

SolGold PLC Announces Expressions of Interest Received

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Off-take Expressions of Interest received for Copper-Gold Concentrate from Alpala

BISHOPSGATE, April 16, 2020 - The Board of Directors of SolGold (LSE & TSX: SOLG) is pleased to provide an update on Expressions of Interest ("Eoi") received from leading commodity traders for the offtake of copper-gold-silver concentrate from the Company's flagship Alpala project in Ecuador.

Following the release of encouraging metallurgical test work results in October 2019, the Company began engaging with major global copper smelters and international commodity traders, to assess the interest and commercial value of Alpala's high copper, high precious metal and low deleterious content copper concentrate.

Subject to favourable outcomes in development funding and necessary permits, production of gold rich copper concentrate is anticipated to commence in late 2025, as outlined in the Preliminary Economic Assessment ("PEA"), filed on 19 November 2019. In the first 15 years of production, based on the 50Mtpa fast ramp up scenario, the mine is expected to produce an average of 810ktpa of concentrate with grades of 28.2% copper, 22.1g/t gold and 65.7g/t silver. These grades would result in production of contained metals of approximately 230kt of copper in concentrate, 580koz of gold and 1.7Moz of silver per annum on average. At spot metal prices, life-of-mine NSR sales proceeds are estimated to be USD58.4bn under PEA assumption.

Given the high level of interest in this exceptional concentrate, the Board decided to select a short-list of traders based on an initial Expression of Interest from each, covering:

1. The intended market strategy for Alpala concentrate;
2. Proposed offtake volumes and tenures;
3. Comprehensive commercial terms; and
4. Ability for short and long term financial support.

In February this year, SolGold engaged with established international commodity traders to submit terms for the offtake of Alpala concentrate. To date, 10 qualifying bids have been received with more expected once worldwide restrictions due to COVID-19 are lifted. The offtake terms, though non-binding, are sufficiently detailed to give SolGold confidence that binding agreements can be reached during forthcoming negotiations.

SolGold Chief Executive Officer, Nick Mather commented: "The high quality of the concentrates and the gold rich nature is attracting significant interest from not only traditional financiers, but from traders and smelters, pointing to a strong outcome in the generation of a near term development funding package. Running the parallel processes of permitting, feasibility and financing with concentrates like SolGold has at Alpala, will, in SolGold's view, deliver a much quicker than expected development decision."

Demand for Alpala concentrate expected to drive improved terms

Demand from the traders for the Alpala concentrate was significantly in excess of planned production

volumes, testament to the inherent quality and value of the material.

Demand from all major Asian, European, North and South American smelters is expected to be strong, as a replacement for Freeport's gold rich Grasberg concentrate when smelting begins in 2023 at its planned Gresik smelter in Indonesia. SolGold considers that the low deleterious element content of the Alpala concentrate, and the well-balanced combination of sulphur, iron and copper in the concentrate will ensure that Alpala concentrate will be a preferred baseload for prime copper smelters with high gold recovery circuits. SolGold will be in the enviable position of choosing from a wide array of suitors for its concentrate, allowing for a competitive bidding process and geographical spread of sales.

All of the EoI submissions indicated an improvement on the assumptions made in the PEA. The most credible EoI in size, counterparty and volume represented a substantial economic improvement over PEA assumptions. The Company expects final agreed off-take terms to continue to improve. In particular, all metal payables, precious metal refining charges and payment terms are expected to be finalised on better terms than earlier conceptual assumptions.

Funding in exchange for offtake

SolGold is also pleased to have received material offers for funding in exchange for offtake from a number of traders in their recent EoI submissions. Offers included the provision of both short-term and longer-term capital with proceeds available for studies, mine construction and cost overruns as well as working capital during ramp-up.

Engagement with global copper smelters

In parallel with the EoI process, the Company has engaged directly with state-of-the-art copper smelters in Canada, China, Europe, India, Japan and Korea known to be able to process high quality concentrate. The reactions have been overwhelmingly positive and SolGold's concentrate assays which have been further confirmed by test results undertaken by smelters, evidence that Alpala's concentrate is likely to establish itself as a premier global concentrate coveted by smelters. Discussions with traders and smelters will continue, as a complementary, integral process of SolGold's overall project finance strategy. SolGold considers that the high tonnages of concentrate production and long mine life at Alpala is likely to prove attractive for smelters and traders alike wishing to secure supply.

Executive General Manager of Corporate Finance, Mr Ingo Hofmaier commented: "We are delighted with the outstanding responses received on our recent invitation to submit expression of interests from so many of the world's leading traders. Their indicative offtake terms were highly competitive and testament to the outstanding quality of the concentrate this long-life mine is expected to produce."

"We expect demand for concentrates to remain strong, with smelter expansions and new-builds in China, Indonesia and Africa likely to outpace supply. Chinese State-Owned Enterprise copper smelters are intent on decreasing the need for cathode imports and can be expected to continue the trend of building state-of-the-art, environmentally friendly, low cost smelters as demand for copper increases over time. In a post-pandemic world, copper will continue to be the metal of the future supporting growth and innovation, smart transportation and living, antibacterial materials, data-enabled healthcare initiatives and medical advances and working in a world of increasing digital collaboration and entertainment."

SolGold is now ranking and selecting a short-listed group of traders with a view to finalising offtake agreements as well as funding support. A further update will be released to the market in due course.

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

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.

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ABOUT SOLGOLD

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

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

Dedicated stakeholders

SolGold employs a staff of 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 database 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. The project base is located at Rocafuerte within the Cascabel concession in northern Ecuador, an approximately three-hour drive on sealed highway north of the capital Quito, close to water, power supply and Pacific ports.

Having fulfilled its earn-in requirements, SolGold is a registered shareholder with an unencumbered legal and beneficial 85% interest in ENSA (Exploraciones Novomining S.A.) which holds 100% of the Cascabel concession covering approximately 50km². The junior equity owner in ENSA is required to repay 15% of costs since SolGold's earn in was completed, from 90% of its share of distribution of earnings or dividends from ENSA or the Cascabel concession. It is also required to contribute to development or be diluted, and if its interest falls below 10%, it shall reduce to a 0.5% NSR royalty which SolGold may acquire for US\$3.5m.

Advancing Alpala towards development

The resource at the Alpala deposit 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:

ØNet 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.

ØInternal 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.

ØPre-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.

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

ØPreferred 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's regional exploration drive

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

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

SolGold is listed on the London Stock Exchange and Toronto Stock Exchange (LSE/TSX: SOLG). The Company has on issue a total of 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 for more information. Follow us on twitter @SolGold_plc

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