**10,766,430**

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

NOTE 16 OTHER RECEIVABLES AND PREPAYMENTS

	GROUP 2021 US$	GROUP 2020 US$	COMPANY 2021 US$	COMPANY 2020 US$
Trade and other receivables	6,807,738	2,110,654	1,341,539	70,139
Taxes receivable	431,101	245,565	206,001	117,071
Prepayments	1,219,655	527,697	391,076	526,987
Other receivables and prepayments	**8,458,494**	**2,883,916**	**1,938,616**	**714,197**

Other receivables represent Australian Goods and Services Tax receivable and deposits made to landowners in Ecuador for land purchases. Management have considered the expected credit loss on the deposits to landowners as immaterial and accordingly, no impairment has been recognised at 30 June 2021. As these land deposits are dependent on the Cascabel project, they are not impaired. There is no indication the Cascabel project will not go ahead.

NOTE 17 CASH AND CASH EQUIVALENTS

	GROUP 2021 US$	GROUP 2020 US$	COMPANY 2021 US$	COMPANY 2020 US$
Cash at bank	109,562,103	46,895,243	72,918,016	45,356,423
Cash and cash equivalents in the statement of cash flows	**109,562,103**	**46,895,243**	**72,918,016**	**45,356,423**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2021

NOTE 18 ALLOTTED, CALLED-UP AND FULLY PAID SHARE CAPITAL AND RESERVES

(A) AUTHORISED SHARE CAPITAL

	2020 NO. OF SHARES	2020 NOMINAL VALUE £
At 1 July 2019 – Ordinary shares	3,368,228,400	33,682,284
Previous years increase in authorised capital having expired	(1,521,907,367)	(15,219,074)
Increase in authorised share capital of £0.01 each on 20 September 2019	443,750,000	4,437,500
Increase in authorised share capital of £0.01 each on 20 September 2019	615,440,300	6,154,403
At 30 June 2020 – Ordinary shares	**2,905,511,333**	**29,055,113**

	2021 NO. OF SHARES	2021 NOMINAL VALUE £
At 1 July 2020 – Ordinary shares	2,905,511,333	29,055,113
Previous years increase in authorised capital having expired	(443,750,000)	(4,437,500)
Previous years increase in authorised capital having expired	(615,440,300)	(6,154,403)
Increase in authorised share capital of two-thirds of issued capital on 17 December 2020	1,230,880,689	12,308,807
At 30 June 2021 – Ordinary shares	**3,077,201,722**	**30,772,017**

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 a show of hands.

(B) CHANGES IN ALLOTTED, CALLED-UP AND FULLY PAID SHARE CAPITAL AND SHARE PREMIUM

	NO. OF SHARES	NOMINAL VALUE US$	SHARE PREMIUM US$	TOTAL US$
Ordinary shares of 1p each at 1 July 2019	1,846,321,033	26,402,424	297,375,959	323,778,383
Shares issued at £0.2215 – BHP share issue 2 December 2019	77,000,000	995,225	18,456,842	19,452,067
Shares issued at £0.215 – Placing share issue 5 June 2020	121,359,680	1,537,627	31,679,823	33,217,450
Shares issued at £0.215 – Retail Offer share issue 5 June 2020	4,813,526	60,987	1,241,838	1,302,825
Shares issued at £0.215 – Directors' share issue 9 June 2020	162,790	2,063	42,428	44,491
Shares issued at £0.215 – Private Investor share issue 12 June 2020	21,440,186	269,041	5,516,387	5,785,428
Shares issued at £0.215 – Additional Subscription share issue 12 June 2020	1,116,279	14,144	291,616	305,760
Share issue costs charged to share premium account	–	–	(1,384,412)	(1,384,412)
Ordinary shares of 1p at 30 June 2020	**2,072,213,494**	**29,281,511**	**353,220,481**	**382,501,992**

* Both Newcrest and BHP had anti-dilution rights under their respective share subscription agreements to subscribe for further shares to maintain their relevant interests of the share capital of SolGold.

	NO. OF SHARES	NOMINAL VALUE US$	SHARE PREMIUM US$	TOTAL US$
Ordinary shares of 1p each at 1 July 2020	2,072,213,494	29,281,511	353,220,481	382,501,992
Shares issued at $0.42 – Valuestone 12 November 2020	11,900,000	156,579	4,843,421	5,000,000
Shares issued at £0.255 – Placing share issue 28 April 2021	204,922,643	2,846,328	69,735,022	72,581,350
Shares issued at £0.255 – Directors' share issue 28 April 2021	1,543,858	21,440	525,276	546,716
Shares issued at £0.255 – Retail Offer share issue 28 April 2021	1,736,437	24,140	591,428	615,568
Shares issued at £0.25 – Exercise of employee options 15 June 2021	1,500,000	20,701	496,834	517,535
Share issue costs charged to share premium account	–	–	(2,593,300)	(2,593,300)
Ordinary shares of 1p at 30 June 2021	**2,293,816,433**	**32,350,699**	**426,819,162**	**459,169,861**

(C) OTHER RESERVES

	GROUP 2021 US$	GROUP 2020 US$	COMPANY 2021 US$	COMPANY 2020 US$
Financial assets held at fair value through other comprehensive income	3,253,029	2,054,043	3,253,029	2,054,043
Share based payment reserve	37,174,699	36,859,263	37,174,699	36,859,263
Other reserves	(632,034)	(581,656)	–	–
Total Other reserves	**39,795,694**	**38,331,650**	**40,427,728**	**38,913,306**

