17 September 2020

SolGold plc
("SolGold" or the "Company")

Annual Report, Full Year Results & Management Discussion and Analysis

The Board of SolGold (LSE and TSX code: SOLG) is pleased to announce the release of its Full Year Results for the year ended 30 June 2020. The Board advises all shareholders and interested investors that the Company's website www.solgold.com.au contains access to a copy of the Full Year Results for the year ended 30 June 2020. An abridged version of the Full Year Results is included below.

For Canadian purposes, the Company has filed its audited financial statements and Management Discussion and Analysis ("MD&A") for the year ended 30 June 2020 on SEDAR.

The Company's Annual Report, including the audited full year results for the year ended 30 June 2020 together with the MD&A, is available on the Company's website: www.solgold.com.au

By order of the Board
Karl Schlobohm
Company Secretary

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of the Regulation (EU) No 596/2014 until the release of this announcement.

Qualified Persons:

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

Information in this report relating to the Mineral Resource Estimate was reviewed by Mrs Cecilia Artica MSc and Dr Gregory Harbort. Mrs Artica is a Registered Member of The Society for Mining Metallurgy and Exploration and has in excess of 20 years' experience in Mineral Resource Estimation and mineral exploration. She is an independent Qualified Person for the purposes of the relevant LSE and TSX Rules. Mrs Artica consents to the inclusion of the information in the form and context in which it appears.

Dr Harbort is a Fellow and CP of the Austalasian Institute of Mining and Metallurgy, and a Member of the SME and CIM. He has 35 years' experience in mineral processing and metallurgy. He is an independent Qualified Person for the purposes of the relevant LSE and TSX Rules. Dr Harbort consents to the inclusion of the information in the form and context in which it appears.

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Notes	Group 2020 US$	Group 2019 US$
Expenses			
Exploration costs written-off	12	(218,163)	(228,251)
Administrative expenses		(12,411,630)	(9,248,699)
Share based payments expenses	22	(1,156,832)	(23,883,159)
Operating loss	**3**	**(13,786,625)**	**(33,360,109)**
Other income		398,472	-
Finance income	6	513,336	675,410
Finance costs	6	(425,440)	-
Movement in fair value of derivative liability		279,913	-
Loss before tax		**(13,020,344)**	**(32,684,699)**
Tax benefit (expense)	7	(1,103,409)	614,906
Loss for the year		**(14,123,753)**	**(32,069,793)**
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(139,285)	(2,037,944)
Items that will not be reclassified to profit or loss			
Change in Ecuador pension		(475,763)	-
Change in fair value of financial assets, net of tax	10a / 14	(1,320,370)	1,441,319
Other Comprehensive (loss) / profit, net of tax		**(1,935,418)**	**(596,625)**
Total comprehensive loss for the year		**(16,059,171)**	**(32,666,418)**
Loss for the year attributable to:			
Owners of the parent company		(14,067,978)	(31,941,715)
Non-controlling interest		(55,775)	(128,078)
		(14,123,753)	**(32,069,793)**
Total comprehensive loss for the year attributable to:			
Owners of the parent company		(16,003,396)	(32,538,340)
Non-controlling interest		(55,775)	(128,078)
		(16,059,171)	**(32,666,418)**
Loss per share		**Cents per share**	**Cents per share**
Basic loss per share	8	(0.7)	(1.8)
Diluted loss per share	8	(0.7)	(1.8)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2020

Registered Number 5449516

	Notes	Group 2020 US$	Group 2019 US$
Assets			
Property, plant and equipment	11	14,940,988	8,847,785

Intangible assets	12	230,256,153	177,481,872
Financial assets held at fair value through OCI	10(a)	4,119,179	5,952,439
Loans receivable and other non-current assets	13	7,702,969	7,796,541
Total non-current assets		**257,019,289**	**200,078,637**
Other receivables and prepayments	15	2,883,916	2,891,326
Cash and cash equivalents	16	46,895,243	41,746,200
Total current assets		**49,779,159**	**44,637,526**
Total assets		**306,798,448**	**244,716,163**
Equity			
Share capital	17	29,281,511	26,402,424
Share premium	17	353,220,481	297,375,959
Other reserves		38,331,650	40,084,833
Accumulated loss		(133,331,591)	(120,342,688)
Foreign Currency Translation Reserve		(5,015,878)	(4,876,593)
Equity attributable to owners of the parent company		282,486,173	238,643,935
Non-controlling interest		(498,139)	(442,364)
Total equity		**281,988,034**	**238,201,571**
Liabilities			
Trade and other payables	18	6,060,193	6,514,592
Lease Liability	19	314,524	-
Borrowings	20	15,248,302	-
Total current liabilities		**21,623,019**	**6,514,592**
Lease Liability	19	875,141	-
Other financial liabilities	21	2,312,254	-
Total non-current liabilities		**3,187,395**	**-**
Total liabilities		**24,810,414**	**6,514,592**
Total equity and liabilities		**306,798,448**	**244,716,163**

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

Company Statement of Financial Position

As at 30 June 2020

Registered Number 5449516

	Notes	Company 2020 US$	Company 2019 US$
Assets			
Property, plant and equipment	11	1,187,191	83,910
Investment in subsidiaries	9	259,951,415	200,507,458
Financial assets held at fair value through OCI	10(a)	4,113,660	5,946,815
Loans receivable and other non-current assets	13	7,173,984	7,260,213
Total non-current assets		**272,426,250**	**213,798,396**
Other receivables and prepayments	15	714,197	544,338
Cash and cash equivalents	16	45,356,423	38,290,929
Total current assets		**46,070,620**	**38,835,267**

Total assets		**318,496,870**	**252,633,663**
Equity			
Share capital	17	29,281,511	26,402,424
Share premium	17	353,220,481	297,375,959
Other reserves		38,913,306	40,190,726
Accumulated loss		(119,164,736)	(107,624,653)
Foreign Currency Translation Reserve		(5,006,473)	(5,006,473)
Equity attributable to owners of the parent company		297,244,089	251,337,983
Non-controlling interest		-	-
Total equity		**297,244,089**	**251,337,983**
Liabilities			
Trade and other payables	18	2,616,941	1,295,680
Lease Liability	19	222,109	-
Borrowings	20	15,248,302	-
Total current liabilities		**18,087,352**	**1,295,680**
Lease Liability	19	**853,175**	-
Other financial liabilities	21	**2,312,254**	-
Total non-current liabilities		**3,165,429**	**-**
Total liabilities		**21,252,781**	**1,295,680**
Total equity and liabilities		**318,496,870**	**252,633,663**

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

A separate statement of comprehensive income for the parent company has not been presented as permitted by section 408 of the Companies Act 2006. The Company's loss for the year was US$12,653,965 (2019: US$22,792,827).

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 17 September 2020.

Nicholas Mather
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Share capital US$	Share premium US$	Financial assets held at fair value through other comprehensive income US$	Share based payment reserve US$	Other Reserves US$	Accumulated loss US$	Foreign Currency Translation Reserve US$	Total US$	Non-controlling interests US$	Total Equity US$
Balance at 1 July 2018	**24,443,853**	**222,941,518**	**1,933,094**	**13,391,848**	**(105,893)**	**(88,859,667)**	**(2,838,649)**	**170,906,104**	**(314,286)**	**170,591,818**
Loss for the year	-	-	-	-	-	(31,941,715)	-	(31,941,715)	(128,078)	(32,069,793)
Other comprehensive income	-	-	1,441,319	-	-	-	(2,037,944)	(596,625)	-	(596,625)
Total comprehensive income for the year	**-**	**-**	**1,441,319**	**-**	**-**	**(31,941,715)**	**(2,037,944)**	**(32,538,340)**	**(128,078)**	**(32,666,418)**
New share capital subscribed	1,431,377	62,098,668	-	-	-	-	-	63,530,045	-	63,530,045
Options exercised	527,194	12,441,354	-	-	-	-	-	12,968,548	-	12,968,548
Share issue costs (net of deferred tax)	-	(105,581)	-	-	-	-	-	(105,581)	-	(105,581)
Options forfeited				(458,694)	-	458,694	-	-	-	-
Value of shares and options issued to Directors, employees and consultants	-	-	-	23,883,159	-	-	-	23,883,159	-	23,883,159
Balance at 30 June 2019	**26,402,424**	**297,375,959**	**3,374,413**	**36,816,313**	**(105,893)**	**(120,342,688)**	**(4,876,593)**	**238,643,935**	**(442,364)**	**238,201,571**
Loss for the year	-	-	-	-	-	(14,067,978)	-	(14,067,978)	(55,775)	(14,123,753)
Other comprehensive income	-	-	(1,320,370)	-	(475,763)	-	(139,285)	(1,935,418)	-	(1,935,418)
Total comprehensive income for the year	**-**	**-**	**(1,320,370)**	**-**	**(475,763)**	**(14,067,978)**	**(139,285)**	**(16,003,396)**	**(55,775)**	**(16,059,171)**
SolGold Ecuador employee profit share	-	-	-	-	-	(34,807)	-	(34,807)	-	(34,807)
New share capital subscribed	2,879,087	57,228,934	-	-	-	-	-	60,108,021	-	60,108,021
Share issue costs (net of deferred tax)	-	(1,384,412)	-	-	-	-	-	(1,384,412)	-	(1,384,412)
Options forfeited	-	-	-	(1,113,882)	-	1,113,882	-	-	-	-
Value of share and options issued to Directors, employees and consultants	-	-	-	1,156,832	-	-	-	1,156,832	-	1,156,832

Balance at 30 June 2020	**29,281,511**	**353,220,481**	**2,054,043**	**36,859,263**	**(581,656)**	**(133,331,591)**	**(5,015,878)**	**282,486,173**	**(498,139)**	**281,988,034**

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

Company Statement of Changes in Equity

For the year ended 30 June 2020

	Share capital	Share premium	Assets held at fair value through other comprehensive income	Share-based payment reserve	Accumulated loss	Foreign Currency Translation Reserve	Total
	US$	US$	US$	US$	US$	US$	US$
Balance at 1 July 2018	**24,443,853**	**222,941,518**	**1,933,094**	**13,391,848**	**(85,290,520)**	**(6,245,183)**	**171,174,610**
Loss for the year	-	-	-	-	(22,792,827)	-	(22,792,827)
Other comprehensive income	-	-	1,441,319	-	-	1,238,709	2,680,028
Total comprehensive income for the year	**-**	**-**	**1,441,319**	**-**	**(22,792,827)**	**1,238,709**	**(20,112,799)**
New share capital subscribed	1,431,377	62,098,668	-	-	-	-	63,530,045
Options exercised	527,194	12,441,354	-	-	-	-	12,968,548
Share issue costs (net of deferred tax)	-	(105,581)	-	-	-	-	(105,581)
Options forfeited	-	-	-	(458,694)	458,694	-	-
Value of shares and options issued to Directors, employees and consultants	-	-	-	23,883,159	-	-	23,883,159
Balance at 30 June 2019	**26,402,424**	**297,375,959**	**3,374,413**	**36,816,313**	**(107,624,653)**	**(5,006,473)**	**251,337,983**
Loss for the year	-	-	-	-	(12,653,965)	-	(12,653,965)
Other comprehensive income for the year	-	-	(1,320,370)	-	-	-	(1,320,370)
Total comprehensive income for the year	**-**	**-**	**(1,320,370)**	**-**	**(12,653,965)**	**-**	**(13,974,335)**
New share capital subscribed	2,879,087	57,228,934	-	-	-	-	60,108,021
Share issue costs (net of deferred tax)	-	(1,384,412)	-	-	-	-	(1,384,412)
Options forfeited	-	-	-	(1,113,882)	1,113,882	-	-
Value of shares and options issued to Directors, employees and consultants	-	-		1,156,832	-	-	1,156,832
Balance at 30 June 2020	**29,281,511**	**353,220,481**	**2,054,043**	**36,859,263**	**(119,164,736)**	**(5,006,473)**	**297,244,089**

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

Consolidated and Company Statements of Cash Flows

For the year ended 30 June 2020

	Notes	Group 2020 US$	Group 2019 US$	Company 2020 US$	Company 2019 US$
Cash flows from operating activities					
Loss for the year		(14,123,755)	(32,069,793)	(12,653,965)	(22,792,827)
Depreciation	11	685,332	67,604	525,467	40,532
Interest on lease liability		173,679	-	161,410	-
Interest on bridging loan		248,303	-	248,303	-
Effect of modification of lease terms		(70,693)	-	(70,693)	-
Share based payment expense	5 / 22	1,156,832	23,883,159	1,156,832	16,183,483
Write-off of exploration expenditure	12	218,163	228,251	-	-
Foreign exchange (gain) / loss		1,679,382	(629,207)	1,673,710	(639,633)
Movement in fair value of derivative liability		(279,913)	-	(279,913)	-
Deferred taxes	14	1,103,409	(614,906)	1,103,409	(614,906)
Non cash employee benefit expense - Company Funded Loan Plan		402,082	921,448	402,082	921,448
Accretion of interest - Company Funded Loan Plan		(439,246)	(299,319)	(439,246)	(299,319)
Decrease (increase) in other receivables and prepayments		(337,096)	679,597	(187,987)	(122,322)
(Decrease) / increase in trade and other payables		485,306	(805,535)	973,643	402,896
Net cash outflow from operating activities		**(9,098,215)**	**(8,638,701)**	**(7,386,948)**	**(6,920,648)**
Cash flows from investing activities					
Security deposit (payments) / refunds		(29,950)	(433,780)	(36,779)	(78,434)
Acquisition of property, plant and equipment	11	(4,899,387)	(5,622,644)	(27,039)	(7,385)
Acquisition of exploration and evaluation assets	12	(54,444,043)	(73,526,926)	-	-
Loans advanced to subsidiaries	9	-	-	(59,255,734)	(83,042,767)
Net cash outflow from investing activities		**(59,373,380)**	**(79,583,350)**	**(59,319,552)**	**(83,128,586)**
Cash flows from financing activities					
Proceeds from the issue of ordinary share capital	17	62,700,190	69,104,952	62,700,190	69,104,952
Payment of issue costs		(1,718,672)	(120,276)	(1,718,672)	(120,276)
Proceeds from bridging loan	20	14,815,000	-	14,815,000	-
Repayments of lease liability		(712,429)	-	(569,843)	-
Net cash inflow from financing activities		**75,084,089**	**68,984,676**	**75,226,675**	**68,984,676**
Net (decrease) / increase in cash and cash equivalents		**6,612,494**	**(19,237,375)**	**8,520,175**	**(21,064,558)**
Cash and cash equivalents at the beginning of year		41,746,200	60,575,504	38,290,929	58,948,814
Effect of foreign exchange on cash and cash equivalents		(1,463,451)	408,071	(1,454,681)	406,673
Cash and cash equivalents at end of year	16	**46,895,243**	**41,746,200**	**45,356,423**	**38,290,929**

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

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1 Accounting Policies

SolGold Plc ("the Company" or "SolGold") is domiciled in London, United Kingdom and was incorporated on 11 May 2005, with company registration number 5449516. SolGold is a public limited company which is dual listed on the London Stock Exchange and the Toronto Stock Exchange. The address of the Company's registered office is 201 Bishopsgate, London EC2M 3AB, United Kingdom.

