# SolGold plc

# (05449516)

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2024 FINANCIAL YEAR

## THIRD QUARTER REPORT

**For the three and nine months ended 31 March 2024**

This management discussion and analysis ("**MD&A**") is management's assessment of the results and financial condition of SolGold plc ("**SolGold**" or the "**Company**") and its controlled subsidiaries (the "**Group**") ("**we**", "**our**", or "**us**") and should be read in conjunction with the Group's condensed financial statements for the period ended 31 March 2024 and the notes thereto. The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("**IASB**").

Management is responsible for the preparation of the financial statements and this MD&A. Unless otherwise stated, all amounts discussed in this MD&A are denominated in United States dollars.

Mr. Santiago Vaca (M.Sc. P.Geo.), the Chief Geologist of the Group, is a "**Qualified Person**" as defined in NI 43-101 and has reviewed and approved the technical information in this MD&A with respect to all the Group's properties.

The information included in this MD&A is as of 15 May 2024, and all information is current as of such date. Readers are encouraged to read the Company's Regulatory News Service ("**RNS**") announcements filed on the London Stock Exchange and on the System for Electronic Document Analysis and Retrieval ("**SEDAR+**") under the Company's issuer profile.

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# DESCRIPTION OF BUSINESS

SolGold plc (the "**Company**") and its subsidiaries (the "**Group**", "**we**", "**our**", or "**us**") is a mineral exploration and development company headquartered in Brisbane, Australia. SolGold is a UK-incorporated public limited company, dual LSE and TSX-listed (SOLG on both exchanges). It has a leading exploration team focused on copper-gold exploration and mine development, with assets in Ecuador, Chile, and Australia. SolGold is a large and active concession holder in Ecuador. SolGold's primary objective is to discover, define and develop world-class copper-gold deposits. Cascabel, SolGold's 100% owned "World Class" flagship copper-gold porphyry project (the "**Project**"), is located in northern Ecuador (Refer to https://wp-solgold-2023.s3.ca-central-1.amazonaws.com/media/2023/10/CAUTIONARY-NOTICE.compressed.pdf).

SolGold is a registered shareholder with a legal and beneficial 100% interest in Exploraciones Novomining S.A. ("**ENSA**"), the Ecuadorian registered company which holds 100% of the Cascabel concession, which includes the Alpala deposit.

# HIGHLIGHTS - FY2024 THIRD QUARTER

- Announced the successful completion of the updated Cascabel Pre-Feasibility Study ("PFS") incorporating a phased approach plan. The study presents significantly reduced initial capital costs, a pre-tax NPV8% of $5.4bn, 33% IRR, and a post-tax NPV8% of $3.2bn with a 24% IRR, along with significant copper, gold, and silver production estimates over a 28-year mine life. The PFS included updated mineral resource and reserve statements for the Alpala Deposit and an updated mineral resource statement for the Tandayama America deposit.
- Appointed Mr. Jian (John) Liu and Mr. Charles Joseland to the Board of Directors, continuing to improve corporate governance.
- Announced the Blanca-Nieves project exploration update, showing assays from channel-saw samples of gold-bearing epithermal quartz vein outcrops at the Florida target, returned results of 6.15m @ 7.46 g/t Au, including 2.2m @ 21.1 g/t Au, and the identification of a significant porphyry target at Cielito Norte covering approximately 2.5 x 2.5 km, that considering the proximity with the Cascabel project of about 8 km, shows the potential for future integration of Blanca-Nieves with the Tier 1 Cascabel Project.
- SolGold signed a Memorandum of Understanding ("MOU") with Grupo Empresarial Semaica, Enerhydra, and Constructora Nacional S.A. for a sustainable hydro-solar energy initiative at the Cascabel Project. The collaboration aims to develop a Power Project delivering approximately 200 megawatts of renewable energy, aligning with environmental stewardship and economic development goals, with partnerships established to secure financing and ensure adherence to regulatory standards.
- SolGold participated in several meetings with high-level Ecuadorian government officials, during which a joint declaration related to the Complementary Investment Protection Agreement (IPA) for the Cascabel Project was signed with the Ecuadorian government. The President of Ecuador, Mr. Daniel Noboa, affirmed his commitment to the advancement of responsible mining projects and foreign investment in Ecuador during several meetings and presentations.

# OUTLOOK AND CORPORATE OVERVIEW

## CORPORATE

### LIQUIDITY, RESTRUCTURING, AND STRATEGIC REVIEW

With the ongoing restructuring efforts described below, management expects current cash balances to last through June 2024. Management intends to raise financing prior or shortly after June 2024 to continue advancing its strategic objectives. We continued our review of financing opportunities. Options under consideration include but are not limited to, divesting other assets, issuing equity for cash proceeds, selling own shares, and selling a direct or indirect interest in the Cascabel project.

Net cash outlay during the nine months ended 31 March 2024 was $29.0 million, compared to net proceeds of $61.5 million in the comparative period of fiscal 2023 (excluding financing proceeds and financing costs), driven by reductions in overheads and focused expenditures on exploration and evaluation. Net current assets at 31 March 2024 were $3.5 million, compared to $19.3 million at the year ended 30 June 2023.

We continued the execution of the reorganization plan, which started in 2023, designed to reduce costs, right-size the workforce, and prioritize capital allocation to position the Company for long-term success. This ongoing process is focused on preserving the Company's financial resources, de-risking the Cascabel Project, and investing in exploration projects on a rational and prioritized basis. Our corporate leadership team is operating with a stable headcount of six full-time employees, which is not expected to fluctuate significantly during our fiscal year to end 30 June 2024.

## THE PROJECT (CASCABEL)

During the nine months ended 31 March 2024, the Company continued work to produce a revised Pre-Feasibility Study ("PFS"). The PFS outcomes were released on 16 February 2024, and the NI 43-101 Technical Report was filed on SEDAR+ and announced on 12 March 2024.

The PFS for the Cascabel Project provides the technical basis and economic metrics for a scalable operational model. The study indicates a pre-tax Net Present Value (NPV8%) of $5.4 billion, coupled with an internal rate of return (IRR) of 33%. Post-tax, the NPV8% remains substantial at $3.2 billion, with an IRR of 24%. Production projections forecast an average annual output of 123,000 tonnes of copper, 277,000 ounces of gold, and 794,000 ounces of silver, equivalent to 182,000 tonnes of copper equivalent (CuEq). Peak copper production is anticipated to reach 216,000 tonnes per annum (tpa), or 370,000 tonnes CuEq, highlighting the Project's significant scale and potential profitability.

Operationally, the study outlines a phased approach, with the initial phase targeting a throughput of 12 million tonnes per annum (Mtpa). This phase will focus on high-grade ore extraction, averaging approximately 1.45% CuEq for the first ten years of production. Subsequently, the operation will expand to a total annual production rate of 24Mtpa in year 6, with the additional mill expansion funded from project cash flow. This scalable operational strategy optimizes project development by managing costs effectively but also reduces financial risk, providing a quicker path to positive cash flow and sustained profitability over the project's lifespan. The initial capital expenditure for the mine development, first process plant module, and infrastructure is estimated at $1.55 billion, with post-production capital expected to be $2.57 billion. The study shows a 28-year mine plan, containing 3.2 million tonnes of copper, 9.4 million ounces of gold, and 28 million ounces of silver, based on the updated Mineral Reserve Estimate.

The PFS envisions using renewable energy, particularly hydropower, to power the mine. Subsequent to publishing the PFS results, SolGold signed an MOU to further investigate options for a Hydro-Solar power initiative at Cascabel.

The Tandayama Deposit's mineral resource estimate also was updated in the Pre-Feasibility Study. Although it hasn't reached the level of a Pre-Feasibility Study, ongoing evaluation is in progress. Further steps may involve additional metallurgical testing, assessments of waste rock characteristics, geotechnical investigations, hydrogeology studies, and detailed mine planning. Positioned about 6km from the Alpala Deposit and outcropping at surface, the Tandayama Deposit's position suggests a low strip ratio and the possibility of providing mill feed. This potential could expedite the onset of metal production through open-cut mining.

Management is currently negotiating access rights and ownership for one of the various envisioned tailings management area locations. Once accessible, geotechnical work can commence.

Most other project work will be focused on obtaining required permits and agreements to allow for the development of the Cascabel Project (see *Permitting* section below).

The Cascabel project will continue to move forward efficiently and cost-effectively. The following activities will advance and de-risk the project:

- Complete geotechnical work and secure property required for essential infrastructure (such as tailings deposition site, tailings pipeline route, etc.) locations;
- Apply for and obtain required permits, which depend upon infrastructure locations;
- Complete a technical report which facilitates construction financing; and
- Securing financing sufficient to complete remaining de-risking activities.

# PERMITTING

### EXPLOITATION CONTRACT

On 19 July 2023, the Company completed commercial negotiations with the Government of Ecuador and agreed upon a non-binding term sheet ("**Non-Binding Term Sheet**") in preparation for the execution of the Exploitation Contract for the Cascabel Project. The Exploitation Contract, coupled with existing legislations and regulations, establishes the legal and financial terms and conditions (including taxes, royalties, and advance royalties) required for the Cascabel Project's development.

The Term Sheet has been approved by the Ecuadorian Government and provides for the production of copper, gold, and silver from the contract area for a period of 33 years, which may be renewed. The Group and the Government of Ecuador agreed to an advanced royalty payment totalling $75 million, with $25 million due upon the concentrator construction start date. The remaining two payments, each of $25 million, will be made on the first and second anniversary, respectively, from the date of the first payment. The actual royalty on net smelter revenues ranges from 3% to 8%. According to the Mining Law, revenues from the royalties collected by the Ecuadorian Government will be allocated to productive and sustainable projects through the municipal governments and parish councils of the communities of the Cascabel Project.

