SolGold PLC Announces Regional Exploration - Porvenir Drilling Update

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SolGold First Drill Hole at Porvenir Project Discovers New Highly Mineralised Copper-Gold Porphyry System.

BISHOPSGATE, October 1, 2020 - The Board of SolGold (LSE & TSX: SOLG) is pleased to provide an update on its wholly owned Porvenir Project, held by Green Rock Resources S.A, a 100% owned and unencumbered subsidiary of SolGold.

Highlights

- PDH-20-001, the first drill hole at the Porvenir, at Cacharposa (formerly Target 15), has so far intersected over 500m of visual copper sulphide mineralisation, hosted by potassium-rich intrusions, as the hole continues towards a planned depth of at least 700m.
- The dominant copper sulphide mineral observed to date is chalcopyrite, an important ore-forming copper sulphide mineral containing 34.5% copper. Chalcopyrite mineralisation has been observed from 15.9m to the current depth of 525.3m. Detailed core logging, to a depth of 491.0m, shows chalcopyrite percentages of up to an estimated 6.0 % by volume with associated porphyry style total quartz vein abundance of up to a measured 11.7 % by volume.
- Geological and rock-alteration vectors drawn from surface rock-saw and drill core observations, including an increasing chalcopyrite to pyrite ratio with depth, suggest that more intense mineralisation can be reasonably expected deeper in the system. Globally significant examples of copper-gold porphyry systems hosted by potassium-rich intrusions are numerous.
- PDH-20-001 is testing below outcropping surface mineralisation, at Cacharposa Target (formerly Target 15), that returned a highly prospective open-ended rock-saw channel assay result in Cacharposa Creek. The assay results (announced 7 May 2019) exhibit an approximate 1:1 copper (%) to gold (g/t) ratio as 147.8m @ 0.69% CuEq (0.43 g/t Au, 0.37% Cu) including, 82.63m @ 1.08% CuEq (0.71 g/t Au, 0.55% Cu). An approximate 1:1 copper to gold ratio is also expected from drill core assays.
- Mineralisation in Cacharposa Creek is part of the Cacharposa Trend, a 1700m long northerly-trending mineralised corridor, up to 1000m wide, with scope for depth continuation of more than 600m. The mineralisation styles, size and geometry at Cacharposa are consistent with the surface exposure of a vertically extensive, well-preserved porphyry copper-gold system hosted in potassium-rich intrusions.
- Whilst mineralisation measured from PDH-20-001 is highly encouraging, the observations are of a preliminary nature. The visual mineralization observed has not yet been assayed, and the intensity of visual mineralisation should not be used to estimate grade or commercial viability at this stage. Assay results are expected to take not less than 3 weeks from submission.

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

http://www.rns-pdf.londonstockexchange.com/rns/7732A_1-2020-10-1.pdf

Commenting on the mineralisation intersected so far at Cacharposa, Technical Services Manager, Benn Whistler said:

"The regional exploration teams are doing great work in these challenging times by applying experiences gained at SolGold's 85% owned Alpala Deposit, which holds 9.9 Mt Cu, 21.7 Moz Au and 92.2 Moz Ag in the Measured plus Indicated categories (43-101 Technical Report filed 22 May 2020). SolGold expedited drilling at the Porvenir project specifically due to the quality of the targets there. The first hole at Cacharposa has been very promising so far, with intersection of highly visible chalcopyrite mineralisation which shows that the

open-ended surface rock-saw results achieved on surface in Cacharposa Creek, will likely continue to be encountered at depth."

"The geology team interpret that the combined presence of visual epidote veining, molybdenum mineralisation and potassic K-feldspar-biotite-magnetite alteration indicate that PDH-20-001 hole is drilling across the upper periphery of the core of this porphyry copper-gold system. These are characteristic features of the upper periphery of the core of SolGold's Alpala Deposit and many porphyry copper-gold systems globally. At Cacharposa, this interpretation illustrates good correlation with 3D magnetic- and geochemical-models. Vectors observed in drill core, including an increasing chalcopyrite to pyrite ratio, indicate that even more intense mineralisation seems likely deeper down, and we expect to fully intersect the core of the system through subsequent deeper drilling. These kinds of deposits often include a higher-grade core containing bornite, and we believe there is strong potential for a large porphyry copper-gold deposit to be hidden at or near the surface at Cacharposa."

