

# SolGold PLC Announces Market Update

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SolGold Updates Market on Activities and

## Comments on Recent Share Price Rise

BISHOPSGATE, March 26, 2019 - The Board of [SolGold plc](#) (LSE & TSX: SOLG) wishes to inform shareholders of and update the market in respect of the Company's project activities, corporate activities and relevant market circumstances.

### ● Highlights:

- Preliminary Economic Analysis (PEA) Phase 1 - update on timing for completion and release.
- Formal documentation for SolGold's announced bid for [Cornerstone Capital Resources Inc.](#) is pending upon completion of translation into French language as required pursuant to applicable law.
- Cascabel site activity continues unabated with resource extension, geotechnical and hydro-geological drilling.
- Exploration progress update for regional exploration projects in preparation.
- Exploration and development initiatives by third parties continue to reduce perceived sovereign risks in Ecuador.

References to figures and tables relate to the version visible in PDF format by clicking the link below:

[http://www.rns-pdf.londonstockexchange.com/rns/9970T\\_1-2019-3-26.pdf](http://www.rns-pdf.londonstockexchange.com/rns/9970T_1-2019-3-26.pdf)

## Preliminary Economic Analysis Update

The Preliminary Economic Analysis (PEA) for the Alpala Project is at a very advanced stage and the Company expects to complete and release it following peer review and QAQC procedures. SolGold has taken steps to ensure the PEA addresses all identifiable major areas of material upside, risks and returns, with a view to maximising the project's modelled returns and long run benefits to the Ecuadorian economy. Preliminary mine plan assessments and preliminary metallurgical data has been more complex than originally anticipated and the Company's consultants have conducted a number of initiatives to ensure the identification of best mining and metallurgical practices and development alternatives. These delays have been unavoidable but necessary to deliver a high quality study.

## Site Activity Update

The Company continues to engage 11 drilling rigs onsite at Cascabel conducting drilling at the rate of 10,000 metres a month on resource extension drilling, with a focus on higher grade mineralisation to the North West and South East of the Alpala resource. In addition, the Company is conducting sterilization drilling and geotechnical drilling of the proposed plant site and proposed decline route.

## Cornerstone Bid Progress

The Company is finalising formal documentation for the bid for the share capital of TSV-listed [Cornerstone Capital Resources Inc.](#) (Cornerstone). This is expected to be completed shortly and has taken longer than anticipated, allowing for the complexity of the taxation and other considerations to ensure the most advantageous treatment of Cornerstone shareholders, and the requirement for translation of the entire document into French.

Whilst the formal bid documentation will address all of the relevant issues and matters raised in Cornerstone's latest announcement dated 8 March 2019 (CGP Release), SolGold reiterates the following key points of the proposed bid:

- SolGold's proposal at the time of the announcement was made at a 20% premium. Cornerstone shareholders continue to enjoy this effect. Withdrawal of, or failure of SolGold's bid could have a negative or depressing effect on the illiquid Cornerstone market.
- SolGold holds a registered and beneficial interest of 85% in Exploraciones Novomining SA (ENSA) which holds the Cascabel concession in which the Alpala resource is located.
- Should the bid be successful, all Cornerstone shareholders will benefit greatly from consolidation of the project to increase focus and attention on the SolGold capital structure.
- SolGold's award-winning management team are applying the exploration expertise, regional familiarity and blueprint throughout the country, based on the Company's extensive exploration portfolio secured pursuant to its 2014 first mover advantage in Ecuador as a serious copper gold porphyry explorer.

SolGold also wishes to refute Cornerstone's various assertions contained in the CGP Release and will do so in detail when the formal bid documentation is released.

#### Additional Factors Affecting SolGold Market

- SolGold noted that BHP recently signed a Letter of Intent for an earn-in and joint venture agreement with Luminex Resources copper project in Ecuador, with the right to own up to a 70% stake in the Tarqui project by the payment of US\$7m and expenditure of US\$75m reducing perceived sovereign risks in Ecuador.
- SolGold noted the announcement of the pending agreement between the Chilean state copper mining giant Codelco and Ecuadorian Government owed Corporation Enami, for the development of the 990mt 0.9% copper Llurimagua copper project 60km south of Cascabel, is also reducing perceived sovereign risks in Ecuador.