The Company has obtained the phase change of the Cascabel Project's from the exploration phase to the exploitation phase, which was registered before the Mining Registry of the Energy and Non-Renewable Natural Resources Regulation and Control Agency of Ibarra ("**Phase Change Application**"). The Company has up to six months from the date of registration in the Ecuadorian Mining Registry of the change of phase resolution to execute the Exploitation Contract. Once executed before a public notary, the Exploitation Contract is required to be registered with the Mining Registry of the Energy and Non-Renewable Natural Resources Regulation and Control Agency of Ibarra. The Exploitation Contract together with the mining title will govern the Company's and the Government of Ecuador's legal, economic, technical, social and environmental commitments. Management expects the Exploitation Contract to be finalized and announced prior to end of the current financial year.

### TERM RENEWAL

The Company announced on 17 July 2023 that it had received the **Term Renewal** from the Ministry of Energy and Mines of the Government of Ecuador for the Cascabel Mining Concession ("**Cascabel**").

The Northern Zonal Coordination of the Ministry of Energy and Mines issued Official Letter No. MEM-CZN-2023-0810-OF containing Resolution No. MEM-CZN -2023-0090-RM ("**Resolution**") for the Term Renewal of Cascabel until 2048. The Company may request additional term renewals in the future. The Term Renewal confirms that Cascabel comprises 4,979 contiguous hectares and is in a large-scale mining regime in accordance with Ecuador's mining regulations.

The mining concession renewal term is 25 years from the registration date of the Resolution in the Mining Registry of the Energy and Non-Renewable Natural Resources Regulation and Control Agency of Ibarra.

### INVESTMENT PROTECTION AGREEMENT

On 19 November 2021, the Company signed the first investment protection agreement for exploration ("IPA") for the Cascabel Project in northern Ecuador. The IPA covers the investments of approximately US$430 million over 10 years, between 2013 and 2023, in mineral exploration activities in the Cascabel mining concession. The total includes historical and planned investments through the end of 2023, when the exploration phase of activities, as defined under mining law, is expected to finish. As noted below, the Company is in the process of amending the current IPA to adjust it with the final figures and investments made during the exploration phase and concurrently applying for a new IPA for construction, development and production of the Cascabel Project.

### EXPLORATION PERMIT

The company continues to receive the necessary permits to advance planned activities that are required to complete the exploration phase. Up to date, the Company holds all the necessary licenses and permits to perform advanced exploration activities, including early works (underground exploration), within Cascabel.

## GOVERNMENT RELATIONS

The petition to initiate negotiation for the Cascabel exploitation contract was submitted on August 31, 2022, before the Ministry of Energy and Mines ("**MEM**"). On 19 July 2023, the "**Non-Binding Term Sheet**" was executed between the Company and the Government of Ecuador, and the negotiation process was concluded. The Company filed on 19 September 2023 the request to change the phase of the mining concession to 'exploitation' in order to comply with the provisions of Ecuadorian mining law and ensure the maintenance of the mining title in good standing. As a result, the MEM notified the Company with the resolution declaring the beginning of the exploitation stage of the Cascabel concession. The Company finalized the process of legalizing and registering such resolution in December 2023. Recently, the MEM confirmed in writting that the six months established in the Mining Law to execute the Exploitation Contract should be counted from the date of registration of the change of phase to exploitation in the Ecuadorian Mining Registry and currently the Government of Ecuador is finalizing the reviews for the signature to take place.

Concurrently, in March 2024, the Company updated its petition to amend the current Investment Protection Agreement for Exploration ("**IPA**") in order to align it with legal reforms passed after the agreement was executed in 2021, adjust the figures of the investments made during exploration phase among others. The Minister of Production, Foreign Trade, Investments and Fisheries has requested the Company to apply for a new IPA to coincide with the change in mining status to exploitation, in addition to amending the existing IPA to cover only exploration investments. The Company is currently undertaking this process with the Minister for Production, Foreign Trade, Investments and Fisheries and once finished it will have two IPAs, one for exploration and the other for exploitation, construction, and related activities.

The Company meets on a regular basis with MEM and Ministry of Production, Foreign Trade, Investments and Fisheries to review the critical approvals required for the development of the Cascabel project and address other actions required by the Government of Ecuador for the success of the project.

## SELECTED ANNUAL INFORMATION

The Company prepares its consolidated annual financial statements in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "**IFRS**") applied in accordance with the provisions of the Companies Act 2006. The following table provides selected annual financial information derived from the three most recently completed annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the periods below.

| Year ended 30 June | 2023 US$ | 2022 US$ | 2021 US$ |
|---|---|---|---|
| **Operations** | | | |
| Loss for the year after tax | (50,439,745) | (1,701,565) | (22,893,167) |
| Total comprehensive expense for the year | | | |
| Owners of the parent company | (50,336,363) | (1,587,497) | (22,811,409) |
| Non-controlling interest | (103,382) | (114,068) | (81,758) |
| Basic and diluted loss per share (cents per share) | (2.0)/(2.0) | (0.1)/ (0.1) | (1.1) / (1.1) |
| **Balance Sheet** | | | |
| Working capital | 27,716,577 | 27,473,370 | 116,668,877 |
| Total assets | 478,339,250 | 429,162,611 | 456,913,025 |
| Total liabilities | 165,413,461 | 97,914,105 | 118,290,830 |
| Distributions or cash dividends declared per share | Nil | Nil | Nil |

# RESULTS OF OPERATIONS

## LOSS AFTER TAX

| Three months ended 31 March | 2024 | 2023 | Variance, $ | Variance, % |
|---|---|---|---|---|
| Loss after tax | (30,779,688) | (24,567,735) | (6,211,953) | 25% |
| Loss per share, basic | (1.0) | (1.1) | 0.1 | (9%) |
| Operating expenses | (2,413,872) | (19,258,953) | 16,845,081 | (87%) |

| Nine months ended 31 March | 2024 | 2023 | Variance, $ | Variance, % |
|---|---|---|---|---|
| Loss after tax | (52,726,684) | (42,239,698) | (10,486,986) | 25% |
| Loss per share, basic | (1.8) | (2.0) | 0.2 | (10%) |
| Operating expenses | (16,575,964) | (33,443,622) | 16,867,658 | (50%) |

Loss after tax and loss per share are driven primarily by administrative expenses, exploration costs written-off, when such costs are written off, and accretion of interest on borrowings. Details and analysis of such costs follow.

## EXPLORATION COSTS WRITTEN-OFF

| Three months ended 31 March | 2024 | 2023 | Variance, $ | Variance, % |
|---|---|---|---|---|
| Exploration costs written-off | (17,621) | (30,081) | 12,460 | (41%) |

| Nine months ended 31 March | 2024 | 2023 | Variance, $ | Variance, % |
|---|---|---|---|---|
| Exploration costs written-off | (8,264,192) | (41,469) | (8,222,723) | 19,829% |

During the nine months ended 31 March 2024, the carrying values of all Australian licenses were written down to nil. This was based on management's assessment that the projects were unlikely to be considered investment-worthy by outside investors or creditors and, therefore, that it was unlikely for management to raise the capital necessary to advance the projects. Additionally, the Queensland Department of Resources notified the Company that four of the Australian licenses would not be recommended for renewal. The market for the projects by sale or other disposition, such as an earn-in or royalty, indicates limited value, and the Company does not intend to invest further in the development of these projects.

## ADMINISTRATIVE EXPENSES

| Three months ended 31 March | 2024 | 2023 | Variance, $ | Variance, % |
|---|---|---|---|---|
| Administrative and consulting expenses | 809,441 | 1,574,191 | (764,750) | (49%) |
| Acquisition-related costs | - | 15,471,936 | (15,471,936) | (100%) |
| Impact of negotiated settlement of accounts payable1 | - | - | - | -- |
| Legal and professional fees | 234,600 | 432,441 | (197,841) | (46%) |
| Insurance | 56,742 | 136,133 | (79,391) | (58%) |
| Employment expenses | 782,420 | 1,439,742 | (657,322) | (46%) |
| Expected credit loss | (144,545) | (410,231) | 265,686 | (65%) |
| Depreciation | 93,784 | 97,951 | (4,167) | (4%) |
| Foreign exchange losses | 23,630 | (64,374) | 88,004 | (137%) |
| Share-based payments | 540,179 | 581,164 | (40,985) | (7%) |
| **Administrative expenses, as reported** | **2,396,251** | **19,258,953** | **(16,862,702)** | **(88%)** |

| Nine months ended 31 March | 2024 | 2023 | Variance, $ | Variance, % |
|---|---|---|---|---|
| Administrative and consulting expenses | 2,968,496 | 6,101,219 | (3,132,723) | (51%) |
| Acquisition-related costs | - | 15,471,936 | (15,471,936) | (100%) |
| Impact of negotiated settlement of accounts payable1 | (1,379,150) | - | (1,379,150) | -- |
| Legal and professional fees | 1,257,830 | 3,093,389 | (1,835,559) | (59%) |
| Insurance | 186,298 | 382,486 | (196,188) | (51%) |
| Employment expenses | 2,642,163 | 5,268,914 | (2,626,751) | (50%) |
| Expected credit loss | 683,917 | 997,669 | (313,752) | (31%) |
| Depreciation | 289,702 | 178,703 | 110,999 | 62% |
| Foreign exchange losses | 55,271 | 273,898 | (218,627) | (80%) |
| Share-based payments | 1,607,245 | 1,633,939 | (26,694) | (2%) |
| **Administrative expenses, as reported** | **8,311,772** | **33,402,153** | **(25,090,381)** | **(75%)** |

- **Administrative and consulting expenses** and **employment expenses** reflect reductions due to workforce right-sizing and a reduction in administrative support expenses during and after the 2023 acquisition of Cornerstone.
- **Acquisition-related costs** pertain to the costs incurred to complete the acquisition of all of the issued and outstanding shares of Cornerstone Capital Resources Inc. on 24 February 2023.
- **Impact of negotiated settlement of accounts payable** is a benefit to the Company for accounts payable settled for $1.4M less than originally invoiced amounts.
- **Expected credit loss** is a non-cash expense from the valuation of the Company Funded Loan, an asset for which we have the ability to sell underlying shares (See Note 7 to the interim condensed consolidated financial statements for 31 March 2024). The expected credit loss reflects the decrease in the Company's share price during the nine months ended 31 March 2024.
- **Share-based payments** includes the value of stock options vesting. During the nine months ended 31 March 2024, 10,500,000 options were granted (73,778,125 in the nine months ended 31 March 2023).

