

# SolGold plc & Cornerstone Capital Resources Inc. Announce Friendly Merger Transaction

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BRISBANE, Oct. 07, 2022 - [SolGold plc](#) (LSE:SOLG; TSX:SOLG) ("SolGold") and [Cornerstone Capital Resources Inc.](#) (TSXV:CGP; OTC:CTNXF; FWB:GWN1) ("Cornerstone") (together the "Parties" and individually, a "Party") are pleased to announce that they have entered into a definitive agreement (the "Agreement") whereby SolGold will acquire all of the issued and outstanding shares of Cornerstone ("Cornerstone Shares"), other than Cornerstone Shares already held, directly or indirectly, by SolGold, pursuant to a court-approved plan of arrangement (the "Transaction").

Under the terms of the Agreement, Cornerstone Shares will be exchanged for 15 SolGold ordinary shares ("SolGold Shares") for each Cornerstone common share held. Pursuant to the terms of the Agreement, SolGold may elect to pay up to 20% of the consideration in cash, in which case the cash would be pro rated among all Cornerstone shareholders and the number of SolGold Shares issuable to Cornerstone shareholders would be reduced. Upon completion of the Transaction, if SolGold elects not to pay any portion of the consideration in cash, existing SolGold and Cornerstone shareholders are expected to own approximately 80% and 20% of the combined entity (the "Combined Group"), respectively, on a fully diluted in-the-money basis which is consistent with the current effective exposure of approximately 80/20 to the Cascabel Project prior to the Transaction.

The merger of Cornerstone and SolGold will significantly strengthen the ability of the Combined Group to create value for shareholders by consolidating ownership of the Cascabel Project along with a robust portfolio of other projects primarily across Ecuador.

Darryl Cuzzubbo, CEO and Managing Director of SolGold, stated: *"It has been my view from the start that SolGold and Cornerstone are more valuable together than apart. This is an exciting value enhancing transaction for all stakeholders. This Transaction also sets the stage for a strategic review of the Combined Group as we methodically assess options that are in the best interest of our shareholders."*

Brooke Macdonald, President and CEO of Cornerstone, stated: *"This merger transaction makes sense for both sets of shareholders. The merger allows our shareholders to maintain exposure to the world class Cascabel Project and is a step towards maximizing value. Having considered the landscape, we are convinced that combining forces with SolGold will unlock significant value for all shareholders. The strategic review for the combined group aligns with our views on the best path forward. Today represents a significant milestone for all Cornerstone stakeholders and I would like to thank them for their support over the years."*

## Transaction Summary

The proposed Transaction will be completed pursuant to a court-approved plan of arrangement under the *Business Corporations Act* (Alberta). The Transaction will require approval by two-thirds of the votes cast by the shareholders of Cornerstone and a majority of the votes cast by disinterested shareholders at a special meeting of Cornerstone shareholders expected to be held in the fourth quarter of 2022.

All Cornerstone directors, executive officers and certain shareholders, collectively representing 44.1% of the Cornerstone Shares (47.0% on a fully diluted basis) have entered into voting support agreements with SolGold, agreeing to, among other things, vote their Cornerstone Shares in favour of the Transaction. The Transaction is subject to obtaining customary approvals including applicable court and stock exchange approvals. The Agreement includes customary deal protection provisions in favour of SolGold.

In addition, the Parties have agreed to make any amendments to the Agreement or plan of arrangement if necessary or desirable in order to implement an exchangeable share structure to allow eligible Canadian Cornerstone shareholders to receive a tax-deferred roll-over under the *Income Tax Act* (Canada) to the extent that the non-share consideration received does not exceed the shareholder's cost base for Canadian tax purposes. The implementation of such amendments will not be a condition of closing of the Transaction and there is no assurance that such a structure will be implemented.

Upon closing of the Transaction, the SolGold board of directors will be comprised of up to ten individuals with Cornerstone entitled to nominate two directors.

Full details of the Transaction and the Agreement will be included in Cornerstone's management information circular which is expected to be filed with the regulatory authorities in Canada and mailed to shareholders of Cornerstone in the fourth quarter of 2022. Further, SolGold intends on filing a prospectus with the applicable regulatory authorities in the UK with respect to the shares to be distributed to Cornerstone shareholders pursuant to the Transaction, which is expected to be filed in the fourth quarter of 2022.

Pursuant to the Agreement, SolGold is pursuing a strategic review process with the goal of maximizing value for all shareholders (the "Strategic Review Process"). Accordingly, SolGold has appointed Citigroup Global Markets Inc. and Maxit Capital LP ("Maxit Capital") to act as financial advisors to assist with exploring value creating alternatives for the Combined Group. The Strategic Review Process may include, but shall not be limited to, evaluating and pursuing the following:

- evaluating financing alternatives for the Combined Group;
- a spin-out of assets, other than the Cascabel Project, to all shareholders of the Combined Group;
- the direct or indirect acquisition of an interest in ENSA and/or the Cascabel Project howsoever effected; or
- any other transaction or series of related transactions as may be agreed to between the Parties.

