UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

CORPORATE INFORMATION

DIRECTORS
Liam Twigger (Non-Executive Chair)
Darryl Cuzzubbo (Managing Director and Chief Executive Officer)
Nicholas Mather (Non-Executive Director)
James Clare (Non-Executive Director)
Jason Ward (Executive Director)
Elodie Grant Goodey (Non-Executive Director)
Kevin O'Kane (Non-Executive Director)
Keith Marshall (Non-Executive Director)
Maria Amparo Alban (Non-Executive Director)

COMPANY SECRETARY
Dennis Wilkins

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OPERATIONS REPORT

The Directors present their report on the Company and its controlled entities for the half year ended 31 December 2021. SolGold plc is a public limited company incorporated in England and Wales.

DIRECTORS

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

Darryl Cuzzubbo (Managing Director and Chief Executive Officer) – appointed 16 November 2021
Liam Twigger (Non-Executive Director)
Nicholas Mather (Non-Executive Director)
James Clare (Non-Executive Director)
Jason Ward (Executive Director)
Elodie Grant Goodey (Non-Executive Director)
Kevin O'Kane (Non-Executive Director)
Keith Marshall (Non-Executive Director)
Maria Amparo Alban (Non-Executive Director)
Brian Moller (Non-Executive Director) – not re-elected 15 December 2021

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of SolGold plc (the "Company") and its subsidiaries (together "SolGold" or the "Group") are exploration for copper, gold and other minerals in Ecuador, Solomon Islands and Queensland, Australia.

REVIEW AND RESULTS OF OPERATIONS

The loss after tax for the Company for the half-year ended 31 December 2021 was US$17,830,655 (31 December 2020 loss of US$8,840,350).

Exploration Activities

Ecuador

CASCABEL PROJECT

Project Overview	
Location:	Imbabura province, Northern Ecuador
Ownership:	85%
Subsidiary:	Exploraciones Novomining S.A
Tenement area:	50 km^2
Primary Targets:	Copper-gold porphyry

The Cascabel project base is located at Rocafuerte in northern Ecuador, approximately three hours' drive north of the capital Quito, close to water, power supply and Pacific ports. Having fulfilled its earn-in requirements, SolGold is a registered shareholder with an unencumbered legal and beneficial 85% interest in ENSA which holds 100% of the Cascabel tenement covering approximately 50km2, and subject to a 2% net smelter return royalty held by Santa Barbara Resources Ltd which may be purchased for US$4.0 million in two stages, the latest following a production decision. Following the completion of a Definitive Feasibility Study by ENSA, Cornerstone, which currently holds a 15% interest in ENSA, will be obligated to contribute to the funding of ENSA.

During the six months ended 31 December 2021, the Group capitalised US$22,393,177 of expenditure on the Cascabel project.

Exploration Drilling

At the Alpala deposit, pre-feasibility geotechnical, hydrogeological and metallurgical drilling was completed in early August, following the completion of resource extension and infill drilling completed in June 2021. A total of 604m of diamond drilling was completed at Alpala in the six months ended 31 December 2021, with 250,221m total drilled to date. Key activities during the quarter include:

- Sampling for advanced characterisation, metallurgical parameterisation, variability and confirmation testwork
- Geotechnical sample laboratory testing and interpretation
- Acoustic emissions stress interpretation
- Updating interpretation of 3D geological, veining, alteration, geotechnical and metallurgical models
- Packer testing and piezometer installation for hydrogeology modelling and monitoring.

At the Tandayama-Ameríca ("TAM") deposit resource extension, infill drilling continues utilising three drilling rigs including geotechnical, hydrogeological and metallurgical testwork. 17,307m of drilling was completed at TAM in the six months ended 31 December 2021. Geologists are consolidating data and significant results from completed holes at TAM. Activities include:

- Resource definition and extension drilling
- Updating of interpretation of 3D geology and alteration models
- 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

The TAM maiden MRE, released on 19 October 2021 comprised 17,535m of diamond drilling from holes 1-23, 458m of surface rock-saw channel sampling from 72 outcrops, and 14,566m of final assay results from holes 1-18. The TAM deposit lies approximately 3km north of the Alpala deposit.

The TAM porphyry copper-gold deposit contains a total Mineral Resource of 233.0Mt @ 0.33% CuEq for 0.53Mt Cu, and 1.20Moz Au in the Indicated category, plus 197.0Mt @ 0.39% CuEq for 0.52Mt Cu, and 1.24Moz Au in the Inferred category.

REGIONAL EXPLORATION PROJECTS

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 Cascabel project, and the Porvenir project, SolGold has identified a number of highly prospective priority projects throughout Ecuador and is exploring these in parallel with the development of Cascabel.

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

CARNEGIE RIDGE RESOURCES S.A

Rio Amarillo

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 Company's flagship Alpala porphyry copper-gold-silver deposit. The Rio Amarillo project comprises three concessions, Rio Amarillo 1, 2 & 3.

The main target areas at Varela, Florida, Palomar and Chalanes exhibit porphyry style surface mineralisation and alteration covering a vertical extent of up to 1,800m 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, later 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 Alpala deposit, located about 30km to the northwest.

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 classic well-preserved metalliferous lithocap and hydrothermal alteration system with a full complement of porphyry plume elements, the classic signature of a large scale strongly mineralised porphyry copper-gold(-molybdenum) system as seen in the 3D model.

Drilling commenced in August 2021 at the Varela copper-gold porphyry target and the first drill hole RDH-21-001 was stopped at 1,708m. This hole intersected strong potassic and intermediate argillic alteration with abundant B type veins with chalcopyrite, pyrite and molybdenum.

Partial assays were reported to 830m in hole 1 at the Varela target, Rio Amarillo project, returning 72.0m @ 2.16 g/t Au, including 24.0m @ 5.77 g/t Au. No significant gold or copper intervals were intersected below 830m depth. Trace-element and multi-element geochemistry appears consistent with a drill hole sited marginal to a potential porphyry copper-gold system, however other genetic models including sediment hosted gold ("Carlin-type") are also under consideration.

Drilling of the second hole at Varela was completed, assay results pending, and drilling of hole 3 was stopped at 534.55m due to the Covid-19 related temporary suspension of field operations in January 2022 to minimise the spread of infections. 3,743m of drilling was completed at Varela to date.