## OTHER INCOME AND EXPENSE

| Three months ended 31 March | 2024 | 2023 | Variance, $ | Variance, % |
|---|---|---|---|---|
| Other income | 243,605 | 33,971 | 209,634 | 617% |
| Finance income | 153,372 | 10,556 | 142,816 | 1353% |
| Finance costs | (4,605,032) | (3,797,545) | (807,487) | 21% |
| Movement in fair value of derivative liability | (12,000) | (134,750) | 122,750 | (91%) |
| Remeasurement of amortised cost of financial liability | (24,145,761) | - | - | |

| Nine months ended 31 March | 2024 | 2023 | Variance, $ | Variance, % |
|---|---|---|---|---|
| Other income | 297,521 | 102,249 | 195,272 | 191% |
| Finance income | 219,897 | 75,714 | 144,183 | 190% |
| Finance costs | (12,730,840) | (9,294,590) | (3,436,250) | 37% |
| Movement in fair value of derivative liability | 222,000 | 1,828,750 | (1,606,750) | (88%) |
| Remeasurement of amortised cost of financial liability | (24,145,761) | - | - | -- |

- **Other income** represents rent received from the subletting of office space at 111 Eagle Street, Brisbane, Australia. The 111 Eagle Street office space rental and related sublet expire in July 2024. The Company will not be renewing the lease.
- **Finance income** comprises interest received from banking institutions on short-term deposits.
- **Finance costs** predominantly relate to the effective interest charge calculated on the NSR Financing Agreements. This charge increased for the three and nine months ended 31 March 2024 due to the addition of the Osisko financing agreement on 2 December 2022. The NSR liabilities were revalued in March 2024 following the announcement of the updated PFS report.
- **Movement in fair value of derivative liability** represents the fair value remeasurement of the 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 options expire in December 2024.
- **Remeasurement of amortised cost of financial liability** represents the expense recognized upon revaluing the NSR borrowing liabilities following their revaluation in March 2024, based upon the updated PFS technical report announced 12 March 2024.

## FINANCIAL POSITION

| | 31 March 2024 $ | 30 June 2023 $ | Variance $ | Variance % |
|---|---|---|---|---|
| Total assets | 457,022,724 | 478,339,250 | (21,316,526) | (4%) |
| Current assets | 10,756,766 | 41,501,425 | (30,744,659) | (74%) |
| Non-current assets | 446,265,958 | 436,837,825 | 9,428,133 | 2% |
| Total liabilities | 195,415,176 | 165,413,461 | 30,001,715 | 18% |
| Current liabilities | 7,215,887 | 13,784,848 | (6,568,961) | (48%) |
| Non-current liabilities | 188,199,289 | 151,628,613 | 36,570,676 | 24% |

- **Current assets** decreased primarily due to outlay on capitalized exploration and evaluation costs, including costs on the updated PFS report, paydown in current liabilities, and ongoing administrative expenses.
- **Non-current assets** increased primarily due to increases in capitalized exploration and evaluation expenditures, classified as intangible assets. Capitalized exploration and evaluation expenditures were approximately $17.7 million, predominantly due to expenditures on the Alpala project and the various regional projects in Ecuador. Capitalized exploration costs written-off of approximately $8.3 million reduced all Australian project carrying values to nil during the nine months ended 31 March 2024.
- **Current liabilities** primarily reflect a decrease in trade and other payables of approximately $6.4 million, including settlement of an approximately $3.5 million liability outstanding at 30 June 2023, which realized a gain of approximately $1.4 million.
- **Non-current liabilities** increased primarily due to the NSR royalty borrowings, accounted for at amortised cost and including a revaluation following the March 2024 updated PFS report.

## EXPLORATION AND EVALUATION ASSETS

The following table represents the capitalised expenditures on exploration and evaluations to date by project area.

| Project | Capitalised at 30 June 2023 US$ | Capitalised during the period ended 31 March 2024 US$ | Impairment during the period ended 31 March 2024 US$ | Foreign exchange impact during the period ended 31 March 2024 US$ | Capitalised at 31 March 2024 US$ |
|---|---|---|---|---|---|
| Cascabel | 289,941,445 | 11,388,742 | - | - | **301,330,187** |
| Ecuador Exploration | 113,120,806 | 6,600,877 | - | - | **119,721,683** |
| Australia | 8,371,833 | - | (8,264,192) | (107,641) | - |
| **TOTAL** | **411,434,084** | **17,989,619** | **(8,264,192)** | **(107,641)** | **421,051,870** |

## SUMMARY OF QUARTERLY RESULTS

The following table sets forth a comparison of revenues and earnings for the previous eight quarters ending 31 March 2024. Financial information is prepared in accordance with IFRS as issued by the IASB.

| Quarter Ended | 31 Mar 2024 US$ | 31 Dec 2023 US$ | 30 Sep 2023 US$ | 30 June 2023 US$ |
|---|---|---|---|---|
| Loss for the quarter after tax | (30,779,688) | (14,865,179) | (7,081,741) | (8,200,047) |
| Loss per share (cents per share) | (1.0) | (0.5) | (0.2) | (0.3) |
| Loss for the quarter after tax attributable to the owners of the parent | (30,779,688) | (14,865,179) | (7,081,741) | (8,200,047) |
| Loss per share attributable to the owners of the parent (cents per share) | (1.0) | (0.5) | (0.2) | (0.3) |
| **Quarter Ended** | **31 March 2023 US$** | **Dec 31, 2022 US$** | **Sep 30, 2022 US$** | **Jun 30, 2022 US$** |
| Gain / (loss) for the quarter after tax | (24,567,735) | (10,513,560) | (7,158,404) | 25,208,048 |
| Net gain / (loss) per share (cents per share) | (1.1) | (0.5) | (0.3) | 1.1 |
| Gain / (loss) for the quarter after tax attributable to the owners of the parent | (24,537,718) | (10,475,411) | (7,123,189) | 25,190,246 |
| Net gain / (loss) per share attributable to the owners of the parent (cents per share) | (1.1) | (0.4) | (0.3) | 1.1 |

Net loss presented over the eight quarters primarily reflects general and administrative costs, which include employment costs, costs of the Cornerstone acquisition in Q3 2023, remeasurement of the Franco-Nevada NSR borrowing in Q4 2022, unrealised foreign exchange gains and losses, share-based payment expenses, the remeasurement of NSR borrowings in Q3 2024, and finance costs, including non-cash interest charges. Loss for three months ended 31 March 2023 was higher than normal due to costs incurred in the acquisition of Cornerstone, while loss for the three months ended 31 March 2024 was higher than normal primarily due to the remeasurement of NSR liabilities, following an updated PFS technical report which was announced 12 March 2024.

# LIQUIDITY AND CAPITAL RESOURCES

At 31 March 2024, the Group had cash and cash deposits of $3,452,963, a decrease of $29,028,643 from $32,481,606 at 30 June 2023.

Cash expenditure before financing activities for the nine months ended 31 March 2024 was $28,688,735 (2023: $61,328,487). The net cash outflow of the Group for the nine months ended 31 March 2024 was $29,005,291 (nine months ended 31 March 2023: net cash inflows of $22,298,767), noting that no financings were completed during the nine months ended 31 March 2024. Cash outflows, excluding financings, for the nine months ended 31 March 2024 were $29.0 million compared to $61.5 million in the comparative 2023 period.

Cash of $20,973,049 was invested by the Group on exploration expenditure during the nine months ended 31 March 2024 (2023: $35,979,575).

The following table compares the components of working capital at 31 March 2024 as compared to 31 March 2023.

| | As at | |
|---|---:|---:|
| | **31 March 2024** | **31 March 2023** |
| | **US$** | **US$** |
| Cash and cash equivalents | 3,452,963 | 48,066,085 |
| Other receivables and prepayments | 5,910,920 | 5,759,900 |
| Loans receivable and other current assets[1] | 1,392,883 | 2,461,385 |
| Trade and other payables | (6,260,123) | (12,615,378) |
| Current portion of lease liability | (239,594) | (359,700) |
| Provisions | (716,170) | (716,170) |
| **Net working capital** | **3,540,879** | **42,596,122** |

[1] Comprised of the Company Funded Loan Plan, refer to Note 7a of the consolidated financial statements for the nine months ended 31 March 2024.

