UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2019

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, the statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of the Company have been prepared by management and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim financial statements.

/s/ Nicholas Mather
Nicholas Mather
Director

/s/ Brian Moller
Brian Moller
Director

14 November 2019

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

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Notes	Three months ended 30 September 2019 US$ (unaudited)	Three months ended 30 September 2018 US$ (unaudited)
Expenses			
Exploration costs written-off		(4,282)	(30,072)
Administrative expenses	3	(2,847,735)	(3,911,454)
Operating loss		**(2,852,017)**	**(3,941,526)**
Finance income	3	171,473	6,058
Finance costs		-	-
Loss before tax		**(2,680,544)**	**(3,935,468)**
Tax (expense) benefit		(752,726)	701,103
Loss for the period		**(3,433,270)**	**(3,234,365)**
Other comprehensive profit / (loss)			
Items that may be reclassified to profit and loss			
Change in fair value of financial assets held at fair value		(1,972,236)	1,662,957
Exchange differences on translation of foreign operations		(304,789)	(1,929,702)
Change in other reserves		(13,582)	-
Other Comprehensive (loss) / profit, net of tax		**(2,290,607)**	**(266,745)**
Total comprehensive (loss) / income for the period		**(5,723,877)**	**(3,501,110)**
Loss for the period attributable to:			
Owners of the parent company		(3,416,584)	(3,179,492)
Non-controlling interest		(16,686)	(54,873)
Loss for the period		**(3,433,270)**	**(3,234,365)**
Total comprehensive profit / (loss) for the period is attributable to:			
Owners of the parent company		(5,707,191)	(3,446,237)
Non-controlling interest		(16,686)	(54,873)
Total comprehensive (loss) / income for the period		**(5,723,877)**	**(3,501,110)**

	Notes	Three months ended 30 September 2019 Cents (unaudited)	Three months ended 30 September 2018 Cents (unaudited)
Basic earnings per share		(0.2)	(0.2)
Diluted earnings per share		(0.2)	(0.2)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2019

	Notes	30 September 2019 US$ (unaudited)	30 June 2019 US$ (audited)
Assets			
Property, plant and equipment		8,888,705	8,847,785
Intangible assets	5	195,399,826	177,481,872
Financial assets held at fair value through OCI	6	3,227,251	5,952,439
Loans receivable and other non-current assets	7	7,744,918	7,796,541
Total non-current assets		**215,260,700**	**200,078,637**
Other receivables and prepayments		6,830,298	2,891,326
Cash and cash equivalents		16,506,686	41,746,200
Total current assets		**23,336,984**	**44,637,526**
Total assets		**238,597,684**	**244,716,163**
Equity			
Share capital	8	26,402,424	26,402,424
Share premium	8	297,375,959	297,375,959
Other reserves		38,175,640	40,084,833
Accumulated loss		(123,759,272)	(120,342,688)
Foreign currency translation reserve		(5,181,382)	(4,876,593)
Equity attributable to owners of the parent company		233,013,369	238,643,935
Non-controlling interest		(459,050)	(442,364)
Total equity		**232,554,319**	**238,201,571**
Liabilities			
Trade and other payables		6,043,365	6,514,592
Total current liabilities		**6,043,365**	**6,514,592**
Total liabilities		**6,043,365**	**6,514,592**
Total equity and liabilities		**238,597,684**	**244,716,163**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Share capital US$	Share premium US$	Financial assets held at fair value through other comprehensive income US$	Share based payment reserve US$	Foreign currency translation reserve US$	Other Reserves US$	Accumulated losses US$	Total US$	Non-controlling interests US$	Total Equity US$
Balance 30 June 2018 (audited)	**24,443,853**	**222,941,518**	**1,933,094**	**13,391,848**	**(2,838,649)**	**(105,893)**	**(88,859,667)**	**170,906,104**	**(314,286)**	**170,591,818**
Loss for the period	-	-	-	-	-	-	(3,179,492)	(3,179,492)	(54,873)	(3,234,365)
Other comprehensive income for the period	-	-	1,662,957	-	(1,929,702)	-	-	(266,745)	-	(266,745)
Total comprehensive income for the period	-	-	1,662,957	-	(1,929,702)	-	(3,179,492)	(3,446,237)	(54,873)	(3,501,110)
New share capital subscribed	-	-	-	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-	-	-	-
Options expired	-	-	-	-	-	-	-	-	-	-
Value of options issued to employees and consultants	-	-	-	3,064,155	-	-	-	3,064,155	-	3,064,155
Balance 30 September 2018 (unaudited)	**24,443,853**	**222,941,518**	**3,596,051**	**16,456,003**	**(4,768,351)**	**(105,893)**	**(92,039,159)**	**173,970,252**	**(369,159)**	**170,154,863**
Balance 30 June 2019 (audited)	**26,402,424**	**297,375,959**	**3,374,413**	**36,816,313**	**(4,876,593)**	**(105,893)**	**(120,342,688)**	**238,643,935**	**(442,364)**	**238,201,571**
Loss for the period	-	-	-	-	-	-	(3,416,584)	(3,416,584)	(16,686)	(3,433,270)
Other comprehensive income for the period	-	-	(1,972,236)	-	(304,789)	(13,582)	-	(2,290,607)	-	(2,290,607)
Total comprehensive income for the period	-	-	(1,972,236)	-	(304,789)	(13,582)	(3,416,584)	(5,707,191)	(16,686)	(5,723,877)
New share capital subscribed	-	-	-	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-	-	-	-
Options expired	-	-	-	-	-	-	-	-	-	-
Value of options issued to employees and consultants	-	-	-	76,625	-	-	-	76,625	-	76,625
Balance 30 September 2019 (unaudited)	**26,402,424**	**297,375,959**	**1,402,177**	**36,892,938**	**(5,181,382)**	**(119,475)**	**(123,759,272)**	**233,013,369**	**(459,050)**	**232,554,319**