Blanca Project

Location:	Carchi province, Northern Ecuador
Ownership:	100% Subsidiary: Carnegie Ridge Resources S.A.
Tenement area:	2 concessions, 74 km^2
Primary Targets:	Epithermal gold

No new exploration activities were conducted at the Blanca project during the three months to 31 December 2021.

CRUZ DEL SOL S.A

Helipuerto

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 & 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 22nd 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 programs are continuing at Helipuerto with an initial focus on the delineation of the size and tenor of the new Tinkimints copper prospect. Additional technical teams have been mobilised to Helipuerto to begin mapping and sampling the area directly south of Solaris' Warintza copper-gold porphyry discovery that abuts SolGold's Helipuerto concessions.

La Hueca

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

No new exploration activities were conducted at the La Hueca project during the three months to 31 December 2021.

GREEN ROCK RESOURCES S.A

Porvenir

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 approximately 100km north of the Peruvian border, in Southern Ecuador. The Cacharposa porphyry copper-gold target is part of a 1,700m long northerly-trending mineralised corridor, up to 1,000m wide.

SolGold released the maiden mineral resource estimate for the Cacharposa deposit at Porvenir during the quarter and an NI 43-101 Technical Report on the Porvenir property has been filed at www.sedar.com.

Total Mineral Resource of 396.8Mt @ 0.44% CuEq [1] for 1.40 Mt Cu, and 1.80 Moz Au in the Indicated category, plus 96.9 Mt @ 0.37% CuEq for 0.28 Mt Cu, and 0.38 Moz Au in the Inferred category, using a cut-off grade of 0.16% CuEq.

The Mineral Resource includes strong grades exposed at surface over a 650m long strike length, which is naturally presented for the early years of mining. Open Pit Optimisation studies performed independently by Mining Plus Pty Ltd utilising Geovia WhittleTM software, show that this near-surface zone approximately equates to a potential starter pit of 44.0Mt grading 0.64% CuEq (0.44% Cu, 0.34g/t Au) with a low strip (waste to ore) ratio of 0.61.

Open pit optimisation results further identify an internal, higher-grade, potentially open-pittable zone, containing 181.3Mt grading 0.52% CuEq (0.37% Cu, 0.23g/t Au) with a strip (waste to ore) ratio of 1.30.

The full extent and tenor of the mineralised systems at the Porvenir project have not yet been tested. Drilling continues at Porvenir with plans to test other targets in Porvenir during 2022.

Drilling of hole 27 at Cacharposa was stopped at 262.95m due to the Covid-19 related temporary suspension of field operations in January 2022 to minimise the spread of infections.

Sharug Project

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

Santa Martha Target

The Santa Martha target at Sharug is characterised by coincident Cu-Au-Mo soil geochemical anomalies centred upon an RTP magnetic low interpreted to represent magnetic destruction in association with significant surface alteration.
Drilling concluded in December 2021 at the Santa Martha and Quillosisa copper-gold porphyry targets completing an initial six-hole programme testing extensive coincident surface geochemical and geophysical anomalies. Results have been returned from the first three holes with no significant results. Remaining assay results are pending.

Cisne Loja Project

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

Celen Target

At the Cisne Loja project, 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.

Australia and Solomon Islands

The Australian and Solomon Islands exploration programmes are reduced to a minimum in order to focus on Ecuador based opportunities.

Equity

During the half-year ended 31 December 2021, the Company did not issue any additional equities.

Corporate

The Group achieved several milestones during the half year ended 31 December 2021. These included:

Exploration

On 19 October 2021 SolGold announced a Maiden Mineral Resource Estimate at the Tandayama-Ameríca deposit with a total Mineral Resource of 233Mt @ 0.33% CuEq containing 0.53Mt Cu and 1.20Moz Au in the Indicated category, plus 197Mt @ 0.39% CuEq containing 0.52Mt Cu and 1.24Moz Au in the Inferred category.

The Company also released the maiden Mineral Resource Estimate for the Cacharposa deposit at Porvenir on 15 December 2021 and an NI 43-101 Technical Report on the Porvenir property has been filed at www.sedar.com. Total Mineral Resource of 396.8Mt @ 0.44% CuEq for 1.40 Mt Cu, and 1.80 Moz Au in the Indicated category, plus 96.9 Mt @ 0.37% CuEq for 0.28 Mt Cu, and 0.38 Moz Au in the Inferred category, using a cut-off grade of 0.16% CuEq.

Leadership and key roles

Darryl Cuzzubbo was appointed to the Board of Directors effective 16th November 2021 and became Managing Director and Chief Executive Officer of the Company effective 1st December 2021. Mr Cuzzubbo has extensive executive leadership experience in the global resources sector. He was most recently Chief Manufacturing and Supply Officer as well as Group Executive and President of Auspac Asia while at Orica Pty Ltd, joining Orica in 2015 after a 24-year career with BHP where he held senior positions including three years as President of Olympic Dam with responsibility for operations, expansion projects and organisation wide transformational change programmes. He has a broad international perspective, having experience in running operations across over 30 countries and has the ability to understand and work across diverse cultures to deliver results.

Tania Cashman was appointed Chief People Officer effective 10th January 2022. Ms Cashman brings over 20 years senior leadership experience with global organisations including Orica, BHP, Shell and Pasminco. She began her career in Human Resources and since then has worked across many geographies and led several complex, large scale transformation programs, supporting the business through significant change.

Annual General Meeting

The Company's Annual General Meeting ("AGM") was held on December 15, 2021 and the Company confirms that all resolutions put to shareholders at the AGM were conducted via a poll, where the proxy votes received ahead of the meeting were combined with votes cast at the meeting.

The Board notes the resolutions that attracted greater than 20% of votes cast against the resolution and is engaging with shareholders to address concerns that resulted in these votes.

Resolution 6 did not pass and the SolGold Board would like to acknowledge the service of Brian Moller who joined SolGold in December 2005 and served as Chair from 2013 to 2020.

Special resolutions 11 and 12 for the disapplication of pre-emptive rights did not pass. The Company will work closely with existing shareholders in financing the business during 2022, while continuing to assess alternative funding avenues.

