

SolGold PLC Announces AGM Disapplication Resolutions Explained

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BISHOPSGATE, November 26, 2020 - The Board of Directors of SolGold (LSE & TSX: SOLG) is pleased to provide shareholders with an explanation of the disapplication resolutions to be put forward at the Annual General Meeting ("AGM") which is scheduled to take place as a virtual meeting hosted on the Lumi platform on 17 December 2020 at 11am London time (GMT).

Shareholders are referred to the section below titled 'General Voting Instructions' for details on how to vote.

One of the leading proxy advisor agencies has released its voting recommendation report for the Company's 2020 AGM and has recommended shareholders vote in favour of the Resolutions explained below (Resolutions 11, 13 and 14).

Resolution 11 - Renewal of General Board Authority to Allot Shares (Ordinary Resolution)

Under UK legislation, Directors cannot allot shares without authority from shareholders. The authority must be renewed each year and is a standard recurring resolution for most listed companies.

Resolution 11 is drafted to comply with the Share Capital Management Guidelines (the "Guidelines") issued by the Investment Association ("IA") which represents the views of institutional investors in the UK. The restrictions in the Guidelines (in conjunction with certain other restrictions in the other resolutions) ultimately provide protection against shareholder dilution.

Resolution 11 reflects the restrictions in the Guidelines and has to be read in conjunction with Resolutions 13 and 14:

Ø Resolution 11 gives SolGold authority to allot new shares up to two-thirds of its issued share capital (£13,814,756), subject to certain restrictions.

Ø SolGold can issue up to 5% of its issued share capital (£1,036,106) on a non-pre-emptive basis (i.e. not to existing shareholders, by way of a placing for example) and the money raised can be used for any purpose (permitted by Resolution 13).

Ø Aligned with the Pre-Emption Group Statement of Principles and common practice of LSE listed companies, SolGold can issue up to an additional 5% of its issued share capital (a further £1,036,106) on a non-pre-emptive basis (for example by way of a placing) but the money raised can only be used for an acquisition or specified capital investment (permitted by Resolution 14).

Ø Any other issues of shares must be made in accordance with Resolution 13(i), namely they need to be offered to all shareholders in proportion to their existing shareholdings (i.e. on a pre-emptive basis). The type of pre-emptive offering must satisfy the definition of pre-emption in Resolution 13(i) (not the definition in the Companies Act as this has been disapplied by Resolution 13) (see below for more information).

Ø Of the two-thirds of the issued share capital which SolGold has authority to allot, up to one-third (£6,907,378) can be used for unrestricted use (in practice a rights issue or an open offer) (see Resolution 11(a)). Any amount in addition to this can only be used for a rights issue (see Resolution 11(b)).

Ø Examples: in light of the above, SolGold could undertake:

- a rights issue of up to two-thirds of its issued share capital (£13,814,756). If it did, it would have used up its ability to raise funds via an open offer or a placing; or
- an open offer of up to one-third of its issued share capital (£6,907,378). If it did, the only other allotment it could make in the year would be a rights issue of up to one third of its issued share capital (£6,907,378); or
- a placing of up to 5% of its issued share capital (£1,036,106) (money to be used for any purpose), a placing for an additional 5% (£1,036,106) (money to be used for an acquisition) and a rights issue in respect of the remaining 56.66% (£11,742,544).

Resolution 13 - Disapplication of Pre-emption Rights in the Companies Act 2006 (s.561) (Special Resolution)

Ø If Directors wish to allot new shares for cash, the Companies Act requires that these shares are offered first to shareholders in proportion to their existing holdings.

Ø Resolution 13 seeks authority for the company to allot new shares (and other equity securities) or sell treasury shares, for cash without first offering them to existing shareholders on a pro rata basis. It is a standard recurring resolution for most listed companies.

Ø The ability to issue shares non pre-emptively is restricted by the guidance issued by the IA which only supports the disapplication of pre-emption rights in respect of allotments representing no more than 5% of the issued ordinary share capital (exclusive of shares held in treasury), without restriction as to the use of proceeds.