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 dependent 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 19 TRADE AND OTHER CURRENT PAYABLES

	GROUP 2021 US$	GROUP 2020 US$	COMPANY 2021 US$	COMPANY 2020 US$
Current				
Trade payables	838,753	1,953,358	744,927	1,502,250
Other payables	3,834,338	2,859,642	229,315	251,161
Accrued expenses	3,174,559	1,247,868	501,152	863,530
Trade and other current payables	**7,847,650**	**6,060,193**	**1,475,394**	**2,616,941**

Trade and other payables are measured at amortised cost. The decrease in trade payables is mainly due to the decrease in corporate administration costs associated with legal, accounting and consultancy fees in relation to the Franco-Nevada Bridging Loan and NSR Financing Agreement, and the unsuccessful CGP takeover offer incurred during the year ended 30 June 2020.

The increase in accrued expenses for the Group mainly relates to the increase in drilling costs for the year ended 30 June 2021, as the COVID-19 restrictions eased and additional drilling commenced on the regional projects.

NOTE 20 LEASE LIABILITIES

	GROUP 2020 US$	GROUP 2019 US$	COMPANY 2020 US$	COMPANY 2019 US$
Current liability				
Lease liability	335,749	314,524	319,275	222,109
Balance at the end of the reporting period	**335,749**	**314,524**	**319,275**	**222,109**
Non current liability				
Lease liability	607,214	875,141	607,214	853,175
Balance at the end of the reporting period	**607,214**	**875,141**	**607,214**	**853,175**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 20 LEASE LIABILITIES CONTINUED

RIGHT-OF-USE ASSETS

	GROUP PROPERTY, PLANT & EQUIPMENT US$	COMPANY PROPERTY, PLANT & EQUIPMENT US$
At 1 July 2020	1,226,384	1,118,339
Additions	–	–
Depreciation	(377,241)	(296,342)
Disposals / effect of modification to lease terms[1]	(12,645)	–
Foreign exchange movements	95,029	95,029
At 30 June 2021	**931,527**	**917,026**

LEASE LIABILITIES

	GROUP PROPERTY, PLANT & EQUIPMENT US$	COMPANY PROPERTY, PLANT & EQUIPMENT US$
At 1 July 2020	1,189,665	1,075,284
Additions		
Interest expense	67,730	62,787
Non-cash movement / effect of modification to lease terms[1]	(12,645)	–
Lease payments	(394,337)	(304,132)
Foreign exchange movements	92,550	92,550
At 30 June 2021	**942,963**	**926,489**

1 Non-cash movements include the modification to the Quito office lease monthly rent charge.

NOTE 21 BORROWINGS

	GROUP 2021 US$	GROUP 2020 US$	COMPANY 2021 US$	COMPANY 2020 US$
Current liability				
Bridging loan	–	15,000,000	–	15,000,000
Capitalised interest	–	248,303	–	248,303
Balance at the end of the reporting period	**–**	**15,248,303**	**–**	**15,248,303**
Bridging loan				
Balance at beginning of reporting period	15,248,303	–	15,248,303	–
Additions – funds received under the loan	–	14,815,000	–	14,815,000
Legal fees reimbursed to Franco-Nevada on receipt of loan funds	–	185,000	–	185,000
Capitalised interest	371,275	248,303	371,275	248,303
Repayment of loan	(15,619,578)	–	(15,619,578)	–
Balance at the end of the reporting period	**–**	**15,248,303**	**–**	**15,248,303**

	GROUP 2021 US$	GROUP 2020 US$	COMPANY 2021 US$	COMPANY 2020 US$
Non-current liability				
Net Smelter Royalty	106,574,217	–	–	–
Balance at the end of the reporting period	**106,574,217**	**–**	**–**	**–**
NSR Financing				
Balance at beginning of reporting period	–	–	–	–
Additions – funds received under the loan	84,380,422	–	–	–
Additions – funds utilised in repaying Bridging Loan	15,619,578	–	–	–
Transaction costs adjusted through retained earnings	(726,427)	–	–	–
Transaction costs at recognition	(2,318,598)	–	–	–
Capitalised interest	9,619,242	–	–	–
Balance at end of reporting period	**106,574,217**	**–**	**–**	**–**

On 11 September 2020, Franco-Nevada advanced to SolGold US$100 million, the Royalty Purchase Price under the NSR Financing Agreement, less the amount of outstanding principal and interest under the US$15 million secured bridge loan pursuant to the Bridge Loan Agreement ("BLA") with Franco-Nevada announced on 11 May 2020. The aggregate amount owing under the BLA was repaid out of the proceeds of the NSR financing. This financing arrangement is classified as a financial liability at amortised cost and was recognised at the amount received adjusted for transaction costs paid.

The accounting policy disclosed within the 30 September 2020 interim financial statements noted that the NSR was classified as fair value through profit or loss ("FVTPL"). Following further analysis, management has elected not to measure the hybrid instrument at FVTPL but rather to measure the host debt at amortised cost and the embedded derivative at FVTPL.

Management also notes that US$726,427 of transaction costs were expensed in the 30 June 2020 income statement, as it was not sufficiently certain due to COVID-19 that the transaction would close. Management has recognised an adjustment to restate the prior year retained earnings to reflect this in the 30 June 2021 Consolidated Financial Statements.