Darryl Cuzzubbo
Chief Executive Officer and Managing Director
Brisbane
14 February 2022

Qualified Person

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Notes	Three months ended 31 December 2021 US$ (unaudited)	Three months ended 31 December 2020 US$ (unaudited)	Six months ended 31 December 2021 US$ (unaudited)	Six months ended 31 December 2020 US$ (unaudited)
Expenses					
Exploration costs written-off	5	(30,704)	(903)	(3,338,739)	(2,048)
Administrative expenses	3	(4,195,225)	(2,244,952)	(8,724,865)	(4,214,345)
Share based payments expense		-	-	-	(47,377)
Operating loss		**(4,225,929)**	**(2,245,855)**	**(12,063,604)**	**(4,263,770)**
Other income		49,456	57,008	124,224	144,743
Finance income	2	240,474	111,419	374,279	222,243
Finance costs	3	(3,298,353)	(3,526,115)	(6,500,509)	(3,923,613)
Movement in fair value of derivative liability	3	(57,750)	(770,000)	288,750	(1,345,246)
Loss before tax		**(7,292,102)**	**(6,373,543)**	**(17,776,860)**	**(9,165,643)**
Tax (expense) benefit		90,635	(509,687)	(53,795)	325,293
Loss for the period		**(7,201,467)**	**(6,883,230)**	**(17,830,655)**	**(8,840,350)**
Other comprehensive profit / (loss)					
Items that may be reclassified to profit and loss					
Exchange differences on translation of foreign operations		47,340	620,734	(263,064)	916,673
Items that will not be reclassified to profit or loss					
Change in Ecuador pensions		45,126	(200,826)	45,126	(200,826)
Change in fair value of financial assets held at fair value		412,208	(522,995)	(210,488)	1,570,309
Other Comprehensive (loss) / profit, net of tax		**504,674**	**(103,087)**	**(428,426)**	**2,286,156**
Total comprehensive (loss) / income for the period		**(6,696,793)**	**(6,986,317)**	**(18,259,081)**	**(6,554,194)**
Total comprehensive profit / (loss) for the period is attributable to:					
Owners of the parent company		**(6,678,421)**	(6,962,775)	**(18,194,567)**	(6,500,722)
Non-controlling interest		**(18,368)**	(23,542)	**(64,514)**	(53,472)
Total comprehensive (loss) / income for the period		**(6,696,789)**	**(6,986,317)**	**(18,259,081)**	**(6,554,194)**
Loss for the period attributable to:					
Owners of the parent company		(7,183,095)	(6,859,688)	(17,766,141)	(8,786,878)
Non-controlling interest		(18,368)	(23,542)	(64,514)	(53,472)
Loss for the period		**(7,201,463)**	**(6,883,230)**	**(17,830,655)**	**(8,840,350)**

	Notes	Three months ended 31 December 2021 Cents (unaudited)	Three months ended 31 December 2020 Cents (unaudited)	Six months ended 31 December 2021 Cents (unaudited)	Six months ended 31 December 2020 Cents (unaudited)
Basic earnings per share	4	(0.3)	(0.3)	(0.8)	(0.4)
Diluted earnings per share	4	(0.3)	(0.3)	(0.8)	(0.4)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2021

	Notes	31 December 2021 US$ (unaudited)	30 June 2021 US$ (audited)
Assets			
Property, plant and equipment		18,974,652	15,682,120
Intangible assets	5	345,982,739	308,432,012
Financial assets held at fair value through OCI	6	6,638,727	6,825,042
Loans receivable and other non-current assets	7	1,719,065	1,457,324
Total non-current assets		**373,315,183**	**332,396,498**
Other receivables and prepayments		6,721,473	8,458,494
Loans receivable and other current assets	7	6,036,721	6,495,930
Cash and cash equivalents		58,405,359	109,562,103
Total current assets		**71,163,553**	**124,516,527**
Total assets		**444,478,736**	**456,913,025**
Equity			
Share capital	11	32,350,699	32,350,699
Share premium	11	426,793,240	426,819,162
Other reserves		18,565,306	26,625,929
Accumulated loss		(152,118,749)	(142,247,869)
Foreign currency translation reserve		(4,608,893)	(4,345,829)
Equity attributable to owners of the parent company		320,981,603	339,202,092
Non-controlling interest		(644,411)	(579,897)
Total equity		**320,337,192**	**338,622,195**
Liabilities			
Trade and other payables		7,490,726	7,847,650
Lease Liability	8	437,752	335,749
Total current liabilities		**7,928,478**	**8,183,399**
Lease Liability	8	534,716	607,214
Other financial liabilities	9	2,637,250	2,926,000
Borrowings	10	113,041,100	106,574,217
Total non-current liabilities		**116,213,066**	**110,107,431**
Total liabilities		**124,141,544**	**118,290,830**
Total equity and liabilities		**444,478,736**	**456,913,025**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Share capital US$	Share premium US$	Financial assets held at fair value through other comprehensive income US$	Share based payment reserve US$	Foreign currency translation reserve US$	Other Reserves US$	Accumulated losses US$	Total US$	Non-controlling interests US$	Total Equity US$
Balance 30 June 2020 (audited)	**29,281,511**	**353,220,481**	**2,054,043**	**36,859,263**	**(5,015,878)**	**(581,656)**	**(133,331,591)**	**282,486,173**	**(498,139)**	**281,988,034**
Loss for the period	-	-	-	-	-	-	(8,786,878)	(8,786,878)	(53,472)	(8,840,350)
Other comprehensive income for the period	-	-	1,570,309	-	916,673	(200,826)	-	2,286,156	-	2,286,156
Total comprehensive income for the period	-	-	1,570,309	-	916,673	(200,826)	(8,786,878)	(6,500,722)	(53,472)	(6,554,194)
New share capital subscribed	156,579	4,843,421	-	-	-	-	-	5,000,000	-	5,000,000
Share issue costs	-	(98,874)	-	-	-	-	-	(98,874)	-	(98,874)
Value of options issued to employees and consultants	-	-	-	47,377	-	-	-	47,377	-	47,377
Adjustment to retained earnings	-	-	-	-	-	-	726,427	726,427	-	726,427
Balance 31 December 2020 (unaudited)	**29,438,090**	**357,965,028**	**3,624,352**	**36,906,640**	**(4,099,205)**	**(782,482)**	**(141,392,042)**	**281,660,381**	**(551,611)**	**281,108,770**
Loss for the period	-	-	-	-	-	-	(14,024,531)	(14,024,531)	(28,286)	(14,052,817)
Other comprehensive income for the period	-	-	(371,323)	-	(246,624)	150,448	-	(467,499)	-	(467,499)
Total comprehensive income for the period	-	-	(371,323)	-	(246,624)	150,448	(14,024,531)	(14,492,030)	(28,286)	(14,520,316)
New share capital subscribed	2,891,908	70,851,726	-	-	-	-	-	73,743,634	-	73,743,634
Options exercised	20,701	496,834	-	-	-	-	-	517,535	-	517,535
Share issue costs	-	(2,494,426)	-	-	-	-	-	(2,494,426)	-	(2,494,426)
Options expired	-	-	-	(13,169,765)	-	-	13,169,765	-	-	-
Value of options issued to employees and consultants	-	-	-	268,059	-	-	-	268,059	-	268,059
Adjustment to retained earnings	-	-	-	-	-	-	(1,061)	(1,061)	-	(1,061)
Balance 30 June 2021 (audited)	**32,350,699**	**426,819,162**	**3,253,029**	**24,004,934**	**(4,345,829)**	**(632,034)**	**(142,247,869)**	**339,202,092**	**(579,897)**	**338,622,195**
Loss for the period	-	-	-	-	-	-	(17,766,141)	(17,766,141)	(64,514)	(17,830,655)
Other comprehensive income for the period	-	-	(210,488)	-	(263,064)	45,126	-	(428,426)	-	(428,426)
Total comprehensive income for the period	-	-	(210,488)	-	(263,064)	45,126	(17,766,141)	(18,194,567)	(64,514)	(18,259,081)
Share issue costs	-	(25,922)	-	-	-	-	-	(25,922)	-	(25,922)
Options expired	-	-	-	(7,895,261)	-	-	7,895,261	-	-	-
Value of options issued to employees and consultants	-	-	-	-	-	-	-	-	-	-
Balance 31 December 2021 (unaudited)	**32,350,699**	**426,793,240**	**3,042,541**	**16,109,673**	**(4,608,893)**	**(586,908)**	**(152,118,749)**	**320,981,603**	**(644,411)**	**320,337,192**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

