

GOVERNANCE

APPROACH TO CORPORATE GOVERNANCE

SolGold moved from the AIM Board to the Main Board of the London Stock Exchange in October 2017 via a standard listing. Accordingly, it is only required to comply with the relevant Listing Rules, the Disclosure and Transparency Rules of the UK Corporate Governance Code (the “Code”) and the Prospectus Rules, but not the super-equivalent provisions of the Listing Rules which apply to companies with a premium listing. Being a growth company, SolGold has continued to base its Corporate Governance policies and procedures on the Quoted Company Alliance Code (“QCA Code”).

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

The Company is also subject to various corporate laws and regulations in Canada and Australia as a result of being a reporting issuer in Canada and a registered foreign corporation in Australia.

BOARD AND COMMITTEE STRUCTURE

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

The Chair of the Board is Mr Brian Moller, who is a Non-Executive Director. As Chair, Mr Moller is responsible for leadership of the Board, for efficient organization and conduct of the Board’s function and the briefing of all Directors in relation to issues arising at Board Meetings. The Chair is also responsible for shareholder communication, arranging Board performance evaluation and setting the tone for the Company’s approach to corporate governance.

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

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

It is the Board’s policy to maintain independence by having a number of its members as Non-Executive Directors who are free from any material business or other relationship with the Company. The structure of the Board ensures that no one individual or group is able to dominate the decision making process.

The Board of the Company is currently made up of one Executive Director and five Non-Executive Directors. Messrs Craig Jones and James Clare and Dr Robert Weinberg are considered to be independent by the Board. Nicholas Mather is not independent as he is the Chief Executive Officer of the Company. Brian Moller is not considered independent as he is a partner in the Australian firm Hopgood Ganim Lawyers for the provision of legal services to the Company. These professional services are based on normal commercial terms and conditions.

Dr Robert Weinberg is considered to be the Company’s Senior Independent Director (SID). The role of the SID is to be available to shareholders to discuss any concerns they may have about the running of the Company where the normal channels of communication are not appropriate. The SID is usually expected to lead discussions at meetings of Non-Executive Directors without the Chairman present on an annual basis.

The Board has delegated the Chief Executive Officer (“CEO”) for running the day-to-day management of the Company under clearly defined terms of reference. The CEO is supported by experienced management team including the Global Exploration Executive, UK Markets and Investor Relations Executive, the Chief Financial Officer and Company Secretary of the Company.

All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company’s expense in the furtherance of his or her duties.

Other responsibilities are devolved to the Audit and Risk Management, Remuneration and Health, Safety, Environment and Community (HSEC) Committees, which are described more fully below. The terms of reference of each Committee, and the matters reserved to the Board, are available on the Company’s website.

BOARD OF DIRECTORS AND COMPANY SECRETARY

CHAIRMAN

Brian Moller

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

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

Mr Moller acts for many publicly-listed resource and industrial companies and brings a wealth of experience and expertise to the Board, particularly in the corporate regulatory and governance areas. He is a Non-Executive Director of ASX listed DGR Global Limited, Dark Horse Resources Limited, and TSX-V listed, Agua Resources Limited and the non-executive Chairman of ASX-listed Aus Tin Mining Limited, Lithium Consolidated Mineral Exploration Ltd and Platina Resources Limited.

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

CHIEF EXECUTIVE OFFICER

Nicholas Mather

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

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

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

Committee member: HSEC Committee

SENIOR INDEPENDENT DIRECTOR

Dr Robert Weinberg

Dr Weinberg, was appointed 22 November 2005 as a Non-Executive Director, and is considered to be the Company's Senior Independent Director. Dr Weinberg gained his doctorate in geology from Oxford University in 1973, has more than 40 years' experience of the international mining industry and is an independent mining research analyst and consultant. He is a Fellow of the Geological Society of London and also a Fellow of the Institute of Materials, Minerals and Mining. Dr Weinberg has been an independent non-executive director of a number of minerals exploration, development and mining companies.

Prior to his current activities Dr Weinberg was Managing Director, Institutional Investment at the World Gold Council. Previously he was a Director of the investment banking division at Deutsche Bank in London after having been head of the global mining research team at SG Warburg Securities. Dr Weinberg has also held senior positions within Société Générale and was head of the mining team at James Capel & Co. Dr Weinberg was formerly marketing manager of the gold and uranium division of Anglo American Corporation of South Africa Ltd.

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

NON-EXECUTIVE DIRECTOR

Craig Jones

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

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

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

Committee member: HSEC Committee

NON-EXECUTIVE DIRECTOR

James Clare

Mr Clare, appointed 26 April 2018, is a partner at Bennett Jones LLP, one of Canada's leading corporate law firms. He is a corporate and securities lawyer with extensive experience in the mining sector both domestically and internationally. Mr Clare is recognised by Lexpert as a leading mining lawyer in Canada, and repeatedly recommended for his experience in mining, corporate finance and securities law by the Canadian Legal Lexpert Directory.

Mr Clare also currently acts as a non-executive Director of PJX Resources Inc, Riverside Resources Inc and Spanish Mountain Gold Ltd.

Mr Clare was involved with SolGold's TSX listing process and provides ongoing legal and corporate advice to the Company in relation to its Canadian regulatory and business matters.