In return for the royalty purchase price, Franco-Nevada has been granted a perpetual 1% royalty interest to be calculated by reference to net smelter returns from the Cascabel concession area in accordance with the terms and conditions set out in the NSR financing agreement. Financial liabilities classified at amortised costs are calculated using the effective interest method, which allocates expenses at a constant rate over the term of the investment. The effective interest rate is the internal rate of return of the liability at initial recognition through the expected life of the financial liability, which in this case is the time from the recognition until the end of the mine life of the Alpala mine.

Key terms to the financing include:

- Funding amount: US$100 million with upscale option to US$150 million
- Royalty terms: 1.0% NSR for $100 million
- Buy-back option: A 50% buy-back option exercisable at SolGold's election for six years from closing at a price delivering Franco-Nevada a 12% IRR
- Gold conversion: option in favour of Franco-Nevada to convert the NSR interest into a gold-only NSR interest (six years from year two of operations). The amount of the gold net smelter return will be calculated on a net present value neutral basis
- Proceeds to fund the costs to complete the feasibility study, with any surplus to be used for SolGold's share of the development of Alpala

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 21 BORROWINGS CONTINUED

The NSR financing agreement included an upscale option at the Group's control. The option expired during the financial year.

Key inputs for the estimation of future cash flows of the effective interest rate are:

- All operating assumptions are based on the latest available development plan
- The NSR top-up and minimum annual payment are assessed based on the latest operating assumptions
- Gold price of $1,300 per ounce
- Copper price of $7,268 per tonne
- Silver price of $16 per ounce

The EIR was calculated using the available development plan at the time of recognising the NSR and results in a discount rate of 11.84% (real).

The buy-back option is considered an embedded derivative which needs to be separately accounted for as it is not closely related due to the variability associated with the arrangement arising from movements in commodity pricing and/or changes in the mine plan and other technical assumptions, which are not otherwise compensated in the option pricing. As such, it would be required to be accounted for as a separate instrument in accordance with IFRS 9. However, it would only have value to the extent that it would be likely that the option is in the money and hence a derivative asset will only be recognised when it has value and is considered material.

Management have assessed that the fair value of this embedded derivative is currently expected to be nil or immaterial, as there is no expectation or likelihood that the buy-back option will be exercised by SolGold. Given that long-term commodity prices (contrary to recent increases in spot commodity prices) have seen minimal movements and the underlying mine plan and operation assumptions are unchanged in the absence of a new economic project study, the option is not in the money.

NOTE 22 FINANCIAL LIABILITIES

	GROUP		COMPANY	
	2021 US$	2020 US$	2021 US$	2020 US$
Movements in financial liabilities				
Balance at 1 July	2,312,254	–	2,312,254	–
Additions	–	2,592,167	–	2,592,167
Fair value adjustment through profit or loss	613,746	(279,913)	613,746	(279,913)
Balance at 30 June	**2,926,000**	**2,312,254**	**2,926,000**	**2,312,254**

The fair values of financial liabilities approximate their carrying amounts principally due to their short-term nature or the fact that they are measured and recognised at fair value.

The following table represents the Group's financial liabilities measured and recognised at fair value.

	US$ LEVEL 1	US$ LEVEL 2	US$ LEVEL 3	US$ TOTAL
2021				
Derivative liability at fair value through profit or loss	–	–	2,926,000	2,926,000
2020				
Derivative liability at fair value through profit or loss	–	–	2,312,254	2,312,254

The derivative liability at fair value through profit or loss has been valued using the Monte Carlo Simulation method.

FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS	2021 £0.37 OPTIONS 30 JUNE 2021
Number of options	19,250,000
Share price at issue date	£0.285
Exercise price	£0.370
Expected volatility	63.879%
Time to expiry	3.43 years
Expected dividends	0.00%
Risk-free interest rate (short-term)	(0.16%)
Fair value	$0.152
Valuation methodology	Monte Carlo Value

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021	US$
Derivative liability valuation recognised in statement of comprehensive income	613,746

NOTE 23 SHARE OPTIONS

At 30 June 2021 the Company had 106,875,000 options outstanding for the issue of ordinary shares (2020: 185,162,000).

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 to three 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 3,000,000 options granted during the year ended 30 June 2021 (2020: 30,900,000).

On 2 March 2021, the Company issued 3,000,000 unlisted share options over ordinary shares of the Company to an employee in line with an executive service agreement. The options are exercisable at £0.36 and expire on 2 March 2024.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2021

NOTE 23 SHARE OPTIONS CONTINUED

DATE OF GRANT	EXERCISABLE FROM	EXERCISABLE TO	EXERCISE PRICES	NUMBER GRANTED	NUMBER AT 30 JUNE 2021
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	72,375,000[1]
20 December 2018	The options vested immediately, and exercisable through to 20 December 2021	20 December 2021	£0.60	11,375,000	5,000,000[2]
2 December 2019[3]	The options vested immediately and exercisable through to 2 December 2024	2 December 2024	£0.37	19,250,000	19,250,000
27 April 2020	The options vested immediately and exercisable through to 26 April 2023	26 April 2023	£0.25	7,000,000	7,000,000
2 March 2021	The options vested immediately and exercisable through to 2 March 2024	2 March 2024	£0.36	3,000,000	3,000,000
				123,750,000	**106,875,000**

1 3,000,000 options previously issued to Anna Legge were forfeited during the year ended 30 June 2020 as a result of her resignation. Furthermore 7,500,000 additional options expired due to employees' resignations.