(a) Statement of compliance

The consolidated financial statements and company financial statements have been prepared in accordance with International Financial Reporting Standards and their interpretations issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union ("IFRS"). They have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The consolidated financial statements also comply with IFRS as issued by the IASB, as is required as a result of the company's listing on TSX in Canada.

The accounting policies set out below have been applied consistently throughout these consolidated financial statements.

(b) Basis of preparation of financial statements and going concern

The consolidated financial statements are presented in United States dollars ("US$"), rounded to the nearest dollar. Prior to 2019 consolidated financials have been previously in Australian dollars ("A$") refer to note 1 (d) for further details on the change of presentational currency.

The Company was incorporated on 11 May 2005. From incorporation the Group has prepared the annual consolidated financial statements in accordance with IFRS.

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Company has not generated revenues from operations. In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches.

The full impact of the COVID-19 outbreak continues to evolve at the date of this report. In light of COVID-19, the employees at project sites and offices will continue to follow government advice on prevention of this disease.

The Company's geologists, administration, technical and financial teams will work from home and will continue to progress the Company's projects using the extensive database. The Alpala prefeasibility study is continuing externally, using the available information which has already been substantially gathered from site. The Company is and will continue to support its employees, will carry on contributing to the economy as far as possible for the immediate future and will monitor the management of the workforce and interactive COVID-19 management protocols. The Company is actively supporting the local communities in their efforts to curtail the spread of COVID-19.

As the situation is dependent on actions at regional, state, national and international levels, the Company cannot currently indicate the duration of the temporary partial suspension of fieldwork on the Company's projects. The Board will continue to monitor the situation and tailor the Company's operating model to ensure its continued viability until the restrictions have been lifted.

In addition to the above, the World Health Organisation (WHO) announced a global health emergency because a new strain of the coronavirus (COVID-19) and the risks to the international community as the virus spreads globally. Because of the rapid increase in exposure globally, the WHO classified the COVID-19 outbreak as a pandemic. These events are having a significant negative impact on world stock markets, currencies and general business activities which could negatively impact the Company in a material adverse manner. The employees at project sites and offices will continue to follow government advice on prevention of the disease. The Alpala prefeasibility study is continuing externally, using the available information which has already been substantially gathered from site.

The Group have considered the further uncertainty created by COVID-19 and have accordingly taken the necessary measures to review the Group's financial position and cash forecasts.

On 14 September 2020 the Group has announced the drawdown on the US$100 million Net Smelter Returns Financing ("NSR Financing") Agreement with Franco-Nevada Corporation ("Franco-Nevada"). The Group has received net funds of US$85 million following the repayment of the US$15 million Bridge Loan Agreement ("BLA"). Within the NSR Financing the Group has an option to upsize the facility to US$150 million. This option is solely at the Group's control and can be exercised in a period of 8 months following the signing of the NSR Financing Agreement (11 May 2020). The funds raised from the NSR Financing are ring fenced for the continued Exploration work on the Alpala asset.

Whilst further funding will be required to move the Group's key exploration assets into development, as at the date of this report, the Group has sufficient funding to meet its exploration commitments on licences, current liabilities and working capital as and when it is required over a period of at least 12 months. On this basis the directors have considered that it appropriate to prepare the financial statements on a going concern basis.

(c) Basis of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year.

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Note 1 Accounting Policies (continued)

(c) Basis of consolidation (continued)

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies in line with those used by the Group.

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

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(d) Foreign currency

Translation into the functional currency

Transactions entered into by Group entities in a currency other than the currencies of the primary economic environment in which they operate (the "functional currency") are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are translated into the functional currency at the foreign exchange rate ruling as that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the historical foreign exchange rate. Any resultant foreign exchange currency translation amount is taken to the profit and loss.

Management reconsiders the functional currency where there is a change in events or conditions used in initial determination. Where the assessment indicates that a change in functional currency is required, the change is applied prospectively from the date it is deemed to have occurred.

The functional currency of the Company has historically been considered to be Australian Dollars (A$). The functional currency of the Company was changed with effect from 1 April 2019 from A$ to US$. At this date the statement of financial position, the statement of profit or loss and comprehensive income and the statement of cash flows of the Company were translated into US$ by using the foreign exchange rate ruling as at 1 April 2019. The primary triggers to change the functional currency were the release of the Preliminary Economic Assessment, the Company's progression towards a Pre-Feasibility Study and the fact that majority of future transactions and funds will be held in US dollars. The functional currency of the parent entity and subsidiaries of the group are detailed in the table below:

Note 1 Accounting Policies (continued)

(d) Foreign currency (continued)

	Functional Currency 2020	Functional Currency 2019	Exchange rate at 30 June 2020 used in preparation of Financials	Exchange rate at 30 June 2019 used in preparation of Financials
SolGold Plc	**US$**	**US$**	**n/a**	**n/a**
Australian Resources Management (ARM) Pty Ltd	A$	A$	0.6899	0.7032
Acapulco Mining Pty Ltd	A$	A$	0.6899	0.7032
Central Minerals Pty Ltd	A$	A$	0.6899	0.7032
Solomon Operations Ltd	SBD$	SBD$	0.1716	0.1178
Honiara Holdings Pty Ltd	A$	A$	0.6899	0.7032
Guadalcanal Exploration Pty Ltd	A$	A$	0.6899	0.7032
SolGold Canadian Callco Corp.	CAD$	CAD$	0.7362	0.7649
SolGold Canadian Exchangeco Corp.	CAD$	CAD$	0.7362	0.7649
Exploraciones Novomining S.A.	US$	US$	n/a	n/a
Carnegie Ridge Resources S.A.	US$	US$	n/a	n/a
Green Rock Resources S.A.	US$	US$	n/a	n/a
Valle Rico Resources S.A.	US$	US$	n/a	n/a
Cruz del Sol S.A.	US$	US$	n/a	n/a
SolGold Ecuador S.A	US$	US$	n/a	n/a

Translation into presentation currency

The presentation currency of the Group has prior to 2019 been considered to be Australian Dollars (A$). Due to the announcement of the Preliminary Economic Assessment and the fact that majority of future transactions and funds will be held in US dollars, the presentation currency of the Group was changed to United States Dollars (US$) to align with the functional currency of the parent entity and applied this change retrospectively resulting in restatement of prior periods.

The assets and liabilities of the entities are translated to the Group presentation currency being the US$ at rates of exchange ruling at the reporting date. Income and expense items are translated at average rates for the period. Any resultant foreign exchange currency translation amount is taken to other comprehensive income. On disposal of an entity, cumulative exchange difference are recognised in the income statement as part of the profit or loss on sale. Exchange differences recognised in profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

Note 1 Accounting Policies (continued)

(e) Property, plant and equipment

(i) Owned assets

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

(ii) Leased assets

Items of property, plant and equipment that are accounted for under IFRS 16 Leases are recognised at the date of initial application at an amount equal to the corresponding lease liability (see accounting policy (s) below).

(iii) Subsequent costs

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

(iv) Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each item of property, plant and equipment used in corporate and administrative operations. Depreciation is capitalised to exploration on a straight-line basis over the estimated useful lives of each item of property, plant and equipment used in exploration operations. The estimated useful lives of all categories of assets are:

Office Equipment	3 years
Furniture and Fittings	5 years
Motor Vehicles	5 years
Plant and Equipment	5 years
Buildings	12 years
Land	Not depreciated

Depreciation charged on leased assets is charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

The residual values and useful lives are assessed annually. Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in the statement of comprehensive income.

(f) Intangible assets

Deferred exploration costs

Costs incurred in relation to the acquisition of, or application for, a tenement area are capitalised where there is a reasonable expectation that the tenement will be acquired or granted. Where the Group is unsuccessful in acquiring or being granted a tenement area, any such costs are immediately expensed.

All other costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written-off as incurred.

Exploration and evaluation costs arising following the acquisition of an exploration licence are capitalised on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. Costs incurred include appropriate technical and administrative overheads. Deferred exploration costs are carried at historical cost less any impairment losses recognised.

Once the work completed to date on an area of interest is sufficient such that the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be an evaluated mineral property. Following determination of the technical feasibility and commercial viability of a mineral resource, the relevant expenditure is transferred from exploration and evaluation assets to evaluated mineral property.

Note 1 Accounting Policies (continued)

(f) Intangible assets (continued)

Further development costs are capitalised to evaluated mineral properties, if and only if, it is probable that future economic benefits associated with the item will flow to the entity; and the cost can be measured reliably. Cost is defined as the purchase price and directly attributable costs. Once the asset is considered to be capable of operating in a manner intended by management, commercial production is declared, and the relevant costs are depreciated. Evaluated mineral property is carried at cost less accumulated depreciation and accumulated impairment losses.

(g) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) Impairment of non-financial assets

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable the asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment reviews for deferred exploration costs are carried out on a project-by-project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise, typically when one of the following circumstances apply:

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

(i) Share capital

(i) Ordinary share capital

The Company's ordinary shares are classified as equity.

(ii) Shares issued to settle liabilities

The Group from time to time settles financial liabilities by issuing shares. The Group considers these equity instruments as 'consideration paid' and accordingly derecognises the financial liability.

The equity instruments issued are measured at fair value, with the difference being taken to the income statement, unless the creditor is also a direct or indirect shareholder and is acting in its capacity as direct or indirect shareholder. When the creditor is acting in capacity as a direct or indirect shareholder the value of shares issued is deemed to be the carrying value of the liability.

Note 1 Accounting Policies (continued)

(j) Employee benefits

(i) Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied. Share based payments to non-employees are measured at the fair value of goods or services rendered or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured. Estimating fair value for share based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and model used for estimating fair value for share based payment transactions are disclosed in Note 22.

(ii) Retirement benefits

The Group operates a defined contribution pension scheme. Contributions payable for the year are charged to the statement of comprehensive income.

(iii) Company Funded Loan Plan

The Group has put in place a Company Funded Loan Plan ("CFLP") for its employees to provide financial assistance to employees in exercising share options. The financial assistance provided to employees is by way of a full recourse interest free loan. The CFLP is secured by the SolGold shares issued upon the exercise of share options under the CFLP to that employee. The maximum CFLP loan term was extended from 2 to 3 years on 24 February 2020.

CFLP loans to employees are initially recognised at fair value, which is determined by discounting loans to their net present value using the risk-free interest rate at the time the loan is granted and an estimated repayment schedule. Following initial recognition, they are carried at amortised cost using the effective interest rate method. Changes in the carrying value of the CFLP loans are recognised within interest income in the profit or loss. The cost of providing the benefit to employees is recognised as an employee expense in the profit or loss on a straight-line basis over the expected life of the CFLP loan.

(iv) Derivative Financial Instruments

The Company has issued options that are exercisable in a currency other than the functional currency of the entity issuing. As such these options are treated as derivative liabilities which are measured initially at fair value and gains or losses on subsequent re-measurement are recorded in the profit or loss.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

A contingent asset or liability is disclosed in the notes to the financial statements when an uncertainty exists and the amount of the asset or liability cannot be reliably measured.

(l) Trade and other payables

Trade and other payables are not interest bearing and are stated at amortised cost, unless settled with shares as per (i) (ii) above. The effect of discounting is immaterial.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1 Accounting Policies (continued)

(m) Revenue

During the exploration phase, any revenue generated from incidental sales is treated as a contribution towards previously incurred costs and offset accordingly.

(n) Financing costs and income

(i) Financing costs

Financing costs comprise interest payable on borrowings calculated using the effective interest rate method.

(ii) Finance income

Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

(o) Taxation

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has US$68,507,193 (2019: US$58,756,909) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on taxes are disclosed in note 7.

(p) Segment reporting

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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results and asset position are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance, for which discrete financial information is available.