SolGold funds its exploration and corporate costs through existing cash and cash equivalents. The Company has no capital commitments but has certain obligations to expend minimum amounts on exploration in tenement areas. As outlined in the Company's latest consolidated annual financial statements, such commitments at 30 June 2023 amounted to $12,236,692 and $754,126 over the next 12 months and 13-month to 5-year period, respectively.

Management raised gross financing proceeds of $86 million during fiscal year 2023 and anticipates that cash will be raised prior to or shortly after 30 June 2024. Further financing will be required, and management is evaluating opportunities for additional financing. Although management's ability to raise financing is not guaranteed, management is optimistic that its strategic focus (limiting cash outlay in aggregate and focusing cash which is expended into projects and milestones with concrete value) will provide the maximum number of opportunities in order to obtain optimal terms.

# GOING CONCERN

As at 31 March 2024, SolGold Plc (the "Company") and its subsidiaries (the "Group") had cash on hand of $3,452,963 and net current assets of $3,540,879. Following the successful completion of a $10 million financing subsequent to the balance sheet date, the group has sufficient liquidity for the next few months but less than twelve months to support its operations while it explores substantial and longer-term funding solutions. On 13 May 2024, the Company agreed to a short-term $10 million loan. The loan may be repaid early and other terms and conditions are customary for the nature of the loan.

The Directors have reviewed the cash position and cash position forecast of the Group and the Company for the period to 30 September 2025 and consider it appropriate that the Group and the Company financial statements are prepared on the going concern basis. This basis contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business, for the reasons set out below.

The Group has not generated revenues from operations in its history. Like many exploration and development companies, the Group raises finance for its exploration and appraisal activities in discrete tranches. Therefore, the ability of the Group to continue as a going concern depends on its ability to manage costs and secure additional financing within the next twelve months. Management's cash flow forecasts show that the Group and the Company need to secure additional funding to continue their exploration and development programme and in order to continue to meet their obligations and liabilities as they fall due.

A going concern assessment conducted by the Group, reviewing its current and projected financial performance and position, including current assets and liabilities, future commitments, and forecast cash flows, has determined in management's base case and downside scenarios, there is not sufficient liquidity for at least the next twelve months from the date of approval of these financial statements, without the receipt of additional financing.

The Company has a proven ability to execute equity and other financings, most recently demonstrated by the completion of a $10 million borrowing subsequent to 31 March 2024. The Directors have a reasonable expectation that the Group will be able to raise further funds when necessary and, as has been the case previously, the Directors expect that future funding will likely be provided by equity investors, debt, or via other strategic arrangements.

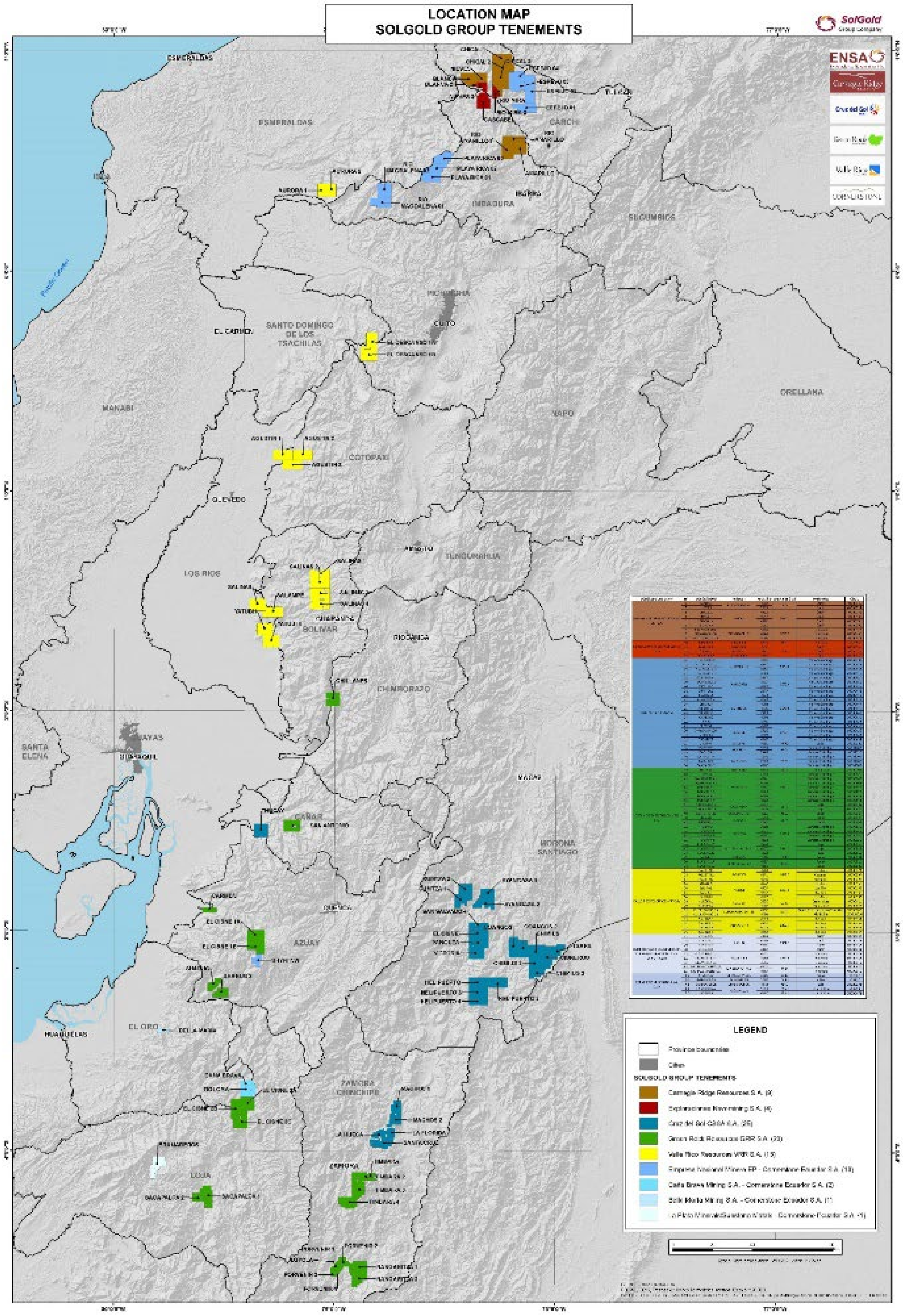
If the Company is unable to secure sufficient funding, it may not be able to fully develop its portfolio of exploration projects, and this may have a consequential impact on the carrying value of the related exploration assets and the investment of the parent company in its subsidiaries as well as the going concern status of the Group and the Company. Given the nature of the Group's current activities, it will remain dependent on equity and/or debt funding or other strategic arrangements until such time as the Group 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 cost reductions, farm-outs, the relinquishment of licences in Ecuador, or the sale of the Company's own treasury shares. The inability to obtain sufficient capital to finance operations may require significant reduction in the Company's operating activities, which could materially affect its financial position, results of operations, and cash flows.

Given that the Company will need to secure further funding to meet the Group's future exploration and working capital commitments, the situation gives rise to a material uncertainty as there can be no assurance the Company will be able to raise the required financing in the future. This material uncertainty may cast significant doubt upon the Group's and the Company's ability to continue as a going concern. Notwithstanding this material uncertainty, the Directors consider it appropriate to adopt the going concern basis of accounting in the preparation of the financial statements given the Company's proven ability to raise necessary funding. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

# PROJECT ACTIVITIES

The Company's focus since 2012 has been on the riches of Ecuador's underexplored section of the Andean Copper Belt. In addition to the Tier 1 Cascabel 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 by subsidiary in the following sections.

**Figure 1 - Overview of SolGold concessions throughout Ecuador**



## CASCABEL PROJECT

**Location**: Imbabura province, Northern Ecuador
**Ownership**: 100%
**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 a four-hour drive north of the capital, Quito, close to water, power supply and Pacific ports. Post-acquisition of Cornerstone and having fulfilled its earn-in requirements, SolGold is a registered shareholder with a legal and beneficial 100% interest in ENSA, which holds 100% of the Cascabel tenement covering approximately 50$km^2$, and is subject to the following royalties:

- a 2% net smelter return ("**NSR**") 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;
- A 1.0% NSR royalty, with a 50% buy-back option exercisable at SolGold's election for six years from closing at a price delivering Franco-Nevada a 12% IRR; and
- A 0.6% NSR royalty, with a 33.3% buy-back option exercisable at SolGold's election for four years from closing at a price delivering Osisko a 12% IRR.

**Figure 2 - Major activities undertaken in the reporting period**

| | |
|---|---|
| Drilling<br>Alpala deposit | No drilling was completed at Alpala in the three months ended 31 March 2024. Key activities during the quarter include:<br>• Updating interpretation of 3D geological, veining, alteration, geotechnical and metallurgical models |
| Water monitoring | Site-wide hydrological monitoring and hydrogeological monitoring in and around Alpala and Tandayama America deposits and potential infrastructure sites. This work continues and includes:<br>• Surface, near-surface and underground water monitoring<br>• Water chemistry sampling |
| Geotechnical | Geotechnical site investigations for areas identified for project infrastructure, including:<br>• Landslide monitoring. |
| Ancillary programmes | Ongoing geomorphological risk management, including stability monitoring at identified locations (observations did not identify significant movement)<br>LIDAR survey of the planned infrastructure outside the Cascabel concession, including the transmission line, pipeline, and tailing facility. The LIDAR flight and post-processing are completed. |
| Permitting | The Amended Environmental Impact Study for the Advanced Exploration phase of Metallic Minerals, Cascabel mining concession to carry out underground exploration activities (Early Works) was approved by MAATE in September 2023. The final resolution from MAATE was received in October 2023, allowing us to start with the Early Works construction.<br>The final resolution for the change of the Cascabel tenement to the Exploitation phase was received in October 2023, and it was registered in the Imbabura Zonal Coordination of the Ministry of Energy and Mines in December 2023. Ongoing negotiations with the Ecuadorian Government with respect to the Investment Protection Agreement and the Exploitation contract continue. |
| Economic Feasibility Study | The NI 43-101 pre-feasibility study, which includes a phased development approach to the Cascabel Project, was announced. |

## ALPALA MINERAL RESOURCE ESTIMATE (MRE#4)

The Alpala porphyry copper-gold-silver deposit, at a cut-off grade of 0.21% CuEq, comprises 3,013 Mt at 0.52% CuEq in the Measured plus Indicated categories, which includes 1,5762 Mt at 0.64% CuEq in the Measured category and 1,437 Mt at 0.39% CuEq in the Indicated category. The Inferred category contains an additional 607 Mt at 0.36% CuEq.