"Cacharposa also exhibits classic porphyry metal- and hydrothermal alteration-zoning at surface with coincident Cu, Mo, Au, Mn, and high Cu-Zn ratio anomalies nested within a classic magnetic high surrounded by an annular magnetic low. Geological mapping and spectral mineralogy data obtained from soil samples show a central potassic alteration zone surrounded by an intermediate argillic halo which is typical of many porphyry copper-gold deposits."

"We are very encouraged by the visible mineralisation and are busy scaling up the drilling fleet to six rigs as quickly as COVID19 restrictions allow. The work program will comprise multiple parallel work streams, employing the exploration blueprint used at Alpala and well as pre-emptively launching first stage geotechnical and metallurgical data capture programs, and the collection of baseline social and environmental data."

Commenting on the copper-gold potential of Cacharposa at Porvenir, Dr Steve Garwin independent international porphyry expert and SolGold's Chief Technical Advisor remarked that:

"This porphyry system is characterized by a robust geological setting, geochemical expression and magnetic signature that compares favourably to large, economic and gold-rich porphyry copper systems elsewhere. The initial mineralisation observed in the first drill hole, to date, illustrates the downward continuation of chalcopyrite mineralisation discovered in Cacharposa Creek and highlights the potential for higher copper and gold grades at depth."

"SolGold's pipeline of projects throughout Ecuador is based on the same major geological features that formed the criteria for the targeting and tenement application strategy. Some of these targets are yielding significant copper-gold mineralisation. The results thus far at Cacharposa indicate a strongly mineralised system that could be more extensive than the surface rock-saw results suggest."

Nick Mather, CEO of SolGold said of the significance of the discovery to SolGold:

"The Cacharposa discovery at Porvenir demonstrates the critical importance of regional exploration to SolGold's corporate strategy and to its shareholders. It justifies SolGold's objective to deliver further Tier 1 discoveries several times over, across SolGold's unique and extensive exploration pipeline of thirteen other 100% owned targets. These targets are covered by granted tenure, throughout the 700km length of three parallel and under-explored metallogenic copper-gold belts in the Ecuadorean sector of the prolific Andean Copper Belt. Ecuador could grow to become a major player in global copper and gold markets, and SolGold will be at the core of that objective."

"Clearly our blueprint of targeting and applying the Alpala geological, exploration and operational blueprint on a string of these targets is working. Progress at Porvenir will be a lot quicker and more efficient than at Alpala given our experience to date. We will apply the same blueprint to all of our targets. Delivery of SolGold's strategy will be transformational for Ecuador and we are building our board and management capabilities financially and operationally to deliver this objective."

Further Information

SolGold is continuing to pursue its strategy to become a tier 1 copper producing company through aggressive exploration of its extensive tenement portfolio in Ecuador. The first pass regional exploration program is fully funded until mid- to late-2021.

The Porvenir Project is in Southern Ecuador, some 100 km north of the Peruvian border (Figure 1). The project is situated within the eastern most metallogenic portion of the Ecuadorian sector of the Andean Copper Belt which hosts several of the world's largest and most significant copper and gold deposits in Columbia, Ecuador, Peru, Argentina and Chile, including the Fruta Del Norte gold project owned by Lundin Gold, approximately 100km to the north-northeast.

Drilling commenced at the Cacharposa Target (Cacharposa), within the Porvenir Project area on 15th September 2020 as part of a planned 8,000m initial drilling program. The first hole has so far intersected 500.4m of visual copper sulphide mineralisation, hosted by potassium-rich intrusions. PDH-20-001 continues towards a planned depth of at least 700m.

Visible copper sulphide mineralisation has been observed from 15.9m to the current depth of 525.3m. The dominant copper sulphide mineral observed to date is chalcopyrite, an important ore-forming copper sulphide mineral containing 34.5% copper. Pyrite and molybdenite are also common.

Detailed core logging, to a depth of 491.0m, shows chalcopyrite percentages of up to a visually estimated 6.0 % by volume with associated porphyry-style total quartz vein abundance of up to a measured 11.7 % by volume.

Geological and rock-alteration vectors drawn from surface rock-saw and drill core observations, including an increasing chalcopyrite to pyrite ratio with depth beneath the discovery outcrop, suggest that more intense copper mineralisation can be reasonably expected deeper in the system.

Porphyry copper and gold deposits, hosted by potassium-rich intrusions, can often contain bornite in the core of the system and SolGold's program will vector towards potential higher-grade, bornite-bearing, core zones at Cacharposa as further drilling progresses.