2 On 14 September 2020 it was announced that Mr Brian Moller and Mr James Clare would surrender their options, 4,575,000. Previous options issued to Mr Craig Jones and Mr Robert Weinberg were forfeited due to their resignations.

3 Options issued to BHP as part of the share subscriptions on 2 December 2019 and exercisable at £0.37 within five years. These options fall outside the scope of IFRS 2 and is classified as a derivative financial liability as it does not meet the fixed for fixed test.

DATE OF GRANT	EXERCISABLE FROM	EXERCISABLE TO	EXERCISE PRICES	NUMBER GRANTED	NUMBER AT 30 JUNE 2020
9 August 2017	The options vest on the earlier of: (a) 18 months, or (b) a Change of Control Transaction	8 August 2020	£0.60	46,750,000	44,500,000
9 August 2017	The options vested immediately and exercisable through to 8 August 2020	8 August 2020	£0.60	12,000	12,000
5 July 2018	The options vested immediately, and exercisable through to 4 July 2020	4 July 2020	£0.40	21,250,000	18,250,000
5 July 2018	The options vested immediately, and exercisable through to 4 July 2021	4 July 2021	£0.60	250,000	250,000
6 November 2018	The options vested immediately, and exercisable through to 6 November 2021	6 November 2021	£0.60	82,875,000	79,875,000
20 December 2018	The options vested immediately, and exercisable through to 20 December 2021	20 December 2021	£0.60	11,375,000	11,375,000
20 September 2019	The options vested immediately and exercisable through to 20 December 2021	20 December 2021	£0.60	3,150,000	3,150,000
2 December 2019[3]	The options vested immediately and exercisable through to 2 December 2024	2 December 2024	£0.37	19,250,000	19,250,000
27 April 2020	The options vested immediately and exercisable through to 26 April 2023	26 April 2023	£0.25	7,000,000	7,000,000
27 April 2020	The options vest over four months and are exercisable through to 26 April 2023	26 April 2023	£0.25	1,500,000	1,500,000
				193,412,000	**185,162,000**

SHARE BASED PAYMENTS

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

	WEIGHTED AVERAGE EXERCISE PRICE 2021	NUMBER OF OPTIONS 2021	WEIGHTED AVERAGE EXERCISE PRICE 2020	NUMBER OF OPTIONS 2020
Outstanding at the beginning of the year	£0.54	185,162,000	£0.57	160,262,000
Exercised during the year	£0.25	1,500,000	–	–
Lapsed during the year	£0.60	72,062,000	–	–
Forfeited during the year	£0.60	7,725,000	£0.50	(6,000,000)
Granted during the year	£0.36	3,000,000	£0.36	30,900,000
Outstanding at the end of the year	£0.53	106,875,000	£0.54	185,162,000
Exercisable at the end of the year	£0.53	106,875,000	£0.54	183,662,000

The options outstanding at 30 June 2021 have an exercise price of £0.25, £0.36, £0.37, £0.40 and £0.60 (2020: £0.25, £0.37, £0.40 and £0.60) and a weighted average contractual life of 1.03 years (2020: 1.32 years).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 23 SHARE OPTIONS CONTINUED

SHARE BASED PAYMENTS CONTINUED

Share options held by Directors are as follows:

SHARE OPTIONS HELD	AT 30 JUNE 2021	AT 30 JUNE 2020	OPTION PRICE	EXERCISE PERIOD
Nicholas Mather	–	26,250,000	60p	28/01/19 – 08/08/20
	5,000,000	5,000,000	60p	20/12/18 – 20/12/21
Brian Moller	–	3,750,000	60p	28/01/19 – 08/08/20
	–	1,425,000	60p	20/12/18 – 20/12/21
Robert Weinberg	–	2,250,000	60p	28/01/19 – 08/08/20
	–	900,000	60p	20/12/18 – 20/12/21
Craig Jones	–	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	60p	28/07/17 – 08/08/20
	5,000,000	5,000,000	60p	06/11/18 – 06/11/21
Liam Twigger	–	3,150,000	60p	20/09/19 – 20/12/21

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

SHARE OPTIONS HELD AT 30 JUNE 2021	SHARE OPTIONS HELD AT 30 JUNE 2020	OPTION PRICE	EXERCISE PERIODS
–	34,500,000	£0.60	Vests on the earlier of 18 months from date of grant or a Change of Control Transaction, as defined under the Company's ESOP Rules.
–	10,012,000	£0.60	Vests on the earlier of 18 months from date of grant or a Change of Control Transaction, as defined under the Company's ESOP Rules.
–	18,250,000	£0.40	Exercisable through to 04/07/2020
250,000	250,000	£0.60	Exercisable through to 04/07/2021
72,375,000	79,875,000	£0.60	Exercisable through to 06/11/2021
5,000,000	11,375,000	£0.60	Exercisable through to 20/12/2021
–	3,150,000	£0.60	Exercisable through to 20/12/2021
19,250,000	19,250,000	£0.37	Exercisable through to 02/12/2024
7,000,000	7,000,000	£0.25	Exercisable through to 26/04/2023
–	1,500,000	£0.25	Exercisable through to 26/04/2023
3,000,000	–	£0.36	Exercisable through to 02/03/2024
106,875,000	**185,162,000**		

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.