#### ADDITIONAL INFORMATION

##### *Cautionary Statement Regarding Status of the Offer*

SOLGOLD HAS NOT YET COMMENCED THE OFFER NOTED ABOVE IN THIS NEWS RELEASE. UPON COMMENCEMENT OF THE OFFER, SOLGOLD WILL FILE A TAKEOVER BID CIRCULAR WITH VARIOUS SECURITIES COMMISSIONS IN CANADA AND, IF REQUIRED, WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. THE TAKEOVER BID CIRCULAR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE OFFER AND SHOULD BE READ IN ITS ENTIRETY BY CORNERSTONE SHAREHOLDERS AND OTHERS TO WHOM THE OFFER IS ADDRESSED. AFTER THE OFFER IS COMMENCED, CORNERSTONE SHAREHOLDERS (AND OTHERS) WILL BE ABLE TO OBTAIN, AT NO CHARGE, A COPY OF THE OFFER TO PURCHASE, TAKEOVER BID CIRCULAR AND VARIOUS ASSOCIATED DOCUMENTS WHEN THEY BECOME AVAILABLE ON THE SYSTEM FOR ELECTRONIC DOCUMENT ANALYSIS AND RETRIEVAL (SEDAR) AT [WWW.SEDAR.COM](http://WWW.SEDAR.COM) (AND AT [WWW.SEC.GOV](http://WWW.SEC.GOV) IF THOSE DOCUMENTS ARE REQUIRED TO BE FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION). THIS ANNOUNCEMENT IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO PURCHASE, OTHERWISE ACQUIRE, SUBSCRIBE FOR, SELL, OTHERWISE DISPOSE OF OR ISSUE, OR ANY OTHER SOLICITATION OF ANY OFFER TO SELL, OTHERWISE DISPOSE OF, ISSUE, PURCHASE, OTHERWISE ACQUIRE OR SUBSCRIBE FOR ANY SECURITY. THE OFFER WILL NOT BE MADE IN, NOR WILL DEPOSITS OF SECURITIES BE ACCEPTED FROM A PERSON IN, ANY

JURISDICTION IN WHICH THE MAKING OR ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. HOWEVER, SOLGOLD MAY, IN ITS SOLE DISCRETION, TAKE SUCH ACTION AS IT DEEMS NECESSARY TO EXTEND THE OFFER IN ANY SUCH JURISDICTION.

*Cautionary Statement Regarding Forward-Looking Information*

This news release contains certain forward-looking information (referred to herein as "forward-looking statements"). Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "plan", "scheduled", "intend", "objective", "continuous", "ongoing", "estimate", "expect", "may", "will", "project", "should", or similar words suggesting future events, circumstances or outcomes. In particular, this news release contains forward-looking information concerning:

- i. the Offer, various terms of the Offer and the anticipated timing of commencement of the Offer;
- ii. expectations with respect to benefits that may be achieved upon a combination of the businesses of SolGold and Cornerstone;
- iii. reasons for holders of Cornerstone Shares to accept the Offer; and
- iii. expectations with respect to the combined entity.

Forward-looking statements are based upon the opinions and expectations of management of SolGold as at the effective date of such statements and, in some cases, information supplied by third parties. Although SolGold believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from third parties is reliable, it can give no assurance that those expectations will prove to have been correct.

Forward-looking statements are subject to certain risks and uncertainties that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements.