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

	Notes	Three months ended 30 September 2019 US$ (unaudited)	Three months ended 30 September 2018 US$ (unaudited)
Cash flows from operating activities			
Loss for the period		(3,433,270)	(3,234,365)
Depreciation		24,268	192,398
Share based payments expense		76,625	3,064,155
Write-off of exploration expenditure		4,282	30,072
Foreign exchange (gain)/loss		770,780	(1,088,506)
Deferred taxes		752,726	(701,103)
Accretion of interest – Company Funded Loan Plan		(107,835)	-
(Increase) decrease in other receivables and prepayments		266,212	(219,789)
Increase (decrease) in trade and other payables		391,935	686,372
Net cash outflow from operating activities		**(1,254,277)**	**(1,270,766)**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(3,245,474)	(1,976,486)
Payments for security deposits		(47,054)	(4,528)
Acquisition of exploration and evaluation assets		(21,234,400)	(17,868,666)
Net cash (outflow)from investing activities		**(24,526,928)**	**(19,849,680)**
Cash flows from financing activities			
Proceeds from the issue of ordinary share capital		-	-
Payment of issue costs		-	-
Proceeds from borrowings		-	-
Net cash (outflow) inflow from financing activities		**-**	**-**
Net (decrease) increase in cash and cash equivalents		**(25,781,205)**	**(21,120,446)**
Cash and cash equivalents at beginning of period		41,746,200	60,575,504
Effects of exchange rate changes on cash and cash equivalents		541,691	(104,471)
Cash and cash equivalents at end of period		**16,506,686**	**39,350,587**

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This general purpose interim condensed consolidated financial report for the three-month period ended 30 September 2019 has been prepared in accordance with IAS 34 *Interim Financial Reporting* and International Financial Reporting Standards ('IFRSs').

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

The interim condensed consolidated financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing activities of the consolidated entity. The financial information does not constitute statutory accounts within the meaning of section 434 of the companies Act 2006. The auditors' reports on the accounts for 30 June 2019 were unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

It is recommended that the interim condensed consolidated financial report be read in conjunction with the annual report for the year ended 30 June 2019 and considered together with any public announcements made by SolGold plc and its controlled entities during the during the three months ended 30 September 2019.

Going concern

The interim condensed 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.

For the quarter and period ended 30 September 2019 the Group generated a consolidated loss after tax of US$3,433,270 and incurred operating cash outflows of US$1,254,277. As at 30 September 2019 the Group had US$16,506,686 in cash and cash equivalents and a net working capital surplus of US$17,293,619 (30 June 2019: US$38,122,935). It should be noted that the current working capital levels will not be sufficient to bring the Group's projects into full development and production and, in due course, further funding will be required.