	Notes	Three months ended 31 December 2021 US$ (unaudited)	Three months ended 31 December 2020 US$ (unaudited) Restated	Six months ended 31 December 2021 US$ (unaudited)	Six months ended 31 December 2020 US$ (unaudited) Restated
Cash flows from operating activities					
Loss for the period		(7,201,467)	(6,883,230)	(17,830,655)	(8,840,350)
Depreciation		155,105	145,894	310,503	274,636
Interest on Lease Liability		17,295	20,470	33,626	46,249
Interest on bridging loan		-	-	-	371,276
Interest on NSR		3,281,058	3,505,502	6,466,883	3,505,502
Share based payments expense		-	-	-	47,377
Write-off of exploration expenditure		30,704	903	3,338,739	2,048
Foreign exchange (gain) / loss		(99,410)	(426,755)	166,645	(1,897,730)
Movement in fair value of derivative liability		57,750	770,000	(288,750)	1,345,246
Deferred taxes		(90,635)	509,687	53,795	(325,293)
Movement in fair value of employee benefit expense	7	669,211	-	669,211	-
Accretion of interest – Company Funded Loan Plan		(232,488)	(110,470)	(346,223)	(219,319)
(Increase) / decrease in other receivables and prepayments		630,125	788,461	(305,397)	(314,167)
Increase / (decrease) in trade and other payables		(1,483,240)	(1,785,795)	(881,634)	(353,277)
Net cash outflow from operating activities		**(4,265,992)**	**(3,465,333)**	**(8,613,257)**	**(6,357,802)**
Cash flows from investing activities					
Acquisition of property, plant and equipment		(1,807,181)	(4,305,779)	(1,885,159)	(4,480,486)
Acquisition of exploration and evaluation assets		(22,509,320)	(19,703,467)	(40,377,286)	(33,296,941)
Net cash outflow from investing activities		**(24,316,501)**	**(24,009,243)**	**(42,262,445)**	**(37,777,427**
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital and options		-	4,800,000	-	4,800,000
Payment of issue costs		-	-	(34,075)	(12,073)
Net proceeds from NSR financing	10	-	-	-	84,380,421
Payment of NSR costs		-	(1,784,852)	-	(1,784,852)
Repayments of lease liability		(117,311)	(98,632)	(214,215)	(240,335)
Net cash (outflow) / inflow from financing activities		**(117,311)**	**2,916,516**	**(248,290)**	**87,143,161**
Net (decrease) / increase in cash and cash equivalents		**(28,699,804)**	**(24,558,060)**	**(51,123,992)**	**43,007,932**
Cash and cash equivalents at beginning of period		87,039,848	115,663,709	109,562,103	46,895,243
Effects of exchange rate changes on cash and cash equivalents		65,315	49,593	(32,752)	1,252,067
Cash and cash equivalents at end of period		**58,405,359**	**91,155,242**	**58,405,359**	**91,155,242**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This general purpose interim condensed consolidated financial report for the half year ended 31 December 2021 has been prepared in accordance with UK adopted International Accounting Standard 34, *Interim Financial Reporting,* and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdoms' Financial Conduct Authority.

The interim condensed consolidated financial statements are presented in United States dollars ("US$") and have been prepared on the historical cost basis, apart from financial assets held at fair value.

The interim condensed consolidated financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing activities of the consolidated entity. The financial information does not constitute statutory accounts within the meaning of section 434 of the companies Act 2006. The auditors' report on the accounts for 30 June 2021 were unqualified with a material uncertainty relating to going concern and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

It is recommended that the half year condensed consolidated financial report be read in conjunction with the annual report for the year ended 30 June 2021 and considered together with any public announcements made by SolGold plc and its controlled entities during the six months ended 31 December 2021.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. SolGold plc transitioned to UK-adopted International Accounting Standards in its condensed consolidated interim financial statements on 1 July 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The condensed consolidated interim financial statements do not include all of the notes of the type normally included in annual financial statements. Accordingly, they are to be read in conjunction with the annual report for the year ended 30 June 2021, which was prepared in accordance with both 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. It is recommended that the interim condensed consolidated financial report be read considering any public announcements made by SolGold plc and its controlled entities during the six months ended 31 December 2021.

