

# SolGold PLC Announces COVID-19 Operations Update

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## *SolGold Temporarily Suspends Site Work in Ecuador amid COVID-19 Concerns*

BISHOPSGATE, March 25, 2020 - The Board of Directors of SolGold (LSE:SOLG)(TSX:SOLG) wishes to provide an update regarding its operations in Ecuador amid growing concerns regarding the spread and seriousness of COVID-19.

The Emergency Operations Committee (COE) of Ecuador announced a "Stay at home" policy in Ecuador which has meant the temporary closure of businesses across the country. SolGold is committed to the safety and wellbeing of its employees and communities, and as a result of the state policy and the reaction from many communities within its areas of operations to the potential for transfer of COVID-19, the Company is complying with government preventative measures and has reduced operations throughout Ecuador.

Chief Executive Officer Nick Mather said, "In an effort to reduce potential transmission of COVID-19, SolGold is actively monitoring all its employees and will continue to do so for the next 14 days. The Company has also reduced to essential personnel only. The employees at project sites and office will continue to follow government advice on prevention of this disease".

"Where possible, the Company's geologists, administration, technical and financial teams are working from home and will continue to progress SolGold'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", he said.

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. SolGold is actively supporting local communities in their efforts to curtail the spread of the virus.

As the situation is dependent on actions at regional, state, national and international levels, SolGold cannot currently indicate the duration of the temporary partial suspension of field work on the Company's projects.

By order of the Board  
Karl Schlobohm  
Company Secretary  
Qualified Person:

Information in this report relating to the exploration results 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.

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## ABOUT SOLGOLD

SolGold is a leading exploration 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 737 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 data base to enable the delivery of ore grade intersections from nearly every drill hole at Alpala. SolGold has 86 geologists, of whom 30% are female, 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 including La Escondida and Chuquicamata. 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 hydroelectric 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<sup>2</sup>. 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 then acquire for US\$3.5m.

Over 227,000m of diamond drilling has been completed on the project. The Cascabel exploration program is currently focussed on collection of geotechnical data for the purpose of mine development planning to be detailed in the PFS and proposed DFS. Further drill testing of the evolving Aguinaga prospect drill testing of the Trivinio target has commenced and numerous other untested targets, namely at Moran, Cristal, Tandayama-America and Chinambicito, are flagged for future drill testing as overall program demands and funding constraints allow.

The 15 November 2018 Alpala MRE#2 update was estimated from 68,173 assays. Drill core samples were obtained from a total of 133,576m drilled from 128 diamond drill holes, including 75 drill holes with 34 daughter holes, 8 redrills, and 11 over-runs. Full assay data was received from holes 1-67 while partial assay data was received from holes 68 to 75. In contrast, the December 2017 maiden MRE#1 was estimated from 26,814 assays obtained from 53,616m of drilling comprising 45 drill holes, including 10 daughter holes and 5 redrills.

The November 2018 Alpala updated Mineral Resource Estimate (MRE#2) totals a current:

- o 2,050 Mt @ 0.60% CuEq (at 0.2% CuEq cut-off) in the Indicated category, and
- 900 Mt @ 0.35% CuEq (at 0.2% CuEq cut-off) in the Inferred category.
- o Contained metal content of 8.4 Mt Cu and 19.4 Moz Au in the Indicated category.
- o Contained metal content of 2.5 Mt Cu and 3.8 Moz Au in the Inferred category.

Investors should consult the technical report dated 3 January 2019 for a detailed account of the assumptions on which these estimates were based as well as any known legal, political, environmental and other risks that could materially affect the development of the resources.

#### Advancing Alpala towards development

The resource at the Alpala deposit boasts a high grade core which is 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.

The results of the Preliminary Economic Assessment (PEA) at Alpala were published on 20 May 2019, highlighting the following key aspects:

Net Present Value ("NPV") estimates range from US\$4.1bn to US\$4.5bn (Real, post-tax, @ 8% discount rate, US\$3.3/lb copper price, US\$1,300/oz gold price and US\$16/oz silver price) depending on production rate scenario.

Internal Rate of Return ("IRR") estimates range from 24.8% to 26.5% (Real, post-tax, US\$3.3/lb copper price, US\$1,300/oz gold price and US\$16/oz silver price) depending on production rate scenario.

Pre-production Capex estimated at approx. US\$2.4bn to US\$2.8bn, and total Capex including life of mine sustaining Capex of US\$10.1bn to US\$10.5bn depending on production rate scenario.