Committee member: HSEC Committee

COMPANY SECRETARY

Karl Schlobohm

Mr Schlobohm, appointed 14 April 2009, has over twenty five years' experience across a wide range of businesses and industries. He has previously been contracted into CFO roles with ASX-listed resource companies Discovery Metals Limited and Meridian Minerals Limited, and as Company Secretary of ASX-listed Linc Energy Limited, Agenix Limited, Discovery Metals Limited and Global Seafood Australia Limited.

Mr Schlobohm is a Chartered Accountant and holds Bachelor's Degrees in Commerce and in Economics, and a Master's Degree in Taxation. He is also a fellow of the Governance Institute of Australia.

Mr Schlobohm is also contracted to act as the Company Secretary of the AIM listed IronRidge Resources Limited and ASX-listed DGR Global Limited, Dark Horse Resources Limited, Aus Tin Mining Limited and Armour Energy Limited.

BOARD CHANGES DURING FY2018

Mr James Clare was appointed as a Non-Executive Director to the SolGold Board of Directors on 1 May 2018. The details of his qualification and experience are shown on page 44 of the Company's 2018 Annual Report.

The Company considers Dr Robert Weinberg to be a Senior Independent Director. His experience and expertise will continue to provide strong oversight on the Board together with supporting the further development of the Company's strategy.

ATTENDANCE RECORD

Directors' attendance at Board and Committee meetings which they were eligible to attend the meetings during 2018 was as follows:

	Full Board	Audit & Risk Committee	Remuneration Committee	HSEC Committee
Total Meetings Held	8	2	-	-
Attendance:				
Brian Moller	8	2	1	-
Nicholas Mather	8	-	-	-
John Bovard (retired)	7	2	1	-
Robert Weinberg	7	2	1	-
Craig Jones	8	-	-	-
James Clare	3	-	-	-

NOMINATION OF DIRECTORS

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

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

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

The Board has recently amended its corporate governance charter to include a nominee director policy setting out the principles to be followed by the Board, which is available on the Company's website, in respect of those Directors that are nominated by a Shareholder and the nominating shareholders.

BOARD EVALUATION

During 2018 and as part of the processes for its LSE and TSX listings, the Board reviewed its performance from the point of view of its composition, mix of skills, committee composition and roles. As a result of this review, the following matters were determined:

- the appointment of a Canadian based independent Non-Executive in May 2018;
- the amendment of Corporate Governance Charters and policies in compliance with rules and regulations with the admission to the LSE and/or the TSX listing;

The Board will continue to regularly review and monitor its composition and performance having regard to the evolving complexity of the Company's activities and operations, and make changes as appropriate. The Company is in the process of establishing the criteria against which its performance and effectiveness will be measured and how frequently evaluations of the Board and the Board Committees will take place. These matters will be reported on in the future.

ORIENTATION AND CONTINUING EDUCATION

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

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

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

RELATIONS WITH SHAREHOLDERS

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

The principal risks and uncertainties identified by the Company are shown on pages 42 to 44 of the Company's 2018 Annual Report. The Company is diligent in minimising exposure to business risks, but by the nature of its activities and size, will always have some risks. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties materialise, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

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

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

A statement of Directors' responsibilities in light of the Company's 2018 Annual Report can be found on page 59 of the Report.

Committee Reviews

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

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

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

Audit and Risk Management Committee

Composition

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

The Audit and Risk Management Committee is currently comprised of two members, both of whom are Non-Executive Directors of the Company. The members of the Committee are Mr Brian Moller and Dr Robert Weinberg. Dr Weinberg is the Chair of the Audit and Risk Management Committee and is considered to be the Company's Senior Independent Director. The Board intends to replace the recently retired John Bovard with another independent Non-Executive Director as a member of this Committee in the near future.

The members of the Committee have a wide range of financial and commercial experience, which the Board considers appropriate to fulfil the Committee's duties. Details of the experience and qualifications of Committee members are set out on pages 2 and 3 of this Corporate Governance Statement and pages 50 and 51 of the Company's 2018 Annual Report.

Role and Responsibilities

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

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

Audit Related

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

Risk Related

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

Main Activities Covered During FY2018

The Committee's activities focused on the following matters during FY2018:

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

Remuneration Committee

Composition

The Remuneration Committee meets at least once a year and is responsible for making decisions on Directors' and key management's remuneration packages.

Remuneration of any Executive Directors is established by reference to the remuneration of Executives of equivalent status both in terms of the level of responsibility of the position and by reference to their qualifications and skills. The Remuneration Committee will also have regard to the terms which may be required to attract an executive of equivalent experience to join the Board from another company. Such packages include performance related bonuses and the grant of share options.

The members of the Remuneration Committee are Robert Weinberg (as chair), Nicholas Mather and Brian Moller. Details of the experience and qualifications of Committee members are set out on pages 2 and 3 of this Corporate Governance Statement and pages 50 and 51 of the Company's 2018 Annual Report.

Role and Responsibilities

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

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

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

Main activities covered during FY2018

The Committee's activities focused on the following matter during FY2018:

- Review and establish MD/CEO contract having regard to advice obtained from an independent remuneration consultant.
- Reviewed the remuneration arrangements for the Company's senior geological staff.

HSEC Committee

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

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

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

Composition

Currently the fully Board of the Group currently fulfils this role.