	2021	
FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS	**£0.25 OPTIONS 27 APRIL 2020[1]**	**£0.36 OPTIONS 2 MARCH 2021**
Number of options	1,500,000	3,000,000
Share price at issue date	£0.26	£0.223
Exercise price	£0.25	£0.36
Expected volatility	60.548%	64.407%
Option life	3.00 years	3.00 years
Expected dividends	0.00%	0.00%
Risk-free interest rate (short-term)	0.14%	0.10%
Fair value	£0.107	£0.065
Valuation methodology	Black-Scholes	Black-Scholes

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021	**US$**	**US$**	**TOTAL US$**
Share based payments expense recognised in statement of comprehensive income	47,377	268,059	**315,436**

1 These options were initially granted on 27 April 2020 and vested over a four-month period, which spread over two financial years.

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, dependent on the exercise period attributable to the tranche of options, prior to the date the options were issued.

	2020		
FAIR VALUE OF SHARE OPTIONS AND ASSUMPTIONS	**£0.25 OPTIONS 27 APRIL 2020**	**£0.25 OPTIONS 27 APRIL 2020**	**£0.60 OPTIONS 20 SEPTEMBER 2019**
Number of options	1,500,000	7,000,000	3,150,000
Share price at issue date	£0.26	£0.26	£0.2315
Exercise price	£0.25	£0.25	£0.60
Expected volatility	60.548%	60.548%	56.112%
Option life	3.00 years	3.00 years	2.25 years
Expected dividends	0.00%	0.00%	0.00%
Risk-free interest rate (short-term)	0.14%	0.14%	0.51%
Fair value	£0.107	£0.107	£0.0195
Valuation methodology	Black-Scholes	Black-Scholes	Black-Scholes

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020	**US$**	**US$**	**US$**	**TOTAL US$**
Share based payments expense recognised in statement of comprehensive income	151,608	928,599	76,625	**1,156,832**
Share based payments expense to be recognised in future periods	47,377	–	–	**47,377**

The calculation of the volatility of the share price on the above options was based on the Company's daily closing share price over the two or three-year period, dependent on the exercise period attributable to the tranche of options, prior to the date the options were issued.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 24 FINANCIAL INSTRUMENTS (GROUP AND COMPANY)

FINANCIAL INSTRUMENTS BY CATEGORY (GROUP)

	LOANS AND RECEIVABLES		FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OCI	
FINANCIAL ASSETS	2021	2020	2021	2020
Cash and cash equivalents	109,562,103	46,895,243	–	–
Loans receivable and other non-current assets	1,457,324	7,702,969	–	–
Loans receivable and other current assets	6,495,930	–	–	–
Equity investments	–	–	6,825,042	4,119,179
Total financial assets	**117,515,357**	**54,598,212**	**6,825,042**	**4,119,179**

	FINANCIAL LIABILITIES AT AMORTISED COST		FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	
FINANCIAL LIABILITIES	2021	2020	2021	2020
Trade and other payables	7,847,650	6,060,193	–	–
Derivative liability	–	–	2,926,000	2,312,254
NSR	106,574,217	–	–	–
Bridging loan	–	15,248,302	–	–
Lease liabilities	942,963	1,189,665	–	–
Total financial liabilities	**115,364,830**	**22,498,160**	**2,926,000**	**2,312,254**

FINANCIAL INSTRUMENTS BY CATEGORY (COMPANY)

	LOANS AND RECEIVABLES		FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH OCI	
FINANCIAL ASSETS	2021	2020	2021	2020
Cash and cash equivalents	72,918,016	45,356,423	–	–
Loans receivable and other non-current assets	756,332	7,173,984	–	–
Loans receivable and other current assets	6,495,930	–	–	–
Investment in subsidiaries	120,045,844	259,951,415	–	–
Loans with subsidiaries	167,399,767	–	–	–
Equity investments	–	–	6,819,046	4,113,660
Total financial assets	**367,615,889**	**312,481,822**	**6,819,046**	**4,113,660**

	FINANCIAL LIABILITIES AT AMORTISED COST		FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	
FINANCIAL LIABILITIES	2021	2020	2021	2020
Trade and other payables	1,475,395	2,616,941	–	–
Derivative liability	–	–	2,926,000	2,312,254
Bridging loan	–	15,248,303	–	–
Lease liabilities	926,489	1,075,284	–	–
Total financial liabilities	**2,401,884**	**18,940,528**	**2,926,000**	**2,312,254**

If required, the Board of Directors determines the degree to which it is appropriate to use financial instruments, commodity contracts or other hedging contracts or techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign currency risk and liquidity risk, each of which is discussed below. The main credit risk is the non-collection of loans and other receivables which include refunds and tenement security deposits. There were no overdue receivables at year end.

For the Company, the main credit risk is the non-collection of loans made to its subsidiaries. The Directors expect to collect the loans through the successful exploration and subsequent exploitation of the subsidiaries' tenements.

There have been no changes in financial risks from the previous year.

During the years ended 30 June 2021 and 2020 no trading in commodity contracts was undertaken.