The ability of the Group to continue as a going concern is dependent upon the Group being able to manage its liquidity requirements by taking some or all of the following actions:

1. Raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the next 12 months and to meet the Group's working capital requirements;
2. Reducing its level of capital expenditure through farm-outs and/or joint ventures;
3. Reducing its working capital expenditure; and
4. Disposing of non-core assets.

These conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

Notwithstanding the above, the Directors consider it appropriate to prepare the financial statements on a going concern basis after having regard to the following matters:

1. The Group has a proven ability to raise the necessary funding or settle debts via the issuance of shares. The Group is in late stage negotiations on a number of strategic financing options, and the monthly cash burn has been adjusted in order to complete these discussions by the end of calendar 2019.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Group not be able to achieve the matters set out above and thus be able to continue as a going concern.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation (continued)

Comparatives

When required by Accounting Standards, comparatives have been adjusted to conform to changes in presentation for the current financial year. The accounting policies for the comparatives are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 30 June 2019.

Significant accounting policies

The group has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2019 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods on (or after) 1 January 2019, and will be adopted in the 2020 annual financial statements.

New standards impacting the Group that have been adopted in the interim financial statements for the three months ended 30 September 2019, and which have given rise to changes in the Group's accounting policies are:

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

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exception are short-term and low-value leases.

Management has made an assessment of the effects of applying IFRS 16 on the Group's financial statements and has determined that the adjustments to assets and liabilities are immaterial for the three months ended 30 September 2019.

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 a preliminary 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.

Basis of consolidation

(i) Subsidiaries

The interim condensed consolidated financial statements comprise the financial statements of SolGold plc and its controlled entities as at 30 September 2019.

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation (continued)

(i) Subsidiaries (continued)

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

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

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

(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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

NOTE 2 OPERATING SEGMENTS

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

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

30 September 2019 (unaudited)	Finance Income	Depreciation	Impairment of E&E	Loss for the period	Assets	Liabilities	Share Based Payments	Non-current asset additions
	US$	US$	US$	US$	US$	US$	US$	US$
Cascabel project *	-	11,454	-	(111,241)	166,902,178	2,729,997	-	14,516,100
Other Ecuadorian projects	-	2,496	4,871	(232,217)	36,551,779	1,068,867	-	3,508,974
Other projects	213	6	(589)	(785)	9,686,887	82,479	-	197,669
Corporate	171,260	10,312	-	(3,089,027)	25,456,840	2,162,022	76,625	36,779
Total	**171,473**	**24,268**	**4,282**	**(3,433,270)**	**238,597,684**	**6,043,365**	**76,625**	**18,259,522**

30 June 2019 (audited)	Finance Income	Depreciation	Impairment of E&E	Loss for the period	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**

30 September 2018 (unaudited)	Finance Income	Depreciation	Impairment of E&E	Loss for the period	Assets	Liabilities	Share Based Payments	Non-current asset additions
	US$	US$	US$	US$	US$	US$	US$	US$
Cascabel project *	-	182,404	-	(365,818)	106,909,306	4,543,476	-	18,610,805
Other Ecuadorian projects	32	-	30,072	(72,975)	15,279,606	501,270	-	1,892,953
Other projects	-	-	-	(5,626,)	9,854,308	87,988	-	169,946
Corporate	6,026	9,994	-	(2,789,946)	44,710,426	1,466,048	3,064,155	2,341,251
Total	**6,058**	**192,398**	**30,072**	**(3,234,365)**	**176,753,646**	**6,598,782**	**3,064,155**	**23,014,955**

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

NOTE 2 OPERATING SEGMENTS (CONTINUED)

Geographical information

Non-current assets	30 September 2019 US$	30 June 2019 US$
UK	-	-
Australia	10,249,278	15,832,185
Solomon Islands	110,884	60,355
Ecuador	204,900,538	184,186,097
	215,260,700	**200,078,637**