Ø Although the pre-emption rights in the Companies Act are disapplied, they are replaced by pre-emption rights on the terms provided for in the resolution. The pre-emption rights in the resolution provides the Company with flexibility to finance business opportunities, conduct pre-emptive offers or rights issues without needing to comply with the strict requirements of the statutory pre-emptive provisions. There are three (3) main benefits:

- enables fractional entitlements to shares to be sold in the market for the benefit of the Company;
- allows more flexible arrangements with overseas shareholders than permitted under s.561; and
- enables a company to (i) extend the offer to holders of classes of securities which do not qualify for pre-emption rights but which carry a contractual right to participate in a rights issue or (ii) exclude shares which are ordinary shares and which would not ordinarily participate in a rights issue (for example, preference shares).

Resolution 14 - Further Disapplication of Pre-emption Rights (Special Resolution)

Ø This resolution authorises the Directors to allot an additional quantity of shares (or sell treasury shares) for cash otherwise than on a pro-rata basis to existing shareholders, provided that such shares are used only in connection with an acquisition or specified capital investment (i.e. for a purpose which adds value to the business - the shares cannot be used as a mechanism for a general fund raise).

Ø The resolution is drafted to be aligned with the Pre-Emption Group Statement of Principles. The Group supports the annual disapplication of pre-emption rights in respect of allotments of shares representing no more than an additional 5% of issued ordinary share capital.

Ø The right to allot an additional 5% on a non-pre-emptive basis designed to limit the use by companies of cash box placings to raise extra funds.

Ø Separate resolutions are passed to disapply pre-emption rights for each 5% to ensure (in particular) that shareholders have the option to vote against the request to allot additional 5% non-pre-emptively.

General Voting Instructions

In order to follow the Directors' recommendations at the forthcoming AGM, please contact your broker (or other registered holder) directly and instruct them how to vote on your behalf.

The voting deadline is 11:00 a.m. (London time) on 15 December 2020, however your Private Client Broker will have an earlier deadline. It is best to instruct them as soon as possible.

There is also the option to vote electronically during the virtual meeting on 17 December 2020. Please head to <https://www.solgold.com.au/notice-of-meetings/> for more information on how to access the online Lumi system.

CMi2i are the official Information Agent to SolGold. Should you have any questions regarding the voting process, please contact CMi2i on 0800 029 4356 or + 44 (0) 20 8187 1429. Alternatively, you may e-mail your enquiries to solgold@cmi2i.com.

By order of the Board

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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 over 700 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 over 80 geologists 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\$3.5million.

Advancing Alpala towards development

The resource at the Alpala deposit contains a high-grade core which will be targeted to facilitate early cashflows and an accelerated payback of initial capital. SolGold is currently progressing its Pre-Feasibility Study and is fully funded through to development decision following the Net Smelter Royalty Financing with [Franco-Nevada Corp.](#) for US\$100million. Franco-Nevada will receive a perpetual 1% NSR interest from the Cascabel licence area.

SolGold is currently assessing financing options available to the Company for the development of the Alpala mine following completion of the Definitive Feasibility Study.

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 2,072,213,494 fully-paid ordinary shares and 113,175,000 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.

The data aggregation method for calculating Copper Equivalent (CuEq) for down-hole drilling intercepts and rock-saw channel sampling intervals are reported using copper equivalent (CuEq) cut-off grades with up to 10m internal dilution, excluding bridging to a single sample and with minimum intersection length of 50m.

Copper Equivalent is currently calculated (assuming 100% recovery of copper and gold) using a Gold Conversion Factor of 0.751 ($\text{CuEq} = \text{Cu} + \text{Au} \times 0.751$), calculated from a current nominal copper price of US\$3.30/lb and a gold price of US\$1700/oz.

True widths of downhole intersections are not well constrained. Drill hole one was inclined -55degrees towards the east, and the interpreted trend of the Cacharposa Intrusive Complex and its associated porphyry copper-gold mineralisation is subvertical, dipping approximately 85-90 degrees to the west. The true width of down-hole intersections reported are therefore expected to be approximately 55-60% of the down-hole lengths.

See www.solgold.com.au for more information. Follow us on twitter @[SolGold plc](https://twitter.com/SolGold_plc)

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