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 months' maximum duration. The increase/decrease of 2% in interest rates will impact the Group's income statement by a gain/loss of US$2,191,242 and the Company's income statement by US$1,458,360. The Group considers that a +/- 2% movement in interest rates represents 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 NET FINANCIAL ASSETS / (LIABILITIES)	FUNCTIONAL CURRENCY OF ENTITY AUD	USD	SBD	TOTAL
2021				
Australian dollar (AUD)	67,499	2,052,268	–	2,119,767
Solomon Island dollar (SBD)	6,302	–	–	6,302
Canadian dollar (CAD)	–	1,771,005	–	1,771,005
Great British pound (GBP)	–	3,129,986	–	3,129,986
Swiss franc (CHF)	–	13,988	–	13,988
	73,801	**6,967,247**	**–**	**7,410,148**

GROUP NET FINANCIAL ASSETS / (LIABILITIES)	FUNCTIONAL CURRENCY OF ENTITY AUD	USD	SBD	TOTAL
2020				
Australian dollar (AUD)	64,837	195,588	–	260,425
Solomon Island dollar (SBD)	10,164	–	–	10,164
Canadian dollar (CAD)	–	6,338	–	6,338
Great British pound (GBP)	–	37,372,191	–	37,372,191
	75,001	**37,574,117**	**–**	**37,649,118**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 30 June 2021

NOTE 24 FINANCIAL INSTRUMENTS (GROUP AND COMPANY) CONTINUED

COMPANY NET FINANCIAL ASSETS / (LIABILITIES)	FUNCTIONAL CURRENCY OF ENTITY			
	AUD	USD	SBD	TOTAL
2021				
Australian dollar (AUD)	–	1,960,513	–	1,960,513
Canadian dollar (CAD)	–	1,762,803	–	1,762,803
Great British pound (GBP)	–	3,129,986	–	3,129,986
	–	**6,853,302**	**–**	**6,853,302**

COMPANY NET FINANCIAL ASSETS / (LIABILITIES)	FUNCTIONAL CURRENCY OF ENTITY			
	AUD	USD	SBD	TOTAL
2020				
Australian dollar (AUD)	–	195,588	–	195,588
Canadian dollar (CAD)	–	6,338	–	6,338
Great British pound (GBP)	–	37,372,191	–	37,372,191
	–	**37,574,117**	**–**	**37,574,117**

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$583,306 (2020: US$4,181,402) in the Group net assets and reported earnings. A 10% decrease in the A$/US$ and GBP/US$ exchange rates would give rise to a change of approximately US$477,250 (2020: US$3,421,147). 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.

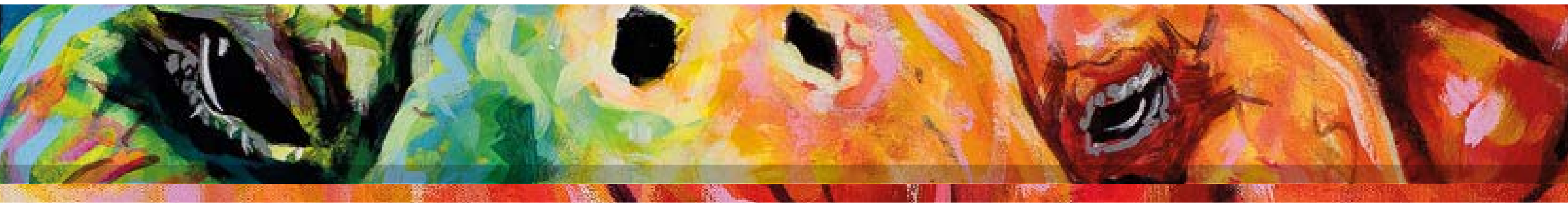
CREDIT RISK

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 CFLP.

The banks and their credit ratings the Group had cash accounts with at 30 June 2021 were US$311,081 in cash accounts with Macquarie Bank Limited (BBB) in Australia, US$15,430 in cash accounts with the ANZ Bank (AA-) in Australia, US$103,222,860 in cash accounts with Westpac Bank (AA-) in Australia, US$6,302 in cash accounts with ANZ Bank (AA-) in Honiara, Solomon Islands, US$5,584,646 in cash accounts with Banco Guayaquil (AAA-) in Ecuador, US$342,206 in cash accounts with Produbanco (B) in Ecuador, US$52,378 in cash accounts with Lloyds Bank (A+) in the United Kingdom, US$13,988 in cash accounts with Credit Suisse (A-) in Switzerland, and US$13,215 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$118,020,597 (2020: US$50,497,702).

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 CFLP receivable. At 30 June 2021, the Company had US$72,918,016 in cash and cash equivalents (2020: US$45,356,423) and US$6,495,930 of CFLP receivable (2020: US$6,373,398). The maximum exposure to credit risk at the reporting date was US$79,413,946 (2020: US$51,729,821).

Credit risk is managed by dealing with banks with high credit ratings assigned by international credit rating agencies. Furthermore, funds are deposited with banks of high standing in order to obtain market interest rates. Credit risk over the Company funded loan plan is reduced due to the loan being secured by shares.



LIQUIDITY RISKS

The Group and Company raises funds as required on the basis of budgeted expenditure for the next 12 to 24 months, dependent on a number of prevailing factors. Funds are generally raised in capital markets from a variety of eligible private, corporate and fund investors, or from interested third parties (including other exploration and mining companies) which may be interested in earning an interest in the project. The success or otherwise of such capital raisings is dependent upon a variety of factors including general equities and metals market sentiment, macro-economic outlook, project prospectivity, operational risks and other factors from time to time. When funds are sought, the Group balances the costs and benefits of equity financing versus alternate financing options. Funds are provided to local sites bi-monthly, based on the sites' forecast expenditure.

All liabilities held by the Group and Company are contractually due and payable within one year, excluding the non-current lease liability payments and NSR financing agreement which are greater than 12 months.