The financial information contained in these condensed consolidated interim financial statements has been prepared on the going concern basis.

Going concern

As at 31 December 2021 the Company had cash on hand of US$58.41 million and net current assets of US$63.67 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. As such, the ability of the Group to continue as a going concern depends on its ability to secure this additional financing.

Together with its brokers and financial advisors, the Company continuously monitors the conditions in the relevant capital markets and the board regularly considers various forms of financing available to SolGold. The Company is in regular touch with equity investors and actively participates in investor conferences and other forms of investor engagements as the Company will need to secure further funding to meet its 12-month exploration and working capital commitments. As has been the case previously, the Directors expect that future funding will likely be provided by equity investors or via alternative or debt funding arrangements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation (continued)

The Company has proven its ability to execute equity financings successfully, like the cashbox placing in April 2021, in a cost effective manner and with a short turn-around time. In the event that the Company is unable to secure sufficient funding, it may not be able to fully develop its projects, and this may have a consequential impact on the carrying value of the related exploration assets and the investment of the parent company in its subsidiaries as well as the going concern status of the Company. Given the nature of the Company's current activities, it will remain dependent on equity and/or mezzanine or debt funding until such time as the Company becomes self- financing from the commercial production of its mineral resources. Should raising additional finance prove challenging, the Company has alternative options such as the acceleration of the cost reductions, farm-outs or the relinquishment of licences across Ecuador, Australia and the Solomon Islands.

Given that the company will need to raise funds within 12 months, from the date of approval of these interim financial statements, the situation gives rise to a material uncertainty as there can be no assurance the Company will be able to raise required financing in the future. Notwithstanding this material uncertainty, 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 Group was unable to continue as a going concern.

Comparatives

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current financial year. The accounting policies for the comparatives are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 30 June 2021.

Significant accounting policies

The group has applied the same accounting policies and methods of computation in its half year consolidated financial statements as in its 2021 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods on (or after) 1 July 2021 and that will be adopted in the 2022 annual financial statement .statement.

New standards and interpretations

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.

Effective period commencing on or after		
IFRS 9, IAS 39, IFRS7, IFRS4 & IFRS 16	Interest Rate Benchmark Reform Phase 2	1 Jan 2021

IFRS 9, IAS 39, IFRS 7, IFRS 4 & IFRS 16: Interest Rate Benchmark Reform Phase 2

In September 2020, the International Accounting Standards Board ("IASB") published Interest Rate Benchmark Reform Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) finalising its response to the ongoing reform of interest rate benchmarks around the world. The amendments aim to assist reporting entities to provide investors with useful information about the effects of the reform on their financial statements.

Many IBORs are expected to be replaced by new benchmark Risk-Free-Rates in future reporting period. This second set of amendments focus on issues arising post replacement, ie, when the exiting interest rate benchmark is actually replaced with alternative benchmark rates. The main amendments in this second stage are as follows:

- Highly probable requirement and prospective assessments of hedge effectiveness
- Designating a component of an item as the hedged item

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation (continued)

The amendment is effective for periods beginning on or after 1 January 2021 with early application permitted. Management has assessed of the effects of applying the amendment on the Group's financial statements and has determined that there is no material impact.

As at 31 December 2021, the following amendment to the standard that could be applicable to the Group, had been issued but was not mandatory for reporting period ended 31 December 2021:

IAS 16: Property, Plant and Equipment – proceeds before intended use: The proposed amends the standard to prohibit deducting from the cost of a item of property, plant and equipment any proceeds from selling items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. The amendment is effective for periods beginning on or after 1 January 2022 with early application permitted.
Management has made a preliminary assessment to not apply this change early

Subsidiaries

The half year condensed consolidated financial statements comprise the financial statements of SolGold plc and its controlled entities as at 31 December 2021.

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 any of these elements of control.

The interim condensed 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 interim condensed 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 condensed 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 into line with those used by the Group.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and presented within equity in the condensed consolidated statement of financial position, separately from the equity of the owners of the parent.

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 2 OPERATING SEGMENTS

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

The Group has outlined below the separately reportable operating segments, having regard to the quantitative threshold tests provided in IFRS 8 *Operating Segments*, namely that the relative revenue, asset or profit / (loss) position of the operating segment equates to 10% or more of the Group's respective total. The Group reports information to the Board of Directors by project areas. That is, the financial position of each project area is reported discreetly, together with an aggregated corporate and administrative cost centre.

31 December 2021 (unaudited)	Finance Income US$	Depreciation US$	Impairment of E&E US$	Loss for the period US$	Assets US$	Liabilities US$	Share based payment US$	Non-current asset additions US$
Cascabel project*	-	68,955	-	(430,090)	259,080,824	2,661,610	-	33,319,197
Other Ecuadorian projects	27,701	79,601	3,338,739	(4,203,466)	104,685,865	2,875,855	-	18,939,293
Other projects	5	12	-	(11,691)	10,838,935	20,701	-	157,204
Corporate	346,573	161,935	-	(13,185,408)	69,873,112	118,583,378	-	-
Total	**374,279**	**310,503**	**3,338,739**	**(17,830,655)**	**444,478,736**	**124,141,544**	**-**	**52,415,694**

30 June 2021 (audited)	Finance Income US$	Depreciation US$	Impairment of E&E US$	Loss for the period US$	Assets US$	Liabilities US$	Share based payment 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)	119,672,036	113,148,400	315,435	-
Total	**454,575**	**582,026**	**4,353**	**(22,893,167)**	**456,913,025**	**118,290,830**	**315,436**	**75,990,112**

31 December 2020 (unaudited)	Finance Income US$	Depreciation US$	Impairment of E&E US$	Loss for the period US$	Assets US$	Liabilities US$	Share based payment US$	Non-current asset additions (Restated)** US$
Cascabel project*	-	44,317	-	(356,471)	212,032,239	4,078,442	-	22,645,769
Other Ecuadorian projects	-	63,704	-	(1,418,646)	66,654,121	2,610,145	-	12,478,875
Other projects	189	-	2,048	(8,561)	11,037,331	17,687	-	104,312
Corporate	222,054	166,615	-	(7,056,672)	106,087,217	107,995,873	47,377	-
Total	222,243	**274,636**	**2,048**	**(8,840,350)**	**395,810,908**	**114,702,147**	**47,377**	**35,228,956**