NOTE 3 OPERATING LOSS

	Three months ended 30 September 2019 US$ (unaudited)	Three months ended 30 September 2018 US$ (unaudited)
The operating loss is stated after charging (crediting)		
Interest revenue – external parties	171,473	6,058
	171,473	**6,058**
Administrative and consulting expenses	(1,567,055)	(1,464,046)
Employment expenses	(246,864)	(249,947)
Depreciation	(24,268)	(192,398)
Legal Fees	(162,143)	(29,414)
Foreign exchange (losses)/gains	(770,780)	1,088,506
Share based payments (note 9)	(76,625)	(3,064,155)
	(2,847,735)	**(3,911,454)**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

NOTE 4 LOSS PER SHARE

	Three months ended 30 September 2019 (unaudited)	Three months ended 30 September 2018 (unaudited)
Calculation of basic and diluted loss per share is in accordance with IAS 33 *Earnings per Share.*		
Loss per ordinary share		
Basic loss per share (cents per share)	(0.2)	(0.2)
Diluted loss per share (cents per share)	(0.2)	(0.2)
Net loss used in calculating basic and diluted loss per share (US$)	(3,416,584)	(3,179,492)
	Number	**Number**
Weighted average number of ordinary share used in the calculation of basic loss per share	1,846,321,033	1,696,245,686
Weighted average number of dilutive options	-	13,634,567
Weighted average number of ordinary shares used in the calculation of diluted loss per share	1,846,321,033	1,709,880,253

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

NOTE 5 INTANGIBLE ASSETS

	Deferred exploration costs US$
Cost	
Balance at 1 July 2018	**144,363,995**
Effect of foreign exchange on opening balances	(2,498,995)
Additions	72,995,493
Balance at 30 June 2019 (audited)	**214,860,493**
Effect of foreign exchange on opening balances	(300,257)
Additions	18,222,493
Balance at 30 September 2019 (unaudited)	**232,782,729**
Impairment losses	
Balance at 1 July 2018	**(38,587,809)**
Effect of foreign exchange on opening balances	1,437,439
Impairment charge	(228,251)
Balance at 30 June 2019 (audited)	**(37,378,621)**
Impairment charge	(4,282)
Balance at 30 September 2019 (unaudited)	**(37,382,903)**
Carrying amounts	
At 30 June 2018	105,776,186
At 30 June 2019	177,481,872
At 30 September 2019 (unaudited)	**195,399,826**

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation of areas of interest, and the sale of minerals or the sale of the respective areas of interest.

NOTE 6 INVESTMENTS

(a) Financial assets held at fair value through OCI

	30 September 2019 US$ (unaudited)	30 June 2019 US$ (audited)
Movements in financial assets		
Opening balance at the beginning of the reporting period	5,952,439	4,031,236
Fair value adjustment through other comprehensive income	(2,725,188)	1,921,203
Closing balance at the end of the reporting period	**3,227,251**	**5,952,439**

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

NOTE 6 INVESTMENTS (CONTINUED)

(b) Fair value

Fair value hierarchy

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

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

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

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

	US$ Level 1	US$ Level 2	US$ Level 3	US$ Total
30 September 2019 (unaudited)				
Financial assets held at fair value through OCI	3,227,251	-	-	3,227,251
30 June 2019 (audited)				
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 September 2019 and 30 June 2019.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

NOTE 7 LOAN RECEIVABLES AND OTHER NON-CURRENT ASSETS

	30 September 2019 US$	30 June 2019 US$
Movements in loan receivable and other non-current assets		
Security bonds	1,346,518	1,298,710
Company Funded Loan Plan Receivable	6,398,400	6,496,407
Closing balance at the end of the reporting period	**7,744,918**	**7,796,541**
Company Funded Loan Plan Receivable		
Balance at beginning of reporting period	6,496,407	-
Additions – funds loaned under the plan	-	7,220,950
Fair value adjustment recognised as an employee benefit expense	-	(921,448)
Accretion of interest	107,835	299,319
Effect of foreign exchange	(205,842)	(102,414)
Balance at end of reporting period	**6,398,400**	**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 September 2019 there have been no repayments against the loans provided.

The key terms of this Plan are as follows:

- The employee may only use a loan under the Plan to pay for the exercise of Employee Options granted by the Company.
- The 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.