The estimate comprises a contained metal content of 10.7 Mt Cu and 26.8 Moz Au in the Measured plus Indicated categories, which includes 6.7 Mt Cu and 17.5 Moz Au in the Measured category and 4.0 Mt Cu and 9.3 Moz Au in the Indicated category. The Inferred category contains an additional 1.5 Mt Cu and 3.7 Moz Au.

| Cut-off Grade (CuEq%) | Resource Category | Tonnage (Mt) | Grade | | | | Contained Metal | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | CuEq (%) | Cu (%) | Au (g/t) | Ag (g/t) | CuEq (Mt) | Cu (Mt) | Au (Moz) | Ag (Moz) |
| 0.21 | Measured | 1,576 | 0.64 | 0.43 | 0.35 | 1.16 | 10.0 | 6.7 | 17.5 | 58.6 |
| | Indicated | 1,437 | 0.39 | 0.28 | 0.20 | 0.71 | 5.6 | 4.0 | 9.3 | 32.7 |
| | **Measured + Indicated** | **3,013** | **0.52** | **0.35** | **0.28** | **0.94** | **15.6** | **10.7** | **26.8** | **91.3** |
| | Inferred | 607 | 0.36 | 0.26 | 0.19 | 0.56 | 2.2 | 1.5 | 3.7 | 11.0 |

Notes:

1. Dr. Arseneau, P.Geo. Associate Consultant with SRK Consulting (Canada) is responsible for this Mineral Resource statement and is an "Independent Qualified Person" as defined in NI 43-101.
2. Reasonable prospects of eventual economic extraction were assessed by enclosing the mineralised material in the block model estimate in a 3D wireframe shape that was constructed with adherence to a minimum mining unit with geometry appropriate for a block cave.
3. Cut-off grade for the shape was defined as the cut-off grade under a breakeven, eventual economic extraction criterion. The cut-off grade of 0.21% CuEq was calculated using (copper grade (%)) + (gold grade (g/t) x 0.683).
4. All material within this shape was reported in the Mineral Resource statement as block caving is a non-selective method and all material extracted is treated as mill feed.
5. The material inside the shape without a Mineral Resource category was reported as planned dilution.
6. The resulting shape contained planned internal and edge dilution that the QP considers appropriate.
7. Cut-off inputs included:
    a) Metal prices of Cu at $3.60/lb and Au at $1,700/oz
    b) Recoveries of 93% for copper and 83% for gold
    c) Costs including mining, processing and general and administration (G&A) and off-site realisation (TCRC) including royalties.
8. The QP considers that the Mineral Resource has reasonable prospects for eventual economic extraction by an underground mass mining method such as block caving.
9. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
10. Mineral Resources are reported inclusive of those Mineral Resources that were converted to Mineral Reserves.
11. The statement uses the terminology, definitions and guidelines given in the CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014) as required by NI 43-101.
12. Figures may not sum due to rounding.

## ALPALA MINERAL RESERVE ESTIMATE

The Mineral Reserve for the Alpala deposit has been estimated using block caving as the sole underground mining method. Only Measured and Indicated categories have been converted to Mineral Reserves, with Inferred categories considered as waste and grades set to zero. The initial Mineral Reserve represents 18% of Measured and Indicated Resources tonnes and approximately 30% of contained metal in dollar terms.

| Category | Tonnes (Mt) | Cu Grade (%) | Au Grade (g/t) | Ag Grade (g/t) | Total Cu (Mlbs) | Total Au (koz) | Total Ag (koz) |
|---|---|---|---|---|---|---|---|
| **Proven** | 457.5 | 0.64 | 0.60 | 1.7 | 6,475 | 8,854.5 | 24,942 |
| **Probable** | 82.2 | 0.36 | 0.22 | 1.2 | 653 | 578.7 | 3,093 |
| **Total** | **539.7** | **0.60** | **0.54** | **1.6** | **7,128** | **9,433.2** | 28,034 |

Notes:

1. CIM Definition Standards were followed for Mineral Reserves.
2. Mineral Reserves for the Cascabel project have an effective date of December 31, 2023.
3. The Qualified Person responsible for the estimate of Mineral Reserves is Jarek Jakubec, C.Eng., FIMMM.
4. Mineral Reserves reported using long-term metal prices of $1,700/oz Au, $3.60/lb Cu, $19.90/oz Ag.
5. Mineral Reserves are constrained within a block cave design, using the following input parameters: height of draw of 400 m; mixing horizon of 350 m; 15% dilution (at 350 m column height); metallurgical recoveries that range from 68-81% for copper and 85-92% for gold; a footprint development cost of $1,750/m$^2$; cut-off value of $15.00/t.
6. Units are metric tonnes, metric grams, troy ounces, and imperial pounds. Gold ounces and copper pounds are estimates of in-situ material and do not account for processing losses.
7. Totals may not match due to rounding.

## TANDAYAMA-AMÉRICA MINERAL RESOURCE ESTIMATE

The Tandayama-America MRE#3 was estimated from drill holes and rock-saw channel samples that lie within the TAM Block Model limits and included 17,574 assays, representing 36,111 m of diamond drilling in 51 drill holes and 220 assays. The Tandayama-America deposit lies approximately 3km north of the Alpala deposit.

The Tandayama-America porphyry copper-gold deposit contains a total Mineral Resource of 722Mt @ 0.36% CuEq in the Indicated category containing 1.7 Mt Cu and 4.5 Moz Au, plus 247Mt @ 0.35% CuEq for 0.5Mt Cu, and 1.6Moz Au in the Inferred category.

| Potential Mining Method | Cut-off Grade (CuEq %) | Resource Category | Tonnage (Mt) | Grade | | | Contained Metal | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Cu (%) | Au (g/t) | CuEq (%) | Cu (Mt) | Au (Moz) | CuEq (Mt) |
| **Open Pit** | 0.16 | Indicated | 492 | 0.22 | 0.20 | 0.35 | 1.1 | 3.1 | **1.7** |
| | | Inferred | 45 | 0.18 | 0.18 | 0.31 | 0.1 | 0.3 | **0.1** |
| **Underground** | 0.19 | Indicated | 230 | 0.26 | 0.18 | 0.39 | 0.6 | 1.3 | **0.9** |
| | | Inferred | 201 | 0.21 | 0.21 | 0.36 | 0.4 | 1.4 | **0.7** |
| **Total Indicated** | | | 722 | 0.23 | 0.19 | 0.36 | 1.7 | 4.5 | **2.6** |
| **Total Inferred** | | | 247 | 0.21 | 0.21 | 0.35 | 0.5 | 1.6 | **0.9** |

Notes:

1. Dr Gilles Arseneau, P. Geo., Associate Consultant with SRK Consulting (Canada), is responsible for this Mineral Resource statement and is an "Independent Qualified Person" as defined in NI 43-101.
2. Reasonable prospects of eventual economic extraction were assessed by:
   a) First presenting the mineralised material in the block model estimate to a conventional Lersch-Grossman open pit optimisation routine based on a cut-off grade of 0.19% CuEq, and the cost and revenue assumptions listed below. Mineralised material inside the revenue factor one pit and above the cut-off grade were then reported in the "Open pit" section of the Mineral Resource statement.
   b) Subsequently, the remaining material was enclosed in a 3D wireframe shape that was constructed with adherence to a minimum mining unit with geometry appropriate for a block cave.
3. Cut-off grade for the potentially open pit mineable material was 0.16% CuEq. The cut-off grade for the underground shape was defined as the cut-off grade under a breakeven, eventual economic extraction criterion. The cut-off grade of 0.19% CuEq was calculated using (copper grade (%)) + (gold grade (g/t) x 0.683).
4. All material within the underground shape was reported in the "Underground" section of the Mineral Resource statement as block caving is a non-selective method and all material extracted is treated as mill feed.
5. The resulting shape contained planned internal and edge dilution that the QP considers appropriate.
6. Cut-off/Cut-off inputs included:
   a) Metal prices of Cu at $3.60/lb and Au at $1,700/oz
   b) Recoveries of 93% for copper and 83% for gold
   c) Costs including mining, processing and general and administration (G&A) and off-site realisation (TCRC) including royalties.
7. The QP considers that the Mineral Resource has reasonable prospects for eventual economic extraction by open pit or an underground mass mining method such as block caving as presented in the Mineral Resource statement.
8. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
9. Mineral Resources are reported inclusive of those Mineral Resources that were converted to Mineral Reserves.
10. Numbers may not add up due to rounding.