Segment results that are reported to the Board include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate office assets, head office expenses, and income tax assets and liabilities.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1 Accounting Policies (continued)

(q) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

Business combinations are accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings on acquisition are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss on disposal of the interest.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured at each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(r) Project Financing / Farm-outs

The Group, from time to time, enters into funding arrangements with third parties in order to progress specific projects. The Group accounts for the related exploration costs in line with the terms of the specific agreement. Costs incurred by SolGold plc are recognised as intangible assets within the financial statements. Costs incurred by third parties are not recognised by SolGold plc.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1 Accounting Policies (continued)

(s) Leases

For any new contracts entered into after 1 July 2019, the Group considers whether the contract is or contains a lease. For those contracts that fall within the exemptions of IFRS 16 and are classified as short term, these are charged as expenses on a straight-line basis over the period of the lease. For all other leases, the Group recognises a right-of-use asset and a lease liability on the balance sheet.

The right-of-use asset is measured at cost at an amount equal to the lease liability. The process to adopt this approach can be summarised as follows:

- Calculate the lease liability at commencement date of lease, for the initial adoption of the standard this was calculated as at the date on initial application.
- Set the ROUA as an amount equal to the lease liability in line with the above dates.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the implicit interest rate in the lease. Where the implicit rate cannot be easily determined the Groups incremental borrowing rate is used instead. As there is no implicit rate in the leases the Group has chosen to use 8% per the discount rate used in the recent Economic Studies.

The Group depreciates the right-of-use assets on a straight-line basis form the lease commencement date to the earlier of the end of the useful life of the right-to-use asset or the end of the lease term.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. The liability is remeasured to reflect any reassessment or modification. Where the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment and lease liabilities have been included in both current and non-current liabilities, under Lease Liability.

(t) Financial Instruments

Recognition and Initial Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are recognised in the Group statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position and statement of comprehensive income when there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

Financial instruments are generally measured at initial recognition fair value and adjusted for transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

(t) Financial Instruments (continued)

Financial assets

(i) Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding.

Financial assets at amortised costs are subsequently measured using the effective interest (EIR) method and are subject to an impairment assessment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(ii) *Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)*

Upon initial recognition SolGold can elect to classify irrevocably its equity investments as equity instruments designated a fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

SolGold elected to classify irrevocably 'Investments in equity excluding subsidiaries' under this category.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a twelve-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next twelve months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics. All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated at FVTPL, are measured subsequently at amortised cost. The Group's financial liabilities comprise of trade and other payables, current and non-current lease liabilities and other financial liabilities (Franco-Nevada bridging loan) which are measured at amortised cost.

Financial liabilities measured at fair value through profit or loss
Financial liabilities that are (i) held for trading, or (ii) designated by the entity as being at FVTPL are measured at fair value through profit or loss. The Group's financial liabilities at FVTPL comprise of the Derivative Liability associated with the share issuance to BHP in December 2019.

Note 1 Accounting Policies (continued)

(t) Financial Instruments (continued)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired: or
- SolGold has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through' arrangement; and either (a) SolGold has transferred substantially all the risks and rewards of the asset, or (b) SolGold has neither transferred nor retained substantially all the risks and rewards of the asset; but has transferred control of the asset.

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

(u) Accounting policies for the Company

The accounting policies applied to the Company are consistent with those adopted by the Group with the exception of the following:

(i) Subsidiary investments
Investments in subsidiary undertakings are stated at cost less impairment losses. Expenditure incurred by plc on behalf of a subsidiary, and where the subsidiary does not reimburse the Company for assets that could be capitalised in accordance

with IFRS 6, is recorded within investments in subsidiary undertakings. Where investments are passed down into the underlying operating subsidiaries where no reimbursement is expected this is recorded as investment in subsidiary undertakings.

(v) Nature and purpose of reserves

(i) Financial assets at fair value through other comprehensive reserve
Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as financial assets at fair value through OCI, are recognised in other comprehensive income and accumulated in a separate reserve within equity.

(ii) Share-based payment reserve
The share-based payment reserve is used to recognise:

- the grant date fair value of options issued to employees that have vested but not been exercised; and
- the grant date fair value of shares issued to employees.

(iii) Foreign currency translation reserve
Exchange differences arising on translation of foreign controlled entities where the functional currency differs from the presentational currency and are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(iv) Other reserves
This reserve is used to both adjust the pension liability to fair value for the defined benefit pension plan maintained for the Group's employees in Ecuador and to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Note 1 Accounting Policies (continued)

(w) Changes in accounting policies

New standards and amendments in the year

New standards impacting the Group that have been adopted in the financial statements for the 12 months ended 30 June 2020, and which have given rise to changes in the Group's accounting policies are:

- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments

Details of the impact that these standards had is detailed below. Other new and amended standards and Interpretations issued by the IASB do not impact the Group or Company as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

IFRS 16 Leases

IFRS 16 Leases is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces IAS 17 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a "right-of-use' asset will be capitalised in the statement of financial position and measured at the present value of the future lease payments to be made over the term of the lease. A liability corresponding to the capitalised lease will also be recognised. The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the end of the lease term and an interest expense on the recognised lease liability.

The Group has adopted IFRS 16 using the modified retrospective approach and therefore the comparative periods have not been restated. The Group has applied the standard while using the following optional methods under the standard:

- Short-term leases - those with terms of 12 months or less
- Low value leases
- Where the lease is no longer enforceable when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

Classification and measurement
Upon recognition on 1 July 2019, a 'right-of-use' asset of US$2,125,846 was capitalised in the balance sheet and recognised in Property Plant & Equipment with a corresponding lease liability recognised of US$2,125,846. All 'right-of-use' assets relate

to lease contracts on office buildings. There are no material break clauses included within the lease arrangements, market rate reviews and reasonably certain extension options have been included in the below calculation.

	US$
Total operating lease commitments disclosed at 30 June 2019	1,525,975
Recognition exemptions	
- Leases with remaining lease term of less than 12 months	(245,840)
- Leases with less than US$5,000 value	(14,689)
- Reasonably certain extension options	1,198,232
Operating lease lability before discounting	**2,436,678**
Discounted using incremental borrowing rate as at date of initial application	(337,832)
Total lease liabilities recognised under IFRS 16 as 1 July 2019.	**2,125,846**

Note 1 Accounting Policies (continued)

(w) Changes in accounting policies (continued)

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 interpretation addresses the accounting for income taxes when there is uncertainty over tax treatments. It clarifies that an entity must consider the probability that the tax authorities will accept a treatment retained in its income tax filings, assuming that they have full knowledge of all relevant information when making their examination. In such a case, the income taxes shall be determined in line with the income tax filings.

Management has made an assessment and has determined that is it probable the tax authorities will accept the tax position, and therefore tax balances will be calculated under the existing accounting standard. There are no additional actions required.

New standards and interpretations not yet adopted

The Group has elected not to early adopt the following revised and amended standards, which are not yet mandatory. The list below includes only standards and interpretations that could have an impact on the Consolidated Financial Statements of the Group. Other new and amended standards and Interpretations issued by the IASB that will apply for the first time in the next annual financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

(x) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Accounting Estimates

Share based payments

Share based payments relate primarily to share options issued by the Company, in relation to employee share benefit schemes. The grant date fair value of such options are calculated using the Black-Scholes model whose input assumptions are derived from market and other internal estimates. The key estimates include volatility rates and the expected life of the options, together with the likelihood of non-market performance conditions being achieved. Refer note 22.

Company funded loan plan

The Company Funded Loan Plan provides interest free loans to employees for employees to be able to exercise share options. Loan to employees are recorded at fair value on initial recognition. A key estimate for deriving Fair value of loans provided under the Company Funded Loan Plan is determining the market interest rates for similar loans. Furthermore, estimates are required to ascertain the likelihood of any expected credit losses on the loans provided under the Company Funded Loan Plan. Refer Note 13.

Derivative financial instruments

The Company has issued options that are exercisable in a currency other than the functional currency of the entity issuing. As such these options are treated as derivative liabilities which are measured initially at fair value and gains or losses on subsequent re-measurement are recorded in the profit or loss. Refer Note 21

Leases

As the Groups operating leases are on office building and the contracts do not specify an implicit interest rate, the Group has estimated an incremental borrowing rate of 8%, per the discount rate used in the recent Economic Studies. Refer Note 1(w).

Notes to the Financial Statements

For the year ended 30 June 2020

Note 1 Accounting Policies (continued)

(x) Critical Accounting Estimates and Judgements (continued)

Accounting Judgements

Exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

The carrying values of exploration and evaluation expenditure were assessed for indicators of impairment based on an estimation of the recoverability from expected future development and production. In forming this assessment, the Group considered the external Mineral Resources Estimate, the status of its permits and internal economic models and financing which supported the carrying value of the project. No triggers of impairment were identified at 30 June 2020. The Directors have carried out an assessment of the carrying values of deferred exploration and evaluation expenditure and any required impairment and is included in note 12.

Net smelter royalty payable

A 2% net smelter royalty is payable to Santa Barbara Resources Limited, who were the previous owners of the Cascabel tenements. These royalties can be bought out by paying a total of US$4 million. Fifty percent (50%) of the royalty can be purchased for US$1 million 90 days following the completion of a feasibility study and the remaining 50% of the royalty can be purchased for US$3 million 90 days following a production decision. Significant management judgement is required in determining whether a liability should be recognised in respect of the net smelter royalty payable. Given that the project is still in early stages and there is uncertainty surrounding timing of cashflows, the Group has determined that it cannot recognise a liability since the amount of the present obligation cannot be reliably measured. This is therefore considered to be a contingent liability.

Bridging loan agreement

At the date of signing the loan agreement it was the intention of SolGold to repay the loan in full by the maturity date of 11 September 2020. Management made a judgement to not value the warrants at the initial date of measurement based on the intention to fully repay the loan by the maturity date, and therefore not trigger the warrants issue.

Leases

When the Group has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 2 Segment Reporting

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

The Group has outlined below the separately reportable operating segments, having regard to the quantitative threshold tests provided in IFRS 8, namely that the relative revenue, asset or profit / (loss) position of the operating segment equates to 10% or more of the Group's respective total. The Group reports information to the Board of Directors along company lines. That is, the financial position of SolGold and each of its subsidiary companies is reported discretely, together with an aggregated Group total. Accordingly, each company within the Group that meets or exceeds the threshold tests outlined above is separately disclosed below. The financial information of the subsidiaries that do not exceed the thresholds outlined above, and is therefore not reported separately, is aggregated as Other Subsidiaries.

30 June 2020	Finance Income	Depreciation	Impairment of E&E	Loss for the year	Assets	Liabilities	Share Based Payments	Non-current asset additions
	US$	US$	US$	US$	US$	US$	US$	US$
Cascabel project *	-	52,093	-	(371,834)	186,326,970	1,899,646	-	34,592,783
Other Ecuadorian projects	-	107,750	220,257	(1,081,818)	51,907,905	1,643,133	-	22,091,570
Other projects	253	22	(2,094)	(16,136)	10,018,121	14,854	-	405,131
Corporate	513,083	525,467	-	(12,653,965)	58,545,452	21,252,781	1,156,832	36,779
Total	**513,336**	**685,332**	**218,163**	**(14,123,753)**	**306,798,448**	**24,810,414**	**1,156,832**	**57,126,263**

30 June 2019	Finance Income	Depreciation	Impairment of E&E	Loss for the year	Assets	Liabilities	Share Based Payments	Non-current asset additions
	US$	US$	US$	US$	US$	US$	US$	US$
Cascabel project *	6,373	26,617	-	(8,553,393)	152,074,758	3,684,895	7,699,676	59,337,971
Other Ecuadorian projects	-	442	208,914	(647,753)	30,775,886	1,526,728	-	12,762,403
Other projects	630	13	19,337	(75,820)	9,739,313	7,435	-	(60,147)
Corporate	668,408	40,532	-	(22,792,827)	52,126,206	1,295,534	16,183,483	10,982,295
Total	**675,411**	**67,604**	**228,251**	**(32,069,793)**	**244,716,163**	**6,514,592**	**23,883,159**	**83,022,522**

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

Geographical information

Non-current assets	**2020 US$**	**2019 US$**
UK	-	-
Australia	20,299,052	15,832,185
Solomon Islands	231,744	60,355
Ecuador	236,488,493	184,186,097
	257,019,289	**200,078,637**

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

Notes to the Financial Statements

For the year ended 30 June 2020

Note 3 Operating Loss

	Group 2020 US$	**Group 2019 US$**
The operating loss is stated after charging (crediting)		
Auditors' remuneration:		

Amounts received or due and receivable by BDO (UK) for audit of the Company and Group's annual accounts	212,382	196,238
Amounts received or due and receivable by BDO (Ecuador) for the audit of the subsidiaries	72,157	62,237
Other non-audit services		
- Quarterly and half year reviews	97,864	78,873
- Translation services	64,661	41,297
- Other	-	18,911
Depreciation	685,332	67,604
Foreign exchange (gains)/losses	1,679,382	(629,207)
Share based payments (Note 22)	1,156,832	23,883,159

Note 4 Staff Numbers and Costs

	Group 2020	Group 2019	Company 2020	Company 2019
Corporate finance and administration	39	30	19	18
Technical - permanent	424	415	8	6
Technical - temporary	164	225	-	-
	627	**670**	**27**	**24**

The aggregate payroll costs of employees were:

	Group 2020 US$	Group 2019 US$	Company 2020 US$	Company 2019 US$
Wages and salaries	18,435,276	16,772,817	2,952,026	2,992,048
Contributions to superannuation	103,384	41,874	103,384	41,874
Share based payments	1,156,832	23,883,159	1,156,832	16,183,483
Total staff costs	**19,695,492**	**40,697,850**	**4,212,242**	**19,217,405**

Included within total staff costs is US$16,466,874 (2019: US$14,992,821) which has been capitalised as part of deferred exploration costs.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 5 Remuneration of Key Management Personnel

2020	Basic Annual Salary US$	Bonus US$	Other Benefits[1] US$	Pensions US$	Total Remuneration US$
Directors					
Nicholas Mather (highest paid director)	400,162	-	-	-	400,162
Brian Moller	73,211	-	-	-	73,211
Robert Weinberg	46,755	-	-	-	46,755

Craig Jones[3]	46,331	-	-	-	46,331
James Clare	47,002	-	-	-	47,002
Jason Ward[4]	322,892	-	-	-	322,892
Liam Twigger	42,908	-	76,625	4,127	123,660
Anna Legge[2]	84,187	-	-	447	84,634
Other Key Management Personnel[5]	1,067,381	38,595	928,599	77,185	2,111,760
Total paid to Key Management Personnel	**2,130,829**	**38,595**	**1,005,224**	**81,759**	**3,256,407**
Other staff and contractors	16,265,851	-	151,608	21,625	16,439,084
Total	**18,396,680**	**38,595**	**1,156,832**	**103,384**	**19,695,491**

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

[2]. Anna Legge resigned as a Director effective 13 November 2019.