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. The fair value of the loan was estimated based on the future cash flow and a market rate of 7%. In future reporting periods, the loan will be measured at amortised cost. The loans provided are full recourse loans. If the sale of shares does not cover full repayment the balance will be recovered from employees. This transaction was a non cash transaction with employees. Management have considered the likelihood of default is low and the expected credit losses under the loans will be immaterial and accordingly, no impairment has been recognised at 30 September 2019. 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, 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

NOTE 8 SHARE CAPITAL

	Three months ended 30 September 2019 US$ (unaudited)	Twelve months ended 30 June 2019 US$ (audited)
a) Issued capital and share premium		
Ordinary shares fully paid up	**323,778,383**	**323,778,383**
b) Movement in ordinary shares		
At the beginning of the reporting period	323,778,383	247,385,371
Shares issued during the period	-	76,498,593
Transaction costs on share issue	-	(105,581)
At reporting date	**323,778,383**	**323,778,383**

	Three months ended 30 September 2019 Number (unaudited)	Twelve months ended 30 June 2019 Number (audited)
c) Movement in number of ordinary shares on issue		
Shares at the beginning of the reporting period	1,846,321,033	1,696,245,686
- Shares issued at £0.28 – Exercise of options 4 October 2018	-	550,000
- Shares issued at £0.14 – Exercise of options 11 October 2018	-	9,795,884
- Shares issued at £0.28 – Exercise of options 11 October 2018	-	9,795,884
- Shares issued at £0.45 – BHP placement 17 October 2018	-	100,000,000
- Shares issued at £0.28 – Exercise of options 29 October 2018	-	20,624,553
- Shares issued at £0.3888 – BHP share issue 8 November 2018	-	2,596,826
- Shares issued at £0.3714 – Newcrest share issue 26 November 2018	-	6,712,200
Shares at the reporting date	**1,846,321,033**	**1,846,321,033**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

NOTE 9 SHARE OPTIONS

At 30 September 2019 the Company had 163,412,000 options outstanding for the issue of ordinary shares (30 September 2018: 109,853,768).

Options

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

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

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

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

Share options issued

There were 3,150,000 options granted during the period ended 30 September 2019 (30 September 2018: 21,500,000).

On 20 September 2019, the Company issued a combined total of 3,150,000 unlisted 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.

The share options outstanding at 30 September 2019 are as follows:

Date of grant	Exercisable from	Exercisable to	Exercise prices	Number granted	Number at 30 September 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*
9 August 2017	The options vested immediately, 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 2020	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
20 September 2020	The options vested immediately and exercisable through to 20 December 2021	20 December 2021	£0.60	3,150,000	3,150,000
				165,662,000	**163,412,000**

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

NOTE 9 SHARE OPTIONS (CONTINUED)

Share-based payments

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

	Weighted average exercise price 30 September 2019	Number of options 30 September 2019	Weighted average exercise price 30 September 2018	Number of options 30 September 2018
Outstanding at the beginning of the period	£0.57	160,262,000	£0.45	88,353,768
Exercised during the period	-	-	-	-
Lapsed during the period	-	-	-	-
Granted during the period	£0.60	3,150,000	£0.40	21,500,000
Outstanding at the end of the period	£0.57	163,412,000	£0.44	109,853,768
Exercisable at the end of the period	£0.57	163,412,000	£0.30	63,103,768

The options outstanding at 30 September 2019 have exercise prices of £0.40 and £0.60 (30 September 2018: £0.14, £0.28, £0.40 and £0.60) and a weighted average contractual life of 1.60 years (30 September 2018: 1.77 years).

Share options held by Directors are as follows:

Share options held	At 30 September 2019	At 30 September 2018	Option Price	Exercise Period
Nicholas Mather	26,250,000	26,250,000	60p	28/01/19 – 08/08/20
	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	-	60p	20/12/18 – 20/12/21
Robert Weinberg	2,250,000	2,250,000	60p	28/01/19 – 08/08/20
	900,000	-	60p	20/12/18 – 20/12/21
John Bovard	-	2,250,000	60p	28/01/19 – 08/08/20
Craig Jones	2,250,000	2,250,000	60p	28/01/19 – 08/08/20
	900,000	-	60p	20/12/18 – 20/12/21
James Clare	3,150,000	-	60p	20/12/18 – 20/12/21
Jason Ward	-	5,000,000	28p	30/10/16 – 28/10/18
	5,000,000	5,000,000	60p	28/07/17 – 08/08/20
	5,000,000	-	60p	06/11/18 – 06/11/21
Liam Twigger	3,150,000	-	60p	20/09/19 – 20/12/21
Anna Legge	3,000,000	3,000,000	40p	05/07/18 – 04/04/20
	3,000,000	-	60p	06/11/18 – 06/11/21

NOTE 9 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 either a Black-Scholes mode considering the effects of the vesting conditions, expected exercise period and the dividend policy of the Company.