## QUALIFIED PERSON

Above information relating to the exploration results is based on data reviewed by Mr Santiago Vaca (M.Sc. P.Geo.), Santiago joined SolGold in 2014 as Chief Geologist for the Cascabel project and is an Ecuadorian geologist with over 18 years of experience in mineral Exploration and research. Mr Vaca holds a Professional Geoscientist Certification (P.Geo) granted by the Association of Professional Engineers and Geoscientists of Alberta ("**APEGA**") in Canada. He is a Qualified Person for the purposes of the relevant LSE and TSX Rules. Mr Santiago consents to the inclusion of the information in the form and context in which it appears.

## OUTSTANDING SHARE DATA

On the date of this report, the Company had on issue 3,001,106,976 ordinary shares and options to purchase an aggregate of 101,725,000 ordinary shares with exercise prices ranging from £0.10285 to £0.37 per share and expiry dates ranging from 15 June 2024 and 11 April 2034.

## SHARE OPTIONS

The share options outstanding at the date of this MD&A are as follows:

| Date of grant | Exercisable from | Exercisable to | Exercise price | Number granted | Number at 31 March 2024 |
|---|---|---|---|---|---|
| 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 |
| 24 February 2022 | The options vested immediately and are exercisable through to 15 June 2024 | 15 June 2024 | £0.26 | 3,000,000 | 3,000,000 |
| 24 February 2023 | The replacement options vested and are exercisable through to 6 August 2024 | 6 August 2024 | £0.162 | 6,375,000 | 6,375,000 |
| 24 February 2023 | The replacement options vested and are exercisable through to 10 August 2026 | 10 August 2026 | £0.162 | 7,350,000 | 7,350,000 |
| 24 February 2023 | The replacement options vested and are exercisable through to 29 March 2027 | 29 March 2027 | £0.182 | 4,125,000 | 4,125,000 |
| 24 February 2023 | The replacement options vested and are exercisable through to 13 July 2027 | 13 July 2027 | £0.133 | 5,625,000 | 5,625,000 |
| 17 March 2023 | The options will vest in 3 years and are exercisable to 17 March 2033 | 17 March 2033 | £0.17 | 30,000,000 | 30,000,000 |
| 18 April 2023 | The options will vest in 12 months and are exercisable to 18 April 2033 | 18 April 2033 | £0.1982 | 2,000,000 | 2,000,000 |
| 18 April 2023 | The options will vest in 24 months and are exercisable to 18 April 2033 | 18 April 2033 | £0.21 | 2,000,000 | 2,000,000 |
| 18 April 2023 | The options will vest in 36 months and are exercisable to 18 April 2033 | 18 April 2033 | £0.25 | 2,000,000 | 2,000,000 |

| Date of grant | Exercisable from | Exercisable to | Exercise price | Number granted | Number at 31 March 2024 |
|---|---|---|---|---|---|
| 6 July 2023 | The options will vest in 12 months and are exercisable to 5 July 2033 | 5 July 2033 | £0.17 | 2,000,000 | 2,000,000 |
| 6 July 2023 | The options will vest in 24 months and are exercisable to 5 July 2033 | 5 July 2033 | £0.21 | 2,000,000 | 2,000,000 |
| 6 July 2023 | The options will vest in 36 months and are exercisable to 5 July 2033 | 5 July 2033 | £0.25 | 2,000,000 | 2,000,000 |
| 27 July 2023 | The options will vest in 12 months and are exercisable to 26 July 2033 | 26 July 2033 | £0.17 | 500,000 | 500,000 |
| 27 July 2023 | The options will vest in 24 months and are exercisable to 26 July 2033 | 26 July 2033 | £0.21 | 500,000 | 500,000 |
| 27 July 2023 | The options will vest in 36 months and are exercisable to 26 July 2033 | 26 July 2033 | £0.25 | 500,000 | 500,000 |
| 25 August 2023 | The options will vest in 12 months and are exercisable to 24 August 2033 | 24 August 2033 | £0.17 | 1,000,000 | 1,000,000 |
| 25 August 2023 | The options will vest in 24 months and are exercisable to 24 August 2033 | 24 August 2033 | £0.21 | 1,000,000 | 1,000,000 |
| 25 August 2023 | The options will vest in 36 months and are exercisable to 24 August 2033 | 24 August 2033 | £0.25 | 1,000,000 | 1,000,000 |
| 12 April 2024 | The options will vest 1/3 on 1 January 2025, 1/3 on 1 January 2026, and 1/3 on 1 January 2027 | 11 April 2030 | $0.10285 | 9,500,000 | 9,500,000 |
| | | | | **101,725,000** | **101,725,000** |

[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.

# CONTINGENCIES

A 2% net smelter royalty is payable to Santa Barbara Resources Limited, the previous owners of the Cascabel tenements. These royalties can be bought out by paying a total of approximately US$4,000,000. Fifty percent (50%) of the royalty can be purchased for approximately US$1,000,000 90 days following the completion of a definitive feasibility study. The remaining 50% of the royalty can be purchased for approximately US$3,000,000 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 March 2024, and as such, there is significant uncertainty over the timing of any payments that may fall due.

A provision of $716,170 has been recognised at 31 March 2024 for legal and employee expenses.

There are no other material contingent assets and liabilities.

# TRANSACTIONS WITH RELATED PARTIES

## PARTIES RELATED TO OFFICERS AND DIRECTORS

Transactions with related parties are disclosed in Note 13 to the 31 March 2024 interim condensed financial statements. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

| | | Period ended 31 March | |
|---|---|---|---|
| | | **2024** | **2023** |
| | | **US$** | **US$** |
| **Samuel Capital Pty Ltd ("Samuel")** | Paid or owed | **47,763** | 50,554 |
| | Amount outstanding | **11,928** | 6,126 |
| *Commercial agreement with Samuel for the engagement of Mr. Nicholas Mather as Non-Executive Director of the Company.* | | | |
| **Bennett Jones LLP** | Paid or owed | **48,996** | 1,574,012 |
| | Amount outstanding | **Nil** | Nil |
| *Mr. James Clare (a former Director whose period in office ended 20 December 2023) is a partner in the Canadian law firm Bennett Jones LLP, which has provided legal services and is also a shareholder in the Company. In addition to the amounts disclosed above at 31 March 2024, the Company has accrued approximately $383,000 for services rendered and not billed, as well as approximately $339,000 for Mr. Clare's Director fees, which will be billed through Bennett Jones.* | | | |
| **D.R. Loveys and Associates Inc.** | Paid or owed | **33,209** | 13,600 |
| | Amount outstanding | **Nil** | Nil |
| *A service company that provides accounting and management consulting services is owned by David Loveys, a shareholder of the Company and a director of SolGold Canada Inc.* | | | |
| **Loyer CMS LLC** | Paid or owed | **Nil** | 674,389 |
| | Amount outstanding | **Nil** | 400,000 |
| *A service company that provides accounting and management consulting services is owned by Mr. David Loveys, a shareholder of the Company and a director of SolGold Canada Inc.* | | | |
| **DGR Global Limited ("DGR")** | Paid or owed | **3,922** | 17,735 |
| | Amount outstanding | **Nil** | Nil |
| *Provision of exploration licence maintenance. Mr. Nicholas Mather, Non-Executive Director, is a director of DGR, and DGR is an owner of 204,151,800 shares of the Company.* | | | |
| **Maxit Capital LP** | Paid or owed | **Nil** | 5,182,210 |
| | Amount outstanding | **Nil** | Nil |
| *A shareholder of the Company with various commercial agreements with the Company, including advisory services pertaining to the capital fundraising in December 2022.* | | | |

## KEY MANAGEMENT PERSONNEL

The key management personnel of the Company are the Directors and officers of the Company. Compensation awarded to key management relating to consulting fees and share-based payments for the periods ended 31 March 2024 and 2023 are listed below.

| Nine months ended March 31, 2024 | Basic Annual Salary US$ | Bonus US$ | Other Benefits[1] US$ | Pensions US$ | Total Remuneration US$ |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| Scott Caldwell | 150,000 | 93,750 | 686,757 | 2,923 | 933,430 |
| Nicholas Mather | 49,087 | - | - | - | 49,087 |
| James Clare [2] | 32,606 | - | - | - | 32,606 |
| Liam Twigger [3] | 50,622 | - | - | 8,515 | 59,137 |
| Maria Amparo Alban | 35,741 | - | - | - | 35,741 |
| Slobodan (Dan) Vujcic | 47,881 | - | - | 7,615 | 55,496 |
| Adrian (Steve) van Barneveld[4] | 18,339 | - | - | 2,619 | 20,958 |
| Jian (John) Liu[4] | 5,667 | | | | 5,667 |
| Charles Joseland[4] | 5,973 | - | - | - | 5,973 |
| **Other Key Management Personnel[5]** | **722,163** | **279,831** | **920,488** | **33,815** | **1,956,297** |
| **Total paid to Key Management Personnel** | **1,118,079** | **373,581** | **1,607,245** | **55,487** | **3,154,392** |

[1] Other Benefits includes the fair value of the share options granted based on the Black-Scholes model considering the effects of the vesting conditions.

[2] Mr James Clare's term as a Director of the Company ended on 20 December 2023.

[3] Mr Liam Twigger's term as a Director of the Company ended on 20 December 2023.

[4] Mr Adrian (Steve) van Barneveld became a director of the Company on 20 December 2023 and Mr. Charles Joseland and Mr. Jian (John) Liu became directors of the Company on 28 February 2024.