[3].Craig Jones resigned as Director effective 25 June 2020.

[4] Jason Ward's Basic Annual Salary includes total remuneration paid for the year including payments prior to Director appointment.

[5] Other Key Management Personnel consist of the aggregated remuneration of Karl Schlobohm (Company Secretary), Priy Jayasuriya (Chief Financial Officer), Benn Whistler (Technical Services Manager), Chris Connell (Regional Exploration Manager), Peter Holmes (Director of Studies), Ingo Hofmaier (Executive General Manager, Projects and Corporate Finance), Nadine Dennison (Chief Human Resources Officer) and Eduardo Valenzuela (Executive General Manager of Studies).

Notes to the Financial Statements

For the year ended 30 June 2020

Note 5 Remuneration of Key Management Personnel (continued)

2019	Basic Annual Salary US$	Bonus US$	Other Benefits[1] US$	Pensions US$	Total Remuneration US$
Directors					
Nicholas Mather (highest paid director)	425,386	114,036	2,875,779	-	3,415,201
Brian Moller	78,015	-	540,182	-	618,197
Robert Weinberg	49,671	-	332,299	-	381,970
John Bovard[2]	24,945	-	168,492	-	193,437
Craig Jones	49,678	-	332,299	-	381,977
James Clare	49,678	-	573,327	-	623,005
Jason Ward[3]	260,125	205,264	1,421,592	-	1,886,981
Liam Twigger[4]	1,914	-	-	-	1,914
Anna Legge[3]	113,546	70,919	809,947	3,022	997,434
Other Key Management Personnel[5]	617,434	324,774	3,447,823	31,484	4,421,515
Total paid to Key Management Personnel	**1,670,392**	**714,993**	**10,501,740**	**34,506**	**12,921,631**
Other staff and contractors	14,313,747	73,685	13,381,419	7,368	27,776,219
Total	**15,984,139**	**788,678**	**23,883,159**	**41,874**	**40,697,850**

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

[2]. John Bovard retired as a Director effective 20 December 2018.

[3] Jason Ward and Anna Legge were appointed as Executive Directors effective 17 June 2019. Basic Annual Salary includes total remuneration paid for the year including payments prior to Director appointment.

[4] Liam Twigger was appointed as Non-Executive Director effective 17 June 2019.
[5] Other Key Management Personnel consist of the aggregated remuneration of Karl Schlobohm (Company Secretary), Priy Jayasuriya (Chief Financial Officer), Benn Whistler (Technical Services Manager), Chris Connell (Regional Exploration Manager), and Eduardo Valenzuela (Executive General Manager of Studies).

Note 6 Finance Income and Costs

	Group 2020 US$	Group 2019 US$
Interest income	74,090	369,718
Accretion of Interest on Company Funded Loan Plan (note 13)	439,246	305,692
Finance income	**513,336**	**675,410**

	Group 2020 US$	Group 2019 US$
General interest	3,458	-
Interest on lease liability	173,679	-
Interest on bridging loan	248,303	-
Finance costs	**425,440**	**-**

Notes to the Financial Statements

For the year ended 30 June 2020

Note 7 Tax Expense

Factors affecting the tax charge for the current year

The tax credit for the period is lower than the credit resulting from the application of the standard rate of corporation tax in Australia of 30% (2019: 30%) being applied to the loss before tax arising during the year. The differences are explained below.

	Group 2020 US$	Group 2019 US$
Tax reconciliation		
Loss before tax	(13,020,344)	(32,684,699)
Tax at 30% (2019: 30%)	(3,906,103)	(9,805,410)
Add (less) tax effect of:		
Permanent differences	654,558	7,353,124
Derecognise (Recognise) prior year losses	4,268,255	1,793,556
Prior period adjustments to true-up tax return	(16,180)	-
Other	(13,390)	(23,709)
Impact of tax rate differences	116,269	120,128
Impact of exchange rate differences	-	(52,595)
Income tax (benefit) expense on loss	**1,103,409**	**(614,906)**
Components of tax (expense) / benefit on other comprehensive income comprise of:		
Valuation gains on investments held at fair value through OCI (see note 14)	(512,783)	(629,818)
Income tax (expense) benefit on other comprehensive income	**(512,783)**	**(629,818)**

Amounts recognised directly in equity		
Net deferred tax credited directly to equity	(590,626)	14,912
Income tax benefit recognised directly in equity	**(590,626)**	**14,912**

Deferred tax assets are recognised only to the extent of deferred tax liabilities. Where deferred tax assets exceed deferred tax liabilities, deferred tax assets on carried forward tax losses are derecognised in the first instance.

Factors that may affect future tax charges

The Group has carried forward gross tax losses of approximately US$68.5 million (2019: US$58.8 million). These losses may be deductible against future taxable income dependent upon the on-going satisfaction by the relevant Group Company of various tax integrity measures applicable in the jurisdiction where the tax loss has been incurred. The jurisdictions in which tax losses have been incurred include Australia, Ecuador and the Solomon Islands. Tax losses in Australia can be carried forward indefinitely while in Ecuador, tax losses may be carried forward and offset against profits in the following five years, provided that the amount offset does not exceed 25% of the year's profits.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 8 Loss Per Share

	2020 Cents per share	2019 Cents per share
Basic loss per share	(0.7)	(1.8)
Diluted loss per share	(0.7)	(1.8)

	2020 US$	2019 US$
(a) Loss		
Loss used to calculate basic and diluted loss per share	(14,067,978)	(31,941,715)
	Number of shares	**Number of shares**
(b) Weighted average number of shares		
Used in calculating basic LPS	**1,900,597,102**	**1,800,361,098**
Weighted average number of dilutive options	-	-
Weighted average number of ordinary shares and potential ordinary shares used in calculating dilutive LPS	**1,900,597,102**	**1,800,361,098**

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

These out of the money options may become dilutive in the future.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 9 Investments in Subsidiary Undertakings

	Country of incorporation and operation	Registered Address	Principal activity	SolGold plc's effective interest 2020	2019
Australian Resources Management (ARM) Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000 Australia	Exploration	100%	100%

Acapulco Mining Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000 Australia	Exploration	100%	100%
Central Minerals Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000 Australia	Exploration	100%	100%
Solomon Operations Ltd	Solomon Islands	c/- Morris & Sojnocki Chartered Accountants 1st Floor City Centre Building, Mendana Avenue, Honiara Solomon Islands	Exploration	100%	100%
Honiara Holdings Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000 Australia	Exploration	100%	100%
Guadalcanal Exploration Pty Ltd	Australia	Level 27, 111 Eagle Street Brisbane, QLD, 4000 Australia	Exploration	100%	100%
Exploraciones Novomining S.A.	Ecuador	Avenida La Coruña E25-58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito Ecuador	Exploration	85%	85%
Carnegie Ridge Resources S.A.	Ecuador	Avenida La Coruña E25-58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito Ecuador	Exploration	100%	100%
Green Rock Resources S.A.	Ecuador	Avenida La Coruña E25-58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito Ecuador	Exploration	100%	100%
Valle Rico Resources S.A.	Ecuador	Avenida La Coruña E25-58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito Ecuador	Exploration	100%	100%
Cruz del Sol S.A.	Ecuador	Avenida La Coruña E25-58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito Ecuador	Exploration	100%	100%
SolGold Ecuador S.A	Ecuador	Avenida La Coruña E25-58 y San Ignacio, Edificio Altana Plaza piso 4, oficina 406 Quito Ecuador	Services Management Company	100%	100%
SolGold Canadian Callco Corp.	Canada	4500, 855 - 2nd Street S.W, Calgary, Alberta T2P 4K7	Investment	100%	-
SolGold Canadian Exchangeco Corp.	Canada	4500, 855 - 2nd Street S.W, Calgary, Alberta T2P 4K7	Investment	100%	-

Notes to the Financial Statements

For the year ended 30 June 2020

Note 9 Investments in Subsidiary Undertakings (continued)

	Investment in subsidiary undertakings
	US$

Cost	
Balance at 30 June 2018	**144,930,790**
Acquisitions and advances in the year	88,725,265
Change in currency variance	2,029,513
Balance at 30 June 2019	**235,685,568**
Acquisitions and advances in the year	59,443,957
Change in currency variance	-
Balance at 30 June 2020	**295,129,525**
Amortisation and impairment losses	
Balance at 30 June 2018	**(36,548,812)**
Change in currency variance	1,370,702
Balance at 30 June 2019	**(35,178,110)**
Change in currency variance	-
Balance at 30 June 2020	**(35,178,110)**
Carrying amounts	
Balance at 30 June 2018	108,381,978
Balance at 30 June 2019	200,507,458
Balance at 30 June 2020	**259,951,415**

Note 10 Investments

(a) Investments accounted for as financial assets held at fair value through OCI

	Group		**Company**	
	2020 US$	**2019 US$**	**2020 US$**	**2019 US$**
Movements in financial assets				
Opening balance at 1 July	5,952,439	4,031,236	5,946,815	4,025,313
Additions	-	-	-	-
Fair Value adjustment through other comprehensive income	(1,833,260)	1,921,203	(1,833,155)	1,921,502
Balance at 30 June	**4,119,179**	**5,952,439**	**4,113,660**	**5,946,815**

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

(b) Fair value

Fair value hierarchy

The following table details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

Note 10 Investments (continued)

The fair values of financial assets approximate their carrying amounts principally due to their short-term nature or the fact that they are measured and recognised at fair value.

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

	US$ Level 1	US$ Level 2	US$ Level 3	US$ Total
2020				
Financial assets held at fair value through OCI	4,119,179	-	-	4,119,179
2019				
Financial assets held at fair value through OCI	5,952,439	-	-	5,952,439

The financial assets are measured based on the quoted market prices at 30 June.

Note 11 Property, Plant and Equipment

	Land and Buildings US$	Property, Plant and Equipment US$	Motor Vehicles US$	Group Office Equipment US$	Furniture & Fittings US$	Total US$	Company Total US$
Cost							
Balance 30 June 2018	**1,201,822**	**952,559**	**1,102,635**	**577,427**	**264,830**	**4,099,273**	**220,068**
Effect of foreign exchange on opening balance	-	(1,840)	(2,860)	(2,743)	(2,470)	(9,913)	(370)
Additions	6,043,221	106,170	5,490	71,429	-	6,226,310	4,239
Disposals	-	-	-	-	-	-	-
Balance 30 June 2019	**7,245,043**	**1,056,889**	**1,105,265**	**646,113**	**262,360**	**10,315,670**	**223,937**
Effect of foreign exchange on opening balance	-	17,528	(1,028)	(617)	(196)	15,687	18,626
Additions	5,154,482	219,381	-	83,818	2,750	5,460,431	27,956
IFRS 16 transition additions	-	2,125,847	-	-	-	2,125,847	1,889,132
Disposals	-	(515,540)	-	-	-	(515,540)	(515,540)
Balance 30 June 2020	**12,399,525**	**2,904,105**	**1,104,237**	**729,314**	**264,914**	**17,402,095**	**1,644,111**
Depreciation and impairment losses							
Balance 30 June 2018	**-**	**(295,782)**	**(311,527)**	**(243,658)**	**(81,274)**	**(932,241)**	**(103,011)**
Effect of foreign exchange on opening balance	-	5,020	2,863	4,327	840	13,050	3,516
Depreciation charge for the year	-	(32,471)	-	(29,074)	(6,059)	(67,604)	(40,532)
Depreciation capitalised to exploration	-	(98,834)	(210,025)	(129,614)	(42,616)	(481,089)	-
Disposals	-	-	-	-	-	-	-
Balance 30 June 2019	**-**	**(422,065)**	**(518,690)**	**(398,020)**	**(129,110)**	**(1,467,885)**	**(140,027)**
Effect of foreign exchange on opening balance	-	(47,832)	1,025	642	196	(45,967)	(8,358)
Depreciation charge for the year	-	(615,222)	-	(60,191)	(9,919)	(685,332)	(525,467)
Depreciation capitalised to exploration	-	(127,247)	(195,290)	(119,928)	(36,388)	(478,853)	-
Disposals	-	216,932	-	-	-	216,932	216,932
Balance 30 June 2020	**-**	**(995,434)**	**(712,955)**	**(577,497)**	**(175,221)**	**(2,461,105)**	**(456,920)**
Carrying amounts							
At 30 June 2018	1,201,822	656,777	791,108	333,769	183,556	3,167,032	117,057
At 30 June 2019	7,245,043	634,824	586,575	248,093	133,250	8,847,785	83,910
At 30 June 2020	**12,399,525**	**1,908,671**	**391,282**	**151,817**	**89,693**	**14,940,988**	**1,187,191**

Note 12 Intangible Assets

	Group deferred exploration costs US$
Cost	
Balance 30 June 2018	**144,363,995**
Effect of foreign exchange on opening balances	(2,498,995)
Additions - expenditure	72,995,493
Balance 30 June 2019	**214,860,493**
Effect of foreign exchange on opening balances	(129,525)
Additions - expenditure	53,121,969
Balance 30 June 2020	**267,852,937**
Impairment losses	
Balance 30 June 2018	**(38,587,809)**
Effect of foreign exchange on opening balances	1,437,439
Impairment Charge	(228,251)
Balance 30 June 2019	**(37,378,621)**
Effect of foreign exchange on opening balances	-
Impairment Charge	(218,163)
Balance 30 June 2020	**(37,596,784)**
Carrying amounts	
At 30 June 2018	105,776,186
At 30 June 2019	177,481,872
At 30 June 2020	**230,256,153**

Impairment loss

A decision was made to expense US$218,163 (2019: US$228,251) for exploration expenditure associated with other tenements that were surrendered or lapsed during the year. An assessment of the carrying values of deferred exploration costs is provided below.