Fair value of share options and assumptions	**£0.60 Options 20 September 2019**
Number of options	3,150,000
Fair value at issue date	£0.2315
Exercise price	£0.60
Expected volatility	56.112%
Option life	2.25 years
Expected dividends	0.00%
Risk-free interest rate (short-term)	0.51%
Valuation methodology	Black-Scholes

	US$
Share based payments expense recognised in statement of comprehensive income	76,625
Share based payments expense recognised as share issue costs	-
Share based payments expense to be recognised in future periods	-

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

NOTE 10 RELATED PARTIES

Transactions with Directors and Director-Related Entities

(i) The Company had a commercial agreement with Samuel Capital Ltd ("Samuel") for the engagement of Nicholas Mather as Chief Executive Officer and Executive Director of the Company. For the three-month period ended 30 September 2019 US$101,930 was paid or payable to Samuel (2018: US$73,160). The total amount outstanding at 30 September 2019 was US$37,118 (30 September 2018: US$ nil, 30 June 2019: US$925).

(ii) The Company has a long-standing commercial arrangement with DGR Global Ltd, an entity associated with Nicholas Mather (a Director) and Brian Moller (a Director), for the provision of various services, whereby DGR Global provides resources and services including the provisions of its administration and exploration staff, 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 Ltd 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. DGR Global Ltd was paid US$61,532 (2018: US$65,844) for the provision of administration, management and office facilities to the Company during the three months ended 30 September 2019. The total amount outstanding at 30 September 2019 is US$4,797 (30 September 2018: US$ nil, 30 June 2019 US$15,788).

(iii) Mr Brian Moller (a Director), is a partner in the Australian firm Hopgood Ganim Lawyers. For the three months ended 30 September 2019, US$43,196 was paid or payable to Hopgood Ganim (2018: US$158,324) for the provision of legal services to the Company. These services were based on normal commercial terms and conditions. The total amount outstanding at 30 September 2019 is US$7,700 (30 September 2018: US$3,194, 30 June 2019 US$ nil).

(iv) Mr James Clare (a Director), is a partner in the Canadian firm Bennett Jones lawyers. For the three months ended 30 September 2019, US$386,569 was paid or payable to Bennett Jones (2018: US$34,168) for the provision of legal services to the Company. The services were based on normal commercial terms and conditions. The total amount outstanding at 30 September 2019 is US$339,114 (30 September 2018: US$ nil, 30 June 2019 US$ nil).

NOTE 11 COMMITMENTS AND CONTINGENT ASSET AND LIABILITIES

A 2% net smelter royalty is payable to Santa Barbara Resources Limited, who were the previous owners of the Cascabel tenements. These royalties can be bought out by paying a total of US$4 million. Fifty percent (50%) of the royalty can be purchased for US$1 million 90 days following the completion of a 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 September 2019 as such there is significant uncertainty over the timing of any payments that may fall due.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

NOTE 11 COMMITMENTS AND CONTINGENT ASSET AND LIABILITIES (continued)

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 the US$3.5 million at any time.

The amount receivable from CESA at 30 September 2019 was US$27,332,742 (2018: US$14,776,449). As there is uncertainty as to whether ENSA will be able to distribute earnings or dividends, a provision for impairment has been recognised on the entire amount receivable from CESA.

There are no other significant changes to commitments and contingencies disclosed in the most recent annual financial report.

NOTE 12 SUBSEQUENT EVENTS

On 13 November 2019, Miss Anna Legge resigned as an Executive and Director of the Company.

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

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached interim condensed financial statements and notes thereto comply with IAS 34 '*Interim Financial Reporting'* and other mandatory professional reporting requirements;
- the attached interim condensed financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 September 2019 and of its performance for the quarter ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors.

On behalf of the Directors

/s/ Nicholas Mather
Nicholas Mather
Executive Director

Brisbane
14 November 2019