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

** 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 considered that the measure of this transaction was as detailed in note 10 and accordingly the accounting treatment changed. The impact of this change was reflected in the 31 December 2020 interim financial statements, but the segment note was not updated accordingly. As a result, management has amended the segment note disclosure for the comparative period in these interim financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 2 OPERATING SEGMENTS (CONTINUED)

Geographical information

Non-current assets	31 December 2021 US$	30 June 2021 US$
Australia	15,302,413	16,285,847
Solomon Islands	548,085	433,708
Ecuador	357,464,685	315,676,943
	373,315,183	**332,396,498**

NOTE 3 OPERATING LOSS

	Three months ended 31 December 2021 US$ (unaudited)	Three months ended 31 December 2020 US$ (unaudited)	Six months ended 31 December 2021 US$ (unaudited)	Six months ended 31 December 2020 US$ (unaudited)
The operating loss is stated after charging / (crediting)				
Interest revenue – external parties	240,474	111,419	374,279	222,243
	240,474	**111,419**	**374,279**	**222,243**
Administrative and consulting expenses	1,859,514	1,365,211	4,567,191	4,087,344
Employment expenses	1,796,121	975,661	3,298,496	1,470,996
Depreciation	155,105	145,894	310,503	274,636
Legal fees	292,036	185,844	381,541	281,147
Foreign exchange losses/(gains)	92,449	(426,755)	167,134	(1,897,730)
Share based payments (note 12)	-	-	-	47,377
	4,195,221	**2,245,855**	**8,724,865**	**4,263,770**
Finance costs – NSR Interest	3,281,058	3,505,503	6,466,883	3,505,503
Finance costs – BLA Interest[1]	-	-	-	371,276
Finance costs – interest on lease liability	17,295	20,469	33,626	46,248
Finance costs – other interest	-	143	-	586
Movement in fair value of derivative liability	57,750	770,000	(288,750)	1,345,246
	3,356,103	4,296,115	6,211,759	5,268,859

[1] **BLA refers to the Bridging Loan Agreement for US$15 million received in May 2020 from Franco Nevada**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 4 LOSS PER SHARE

	Three months ended 31 December 2021 (unaudited)	Three months ended 31 December 2020 (unaudited)	Six months ended 31 December 2021 (unaudited)	Six months ended 31 December 2020 (unaudited)
Calculation of basic and diluted loss per share is in accordance with IAS 33 *Earnings per Share.*				
Loss per ordinary share				
Basic loss per share (cents per share)	(0.3)	(0.3)	(0.8)	(0.4)
Diluted loss per share (cents per share)	(0.3)	(0.3)	(0.8)	(0.4)
Net loss used in calculating basic and diluted loss per share (US$)	(7,183,095)	(6,859,688)	(17,766,141)	(8,786,878)
	Number	**Number**	**Number**	**Number**
Weighted average number of ordinary shares used in the calculation of basic loss per share	2,293,816,433	2,078,621,187	2,293,816,433	2,075,399,834
Weighted average number of dilutive options	-	-	-	-
Weighted average number of ordinary shares used in the calculation of diluted loss per share	2,293,816,433	2,078,621,187	2,293,816,433	2,075,399,834

Options granted are not included in the determination of diluted earnings per share as they are considered to be anti-dilutive.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 5 INTANGIBLE ASSETS

	Deferred exploration costs US$
Cost	
Balance at 1 July 2020	**267,852,937**
Effect of foreign exchange on opening balances	667,247
Additions	77,512,965
Balance at 30 June 2021 (audited)	**346,033,149**
Effect of foreign exchange on opening balances	(259,814)
Additions	41,149,280
Balance at 31 December 2021 (unaudited)	**386,922,615**
Impairment losses	
Balance at 1 July 2020	**(37,596,784)**
Effect of foreign exchange on opening balances	-
Impairment charge	(4,353)
Balance at 30 June 2021 (audited)	**(37,601,137)**
Impairment charge	(3,338,739)
Balance at 31 December 2021 (unaudited)	**(40,939,876)**
Carrying amounts	
At 30 June 2020	230,256,153
At 30 June 2021	308,432,012
At 31 December 2021 (unaudited)	**345,982,739**

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective areas of interest. An impairment charge of US$3,338,739 (December 2020: US$2,048) was recognised for exploration expenditure associated with concessions that were surrendered in Ecuador during the half year, as per the announcement on 7 September 2021 and additional expenditure on those concessions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 6 INVESTMENTS

(a) Financial assets held at fair value through OCI

	31 December 2021 US$ (unaudited)	30 June 2021 US$ (audited)
Movements in financial assets		
Opening balance at 1 July	6,852,042	4,119,179
Additions	-	813,927
Fair value adjustment through other comprehensive income	(213,315)	1,891,936
Closing balance at the end of the reporting period	**6,638,727**	**6,825,042**

Financial assets comprise an investment in the ordinary issued capital of Cornerstone Capital Resources Inc., listed on the Toronto Venture Exchange ("TSV") and an investment in the ordinary issued capital of Aus Tin Mining Ltd, a company listed on the Australian Securities Exchange.

(a) 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 and financial liabilities approximate their carrying amounts principally due to their short-term nature or the fact that they are measured and recognised at fair value.

The following table represents the Group's financial assets measured and recognised at fair value.

	US$ Level 1	US$ Level 2	US$ Level 3	US$ Total
31 December 2021 (unaudited)				
Financial assets held at fair value through OCI	6,638,727	-	-	6,638,727
30 June 2021 (audited)				
Financial assets held at fair value through OCI	6,825,042	-	-	6,825,042

The financial assets are measured based on the quoted market prices at 31 December 2021 and 30 June 2021.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 7 LOAN RECEIVABLES

	31 December 2021 US$	30 June 2021 US$
Loan receivables current asset		
Company Funded Loan Plan receivable	6,036,721	6,495,930
Closing balance at the end of the reporting period	**6,036,721**	**6,495,930**
Loan receivable and other non-current assets		
Security bonds	1,719,065	1,457,324
Balance at end of reporting period	**1,719,065**	**1,457,324**
Company Funded Loan Plan Receivable		
Opening balance at 1 July	6,495,930	6,373,398
Repayments of loans during the period	-	(1,065,245)
Fair value adjustment recognised as an employee benefit expense	(669,211)	-
Accretion of interest	346,223	449,613
Effect of foreign exchange	(136,221)	738,164
Balance at end of reporting period	**6,036,721**	**6,495,930**

The Company Funded Loan Plan (the "Plan") is a plan established by the Company to assist employees in exercising share options. On 29 October 2018, the Company assisted employees to exercise 19,950,000 options previously issued to employees of the Company in 2016 via the Plan. Since inception and until 31 December 2021 repayments of US$1,065,245 have been received against the loans provided. As at 31 December 2021, 12 employees remain beneficiaries of the Plan.