Alpala Project (85% Ownership)

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

Highlights of MRE#3 include:

- Mineral Resource of 2,663 Mt @ 0.53% CuEq for 9.9 Mt Cu, 21.7 Moz Au and 92.2 Moz Ag in the Measured plus Indicated categories
- Mineral Resource of 544 Mt @ 0.31% CuEq for 1.3 Mt Cu, 1.9 Moz Au and 10.6 Moz Ag in the Inferred category
- High-grade core of 442 Mt at 1.40% CuEq for 3.8 Mt Cu, 12.3Moz Au and 33.3 Moz Ag in the Measured plus Indicated categories supports early cash flows and accelerated pay back of initial capital At a cut-off grade of 0.20% CuEq, applied for comparative purposes, the MRE#3 update has added 1.6 Mt copper, 2.5 Moz gold and 92.2 Moz silver (with silver not previously estimated) to Measured plus Indicated Mineral Resources

The MRE#3 for the Alpala Porphyry Copper-Gold Deposit, comprises 2,663 Mt @ 0.53% CuEq in the Measured plus Indicated categories, which includes 1,192 Mt @ 0.72% CuEq in the Measured category and 1,470 Mt @ 0.37% CuEq in the Indicated category. The Inferred category contains an additional 544 Mt @ 0.31% CuEq.

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

Based on the above management have assessed that there are no indicators of impairment for the aggregate carrying value of US$178.58 million.

SolGold 100% owned Projects

Regional Concessions Granted for 100% SolGold Ecuador Subsidiaries

The 100% owned SolGold Ecuador Subsidiaries house the 72 mining concessions in Ecuador that the companies were successful in bidding as part of the auction process in 2016 and 2017. Post this release of mining concessions by the Government of Ecuador, no more mining concessions are planned to be released.

The Company has carried out initial exploration work programs on these concessions and delineated 13 priority projects.

Based on the above management have assessed that there are no indicators of impairment for the aggregate carrying value of US$41.73 million.

Acapulco Mining Projects

The main exploration project of Acapulco Mining Pty Ltd is the Mt Perry project. A comprehensive assessment of the project has identified the Upper Chinaman's Creek prospects as the highest priority high-grade opportunity. Work in the coming months, once COVID restrictions are lifted, will include 3DEM inversion modelling and potentially a 3D IP survey (3.7 x 1.5km) that will help define key mineralized structures and allow prioritization of drill hole targets.

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

Central Minerals Projects

Central Minerals hold the Rannes project which has a JORC certified resource of 550,000 ounces of gold equivalents. Recently completed exploration activities include:

- Work on the Rannes Project continued and focused on drill-hole data validation and review of a 3D workspace allowing integration of 3DIP, VTEM and magnetic inversion model data.
- Plate modelling of VTEM data was completed during the year, defining orientation and depth to top of conductor ahead of proposed drill-hole testing in 2020 when operational restrictions due to COVID-19 are lifted.
- VTEM inversion modelling review identified a number of high priority basement conductors that appear to be located down-plunge from the inferred and indicated resources at both the Crunchie and Kauffman's prospects.

Based on the above management have assessed that there are no indicators of impairment for the aggregate carrying value of US$3.23 million.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 13 Loan Receivables and Other Non-Current Assets

	Group 2020 US$	Group 2019 US$	Company 2020 US$	Company 2019 US$
Movements in loan receivable and other non-current assets				
Security bonds	1,329,571	1,298,710	800,586	763,806
Company Funded Loan Plan Receivable	6,373,398	6,496,407	6,373,398	6,496,407
Closing balance at the end of the reporting period	**7,702,969**	**7,796,541**	**7,173,984**	**7,260,213**

Company Funded Loan Plan Receivable				
Balance at beginning of reporting period	6,496,407	-	6,496,407	-
Additions - funds loaned under the plan	-	7,220,950	-	7,220,950
Fair value adjustment recognised as an employee benefit expense	(402,082)	(921,448)	(402,082)	(921,448)
Accretion of interest	439,246	299,319	439,246	299,319

Effect of foreign exchange	(160,173)	(102,414)	(160,173)	(102,414)
Balance at end of reporting period	**6,373,398**	**6,496,407**	**6,373,398**	**6,496,407**

The Company Funded Loan Plan (the "Plan") is a plan established by the Company to assist employees in exercising share options. On 29 October 2018, the Company assisted employees to exercise 19,950,000 options previously issued to employees of the Company in 2019 via the Plan. As at 30 June 2020 there have been no repayments against the loans provided.
The key terms of this Plan on the date the loans were granted were as follows:

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

On 24 February 2020 the maturity date for the CFLP was extended by 12 months to 29 October 2021. All other terms of the CFLP remain consistent. The 12-month extension of the loan resulted in an overall increase of US$402,082 in employee benefits expense. This fair value adjustment is represented in the above table and was recognised as an employee benefit expense.

As the loan provided by the Company was at a favourable rate of interest for the employees, the loan receivable under the Plan was fair valued at the date of grant. The fair value of the loan was estimated based on the future cash flow and a market rate of 7%. In future reporting periods, the loan will be measured at amortised cost. The loans provided are full recourse loans. If the sale of shares does not cover full repayment the balance will be recovered from employees. This transaction was a noncash transaction with employees. Management have considered the likelihood of default is low and the expected credit losses under the loans will be immaterial and accordingly, no impairment has been recognised at 30 June 2020. The loan is a non-cash transaction.
Security bonds relate to cash security held against office premises, Level 27, 111 Eagle St, Brisbane, Queensland Australia, 1 King Street, St Paul's London United Kingdom, cash security held by Queensland Department of Natural Resources and Mines against Queensland exploration tenements held by the Group and on cash backed bank guarantees held by the Ecuadorian Ministry of Environment against Ecuadorian exploration tenements held by the Group.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 14 Deferred Taxation

Recognised deferred tax assets and liabilities

Group	**Opening balance**	**Net charged to income**	**Net charged to other comprehensive income**	**Net charged to equity**	**Net movement on unwind / transfer**	**Closing balance**
2020	**US$**	**US$**	**US$**	**US$**	**US$**	**US$**
Recognised deferred tax assets						
Carried forward tax losses	10,029,422	(2,845,013)	-	-	-	7,184,409
Accruals / provisions	956,757	(116,120)	-	590,626	-	1,431,263
Potential benefit	**10,986,179**	**(2,961,133)**	**-**	**590,626**	**-**	**8,615,672**
Recognised deferred tax liabilities						
Financial assets held at fair value through other comprehensive income	(1,224,062)	141,984	512,783	-	-	(569,295)
Derivative liabilities	-	(67,340)	-	-	-	(67,340)

Exploration and evaluation assets	(2,223,619)	(78,713)	-	-	-	(2,302,332)
Foreign exchange gains/losses	(7,538,499)	2,221,065	-	-	-	(5,317,434)
IFRS 16 Right of Use Asset	-	(359,272)	-	-	-	(359,272)
Potential benefit	**(10,986,179)**	**1,857,724**	**512,783**	**-**	**-**	**(8,615,673)**
Net deferred taxes	**-**	**(1,103,409)**	**512,783**	**590,626**	**-**	**-**
Deferred tax assets not recognised						
Unused tax losses	5,369,347	7,354,701	-	-	-	12,724,048
Temporary differences[1]	8,962,905	-	-	-	-	8,962,905
Tax benefit	**14,332,252**	**7,354,701**	**-**	**-**	**-**	**21,686,953**

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

Group **2019**	**Opening balance** **US$**	**Net charged to income** **US$**	**Net charged to other comprehensive income** **US$**	**Net charged to equity** **US$**	**Net movement on unwind / transfer** **US$**	**Closing balance** **US$**
Recognised deferred tax assets						
Carried forward tax losses	20,961,290	(10,931,868)	-	-	-	10,029,422
Accruals / provisions	1,462,888	(521,043)	-	14,912	-	956,757
Potential benefit	**22,424,178**	**(11,452,911)**	**-**	**14,912**	**-**	**10,986,179**
Recognised deferred tax liabilities						
Financial assets held at fair value through other comprehensive income	(848,889)	254,646	(629,818)	-	-	(1,224,062)
Exploration and evaluation assets	(20,892,396)	18,668,777	-	-	-	(2,223,619)
Foreign exchange gains/losses	(682,893)	(6,855,606)	-	-	-	(7,538,499)
Potential benefit	**(22,424,178)**	**12,067,817**	**(629,818)**	**-**	**-**	**(10,986,179)**
Net deferred taxes	**-**	**614,906**	**(629,818)**	**14,912**	**-**	**-**
Deferred tax assets not recognised						
Unused tax losses	10,766,262	(5,396,915)	-	-	-	5,369,347
Unused capital losses	-	-	-	-	-	-
Temporary differences[1]	8,962,905	-	-	-	-	8,962,905
Tax benefit	**19,729,167**	**(5,396,915)**	**-**	**-**	**-**	**14,332,252**

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

Notes to the Financial Statements
For the year ended 30 June 2020

Note 14 Deferred Taxation (continued)

Recognised deferred tax assets and liabilities (continued)

Company	**Opening balance**	**Net charged to income**	**Net charged to other comprehensive income**	**Net charged to equity**	**Closing balance**

2020	US$	US$	US$		US$
Recognised deferred tax assets					
Carried forward tax losses	7,805,802	(2,945,449)	-	-	4,860,353
Accruals / provisions	30,994	332,935	-	-	363,929
Capital raising costs	894,532	(507,293)	-	590,626	977,865
Other temporary differences	31,232	(11,149)	-	-	20,083
Potential benefit	**8,762,560**	**(3,130,957)**	**-**	**590,626**	**6,222,230**
Recognised deferred tax liabilities					
Financial Assets held at fair value through other comprehensive income	(1,224,062)	141,984	512,783	-	(569,295)
Foreign exchange gains/losses	(7,538,499)	2,221,065	-	-	(5,317,434)
IFRS 16 Right of Use Asset	-	(335,501)			(335,501)
Potential benefit	**(8,762,561)**	**2,027,548**	**512,783**	**-**	**(6,222,230)**
Net deferred taxes	**-**	**(1,103,409)**	**512,783**	**590,626**	**-**
Deferred tax assets not recognised					
Unused tax losses	5,347,495	5,418,935	-	-	10,766,430
Unused capital losses	-	-	-	-	-
Temporary differences	-	-	-	-	-
Tax benefit	**5,347,495**	**5,418,935**	**-**	**-**	**10,766,430**

Company	Opening balance	Net charged to income	Net charged to other comprehensive income	Net charged to equity	Closing balance
2019	**US$**	**US$**	**US$**	**US$**	**US$**
Recognised deferred tax assets					
Carried forward tax losses	848,890	6,956,912	-	-	7,805,802
Accruals / provisions	-	30,994	-	-	30,994
Capital raising costs	-	879,620	-	14,912	894,532
Other temporary differences	-	31,232	-	-	31,232
Potential benefit	**848,890**	**7,898,758**	**-**	**14,912**	**8,762,560**
Recognised deferred tax liabilities					
Financial Assets held at fair value through other comprehensive income	(848,890)	254,646	(629,818)	-	(1,224,062)
Foreign exchange gains/losses		(7,538,499)	-	-	(7,538,499)
Potential benefit	**(848,890)**	**(7,283,853)**	**(629,818)**	**-**	**(8,762,561)**
Net deferred taxes	**-**	**614,906**	**(629,818)**	**14,912**	**-**
Deferred tax assets not recognised					
Unused tax losses	4,047,810	1,299,685	-	-	5,347,495
Unused capital losses	-	-	-	-	-
Temporary differences	-	-	-	-	-
Tax benefit	**4,047,810**	**1,299,685**	**-**	**-**	**5,347,495**

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

Note 15 Other Receivables and Prepayments

	Group 2020 US$	Group 2019 US$	Company 2020 US$	Company 2019 US$
Other receivables	2,356,219	2,534,160	187,210	187,172
Prepayments	527,697	357,166	526,987	357,166

	2,883,916	**2,891,326**	**714,197**	**544,338**

Other receivables represent Australian Goods and Services Tax receivable and deposits made to landowners in Ecuador for land purchases. Management have considered the expected credit loss on the deposits to landowners as immaterial and accordingly, no impairment has been recognised at 30 June 2020.