PDH-20-001 is testing below outcropping surface mineralisation in Cacharposa Creek that returned an open-ended rock-saw channel assay result of 147.8m @ 0.69% CuEq (0.43 g/t Au, 0.37% Cu) including, 82.63m @ 1.08% CuEq (0.71 g/t Au, 0.55% Cu). The results exhibit an approximate 1:1 copper (%) to gold (g/t) ratio and an approximate 1:1 copper to gold ratio is also expected from drill core assays.

The mineralisation discovered at Cacharposa is part of a 1700m long, northerly-trending mineralised corridor, up to 1000m wide (Figure 2). The mineralisation style, and geophysical and geochemical footprints, in conjunction with the 3D MVI magnetic modelling and 3D geochemical modelling at Cacharposa are consistent with surface exposure of a well-preserved porphyry copper-gold system with scope for depth continuation of more than 600m (Figure 3).

The exposed mineralisation in Cacharposa Creek comprises porphyry-style sheeted and stockwork B-type quartz-chalcopyrite-magnetite veining which occurs as three steeply dipping vein sets orientated northwest, east-northeast, and west-northwest. The host rocks consist of potassium-rich, dioritic and monzonitic intrusions, which contain variable amounts of magmatic potassium-feldspar.

SolGold's surface mapping, pitting and trenching programs are underway to identify additional mineralised outcrops underneath vegetation and soil cover outside the Cacharposa Creek exposures.

Field studies of the porphyry-related vein types and paragenesis (relative timing) at Cacharposa are ongoing. Initial work indicates a sequential vein development typical of many significant porphyry copper-gold systems, such as SolGold's 85% owned Tier 1 Alpala porphyry copper-gold deposit in Northern Ecuador.

Chalcopyrite mineralisation in PDH-20-001 occurs with sericite-chlorite alteration associated with the partial oxidation of magnetite to hematite. This "hematite dusting" enhances the pink- to reddish-colour of the

potassium-feldspar in the monzonite host intrusion. This style of oxidation is typical in the upper levels of several well-mineralised, porphyry copper-gold deposits globally.

Drill core exhibits a relatively high fracture abundance, a common feature of strongly mineralised copper-gold porphyry systems. Multiple phases of veining are observed with "B1-type" quartz-magnetite-chalcopyrite veins overprinted by "B2-type" quartz-chalcopyrite-pyrite veining, which in turn are overprinted by "C-type" chalcopyrite veins and veinlets, and later "D-type" pyrite veins and veinlets with sericite halos. These vein styles are typical of many major porphyry copper-gold deposits, including SolGold's flagship Alpala Deposit. This vein terminology is modified from the Gustafson and Hunt (1975) published porphyry vein paragenesis and nomenclature (Gustafson, L.B. and Hunt, J.P. (1975) The Porphyry Copper Deposit at El Salvador, Chile. Economic Geology, 70, 857-912.)

Selected examples of mineralisation encountered in PDH-20-001 so far are shown in Figures 4 to 11.

Hydrothermal alteration interpretation compiled from geological mapping and spectral mineralogy data of soil samples indicate that the Cacharposa porphyry system is characterised by a central zone of potassic alteration (K-feldspar - biotite - magnetite) that is overprinted by intermediate argillic alteration (chlorite - sericite - clay), which is associated with higher copper and gold grades in the vicinity of the discovery outcrop in Cacharposa Creek. Phyllic (quartz - sericite - pyrite) and extensive epidote-propylitic alteration also occur in the area (Figure 12). These alteration patterns hold a number of similarities to those identified at SolGold's 85% owned flagship Alpala Deposit.

The Cacharposa target is characterised by coincident Cu, Mo, Au and Cu:Zn soil anomalies that lie central to a magnetic high and zone of Mn-depletion in soil (Figure 13). These styles of ground RTP magnetics and geochemical signatures at Cacharposa are characteristic of porphyry copper and copper-gold deposits globally.

The size and strength of geochemical anomalies and the zoning of the hydrothermal alteration assemblages at Cacharposa are inferred to indicate a well-preserved porphyry copper-gold system that extends from surface and beyond the current depth of drilling, to more than 600m below surface.

Planning and logistical work is underway to ramp up drilling by mobilising an additional five drill rigs to site as quickly as COVID19 restrictions allow.

While visual measurements and observations of drill core are extremely encouraging and SolGold believe provide initial validation of the prospectivity of Cacharposa at Porvenir, readers are strongly cautioned that the information in this press release is of a preliminary nature and the visual mineralization observed has not yet been assayed. The intensity of visual mineralisation should not be used to estimate grade or commercial viability at this stage.

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