The key terms of this Plan are as follows:

- The employee may only use a loan under the Plan to pay for the exercise of Employee Options granted by the Company.
- The loans were originally granted for a maximum period of 2 years (see below on extensions).
- No interest will be charged on the loans.
- The loans are secured by the shares granted on the exercise of the Employee Options.
- The loans provided are full recourse.

As the loans provided by the Company were at a favourable rate of interest for the employees, the total 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 31 December 2021.

The Board of Directors in June 2021 resolved to extend the CFLP until the 31 December 2021 During the October 2021 board meeting, the Board of Directors resolved to extend the CFLP again, this time for a further six months, to 30 June 2022. This extension of the loan resulted in an overall increase of US$669,211 in employee benefits expense. This fair value adjustment is represented in the above table and was recognised as an employee benefit expense.

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 the Queensland Department of Natural Resources and Mines against Queensland exploration tenements held by the Group and on cash backed bank guarantees held by the Ecuadorian Ministry of Environment against Ecuadorian exploration tenements held by the Group.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 8 LEASE LIABILITIES

	31 December 2021 US$	30 June 2021 US$
Current liability		
Lease liability	437,752	335,749
Closing balance at the end of the reporting period	**437,752**	**335,749**
Non-current liability		
Lease liability	534,716	607,214
Balance at end of reporting period	**534,716**	**607,214**

NOTE 9 OTHER FINANCIAL LIABILITIES

Derivative liability at fair value through profit or loss		
Opening balance at 1 July	2,926,000	2,312,254
Fair value adjustment recognised through profit or loss	(288,750)	613,746
Balance at end of reporting period	**2,637,250**	**2,926,000**

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 derivative liability relates to options granted to BHP as part of the December 2019 placement. Since the options issued to BHP were not granted in exchange for goods or services and were exercisable in a currency other than the functional currency, the options were treated as a derivative financial liability measured at fair value on the date of grant and are remeasured at each reporting period.

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
31 December 2021 (unaudited)				
Derivative liability at fair value through profit or loss	-	-	2,637,250	2,637,250
30 June 2021 (audited)				
Derivative liability at fair value through profit or loss	-	-	2,926,000	2,926,000

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 9 OTHER FINANCIAL LIABILITIES (CONTINUED)

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 31 December 2021
Number of options	19,250,000
Share price	£0.290
Exercise price	£0.370
Expected volatility	62.534%
Time to expiry	2.92 years
Expected dividends	0.00%
Risk-free interest rate (short-term)	0.69%
Fair value	$0.137
Valuation methodology	Monte Carlo Value

For the financial year ended 31 December 2021	US$
Derivative liability valuation recognised in statement of comprehensive income	288,750

Note 10 BORROWINGS

	31 December 2021 US$	30 June 2021 US$
Non-current liability		
Net smelter royalty financing	113,041,100	106,574,217
Balance at the end of the reporting period	**113,041,100**	**106,574,217**

Net Smelter Royalty Financing		
Balance at beginning of reporting period	106,574,217	-
Additions – funds received under the loan	-	84,380,422
Additions – funds related to the Bridging Loan	-	15,619,578
Transaction costs adjusted through retained earnings	-	(726,427)
Transaction costs at recognition	-	(2,318,598)
Capitalised interest	6,466,883	9,619,242
Balance at end of reporting period	**113,041,100**	**106,574,217**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

Note 10 BORROWINGS (CONTINUED)

On 11 September 2020, Franco-Nevada paid 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 Buy-back option is an embedded derivate that is not closely related and measured annually at fair value through the profit and loss.

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 (option has expired)
- 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

The NSR financing agreement included an upscale option at the Group's control. The option expired in early 2021.

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. An external assessment by an accounting firm undertaken as part of the 2021 audit concluded that the embedded derivative is immaterial. There is also a limited expectation or likelihood that the buy-back option will be exercised by SolGold in the near future.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 11 SHARE CAPITAL

	Six months ended 31 December 2021 US$ (unaudited)	Twelve months ended 30 June 2021 US$ (audited)
a) Issued capital and share premium		
Ordinary shares fully paid up (nominal value of £0.01 each)	**459,143,939**	**459,169,861**
b) Movement in ordinary shares		
At the beginning of the reporting period	459,169,861	382,501,992
Shares issued during the period	-	79,261,169
Transaction costs on share issue	(25,922)	(2,593,300)
At reporting date	**459,143,939**	**459,169,861**

	Six months ended 31 December 2021 Number (unaudited)	Twelve months ended 30 June 2021 Number (audited)
c) Movement in number of ordinary shares on issue		
Shares at the beginning of the reporting period	2,293,816,433	2,072,213,495
- Shares issued at $0.42 – Valuestone 12 November 2020	-	11,900,000
- Shares issued at £0.255 – Placing share issue 28 April 2021	-	204,922,643
- Shares issued at £0.255 – Directors share issue 28 April 2021	-	1,543,858
- Shares issued at £0.255 – Retail Offer share issue 28 April 2021	-	1,736,437
- Shares issued at £0.25 – Exercise of employee options 15 June 2021	-	1,500,000
Shares at the reporting date	**2,293,816,433**	**2,293,816,433**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 12 SHARE OPTIONS

At 31 December 2021 the Company had 29,250,000 options outstanding for the issue of ordinary shares (31 December 2020: 111,775,000).

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 by 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. The Committee may determine a vesting schedule at the time of the granting of an Option. As at today the Committee has decided that the options granted vested immediately.