Note 16 Cash and Cash Equivalents

	Group 2020 US$	Group 2019 US$	Company 2020 US$	Company 2019 US$
Cash at bank	46,895,243	41,746,200	45,356,423	38,290,929
Cash and cash equivalents in the statement of cash flows	**46,895,243**	**41,746,200**	**45,356,423**	**38,290,929**

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

(a) Authorised Share Capital

	2019 No. of Shares	2019 Nominal Value £
At 1 July 2018 - Ordinary shares	2,755,024,500	27,550,245
Increase in authorised share capital of £0.01 each on 17 December 2018	613,203,900	6,132,039
At 30 June 2019 - Ordinary shares	**3,368,228,400**	**33,682,284**

	2020 No. of Shares	2020 Nominal Value £
At 1 July 2019 - Ordinary shares	3,368,228,400	33,682,284
Previous years increase in authorised capital having expired	(1,521,907,367)	(15,219,074)
Increase in authorised share capital of £0.01 each on 20 September 2019	443,750,000	4,437,500
Increase in authorised share capital of £0.01 each on 20 September 2019	615,440,300	6,154,403
At 30 June 2020 - Ordinary shares	**2,905,511,333**	**29,055,113**

Ordinary shares participate in dividends and the proceeds on winding up the Company in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.

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

(b) Changes in Allotted, Called-up and Fully Paid Share Capital and Share Premium

	No. of Shares	Nominal Value US$	Share Premium US$	Total US$
Ordinary shares of 1p each at 1 July 2018	1,696,245,686	24,443,853	222,941,518	247,385,371
Shares issued at £0.28 - Exercise of options 4 October 2018	550,000	7,008	189,222	196,230
Shares issued at £0.14 - Exercise of options 11 October 2018	9,795,884	128,064	1,664,829	1,792,893
Shares issued at £0.28 - Exercise of options 11 October 2018	9,795,884	128,064	3,457,721	3,585,785
Shares issued at £0.45 - BHP placement 17 October 2018	100,000,000	1,311,687	57,714,208	59,025,895
Shares issued at £0.28 - Exercise of options 29 October 2018	20,624,553	264,059	7,129,583	7,393,642
Shares issued at £0.3888 - BHP share issue 8 November 2018*	2,596,826	33,828	1,281,416	1,315,244
Shares issued at £0.3714 - Newcrest share issue 26 November 2018*	6,712,000	85,861	3,103,043	3,188,904
Share issue costs charge to share premium account	-	-	(105,581)	(105,581)
Ordinary shares of 1p at 30 June 2019	**1,846,321,033**	**26,402,424**	**297,375,959**	**323,778,383**

*Both Newcrest and BHP had anti-dilution rights under their respective share subscription agreements to subscribe for further shares to maintain their relevant interests of the share capital of SolGold.

	No. of Shares	Nominal Value US$	Share Premium US$	Total US$
Ordinary shares of 1p each at 1 July 2019	1,846,321,033	26,402,424	297,375,959	323,778,383
Shares issued at £0.2215 - BHP share issue 2 December 2019	77,000,000	995,225	18,456,842	19,452,067
Shares issued at £0.215 - Placing share issue 5 June 2020	121,359,680	1,537,627	31,679,823	33,217,450
Shares issued at £0.215 - PrimaryBid share issue 5 June 2020	4,813,526	60,987	1,241,838	1,302,825
Shares issued at £0.215 - Directors share issue 9 June 2020	162,790	2,063	42,428	44,491
Shares issued at £0.215 - Private Investor share issue 12 June 2020	21,440,186	269,041	5,516,387	5,785,428
Shares issued at £0.215 - Additional Subscription share issue 12 June 2020	1,116,279	14,144	291,616	305,760
Share issue costs charge to share premium account	-	-	(1,384,412)	(1,384,412)
Ordinary shares of 1p at 30 June 2020	**2,072,213,494**	**29,281,511**	**353,220,481**	**382,501,992**

*Both Newcrest and BHP have anti-dilution rights under their respective share subscription agreements to subscribe for further shares to maintain their relevant interests of the share capital of SolGold.

Capital Management

Management controls the capital of the Group in order to generate long-term shareholder value and ensure that the Group can fund operations and continue as a going concern. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include share issues and debt considerations. Given the nature of the Group's current activities the entity will remain dependant on equity funding in the short to medium term until such time as the Group becomes self-financing from the commercial production of mineral resources.

Note 18 Trade and Other Current Payables

	Group 2020 US$	Group 2019 US$	Company 2020 US$	Company 2019 US$
Current				
Trade payables	1,953,358	1,461,582	1,502,250	481,732
Other payables	2,859,642	2,264,538	251,161	148,617
Accrued expenses	1,247,868	2,788,472	863,530	665,331
	6,060,193	**6,514,592**	**2,616,941**	**1,295,680**

Trade and other payables are measured at amortised cost. The increase in trade payables is mainly due to the increase in corporate administration costs associated with legal, accounting and consultancy fees in relation to the Franco-Nevada Bridging Loan/Funding, and the CGP takeover offer.

Decrease in accrued expenses for the Group mainly relates to the decrease in Drilling costs due to COIVD-19. Only costs accrued for represent the drilling standby costs.

Note 19 Lease Liabilities

	Group 2020 US$	Group 2019 US$	Company 2020 US$	Company 2019 US$
Current Liability				
Lease Liability	314,524	-	222,109	-
Balance at the end of the reporting period	**314,524**	**-**	**222,109**	**-**

Non current Liability

Lease Liability	875,141	-	853,175	-
Balance at the end of the reporting period	**875,141**	**-**	**853,175**	**-**

Right of Use Assets

	Group Property, Plant & Equipment US$	Company Property, Plant & Equipment US$
At 1 July 2019	-	
Additions	2,125,846	1,889,132
Depreciation	(612,041)	(483,372)
Disposals / effect of modification to lease terms	(298,608)	(298,608)
Foreign exchange movements	11,187	11,187
At 30 June 2020	1,226,384	1,118,339

Lease liabilities

	Group Property, Plant & Equipment US$	Company Property, Plant & Equipment US$
At 1 July 2019	-	
Additions	2,125,846	1,889,132
Interest expense	173,679	161,410
Non-cash movement / Effect of modification to lease terms[1]	(392,849)	(400,833)
Lease payments	(712,429)	(569,843)
Foreign exchange movements	(4,582)	(4,582)
At 30 June 2020	1,189,665	1,075,284

[1] Non-cash movements include the modification to the London lease and rental/lease invoices received but not yet paid at 30 June 2020.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 20 - Borrowings

	Group 2020 US$	Group 2019 US$	Company 2020 US$	Company 2019 US$
Current Liability				
Bridging Loan	15,000,000	-	15,000,000	-
Capitalised interest	248,303	-	248,303	-
Balance at the end of the reporting period	**15,248,303**	**-**	**15,248,303**	**-**

Bridging loan				
Balance at beginning of reporting period	-	-	-	-
Additions - funds received under the loan	14,815,000	-	14,815,000	-
Legal fees reimbursed to FN on receipt of loan funds	185,000	-	185,000	-
Capitalised interest	248,303	-	248,303	-
Balance at end of reporting period	**15,248,303**	**-**	**15,248,303**	**-**

On 11 May 2020, the Company entered into a Bridge Loan Agreement with Franco-Nevada Corporation to borrow US$15,000,000.

Under this Loan:

- Interest is calculated daily at a rate of 12% per annum compounding monthly on the last day of each calendar month.
- The loan plus any accrued interest is not due and payable until the Maturity Date.
- The Maturity Date is 11 September 2020.
- The Maturity Date extension is also subject to the overall Net Smelter Royalty Financing Agreement not being finalised by the original Maturity Date.
- Should the Maturity Date be extended to 11 January 2021, Franco Nevada is entitled to the receive warrants to purchase 12,220,000 SolGold shares. Such warrants shall be exercisable for freely tradable shares for a period of five (5) years from the original Maturity Date at an exercise price equal to the five (5) day volume weighted average price ("VWAP") on the London Stock Exchange trading on the day prior to the original Maturity Date.
- Should SolGold shares no longer be listed on a recognised stock exchange on the original Maturity Date the Company shall make a cash payment to FN or $1,000,000 on the original maturity date in lieu of the warrant issue noted above.

At the date of signing the loan agreement it was the intention of SolGold to repay the loan in full by the maturity date of 11 September 2020. Management made a judgement to not value the warrants at the initial date of measurement based on the intention to fully repay the loan by the maturity date, and therefore not trigger the warrants issue.

Note 21 - Financial liabilities

	Group		Company	
	2020 US$	**2019 US$**	**2020 US$**	**2019 US$**
Movements in financial liabilities				
Opening balance at 1 July	-	-	-	-
Additions	2,592,167	-	2,592,167	-
Fair Value adjustment through profit or loss	(279,913)	-	(279,913)	-
Balance at 30 June	**2,312,254**	**-**	**2,312,254**	**-**

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

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

	US$ Level 1	**US$ Level 2**	**US$ Level 3**	**US$ Total**
2020				
Derivative liability at fair value through profit or loss	-	-	2,312,254	2,312,254
2019				
Derivative liability at fair value through profit or loss	-	-	-	-

The derivative liability at fair value through profit or loss has been valued using the Monte Carlo Simulation method.

Fair value of share options and assumptions	**2020 £0.37 Options 30 June 2020**
Number of options	19,250,000
Share price at issue date	£0.210
Exercise price	£0.370
Expected volatility	75.670%

Time to expiry	4.43 years
Expected dividends	0.00%
Risk-free interest rate (short-term)	(0.07%)
Fair value	$0.120
Valuation methodology	Monte Carlo Value

For the financial year ended 30 June 2020	**US$**
Derivative liability valuation recognised in statement of comprehensive income	(279,913)

Notes to the Financial Statements

For the year ended 30 June 2020

Note 22 Share Options

At 30 June 2020 the Company had 185,162,000 options outstanding for the issue of ordinary shares (2019: 160,262,000).

Options

Share options are granted to employees under the company's Employee Share Option Plan ("ESOP"). The employee share option plan is designed to align participants' interests with those of shareholders.

Unless otherwise documented with the Company, when a participant ceases employment prior to the vesting of their share options, the share options are forfeited after 90 days unless cessation of employment is due to termination for cause, whereupon they are forfeited immediately. The Company prohibits key management personnel from entering into arrangements to protect the value of unvested ESOP awards.

The contractual life of each option granted is generally two (2) to three (3) years. There are no cash settlement alternatives.

Each option can be exercised from vesting date to expiry date for one share with the exercise price payable in cash.

Share options issued

There were 30,900,000 options granted during the year ended 30 June 2020 (2019: 115,750,000).

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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2020

Note 22 Share Options (continued)

Date of grant	Exercisable from	Exercisable to	Exercise prices	Number granted	Number at 30 June 2020

9 August 2017	The options vest on the earlier of: (a) 18 months, or (b) a Change of Control Transaction	8 August 2020	£0.60	46,750,000	44,500,000[1]
9 August 2017	The options vested immediately and exercisable through to 8 August 2020	8 August 2020	£0.60	12,000	12,000
5 July 2018	The options vested immediately, and exercisable through to 4 July 2020	4 July 2020	£0.40	21,250,000	18,250,000[2]
5 July 2018	The options vested immediately, and exercisable through to 4 July 2021	4 July 2021	£0.60	250,000	250,000
6 November 2018	The options vested immediately, and exercisable through to 6 November 2021	6 November 2021	£0.60	82,875,000	79,875,000[2]
20 December 2018	The options vested immediately, and exercisable through to 20 December 2021	20 December 2021	£0.60	11,375,000	11,375,000
20 September 2019	The options vested immediately and exercisable through to 20 December 2021	20 December 2021	£0.60	3,150,000	3,150,000
2 December 2019[3]	The options vested immediately and exercisable through to 2 December 2024	2 December 2024	£0.37	19,250,000	19,250,000
27 April 2020	The options vested immediately and exercisable through to 26 April 2023	26 April 2023	£0.25	7,000,000	7,000,000
27 April 2020	The options vest over four months and are exercisable through to 26 April 2023	26 April 2023	£0.25	1,500,000	1,500,000
				193,412,000	**185,162,000**

[1]2,250,000 options previously issued to John Bovard were forfeited during the prior year as a result of his retirement.

[2]6,000,000 options previously issued to Anna Legge were forfeited during the year as a result of her resignation.