[5] Other key management personnel consist of the aggregated remuneration of Mr. Chris Stackhouse (CFO), Ms. Christina Robinson (Director of Corporate Operations and Communications), Mr. Ryan Kee (VP Finance), Mr. Ryan Wilson (Group General Counsel), Mr. Perry Holloway (Director of Strategic Affairs), Ms. Christina Weber (Director of SolGold Finance AG), and Joerg Eichenberger (Director of SolGold Finance AG). Figures include payments to former key management personnel including Mr. Keith Pollocks (Interim CFO until 31 July 2023) and Mr. Steve Botts (President, SolGold Ecuador until 17 March 2023).

| Nine months ended 31 March 2023 | Basic Annual Salary US$ | Bonus US$ | Other Benefits[1] US$ | Pensions US$ | Total Remuneration US$ |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| Scott Caldwell | 95,513 | - | - | - | 95,513 |
| Nicholas Mather | 17,061 | - | - | - | 17,061 |
| James Clare | 17,060 | - | - | - | 17,060 |
| Slobodan (Dan) Vujcic | 20,472 | - | - | - | 20,472 |
| Liam Twigger | 25,777 | - | - | 2,707 | 28,484 |
| Maria Amparo Alban | 18,716 | - | - | - | 18,716 |
| David Loveys [2] | 40,974 | - | - | - | 40,974 |
| **Other Key Management Personnel [3]** | **418,040** | **-** | **-** | **8,653** | **426,693** |
| **Total paid to Key Management Personnel** | **653,613** | **-** | **-** | **11,360** | **664,973** |

[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] David Loveys works as a Director, Chief Financial Officer and Corporate Secretary at SolGold Canada Inc. (Formerly Cornerstone Capital Resources).

[3] Other key management personnel consist of the aggregated remuneration of Ryan Wilson (Group General Counsel and Company Secretary) and Keith Pollocks (Interim CFO).

# FINANCIAL INSTRUMENTS AND RELATED RISKS

The Group's financial assets and financial liabilities are exposed to various risk factors that may affect the fair value presentation or the amount ultimately received or paid on settlement of its assets and liabilities. A summary of the major financial instrument risks and the Group's approach to management of these risks are highlighted below.

## 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 Group's cash and cash deposits are held with Australian, British, Ecuadorean, Canadian, Chilean, and Swiss financial institutions. Management believes that the credit risk concentration with respect to financial instruments included in other receivables and prepayments is manageable.

## FOREIGN CURRENCY RISK

The Group's operations have limited exposure to currency movements. The overwhelming majority of the Group's funds are held in US Dollars, which is reflective of the Group's expense profile. Ecuador has the US Dollar as its official currency, which limits foreign exchange risk materially.

## LIQUIDITY RISK

The Group has no source of operating cash flow to fund its exploration projects and is dependent on raising funds in capital markets from a variety of eligible private, corporate and financial investors, or from interested third parties (including other exploration and mining companies) which may be interested in earning an interest in the projects of the Group. The success 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. Should the Group be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

## COMMODITY PRICE RISK

The Company is exposed to price risk with respect to commodity prices, even as a pre-production company. Commodity price risk is defined as the potential adverse impact on future earnings and economic value due to commodity price movements and volatilities. The Company believes that commodity price movements can have a substantial effect on the market value of the Company.

## OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Group had no off-balance sheet arrangements such as guarantee contracts, contingent interest in assets transferred to an entity, derivative instrument obligations, or any obligations that trigger financing, liquidity, market or credit risk to the Group, other than those disclosed as contingent liabilities.

## CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities, disclosure of commitments and contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors, such as historical experience and current and expected economic conditions. Actual results could differ from these estimates.

## EXPLORATION AND EVALUATION EXPENDITURE

The Group capitalises expenditures relating to the acquisition of, or application for, a tenement area where there is a reasonable expectation that the tenement will be acquired or granted. Exploration and evaluation costs following the acquisition of an exploration license are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. 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. There is a risk that the carrying values of capitalized exploration and evaluation costs are overstated based upon technical information not yet known to management or not yet interpreted by management. Management mitigates this risk by performing periodic reviews of the technical information and regulatory compliance with respect to each license. There is also a risk that capitalised exploration and evaluation costs are overstated due to regulatory compliance deficiencies that management does not become aware of until after reporting results for a financial period. Management mitigates this risk by employing persons competent to maintain regulatory compliance, and by periodically performing project reviews, including review of compliance work with relevant managers.

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. During the nine months ended 31 March 2024 (in Q2), exploration costs were written-off (see *HIGHLIGHTS - FY2024 THIRD QUARTER*), and no reversal of exploration costs previously written off were recognised.

## NSR ROYALTY INTEREST

NSR royalties have 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%. In the case of the Osisko NSR royalty, the Company arrived at an EIR of 8.87%.

# CHANGES IN IFRS ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

The Group has applied the same accounting policies and methods of computation in its consolidated financial statements as in its 2023 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 2023 and will be applied in the 2024 annual financial statements.

## NEW STANDARDS AND AMENDMENTS

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 | | |
|---|---|---|
| Amendments to IAS 12 | International Tax Reform – Pillar Two Model Rules | 1 January 2023 |
| Amendments to IAS 21 | Deferred Tax Related to Costs and Liabilities Arising from a Single Transaction | 1 January 2023 |
| Amendments to IAS 1, PS 2 and IAS 8 | Narrow Scope Amendments | 1 January 2023 |
| Amendments to IFRS 17 | Insurance Contracts | 1 January 2023 |

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 that is consistent with the Group's current accounting policies.

*Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules*

Issued in May 2023, the amendments introduce an immediate temporary mandatory exception from accounting for deferred tax related to GloBE top-up tax. However, companies will be required to provide new disclosures about their potential exposure to the top-up tax at the reporting date in periods in which a tax law is enacted but the top-up tax does not yet apply. The disclosure requirements apply from December 31, 2023. No disclosures are required in interim periods ending on or before December 31, 2023.

*Amendments to IAS 12 – Deferred Tax Related to Costs and Liabilities Arising from a Single Transaction*

The amendment clarifies that the exemption does not apply to transactions for which entities recognise both an asset and a liability and that give rise to equal taxable and deductible temporary differences. This may be the case for transactions such as leases and decommissioning, restoration and similar obligations. There was no significant impact to the Group upon adoption. There was no significant impact to the Group upon adoption.

*Amendments to IAS 1, PS 2 and IAS 8 – Narrow Scope Amendments*

The amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements. There was no impact to the Group upon adoption.

*Amendments to IFRS 17 – Insurance Contracts*

The amendments to IFRS 17 include a two-year deferral of the effective date and the fixed expiry date of the temporary exemption from applying IFRS 9 Financial Instruments granted to insurers meeting certain criteria. There was no impact to the Group upon adoption.

## NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the company. None of these are expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

| Effective period commencing on or after | | |
|---|---|---|
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements | 1 January 2024 |
| Amendments to IAS 1 | Non-Current Liabilities with Covenants | 1 January 2024 |
| Amendments to IFRS 16 | Leases on Sale and Leaseback | 1 January 2024 |
| Amendments to IAS 21 | Lack of Exchangeability Between Currencies | 1 January 2025 |

# RISKS AND UNCERTAINTIES

Resource exploration, evaluation and development is a high-risk business. There is no certainty that the investments made by the Company in the exploration of properties will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves and further the development of a property. There is no assurance the Group has, or will have, commercially viable ore bodies. Capital expenditures to bring a property to a commercial production stage are significant and require special skills and long-term planning. There is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production. The following are some of the additional risks to the Company and Group that they may be exposed to from time to time:

## HEALTH & SAFETY

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. Due to the geographical spread of exploration activities, the highest risk is associated with the transportation of people to and from the project areas. This includes transit vehicle accidents with a potential for fatalities due to vehicle impacts or rollovers. In addition, the remote locations of drilling activities increase the risk of delays in gaining access to effective emergency medical assistance, resulting in delayed treatment in the event of an incident or accident. The expansion of the Group's footprint in Ecuador also potentially increases safety risk.

Health and safety reviews, inspections, audits and hazard assessments are completed on a regular basis to ensure effective, 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), suspension of development activities and/or fines and penalties) or otherwise adversely affect the Group's reputation and ability to meet its objectives.

The Group's exploration and business activities were impacted by the COVID-19 pandemic. The Group has adapted the way it conducts its business in response to the pandemic and follows mandates of various relevant Governments as well as responding to the concerns of local communities in Ecuador.

## FUNDING

The exploration, evaluation and development of the Group's projects will require substantial additional financing above and beyond the Group's current liquid funds. Current global capital market 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. The war in Ukraine, the increasingly hawkish tilt of Western central banks, and the arrival of inflation have more generally injected additional risk into the global capital markets.

These factors may impact the Group's ability to obtain equity or debt financing in the future. Additional financing may not be available, or if available, the terms of such financing may be unfavourable compared to earlier capital raises. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration activities and the development of the Group's projects.

## SOCIAL LICENCE TO OPERATE

Strong community relations are fundamental to creating safe, sustainable, and successful operations. Losing the support from any individual community would be a risk to activities in that area and the Company's broader reputation.

The Group´s concessions are near and, in limited areas, overlap with local communities, and local approvals are often needed 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 representatives 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
- Concerns stemming from communities' historical 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 project's viability. By the same token, if the Group is unable to obtain social licences from some communities, initial exploration could be prevented.

## PEOPLE AND LEADERSHIP

Establishing an effective composition of the Board, succession processes, and evaluation methods is critical to the success of the Group. The Group is dependent on recruiting and retaining high-performing leaders focused on managing the Group's interests, requiring a large number of persons skilled in project development, engineering, financing, operations and management of mining properties.