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 the 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 25 COMMITMENTS

The Group also has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The combined commitments of the Group related to its granted tenement interests are as follows:

LOCATION	UP TO 12 MONTHS	13 MONTHS TO 5 YEARS	LATER THAN 5 YEARS
Ecuador	3,065,430	12,261,720	–
Solomon Islands	3,320,000	–	–
Australia	285,225	379,216	–
	6,670,655	**12,640,936**	**–**

To keep tenements in good standing, work programmes should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements. The Group also has the ability to meet expenditure requirements by joint venture or farm in agreements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED
For the year ended 30 June 2021

NOTE 26 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 2021 US$827,381 was paid or payable to Samuel (2020: US$400,162). These amounts are included in Note 5 (Remuneration of Key Management Personnel). The total amount outstanding at year end is US$nil (2020: US$37,765).

(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 administrative services, IT infrastructure, its premises (for the purposes of conducting the Company's business operations), use of existing office furniture, equipment and certain stationery, together with general telephone, reception and other office facilities ("Services"). In consideration for the provision of the Services, the Company shall reimburse DGR Global for any expenses incurred by it in providing the Services. DGR Global shall also invoice the Company from time to time for the provision of in-house legal counsel services. For the year ended 30 June 2021, US$223,400 was paid or payable to DGR Global (2020: US$239,820). The total amount outstanding at year end was US$15,464 (2020: US$30,941). The agreement between DGR Global and SolGold was not extended in March 2021 and only very limited services are on-charged by DGR Global to SolGold after that date.

(iii) Mr Brian Moller (a Director) is a partner in the Australian firm HopgoodGanim lawyers. For the year ended 30 June 2021, HopgoodGanim were paid or payable US$72,456 (2020: US$160,217) for the provision of legal services to the Company. The services were based on normal commercial terms and conditions. The total amount outstanding at year end was US$nil (2020: US$47,657).

(iv) Mr James Clare (a Director), is a partner in the Canadian firm Bennett Jones lawyers. For the year ended 30 June 2021, Bennett Jones were paid or payable US$486,246 (2020: US$537,453) for the provision of legal services to the Company. The services were based on normal commercial terms and conditions. The total amount outstanding at year end was US$nil (2020: US$202,128).

Share and Option transactions of Directors are shown under Notes 5 and 22.

(B) COMPANY

The Company has related party relationships with its subsidiaries (see Notes 9 and 10), Directors and other key personnel (see Notes 5 and 20).

Subsidiaries

The Company has an investment in subsidiaries balance of US$120,045,844 (2020: US$251,739,663). The transactions during the year have been included in Note 9.

The Company also has an intercompany loan with SolGold Finance AG with a balance of US$167,399,767 (2020: US$nil). The transactions during the year have been included in Note 10.

(C) CONTROLLING PARTY

In the Directors' opinion there is no ultimate controlling party.

NOTE 27 CONTINGENT ASSETS AND LIABILITIES

A 2% NSR 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 2021; 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 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 programme. 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 2021, Cornerstone's equity interest in ENSA had not been diluted below 10%.

The amount receivable from CESA at 30 June 2021 was $40,603,042 (2020: $31,034,075). 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 2021 (2020: nil).

NOTE 28 SUBSEQUENT EVENTS

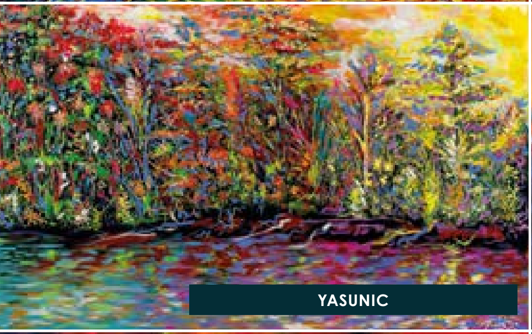
On 7 September 2021 the Company announced its intention to relinquish 10 of the 72 concessions held within the Company's four 100% owned subsidiaries in Ecuador. The Company is required to impair these 10 concessions in-line with International Financial Reporting Standards (IAS 36). The impairment charges of US$3.1 million are immaterial compared to the asset base of the Company.

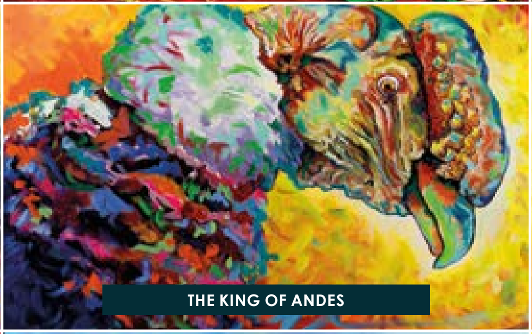
The Directors are not aware of any other significant changes in the state of affairs of the Group or events after the reporting date that would have a material impact on the consolidated or Company financial statements.