Payback Period on initial start-up capital - Range from 3.5 years to 3.8 years after commencement of production depending on production rate scenario.

Preferred Mining Method - Underground low-cost mass mining using Block Cave methods applied over several caves designed on two vertically extensive Lifts.

Full results and all details of the PEA are available in the Company's market release of 20 May 2019. SolGold is currently preparing a Pre-Feasibility Study which is targeted subject to funding and securing freehold titles, to be completed by end of Q3 2020.

#### 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.

Other than its 85% ownership in ENSA, The Company wholly owns four other subsidiaries (Green Rock Resources S.A, Carnegie Ridge Resources S.A, Valle Rico Resources S.A and Cruz del Sol S.A. 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 1,923,321,033 fully-paid ordinary shares and 176,662,000 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](http://www.solgold.com.au) for more information. Follow us on twitter @SolGold\_plc

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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".

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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.

The Company recognises that the term "World Class" is subjective and for the purpose of the Company's projects the Company considers the drilling results at the growing Alpala Porphyry Copper Gold Deposit at its Cascabel Project to represent intersections of a "World Class" deposit. The Company considers that "World Class" deposits are rare, very large, long life, low cost, and are responsible for approximately half of total global metals production.

"World Class" deposits are generally accepted as deposits of a size and quality that create multiple expansion opportunities, and have or are likely to demonstrate robust economics that ensure development irrespective of position within the global commodity cycles, or whether or not the deposit has been fully drilled out, or a feasibility study completed.

Standards drawn from industry experts (1) Singer and Menzie, 2010; (2) Schodde, 2006; (3) Schodde and Hronsky, 2006; (4) Singer, 1995; (5) Laznicka, 2010) have characterised "World Class" deposits at prevailing commodity prices. The relevant criteria for "World Class" deposits, adjusted to current long run commodity prices, are considered to be those holding or likely to hold more than 5 million tonnes of copper and/or more than 6 million ounces of gold with a modelled net present value of greater than USD 1 Billion.

The Company and its external consultants prepared an initial Mineral Resource Estimate at the Cascabel Project in December 2017. Results of the updated Mineral Resource Estimate, released in November 2018, are summarised in Table B attached.

The updated Mineral Resource Estimate was completed from 133,576m of drilling, comprising 128 diamond drill holes, including 75 drill holes, 34 daughter holes, 8 re-drills, and 11 over-runs, and represents full assay data from holes 1-67 and partial assay data received from holes 68-75. There remains strong potential for further growth from more recent drilling results, and continue rapid growth of the deposit.

Any development or mining potential for the project remains speculative.

Drill hole intercepts have been updated to reflect current commodity prices, using a data aggregation method, defined by copper equivalent cut-off grades and reported with up to 10m internal dilution, excluding bridging to a single sample. Copper equivalent grades are calculated using a gold conversion factor of 0.63, determined using an updated copper price of USD3.00/pound and an updated gold price of USD1300/ounce. True widths of down hole intersections are estimated to be approximately 25-70%.

On the basis of the drilling results to date and the results of the Alpala Maiden Mineral Resource Estimate, the reference to the Cascabel Project as "World Class" (or "Tier 1") is considered to be appropriate. Examples of global copper and gold discoveries since 2006 that are generally considered to be "World Class" are summarised in Table A.

References cited in the text:

1. Singer, D.A. and Menzie, W.D., 2010. Quantitative Mineral Resource Assessments: An Integrated Approach. Oxford University Press Inc.
2. Schodde, R., 2006. What do we mean by a world class deposit? And why are they special. Presentation. AMEC Conference, Perth.
3. Schodde, R and Hronsky, J.M.A, 2006. The Role of World-Class Mines in Wealth Creation. Special Publications of the Society of Economic Geologists Volume 12.
4. Singer, D.A., 1995, World-class base and precious metal deposits-a quantitative analysis: Economic Geology, v. 90, no.1, p. 88-104.

5. Laznicka, P., 2010. Giant Metallic Deposits: Future Sources of Industrial Metal, Second Edition. Springer-Verlag Heidelberg.