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 nil options granted during the period ended 31 December 2021 (31 December 2020: nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 12 SHARE OPTIONS (CONTINUED)

The share options outstanding at 31 December 2021 are as follows:

Date of grant	Exercisable from	Exercisable to	Exercise prices	Number granted	Number at 31 December 2021
2 December 2019[1]	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
3 March 2021	The options vested immediately and exercisable through to 2 March 2024	2 March 2024	£0.36	3,000,000	3,000,000
				29,250,000	**29,250,000**

[1]Options issued to BHP as part of the share subscriptions on 2 December 2019 and exercisable at £0.37 within 5 years. These options fall outside the scope of IFRS 2 and are classified as a derivative financial liability as they do not meet the fixed for fixed test.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 12 SHARE OPTIONS (CONTINUED)

Share-based payments

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

	Weighted average exercise price 31 December 2021	Number of options 31 December 2021	Weighted average exercise price 31 December 2020	Number of options 31 December 2020
Outstanding at the beginning of the period	£0.53	106,875,000	£0.54	185,162,000
Exercised during the period	-	-	-	-
Expired/lapsed during the period	£0.60	(77,625,000)	£0.60	(73,387,000)
Granted during the period	-	-	-	-
Outstanding at the end of the period	£0.34	29,250,000	£0.53	111,775,000
Exercisable at the end of the period	£0.34	29,250,000	£0.53	111,775,000

The options outstanding at 31 December 2021 have exercise prices of £0.25, £0.36, and £0.37 (31 December 2020: £0.25, £0.37 and £0.60) and a weighted average contractual life of 2.46 years (31 December 2020: 1.52 years).

Share options held by Directors are as follows:

Share options held	At 31 December 2021	At 31 December 2020	Option price	Exercise period
Nicholas Mather	-	5,000,000	60p	20/12/18 – 20/12/21
Robert Weinberg	-	900,000	60p	20/12/18 – 20/12/21
Jason Ward	-	5,000,000	60p	06/11/18 – 06/11/21

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2021

NOTE 13 RELATED PARTIES

Transactions with Directors and Director-Related Entities

(i) The Company had a commercial agreement with Samuel Capital Ltd ("Samuel") for the engagement of Nicholas Mather as Non- Executive Director of the Company. For the half year ended 31 December 2021 US$36,440 was paid or payable to Samuel (2020: US$215,315). The total amount outstanding at 31 December 2021 was US$6,556 (31 December 2020: US$ nil, 30 June 2021: US$nil).

(ii) Mr Brian Moller (a Director until 15th December 2021), is a partner in the Australian firm Hopgood Ganim Lawyers. For the half year ended 31 December 2021, US$4,117 was paid or payable to Hopgood Ganim (2020: US$59,052) for the provision of legal services to the Company. These services were based on normal commercial terms and conditions. The total amount outstanding at 31 December 2021 is US$nil (31 December 2020: US$16,982, 30 June 2021 US$nil).

(iii) Mr James Clare (a Director), is a partner in the Canadian firm Bennett Jones lawyers. For the half year ended 31 December 2021, US$214,917 was paid or payable to Bennett Jones (2020: US$206,961) for the provision of legal services to the Company. The services were based on normal commercial terms and conditions. The total amount outstanding at 31 December 2021 is US$9,045 (31 December 2020: US$145,962, 30 June 2021 US$nil).

(iv) The Company had a commercial agreement with Bayview PMF Pty Ltd ("Bayview") for the engagement of Jason Ward and his wife for managerial and administrative services. For the half year ended 31 December 2021 US$183,052 was paid or payable to Bayview. The total amount outstanding at 31 December 2021 was US$4,416.

NOTE 14 COMMITMENTS AND CONTINGENT ASSET AND LIABILITIES

A 2% net smelter royalty is payable to Santa Barbara Resources Limited, who were the previous owners of the Cascabel tenements. These royalties can be bought out by paying a total of US$4 million. Fifty percent (50%) of the royalty can be purchased for US$1 million 90 days following the completion of a definitive-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 definitive-feasibility study at 31 December 2021 and as such there is significant uncertainty over the timing of any payments that may fall due

NOTE 14 COMMITMENTS AND CONTINGENT ASSET AND LIABILITIES (continued)

Under the terms of the Term Sheet (**Term Sheet**) signed between SolGold plc, Cornerstone Capital Resources Inc. (**CGP**), CGP's subsidiary Cornerstone Ecuador S.A. (**CESA**), and Exploraciones Novomining S.A. (**ENSA**), and the SolGold Group holds an aggregate registered and beneficial equity position in ENSA of 85 The parties agreed SolGold will solely fund all operations and activities of ENSA until the completion of a Feasibility Study, including CESA's contribution as the registered and beneficial holder of an aggregate equity position in ENSA of 15%. After completion and delivery of the Feasibility Study, SolGold and CESA shall jointly fund the operations and activities of ENSA based on their respective equity positions in ENSA's. 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 to take the Financing Option and the completion of the First Phase Drill Program (FPDP). SolGold is to be repaid out of 90% of CESA's distribution of earnings or dividends from ENSA or the Cascabel Tenement to which CESA would otherwise be entitled. If CESA does not elect to contribute and its equity stake in ENSA is diluted to below 10%, its equity stake in ENSA will be converted to a 0.5% interest in the Net Smelter Return and SolGold may acquire this interest for US$3.5 million at any time. At 31 December 2021, Cornerstone's equity interest in ENSA had not been diluted below 10%.

The amount receivable from CESA at 31 December 2021 was US$45,165,886 (2020: US$34,992,558). 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 significant changes to commitments and contingencies disclosed in the most recent annual financial report.

NOTE 15 MATTERS SUBSEQUENT TO THE HALF YEARLY FINANCIAL PERIOD

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

DIRECTORS' RESPONSIBILITY STATEMENT AND REPORT ON PRINCIPAL RISKS AND UNCERTAINTIES

Responsibility statement:

We confirm to the best of our knowledge:

a) The condensed set of financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the United Kingdom.

b) The interim management report includes a fair review of the information required by:

I. DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements: and a description of the principal risks and uncertainties for the remaining six months of the year; and

II. DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period, and any changes in the related party transactions described in the last annual report that could do so.

Signed in accordance with a resolution of Directors.

On behalf of the Directors

Darryl Cuzzubbo
Chief Executive Officer and Managing Director

Brisbane
14 February 2022