MILLENARY GIANTS


THE KING OF THE AMAZON

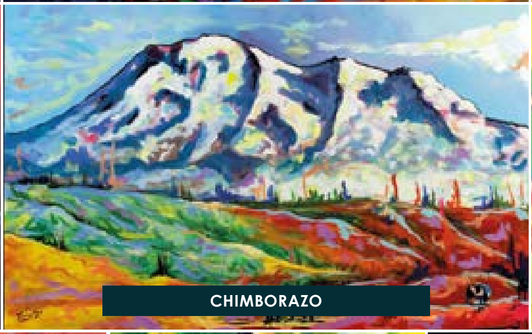

PINK DOLPHIN


YASUNIC

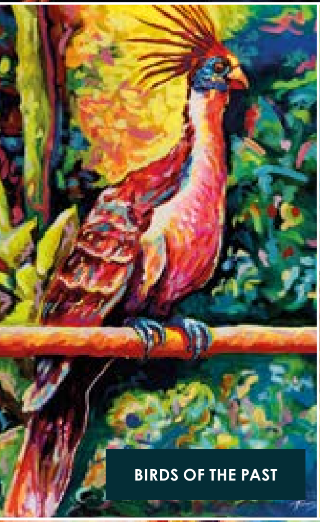

THE KING OF ANDES

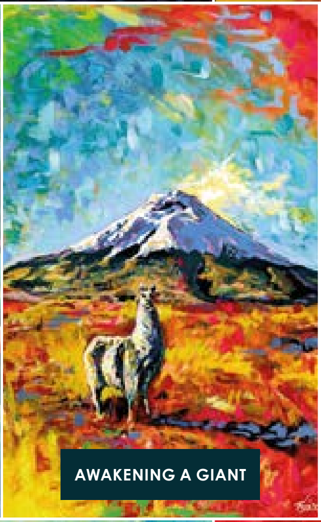

CHUQUIRAHUA

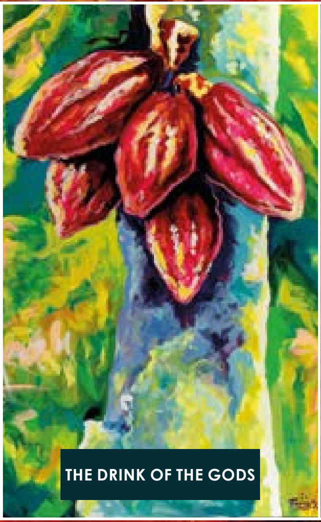

FIRE THROAT


CHIMBORAZO


PARADISE OF THE ROSES

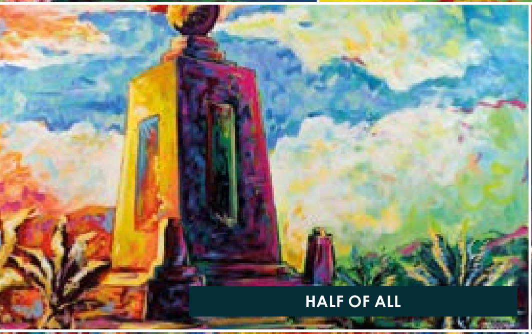

BIRDS OF THE PAST

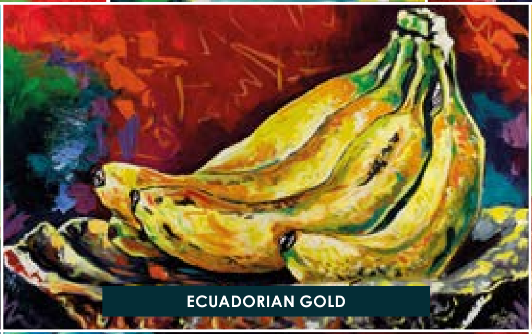

AWAKENING A GIANT


THE DRINK OF THE GODS


THE GUARDIAN OF THE FOREST

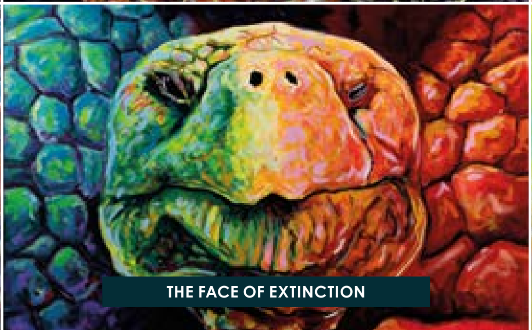

LORDLY BLUE-FOOTED BOOBY


HALF OF ALL


ECUADORIAN GOLD


COURTSHIP IN THE SEA


SANCTUARY OF THE MANGROVES


THE FACE OF EXTINCTION


MARINE IGUANA

Franz Del Castillo

Ecuadorian Artist

ECUADOR – THE COUNTRY OF THE 4 WORLDS

The featured paintings in this report are taken from 'Ecuador – the country of the 4 worlds', a series of pictures created by Franz Del Castillo, a leading Ecuadorian artist.

The work was made exclusively for a major exhibition in Doha, capital city of Qatar.

Franz was born in the city of Ibarra, becoming a renowned caricaturist of international stars and celebrities visiting the country, winning awards and international recognition for his work, and developing an international audience for his work in fine art.

Painted in acrylics, this striking 2020 collection is a cultural showcase reflecting the unique geography, flora and fauna of Ecuador – the paradise of the 4 worlds: the Amazon, the Andes, the Pacific Coast and the Cloud Forests.

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SolGold

BRISBANE HEAD OFFICE:
Level 27, 111 Eagle Street,
Brisbane, Queensland,
Australia 4000

LONDON CORPORATE OFFICE:
1 King Street,
London, United Kingdom,
EC2V 8AU

QUITO CORPORATE OFFICE:
Avenida Coruña E2558 y San
Ignacio, Edificio Altana Plaza,
piso 4 oficina 406, Quito,
Ecuador

www.solgold.com.au