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 the results of operations. In-country industrial relations risk and the potential increase in politicisation of the country place a risk on the Group and the country's focus on the development of a mining industry.

## 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 may not result in new reserves.

## GEOPOLITICAL, REGULATORY AND SOVEREIGN RISK

SolGold's exploration tenements are located in Ecuador, Chile, and Australia, and it is subject to the risks associated with operating in domestic and foreign jurisdictions (at 31 March 2024, all Australian tenements were reported at nil carrying values, although formal relinquishment had not occurred).

Operating in any country involves some risk of political and regulatory instability, which may include changes in government, negative policy shifts, changes to the tax and royalty regime and civil unrest. In addition, there is a risk that due to the deterioration of the macroeconomic situation, governments may consider imposing currency controls and limitations on capital flows. Specifically, under Ecuadorian law, citizens have a constitutional right, pursuant to a judicial process, to apply to the Constitutional Court for approval of a public referendum on any subject matter. In 2019, an application was made to the Ecuadorean Constitutional Court to request that a referendum be 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 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 government policy changes beyond SolGold's control. 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 and the going concern of the business as a whole.

## TITLE RISK

SolGold's concessions and interest in concessions are subject to the various conditions, obligations, and regulations that apply in the relevant jurisdictions, including Ecuador, Chile, and Australia (Queensland). At 31 March 2024, all Australian tenements were reported at nil carrying values, although formal relinquishment had not occurred. If applications for title or renewal are required, this can be at the discretion of the relevant government minister or officials. If approval is refused, SolGold will lose the opportunity to undertake further exploration or development of the tenement.

Some properties may be subject to prior unregistered agreements or transfers of native or indigenous peoples' land claims, and title may be affected by undetected defects or governmental actions. No assurance can be given that title defects do not exist. If a title defect does exist, it is possible that SolGold may lose all or a portion of the property to which the title defects relate.

## ENVIRONMENTAL

The Group's exploration activities are required to adhere to both international best practices 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. Significant liability could be imposed on SolGold for damages, clean-up costs, or penalties in the event of certain discharges into the environment, environmental damage caused by previous owners of property acquired by SolGold or its subsidiaries, or non-compliance with environmental laws or regulations.

SolGold proposes to minimise these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations. Nevertheless, residual risks inherent in SolGold's activities could lead to financial liabilities.

## LAND ACCESS, PERMITTING AND SURFACE RIGHTS

The Group is required to obtain governmental permits to conduct different phases of exploration and evaluation of its concessions.

Obtaining the necessary permits can be a complex and time-consuming process, which may sometimes 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. Land access is critical for exploration and evaluation to succeed. In all cases, the acquisition of prospective concessions 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 always be guaranteed. SolGold may be required to seek the consent of landholders 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 landholders so that SolGold may carry out exploration and/or mining activities.

Where applicable, agreements with indigenous groups must be in place before a mineral tenement can be granted. In the long run, SolGold will be required to acquire large areas of land for its surface operations, posing a risk of delays and increasing prices the longer the process takes.

## MINERAL RESERVE AND RESOURCE ESTIMATES

Mineral Reserve and Mineral Resource figures are estimates, and there is a risk that the estimated 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 have not 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 and copper prices, drilling results, 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.

## PROJECT DEVELOPMENT

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 to manage the Group's growth and development effectively 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.

## FINANCIAL, REPORTING AND CONTROL RISK

SolGold strives for a corporate culture that encourages transparency and professionalism, protects our shareholders' funds and inspires confidence in our workforce. It is crucial that the Group maintains high ethical standards, and there is no tolerance for fraud, bribery, any form of corruption, or unethical activity. Internal control over financial reporting may not always prevent or detect misstatements.

# MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Board of Directors carries out its responsibility for the Group's interim condensed consolidated financial statements primarily through the Audit and Risk Committee, which is comprised of non-executive directors who meet periodically with management and the auditors (at half-year reporting periods) to review financial reporting and internal control matters.

## DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure controls and procedures ("DC&P") have been designed to ensure that information required to be disclosed by the Group is accumulated and communicated to the management of the Group as appropriate to allow timely decisions regarding required disclosure. The Chief Executive Officer and Chief Financial Officer of the Group are responsible for establishing and maintaining DC&P and internal control over financial reporting ("ICFR"), as those terms are defined in National Instrument 52-109 — Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). The Chief Executive Officer and Chief Financial Officer of the Group have concluded that, as at 31 March 2024, the Group's DC&P have been designed and operate effectively to provide reasonable assurance that: (I) material information relating to the Group is made known to them by others, particularly during the period in which the annual filings are being prepared; and (ii) information required to be disclosed by the Group in its annual filings, interim filings or other reports filed or submitted by the Group under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. They have also concluded that the Group's ICFR have been designed effectively to provide reasonable assurance regarding the reliability of the preparation and presentation of the financial statements for external purposes in accordance with IFRS and were effective on 31 March 2024. It should be noted that while the Chief Executive Officer and Chief Financial Officer of the Group believe that the Group's DC&P provides a reasonable level of assurance that they are effective, they do not expect that the disclosure controls will prevent all errors and fraud. A control system, no matter how well conceived or operated, can only provide reasonable, not absolute, assurance that the objectives of the control system control system's objectives are met. ICFR are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external reporting purposes in line with IFRS. Management is responsible for establishing and maintaining appropriate ICFR in relation to the nature and size of the Group. However, any system of ICFR has inherent limitations and can only provide reasonable assurance with respect to financial statement preparation and presentation the preparation and presentation of financial statements. The Group's ICFR has been designed based on the control framework established in Internal Control - Integrated Framework published in 2013 by The Committee of Sponsoring Organizations of the Treadway Commission. There were no changes to the Group's ICFR that occurred during the nine months ended 31 March 2024 that materially affected, or are reasonably likely to affect, the Group's ICFR.

## ADDITIONAL INFORMATION

Additional information relating to the Company is available on the SEDAR+ under the Company's issuer profile at [www.sedar.com](www.sedar.com) and can be found on the Company's website at [www.solgold.com.au](www.solgold.com.au).

# FORWARD-LOOKING STATEMENTS

Certain statements contained in this MD&A may be deemed "forward-looking statements" within the meaning of applicable Canadian and U.S. securities laws. All statements in this MD&A, other than statements of historical fact, that address future events, developments or performance that SolGold expects to occur including management's expectations regarding SolGold's growth, results of operations, estimated future revenues, requirements for additional capital, mineral reserve and mineral resource estimates, production estimates, production costs and revenue estimates, future demand for and prices of commodities, business prospects and opportunities and outlook on gold and currency markets are forward-looking statements. In addition, statements (including data in tables) relating to reserves and resources and gold equivalent ounces are forward-looking statements, as they involve implied assessment, based on certain estimates and assumptions, and no assurance can be given that the estimates will be realized. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential", "scheduled" and similar expressions or variations (including negative variations), or that events or conditions "will", "would", "may", "could" or "should" occur including, without limitation, the performance of the assets of SolGold, the realisation of the anticipated benefits deriving from SolGold's investments and transactions and the estimate of gold equivalent ounces to be received. Although SolGold believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements involve known and unknown risks, uncertainties and other factors, most of which are beyond the control of SolGold, and are not guarantees of future performance and actual results may accordingly differ materially from those in forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include, without limitation: fluctuations in the prices of the commodities; fluctuations in the value of currency of the United States, Canada, Australia, Switzerland and the United Kingdom; regulatory changes by national and local governments, including permitting and licensing regimes and taxation policies; regulations and political or economic developments in any of the countries where properties in which SolGold holds interest are located; risks related to the operators of the properties in which SolGold holds interests; business opportunities that become available to, or are pursued by SolGold; continued availability of capital and financing and general economic, market or business conditions; litigation; title, permit or license disputes related to interests on any of the properties in which SolGold holds interest; development, permitting, infrastructure, operating or technical difficulties on any of the properties in which SolGold holds interest; risks and hazards associated with the business of exploring, development and mining on any of the properties in which SolGold holds interest, including, but not limited to unusual or unexpected geological and metallurgical conditions, slope failures or cave-ins, flooding and other natural disasters or civil unrest or other uninsured risks. The forward-looking statements contained in this MD&A are based upon assumptions management believes to be reasonable, including, without limitation: the ongoing operation of the properties in which SolGold holds interest by the owners or operators of such properties in a manner consistent with past practice; no material adverse change in the market price of the commodities that underlie the asset portfolio; no adverse development in respect of any significant property in which SolGold holds interest; the accuracy of publicly disclosed expectations for the development of underlying properties that are not yet in production; and the absence of any other factors that could cause actions, events or results to differ from those anticipated, estimated or intended. For additional information on risks, uncertainties and assumptions, please refer to the AIF of SolGold filed on SEDAR+ at www.sedar.com, which also provides additional general assumptions in connection with these statements. SolGold cautions that the foregoing list of risk and uncertainties is not exhaustive. Investors and others should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. SolGold believes that the assumptions reflected in those forward- looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct, and such forward-looking statements included in this MD&A should not be unduly relied upon. These statements speak only as of the date of this MD&A. SolGold undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

# CORPORATE INFORMATION

**Board of Directors**

**Scott Caldwell**

Chief Executive Officer

**Nicholas Mather**

Non-Executive Director

**Slobodan (Dan) Vujcic**

Non-Executive Director

**Maria Amparo Alban**

Non-Executive Director

**Adrian (Steve) van Barneveld**

Non-Executive Director

**Charles Joseland**

Non-Executive Director

**Jian (John) Liu**

Non-Executive Director

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