In addition to any specific risk factors noted above in the body of this news release, these risks and uncertainties include, but are not limited to, such things as changes in general economic conditions in Canada, the United States, Ecuador and elsewhere, changes in operating conditions, the volatility of prices for minerals, metals and other commodities, commodity supply and demand, fluctuations in currency and interest rates, availability of financial resources or third-party financing, availability of equipment, materials and personnel, defaults by counterparties under commercial arrangements to which SolGold (or any of its subsidiaries) is a party, an inability to procure regulatory approvals in a timely manner or on terms satisfactory to SolGold, and new laws and regulations (domestic and foreign). Risks relating specifically to SolGold's ability to realize perceived benefits from the proposed combination of SolGold and Cornerstone include SolGold's inability to successfully integrate the operations of SolGold and Cornerstone following completion of the Offer and SolGold's inability to negotiate early termination of redundant Cornerstone contracts on terms reasonably satisfactory to SolGold following completion of the Offer. Additional risks to which SolGold is exposed in the conduct of its business are set out under the heading "Risk Factors" of SolGold's Annual Information Form (dated September 27, 2018) for the year ended June 30, 2018, and under the heading "Financial Instruments and Related Risks" of SolGold's Management's Discussion and Analysis (dated September 27, 2018) in respect of the year ended June 30, 2018, both of which have been filed with various securities regulatory authorities in Canada and are available (under SolGold's profile) through the SEDAR website at [www.SEDAR.com](http://www.SEDAR.com).

Accordingly, readers should not place undue reliance upon the forward-looking statements contained in this news release and such forward-looking statements should not be interpreted or regarded as guarantees of future outcomes.

Forward-looking information respecting the Offer, various terms of the Offer and the anticipated timing of commencement of the Offer is based upon various assumptions and factors, including publicly reported financial information concerning Cornerstone, publicly reported information concerning the number of outstanding common shares of Cornerstone and the number of options and other convertible or exchangeable rights and securities granted by Cornerstone (entitling holders thereof to acquire common shares of Cornerstone), advice from professional advisors with respect to statutorily mandated time frames

for various applications and steps/events associated with the Offer, that Cornerstone has made full and accurate disclosure of all material information concerning Cornerstone in accordance with applicable Canadian securities laws (including disclosure of all material contracts and existing and potential contingent liabilities) and that there have been no material changes in the business, affairs, capital, prospects or assets of Cornerstone since December 31, 2018. Forward-looking information concerning possible synergies and efficiencies that may be achieved upon a combination of the businesses of SolGold and Cornerstone and other benefits of a combination of the businesses of SolGold and Cornerstone is based upon various assumptions and factors, including (in addition to assumptions and factors noted above in the body of this news release), financial information of Cornerstone available through publicly filed documents and SolGold's general industry knowledge and experience.

The forward-looking statements contained in this news release are made as of the date hereof and SolGold does not undertake any obligation to update or to revise any of the included forward-looking statements, except as required by applicable securities laws in force in Canada. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

#### *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.

#### *Cautionary Statement Regarding Cornerstone Information*

Cornerstone has not reviewed this news release and has not confirmed the accuracy and completeness of the Cornerstone information contained herein. Neither SolGold, nor any of the officers or directors of SolGold, assumes any responsibility for the accuracy or completeness of such Cornerstone information or any failure by Cornerstone to disclose events or facts that may have occurred, or which may affect the significance or accuracy of any such Cornerstone information, but which are unknown to SolGold. SolGold has no means of verifying the accuracy or completeness of any of the Cornerstone information contained in this news release or whether there has been a failure by Cornerstone to disclose events or facts that may have occurred or may affect the significance or accuracy of any such information.

#### *About the Cascabel Project*

The Cascabel Project's Alpala deposit is located in Northern Ecuador, lying upon the northern section of the prolific Andean Copper belt, 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 is a three-hour drive north of Quito, close to water, power supply and Pacific ports (Figure 1). SolGold holds an 85% registered and beneficial interest in ENSA which holds 100% of the Cascabel tenement.

Figure 1: Location of the Alpala resource in northern Ecuador, highlighting the significant capital advantages held by the project, with proximity to ports, road infrastructure, hydro-electric power stations and the trans-continental power grid.

#### *By order of the Board*

Karl Schlobohm

Company Secretary

*The Toronto Stock Exchange has neither approved nor disapproved of the information contained herein.*

*This news release shall not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior to*

*the registration or qualification under the securities laws of any such jurisdiction.*

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