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

Note 22 Share Options (continued)

Date of grant	Exercisable from	Exercisable to	Exercise prices	Number granted	Number at 30 June 2019
9 August 2017	The options vest on the earlier of: (a) 18 months, or (b) a Change of Control Transaction	8 August 2020	£0.60	46,750,000	44,500,000[1]
9 August 2017	The options vested immediately and exercisable through to 8 August 2020	8 August 2020	£0.60	12,000	12,000
5 July 2018	The options vested immediately, and exercisable through to 4 July 2020	4 July 2020	£0.40	21,250,000	21,250,000

5 July 2018	The options vested immediately, and exercisable through to 4 July 2021	4 July 2021	£0.60	250,000	250,000
6 November 2018	The options vested immediately, and exercisable through to 6 November 2021	6 November 2021	£0.60	82,875,000	82,875,000
20 December 2018	The options vested immediately, and exercisable through to 20 December 2021	20 December 2021	£0.60	11,375,000	11,375,000
				162,512,000	**160,262,000**

Share-based payments

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

	Weighted average exercise price 2020	Number of options 2020	Weighted average exercise price 2019	Number of options 2019
Outstanding at the beginning of the year	£0.57	160,262,000	£0.45	88,353,768
Exercised during the year	-	-	£0.25	(40,766,321)
Lapsed during the year	-	-	£0.28	(825,447)
Forfeited during the year	£0.50	(6,000,000)	£0.60	(2,250,000)
Granted during the year	£0.36	30,900,000	£0.56	115,750,000
Outstanding at the end of the year	£0.54	185,162,000	£0.57	160,262,000
Exercisable at the end of the year	£0.54	183,662,000	£0.57	160,262,000

The options outstanding at 30 June 2020 have an exercise price of £0.25, £0.37, £0.40 and £0.60 (2019: £0.40 and £0.60) and a weighted average contractual life of 1.32 years (2019: 1.84 years).

Note 22 Share Options (continued)

Share-based payments (continued)

Share options held by Directors are as follows:

Share options held	At 30 June 2020	At 30 June 2019	Option Price	Exercise Period
Nicholas Mather	26,250,000	26,250,000	60p	28/01/19 - 08/08/20
	5,000,000	5,000,000	60p	20/12/18 - 20/12/21
Brian Moller	3,750,000	3,750,000	60p	28/01/19 - 08/08/20
	1,425,000	1,425,000	60p	20/12/18 - 20/12/21
Robert Weinberg	2,250,000	2,250,000	60p	28/01/19 - 08/08/20
	900,000	900,000	60p	20/12/18 - 20/12/21
Craig Jones	2,250,000	2,250,000	60p	28/01/19 - 08/08/20
	900,000	900,000	60p	20/12/18 - 20/12/21
James Clare	3,150,000	3,150,000	60p	20/12/18 - 20/12/21
Jason Ward	-	5,000,000	28p	30/10/16 - 28/10/18
	5,000,000	5,000,000	60p	28/07/17 - 08/08/20
	5,000,000	5,000,000	60p	06/11/18 - 06/11/21
Anna Legge	-	3,000,000	40p	05/07/18 - 04/07/20
	-	3,000,000	60p	06/11/18 - 06/11/21
Liam Twigger	3,150,000	-	60p	20/09/19 - 20/12/21

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

Share options held at 30 June 2020	Share options held at 30 June 2019	Option price	Exercise periods
34,500,000	34,500,000	£0.60	Vests on the earlier of 18 months from date of grant or a Change of Control Transaction, as defined under the Company's ESOP Rules.
10,012,000	10,012,000	£0.60	Vests on the earlier of 18 months from date of grant or a Change of Control Transaction, as defined under the Company's ESOP Rules.
18,250,000	21,250,000	£0.40	Exercisable through to 04/07/2020
250,000	250,000	£0.60	Exercisable through to 04/07/2021
79,875,000	82,875,000	£0.60	Exercisable through to 06/11/2021
11,375,000	11,375,000	£0.60	Exercisable through to 20/12/2021
3,150,000	-	£0.60	Exercisable through to 20/12/2021
19,250,000	-	£0.37	Exercisable through to 02/12/2024
7,000,000	-	£0.25	Exercisable through to 26/04/2023
1,500,000,	-	£0.25	Exercisable through to 26/04/2023
185,162,000	**160,262,000**		

Notes to the Financial Statements

For the year ended 30 June 2020

Note 22 Share Options (continued)

Share-based payments (continued)

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. This estimate is based on the Black-Scholes model considering the effects of the vesting conditions, expected exercise period and the dividend policy of the Company.

		2020	
Fair value of share options and assumptions	**£0.25 Options 27 April 2020**	**£0.25 options 27 April 2020**	**£0.60 Options 20 September 2019**
Number of options	1,500,000	7,000,000	3,150,000
Share price at issue date	£0.26	£0.26	£0.2315
Exercise price	£0.25	£0.25	£0.60
Expected volatility	60.548%	60.548%	56.112%
Option life	3.00 years	3.00 years	2.25 years
Expected dividends	0.00%	0.00%	0.00%
Risk-free interest rate (short-term)	0.14%	0.14%	0.51%
Fair value	£0.107	£0.107	£0.0195
Valuation methodology	Black-Scholes	Black-Scholes	Black-Scholes
For the financial year ended 30 June 2020	**US$**	**US$**	**US$**
Share based payments expense recognised in statement of comprehensive income	151,608	928,599	76,625
Share based payments expense to be recognised in future periods	47,377	-	-

The calculation of the volatility of the share price on the above options was based on the Company's daily closing share price over the two or three-year period, dependant on the exercise period attributable to the tranche of options, prior to the date the options were issued.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 22 Share Options (continued)

Share-based payments (continued)

		2019	
Fair value of share options and assumptions	**£0.60 Options 9 August 2017**	**£0.60 Options 5 July 2018**	**£0.40 Options 5 July 2018**
Number of options	44,512,000	250,000	21,250,000
Share price at issue date	£0.365 - £0.375	£0.22	£0.22
Exercise price	£0.60	£0.60	£0.40
Expected volatility	89.714%	80.475%	74.187%
Option life	3.00 years	3.00 years	2.00 years
Expected dividends	0.00%	0.00%	0.00%
Risk-free interest rate (short-term)	0.461%	0.96%	0.96%
Fair value	£0.167-£0.174	£0.063	£0.053
Valuation methodology	Black-Scholes	Black-Scholes	Black-Scholes
For the financial year ended 30 June 2019	**US$**	**US$**	**US$**
Share based payments expense recognised in statement of comprehensive income	3,568,987	20,053	1,431,389

	2019	
Fair value of share options and assumptions	**£0.60 Options 6 November 2018**	**£0.60 Options 20 December 2018**
Number of options	82,875,000	11,375,000
Share price at issue date	£0.385	£0.3685
Exercise price	£0.60	£0.60
Expected volatility	79.538%	78.436%
Option life	3.00 years	3.00 years
Expected dividends	0.00%	0.00%
Risk-free interest rate (short-term)	1.19%	0.97%
Fair value	£0.1573	£0.1434
Valuation methodology	Black-Scholes	Black-Scholes
For the financial year ended 30 June 2019	**US$**	**US$**
Share based payments expense recognised in statement of comprehensive income	16,792,384	2,070,346

The calculation of the volatility of the share price on the above options was based on the Company's daily closing share price over the two or three-year period, dependant on the exercise period attributable to the tranche of options, prior to the date the options were issued.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 23 Financial Instruments (Group and Company)

Financial instruments by category (Group)

Financial assets	**Loans and receivables**	**Financial assets held at fair value through OCI**

	2020	2019	2020	2019
Cash and cash equivalents	46,895,243	41,746,200	-	-
Loans receivable and other non-current assets	7,702,969	7,796,541	-	-
Equity investments	-	-	4,119,179	5,952,439
Total financial assets	**54,598,212**	**49,542,741**	**4,119,179**	**5,952,439**

Financial liabilities	**Financial liabilities at amortised cost**		**Financial liabilities at fair value through profit or loss**	
	2020	**2019**	**2020**	**2019**
Trade and other payables	6,060,193	6,514,592	-	-
Derivative liability	-	-	2,312,254	-
Bridging Loan	15,248,303	-	-	-
Lease liabilities	1,189,665	-	-	-
Total financial liabilities	**22,498,161**	**6,514,592**	**2,312,254**	**-**

Financial instruments by category (Company)

Financial assets	**Loans and receivables**		**Financial assets held at fair value through OCI**	
	2020	**2019**	**2020**	**2019**
Cash and cash equivalents	45,356,423	38,290,929	-	-
Other receivables	187,210	187,172	-	-
Loans receivable and other non-current assets	799,161	762,382	-	-
Investment in subsidiaries	259,951,415	200,507,458	-	-
Equity investments	-	-	4,113,660	5,946,815
Total financial assets	**306,194,209**	**239,747,941**	**4,113,660**	**5,946,815**

Financial liabilities	**Financial liabilities at amortised cost**		**Financial liabilities at fair value through profit or loss**	
	2020	**2019**	**2020**	**2019**
Trade and other payables	2,616,941	1,295,680	-	-
Derivative liability	-	-	2,312,254	-
Bridging loan	15,248,303	-	-	-
Lease liabilities	1,075,284	-	-	-
Total financial liabilities	**18,940,528**	**1,295,680**	**2,312,254**	**-**

If required, the Board of Directors determines the degree to which it is appropriate to use financial instruments, commodity contracts or other hedging contracts or techniques to mitigate risks. The main risks for which such instruments may be appropriate are foreign currency risk and liquidity risk, each of which is discussed below. The main credit risk is the non-collection of loans and other receivables which include refunds and tenement security deposits. There were no overdue receivables at year end.

For the Company, the main credit risk is the non-collection of loans made to its subsidiaries. The Directors expect to collect the loans through the successful exploration and subsequent exploitation of the subsidiaries' tenements.

There have been no changes in financial risks from the previous year.

During the years ended 30 June 2020 and 2019 no trading in commodity contracts was undertaken.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 23 Financial Instruments (Group and Company) (continued)

Market risk

Interest rate risks

The Group's and Company's policy is to retain its surplus funds on the most advantageous term of deposit available up to twelve months' maximum duration. The increase/decrease of 2% in interest rates will impact the Group's income statement by a gain/loss of US$937,905 and the Company's income statement by US$834,924 The group considers that a 2% +/- movement interest rates represent reasonable possible changes.

Foreign currency risk

The Group has potential currency exposures in respect of items denominated in foreign currencies comprising:

- Transactional exposure in respect of operating costs, capital expenditures and, to a lesser extent, sales incurred in currencies other than the functional currency of operations which require funds to be maintained in currencies other than the functional currency of operation; and
- Translation exposures in respect of investments in overseas operations which have functional currencies other than United States dollars.

Currency risk in respect of non-functional currency expenditure is reviewed by the Board.

The table below shows the extent to which Group companies have monetary assets and liabilities in different currencies. Foreign exchange differences on retranslation of such assets and liabilities are taken to the statement of comprehensive income.

Group		**Functional currency of entity**		
Net Financial Assets (Liabilities)	**AUD**	**USD**	**SBD**	**TOTAL**
2020				
Australian dollar	64,837	195,588	-	260,425
Solomon Island dollar (SBD)	10,164	-	-	10,164
Canadian dollar (CAD)	-	6,338	-	6,338
Great British Pound (GBP)	-	37,372,191	-	37,372,191
	75,001	**37,574,117**	**-**	**37,649,118**

Group		**Functional currency of entity**		
Net Financial Assets (Liabilities)	**AUD**	**USD**	**SBD**	**TOTAL**
2019				
Australian dollar	62,019	306,032	-	368,051
Solomon Island dollar (SBD)	3,771	-	-	3,771
Canadian dollar (CAD)	-	21,467	-	21,467
Great British Pound (GBP)	-	22,950,969	-	22,950,969
	65,790	**23,278,468**	**-**	**23,344,258**

Note 23 Financial Instruments (Group and Company) (continued)

Company		**Functional currency of entity**		
Net Financial Assets (Liabilities)	**AUD**	**USD**	**SBD**	**TOTAL**
2020				
Australian dollar	-	195,588	-	195,588
Canadian dollar (CAD)	-	6,338	-	6,338
Great British Pound (GBP)	-	37,372,191	-	37,372,191
	-	**37,574,117**	**-**	**37,574,117**

Company		**Functional currency of entity**		
Net Financial Assets (Liabilities)	**AUD**	**USD**	**SBD**	**TOTAL**
2019				
Australian dollar	-	306,032	-	306,032
Canadian dollar (CAD)	-	21,467	-	21,467
Great British Pound (GBP)	-	22,950,969	-	22,950,969

-	**23,278,468**	**-**	**23,278,468**

The main currency exposure relates to the effect of re-translation of the Group's assets and liabilities in, Australian dollar (AUD) and the Great British Pound (GBP). A 10% increase in the A$/US$ and GBP/US$ exchange rates would give rise to a change of approximately US$4,181,402 (2019: US$1,869,180) in the Group net assets and reported earnings. A 10% decrease in the A$/US$ and GBP/US$ exchange rates would give rise to a change of approximately US$3,421,147 (2019: US$1,529,329). The Group does not hedge foreign currency exposures and manages net exposures by buying and selling foreign currencies at spot rates where necessary. In respect of other monetary assets and liabilities held in currencies other than United States dollars, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Note 23 Financial Instruments (Group and Company) (continued)

Credit Risk

The Group is exposed to credit risk primarily from the financial institutions with which it holds cash and cash deposits and loans receivable under the Company Funded Loan Plan. The banks and their credit ratings the Group had cash accounts with at 30 June 2020 were US$223,525 in cash accounts with Macquarie Bank Limited (BBB) in Australia, US$13,946 in cash accounts with the ANZ Bank (AA-) in Australia, US$45,160,004 in cash accounts with Westpac Bank (AA-) in Australia, US$3,782 in cash accounts with ANZ Bank (AA-) in Honiara, Solomon Islands, US$1,226,192 in cash accounts with Banco Guayaquil (AAA-) in Ecuador, US$234,428 in cash accounts with Produbanco (B) in Ecuador, US$28,911 in cash accounts with Lloyds of London (A+), and US$8,238 in petty cash. Including other receivables, the maximum exposure to credit risk at the reporting date is the carrying value of these assets and was US$50,497,702 (2019: US$44,251,462).