Deposit Name	Discovery Year	Major Metals	Country	Current Status	Mining Style	Inventory
LA COLOSA	2006	Au, Cu	Colombia	Feasibility - New Project	Open Pit	<sup>1</sup> 469Mt @ 0.95g/t Au; 14.3Moz Au
LOS SULFATOS	2007	Cu, Mo	Chile	Advanced Exploration	Underground	<sup>2</sup> 1.2Bt @ 1.46% Cu & 0.02% Mo; 17.5Mt Cu
BRUCEJACK	2008	Au	Canada	Development/Construction	Open Pit	<sup>3</sup> 15.6Mt @ 16.1 g/t Au; 8.1Moz Au
KAMOA-KAKULA	2008	Cu, Co, Zn	Congo (DRC)	Feasibility - New Project	Open Pit & Underground	<sup>4</sup> 1.3Bt @ 2.72% Cu; 36.5 Mt Cu
GOLPU	2009	Cu, Au	PNG	Feasibility - New Project	Underground	<sup>5</sup> 820Mt @ 1.0% Cu, 0.70g/t Au; 8.2Mt Cu, 18.5Moz Au
COTE	2010	Au, Cu	Canada	Feasibility Study	Open Pit	<sup>6</sup> 289Mt @ 0.90 g/t Au; 8.4Moz Au
HAIYU	2011	Au	China	Development/Construction	Underground	<sup>7</sup> 15Moz Au
RED HILL-GOLD RUSH	2011	Au	United States	Feasibility Study	Open Pit & Underground	<sup>8</sup> 47.6Mt @ 4.56 g/t Au; 7.0Moz Au
XILING	2016	Au	China	Advanced Exploration	Underground	<sup>9</sup> 383Mt @ 4.52g/t Au; 55.7Moz Au

Source: after MinEx Consulting, May 2017

<sup>1</sup> Source: <http://www.miningtechnology.com/projects/la?colosa>

<sup>2</sup> Source: <http://www.angloamerican.com/media/press?releases/2009>

<sup>3</sup> Source: <http://www.pretivm.com/projects/brucejack/overview/>

<sup>4</sup> Source: <https://www.ivanhoeamines.com/projects/kamoa?kakula?project/>

<sup>5</sup> Source:  
[http://www.newcrest.com.au/media/resource\\_reserves/2016/December\\_2016\\_Resources\\_and\\_Reserves\\_Statement.pdf](http://www.newcrest.com.au/media/resource_reserves/2016/December_2016_Resources_and_Reserves_Statement.pdf)

<sup>6</sup> Source: <http://www.canadianminingjournal.com/news/gold?iamgold?files?cote?project?pea/>

<sup>7</sup> Source: <http://www.zhaojin.com.cn/upload/2015?05?31/580601981.pdf>

<sup>8</sup> Source: [https://mrdata.usgs.gov/sedau/show?sedau.php?rec\\_id=103](https://mrdata.usgs.gov/sedau/show?sedau.php?rec_id=103)

<sup>9</sup> Source: [http://www.chinadaily.com.cn/business/2017?03/29/content\\_28719822.htm](http://www.chinadaily.com.cn/business/2017?03/29/content_28719822.htm)

Table A: Tier 1 global copper and gold discoveries since 2006. This table does not purport to be exhaustive exclusive or definitive.

Grade	Resource	Tonnage	Grade			Contained Metal		
Category	Category	(Mt)	Cu (%)	Au (g/t)	CuEq (%)	Cu (Moz)	Au (Moz)	CuEq (Mt)
Total >0.2% CuEq	Indicated	2,050	0.41	0.29	0.60	8.4	19.4	12.2
	Inferred	900	0.27	0.13	0.35	2.5	3.8	3.2

Table B: Alpala Mineral Resource Estimate updated effective 16 November 2018.

Notes:

- Mr. Martin Pittuck, MSc, CEng, MIMMM, is responsible for this Mineral Resource estimate and is an "independent qualified person" as such term is defined in NI 43-101.
- The Mineral Resource is reported using a cut-off grade of 0.3% copper equivalent calculated using [copper grade (%)] + [gold grade (g/t) x 0.6] based on a copper price of US\$2.8/lb and gold price of US\$1,160/oz.
- The Mineral Resource is considered to have reasonable potential for eventual economic extraction by underground mass mining such as block caving.
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.

- The statement uses the terminology, definitions and guidelines given in the CIM Standards on Mineral Resources and Mineral Reserves (May 2014).
- The MRE is reported on 100 percent basis.
- Values given in the table have been rounded, apparent calculation errors resulting from this are not considered to be material.
- The effective date for the Mineral Resource statement is 16 November 2018.

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