The completion of the Transaction is not contingent on the completion of the Strategic Review Process and there can be no assurance that the Strategic Review Process will lead to any transaction.

### **Board of Directors' Recommendation**

The Transaction has been unanimously approved by the boards of directors of SolGold and Cornerstone including, in the case of Cornerstone, following the unanimous recommendation of a special committee of independent directors. The Cornerstone board of directors unanimously recommends that Cornerstone shareholders vote in favour of the Transaction.

Paradigm Capital Inc. ("Paradigm Capital"), financial advisor to Cornerstone, has provided a verbal opinion to the Cornerstone board of directors stating that, and based upon and subject to the assumptions, limitations, and qualifications set forth therein, the consideration to be received pursuant to the Transaction is fair, from a financial point of view, to the Cornerstone shareholders (other than SolGold).

### **Advisors**

Citigroup Global Markets Inc. is acting as financial advisor to SolGold with Bennett Jones LLP acting as its legal advisor in connection with the Transaction.

Paradigm Capital and Maxit Capital are acting as financial advisors to Cornerstone with Davies Ward Phillips & Vineberg LLP acting as its legal advisor in connection with the Transaction.

### **About SolGold**

SolGold is a leading resources company focused on the discovery, definition and development of world-class copper and gold deposits and continues to strive to deliver objectives efficiently and in the interests of shareholders. SolGold is exploring the length and breadth of this highly prospective and gold-rich section of the Andean Copper Belt which is currently responsible for ~40% of global mined copper production.

SolGold 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.

### **About Cornerstone**

Cornerstone Capital Resources Inc. is a mineral exploration company with a diversified portfolio of projects in Ecuador and Chile, including a direct & indirect interest in the Cascabel gold-enriched copper porphyry in northwest Ecuador.

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*Certain information contained in this announcement would have been deemed inside information.*

**Cautionary Note - Forward Looking Statements**

News releases, presentations and public commentary made by the Parties and their respective officers may contain certain statements and expressions of belief, expectation or opinion which are forward looking statements, and which relate, among other things, to: expectations for the Combined Group; the possible payment of up to 20% of the consideration in cash; the proportionate ownership of SolGold and Cornerstone shareholders of the Combined Group following completion of the Transaction; the anticipated timing of the Cornerstone shareholders meeting, the filing of meeting materials, the mailing of meeting materials to Cornerstone shareholders, the filing of the SolGold prospectus and the closing of the Transaction; the timing and anticipated receipt of required approvals and the ability of SolGold and Cornerstone to satisfy the other conditions to, and to complete, the Transaction; the potential amendments to the Agreement and the plan of arrangement; the anticipated benefits of the Transaction; and the timing, structure, results and benefits of the Strategic Review Process. Such forward-looking and interpretative statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Parties that could cause the actual performance or achievements of the Parties to be materially different from such interpretations and forward-looking statements.

Accordingly, the reader should not rely on any interpretations or forward-looking statements; and save as required by the stock exchange rules of the Toronto Stock Exchange, TSX Venture Exchange and London Stock Exchange or by applicable securities laws, the Parties do not accept any obligation to disseminate any updates or revisions to such interpretations or forward-looking statements.

This release may contain "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, forward looking statements related to the items discussed above. 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".

Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Parties to be materially different from those expressed or implied by such forward-looking information, including but not limited to: transaction risks; general business, economic, competitive, political and social uncertainties; future mineral prices; accidents, labour disputes and shortages and other risks of the mining industry. Although the Parties have attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Factors that could cause actual results to differ materially from such forward-looking information include, but are not limited to, risks relating to the ability of exploration activities (including assay results) to accurately predict mineralization; errors in management's geological modelling and/or mine development plan; capital and operating costs varying significantly from estimates; the preliminary nature of visual assessments; delays in obtaining or failures to obtain required governmental, environmental or other

*required approvals; uncertainties relating to the availability and costs of financing needed in the future; changes in equity markets; inflation; the global economic climate; fluctuations in commodity prices; the ability of the Parties to complete further exploration activities, including drilling; delays in the development of projects; environmental risks; community and non-governmental actions; other risks involved in the mineral exploration and development industry; the ability of the Parties to retain their key management employees and skilled and experienced personnel; and those risks set out in the Parties' public documents filed on SEDAR at [www.sedar.com](http://www.sedar.com). Accordingly, readers should not place undue reliance on forward-looking information. The Parties do not undertake to update any forward-looking information, except as required by the stock exchange rules of the Toronto Stock Exchange, TSX Venture Exchange and London Stock Exchange or in accordance with applicable securities laws.*

*The parties and their respective 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 their respective websites.*

*Neither the Toronto Stock Exchange, TSX Venture Exchange nor the Investment Industry Regulatory Organization of Canada accepts responsibility for the adequacy of this release.*

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