The Company is also exposed to credit risk due to the cash balance it holds directly. It is also exposed to credit risk on the Company Loan Funded Plan receivable. At 30 June 2020, the company had US45,356,423 in cash and cash equivalents (2019: US$41,746,200) and US$6,373,398 of Company Loan Funded Plan receivable (2019: US$6,496,407). The maximum exposure to credit risk at the reporting date was US$51,729,821 (2019: US$48,242,607).

Credit risk is managed by dealing with banks with high credit ratings assigned by international credit rating agencies. Furthermore, funds are deposited with banks of high standing in order to obtain market interest rates. Credit risk over the Company Funded Loan Plan is reduced due to the loan being secured by shares.

Liquidity risks

The Group and Company raises funds as required on the basis of budgeted expenditure for the next 12 to 24 months, dependent on a number of prevailing factors. Funds are generally raised in capital markets from a variety of eligible private, corporate and fund investors, or from interested third parties (including other exploration and mining companies) which may be interested in earning an interest in the project. The success or otherwise of such capital raisings is dependent upon a variety of factors including general equities and metals market sentiment, macro-economic outlook, project prospectivity, operational risks and other factors from time to time. When funds are sought, the Group balances the costs and benefits of equity financing versus alternate financing options. Funds are provided to local sites bi-monthly, based on the sites' forecast expenditure.

All liabilities held by the Group and Company are contractually due and payable within 1 year, excluding the non-current Lease Liability payments which are greater than 12 months.

Fair values

In the Directors' opinion, there is no material difference between the book value and fair value of any of the Group's and Company's financial instruments. The classes of financial instruments are the same as the line items included on the face of the statement of financial position and have been analysed in more detail in notes to the accounts.

All the Group's financial assets, with the exception of investments held at fair value through other comprehensive income are categorised as other financial assets at amortised cost.

Note 24 Commitments

The Group also has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Group.

The combined commitments of the Group related to its granted tenement interests are as follows:

Location	Up to 12 Months	13 Months to 5 Years	Later than 5 Years
Ecuador	3,065,430	3,065,430	-
Solomon Islands	3,142,400	3,142,400	-
Queensland	158,559	41,393	-
	6,366,389	6,249,223	-

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Group has the option to negotiate new terms or relinquish the tenements. The Group also has the ability to meet expenditure requirements by joint venture or farm in agreements.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 25 Related Parties

(a) Group

Transactions between related parties are on normal commercial terms and conditions and are no more favourable than those available to other parties unless otherwise stated.

a) Transactions with Directors and Director-Related Entities

(i) The Company had a commercial agreement with Samuel Capital Pty Ltd ("Samuel") for the engagement of Nicholas Mather as director of the Company. For the year ended 30 June 2020 US$400,162 was paid or payable to Samuel (2019: US$539,422). These amounts are included in Note 5 (Remuneration of Key Management Personnel). The total amount outstanding at year end is US$37,765 (2019: US$925).

(ii) The Company has a long-standing commercial arrangement with DGR Global Ltd, an entity associated with Nicholas Mather (Director) and Brian Moller (Director), for the provision of various services, whereby DGR Global provides resources and services including the provisions of administration , its premises (for the purposes of conducting the Company's business operations), use of existing office furniture, equipment and certain stationery, together with general telephone, reception and other office facilities (''Services''). In consideration for the provision of the Services, the Company shall reimburse DGR Global for any expenses incurred by it in providing the Services. DGR Global shall also invoice the Company from time to time for the provision of in-house legal counsel services. For the year ended 30 June 2020 US$239,820 was paid or payable to DGR Global (2019: US$255,700) for the provision of administration and office facilities to the Company during the year. The total amount outstanding at year end was US$30,941 (2019: US$15,788).

(iii) Mr Brian Moller (a Director), is a partner in the Australian firm HopgoodGanim lawyers. For the year ended 30 June 2020, HopgoodGanim were paid or payable US$160,217 (2019: US$201,306) for the provision of legal services to the Company. The services were based on normal commercial terms and conditions. The total amount outstanding at year end was US$47,657 (2019: US$nil).

(iv) Mr James Clare (a Director), is a partner in the Canadian firm Bennett Jones lawyers. For the year ended 30 June 2020, Bennett Jones were paid or payable US$537,453 (2019: US$152,559) for the provision of legal services to the Company. The services were based on normal commercial terms and conditions. The total amount outstanding at year end was US$202,128 (2019: US$nil)

Share and Option transactions of Directors are shown under Notes 5 and 22.

(b) Company

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

Subsidiaries

The Company has an investment in subsidiaries balance of US$251,739,663 (2019: US$192,807,783). The transactions during the year have been included in note 9. As the Company does not expect repayment of this amount and will not call payment, this amount has been included in the carrying amount of the investment in the Parent Entity's statement of financial position.

(c) Controlling party

In the Directors' opinion there is no ultimate controlling party.

Notes to the Financial Statements

For the year ended 30 June 2020

Note 26 Contingent Assets and Liabilities

A 2% net smelter royalty is payable to Santa Barbara Resources Limited, who were the previous owners of the Cascabel tenements. These royalties can be bought out by paying a total of US$4 million. Fifty percent (50%) of the royalty can be purchased for US$1 million 90 days following the completion of a feasibility study and the remaining 50% of the royalty can be purchased for US$3 million 90 days following a production decision. The smelter royalty is considered to be a contingent liability as the Group has not yet completed a pre-feasibility study at 30 June 2020 as such there is significant uncertainty over the timing of any payments that may fall due.

SolGold elected to undertake the Optional Subscription under the terms of the Term Sheet (**Term Sheet**) signed between SolGold plc and Cornerstone Capital Resources Inc. (**CGP**), CGP's subsidiary Cornerstone Ecuador S.A. (**CESA**), and Exploraciones Novomining S.A. (**ENSA**), and holds an aggregate registered and beneficial equity position in ENSA of 85% under the terms of the Term Sheet. CGP and CESA elected to obtain the benefit of the Financing Option whereby SolGold will solely fund all operations and activities of ENSA until the completion of a Feasibility Study, including CESA's contribution as the registered and beneficial holder of an aggregate equity position in ENSA of 15%. After completion and delivery of the Feasibility Study, SolGold and CESA shall jointly fund the operations and activities of ENSA based on their respective equity positions in ENSA's on a proportionate basis. Furthermore, the Term Sheet allows for SolGold to be fully repaid for the financing provided, including interest at LIBOR plus 2% for the expenditures incurred by SolGold from the time CGP and CESA elected the Financing Option and the completion of the First Phase Drill Program (FPDP). SolGold is to be repaid out of 90% of CESA's distribution of earnings or dividends from ENSA or the Cascabel Tenement to which CESA would otherwise be entitled. If CESA does not elect to contribute and its equity stake in ENSA is diluted to below 10%, its equity stake in ENSA will be converted to a 0.5% interest in the Net Smelter Return and SolGold may acquire this interest for US$3.5 million at any time. At 30 June 2020, Cornerstone's equity interest in ENSA had not been diluted below 10%.

The amount receivable from CESA at 30 June 2020 was $31,034,075 (2019: $23,516,425). As there is uncertainty as to whether ENSA will be able to distribute earnings or dividends, a provision for impairment has been recognised on the entire amount receivable from CESA.

There are no other contingent assets and liabilities at 30 June 2020 (2019: nil).

Note 27 Subsequent Events

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

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

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

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

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

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

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ABOUT SOLGOLD

SolGold is a leading resources company focussed on the discovery, definition and development of world-class copper and gold deposits. In 2018, SolGold's management team was recognised by the "Mines and Money" Forum as an example of excellence in the industry and continues to strive to deliver objectives efficiently and in the interests of shareholders. SolGold is the largest and most active concession holder in Ecuador and is aggressively exploring the length and breadth of this highly prospective and gold-rich section of the Andean Copper Belt.

The Company operates with transparency and in accordance with international best practices. SolGold is committed to delivering value to its shareholders, while simultaneously providing economic and social benefits to impacted communities, fostering a healthy and safe workplace and minimizing the environmental impact.

Dedicated stakeholders

SolGold employs a staff of over 600 employees of whom 98% are Ecuadorean. This is expected to grow as the operations expand at Alpala, and in Ecuador generally. SolGold focusses its operations to be safe, reliable and environmentally responsible and maintains close relationships with its local communities. SolGold has engaged an increasingly skilled, refined and experienced team of geoscientists using state of the art geophysical and geochemical modelling applied to an extensive database to enable the delivery of ore grade intersections from nearly every drill hole at

Alpala. SolGold has over 80 geologists on the ground in Ecuador exploring for economic copper and gold deposits.

About Cascabel and Alpala

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

Having fulfilled its earn-in requirements, SolGold is a registered shareholder with an unencumbered legal and beneficial 85% interest in ENSA (Exploraciones Novomining S.A.) which holds 100% of the Cascabel concession covering approximately 50km^2. The junior equity owner in ENSA is required to repay 15% of costs since SolGold's earn in was completed, from 90% of its share of distribution of earnings or dividends from ENSA or the Cascabel concession. It is also required to contribute to development or be diluted, and if its interest falls below 10%, it shall reduce to a 0.5% NSR royalty which SolGold may acquire for US$3.5m.

Advancing Alpala towards development

The resource at the Alpala deposit contains a high-grade core which will be targeted to facilitate early cashflows and an accelerated payback of initial capital. SolGold is currently assessing financing options available to the Company for the development of the Alpala mine following completion of the Definitive Feasibility Study.

SolGold's Regional Exploration Drive

SolGold is using its successful and cost-efficient blueprint established at Alpala, and Cascabel generally, to explore for additional world class copper and gold projects across Ecuador. SolGold is the largest and most active concessionaire in Ecuador.

The Company wholly owns four other subsidiaries active throughout the country that are now focussed on thirteen high priority gold and copper resource targets, several of which the Company believes have the potential, subject to resource definition and feasibility, to be developed in close succession or even on a more accelerated basis compared to Alpala.

SolGold is listed on the London Stock Exchange and Toronto Stock Exchange (LSE/TSX: SOLG). The Company has on issue a total of 2,072,213,495 fully-paid ordinary shares and 113,175,000 share options.

Quality Assurance / Quality Control on Sample Collection, Security and Assaying

SolGold operates according to its rigorous Quality Assurance and Quality Control (QA/QC) protocol, which is consistent with industry best practices.

Primary sample collection involves secure transport from SolGold's concessions in Ecuador, to the ALS certified sample preparation facility in Quito, Ecuador. Samples are then air freighted from Quito to the ALS certified laboratory in Lima, Peru where the assaying of drill core, channel samples, rock chips and soil samples is undertaken. SolGold utilises ALS certified laboratories in Canada and Australia for the analysis of metallurgical samples.

Samples are prepared and analysed using 100g 4-Acid digest ICP with MS finish for 48 elements on a 0.25g aliquot (ME-MS61). Laboratory performance is routinely monitored using umpire assays, check batches and inter-laboratory comparisons between ALS certified laboratory in Lima and the ACME certified laboratory in Cuenca, Ecuador.

In order to monitor the ongoing quality of its analytical database, SolGold's QA/QC protocol encompasses standard sampling methodologies, including the insertion of certified powder blanks, coarse chip blanks, standards, pulp duplicates and field duplicates. The blanks and standards are Certified Reference Materials supplied by Ore Research and Exploration, Australia.

SolGold's QA/QC protocol also monitors the ongoing quality of its analytical database. The Company's protocol involves Independent data validation of the digital analytical database including search for sample overlaps, duplicate or absent samples as well as anomalous assay and survey results. These are routinely performed ahead of Mineral Resource Estimates and Feasibility Studies. No material QA/QC issues have been identified with respect to sample collection, security and assaying.

Reviews of the sample preparation, chain of custody, data security procedures and assaying methods used by SolGold confirm that they are consistent with industry best practices and all results stated in this announcement have passed SolGold's QA/QC protocol.

See www.solgold.com.au for more information. Follow us on twitter @SolGold plc

CAUTIONARY NOTICE

News releases, presentations and public commentary made by SolGold plc (the "Company") and its Officers may contain certain statements and expressions of belief, expectation or opinion which are forward looking statements, and which relate, inter alia, to interpretations of exploration results to date and the Company's proposed strategy, plans and objectives or to the expectations or intentions of the Company's Directors. Such forward-looking and interpretative statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Company that could cause the actual performance or achievements of the Company to be materially different from such interpretations and forward-looking statements.

Accordingly, the reader should not rely on any interpretations or forward-looking statements; and save as required by the exchange rules of the TSX and LSE or by applicable laws, the Company does not accept any obligation to disseminate any updates or revisions to such interpretations or forward-looking statements. The Company may reinterpret results to date as the status of its assets and projects changes with time expenditure, metals prices and other affecting circumstances.

This release may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements regarding the Company's plans for developing its properties. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to: transaction risks; general business, economic, competitive, political and social uncertainties; future prices of mineral prices; accidents, labour disputes and shortages and other risks of the mining industry. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

The Company and its officers do not endorse, or reject or otherwise comment on the conclusions, interpretations or views expressed in press articles or third-party analysis, and where possible aims to circulate all available material on its website.