

SolGold PLC Announces US\$750M Financing Package for the Cascabel Project

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BISHOPSGATE, July 15, 2024 - SolGold (LSE:SOLG)(TSX:SOLG) is pleased to announce that it has entered into a syndicated gold stream agreement ("Agreement") with Franco-Nevada (Barbados) Corporation ("Franco-Nevada") and Osisko Bermuda Limited ("Osisko") (together, the "Syndicate") for the provision of US\$750 million in project advancement funding and a proportion of development funding ("Deposit") in exchange for a percentage of the gold produced from the Cascabel Project ("Cascabel" or the "Project").

The Deposit comprises two funding segments, of which Franco-Nevada and Osisko will contribute 70% and 30%, respectively:

i) the initial deposit ("Initial Deposit"): US\$100 million paid over three tranches, a third of which is expected to be received later today, allocated towards de-risking, permitting, completion of the development funding package and completion of the feasibility study ("FS") on the Project to take it to a Final Development Investment Decision, and

ii) the construction deposit ("Construction Deposit") of US\$650 million to be contributed to funding the construction of the Project.

In exchange for the Deposit and ongoing payments to SolGold equivalent to 20% of the spot gold price at the time, the Syndicate will receive an amount in reference to 20% of the recovered gold in concentrate from Cascabel until 750,000 ounces of gold have been provided after which the percentage will reduce to 12% for the life of the mine. At a time when global demand for copper is expected to surge, the Agreement, which involves gold only, preserves the revenue streams from the significant copper, silver, and a large portion of the gold resources at Cascabel for SolGold and its shareholders while also fulfilling SolGold's commitment to royalty holders, the Ecuadorian Government, and stakeholders to advance the Project.

The Agreement includes a buyback option for five years following the closing of the stream transaction, exercisable upon a change of control transaction of SolGold, to reduce the stream by 50% within three years of the closing date of the Agreement or by 33.33% thereafter until the fifth anniversary of the closing date of the Agreement. This buyback option provides SolGold with exceptional strategic flexibility.

Key Highlights

- Validates Cascabel's position as a world-class copper-gold project
- Represents a substantial contribution towards the estimated US\$1.55 billion funding required for the construction of Cascabel, per the 2024 NI 43-101 Pre-Feasibility Study ("PFS") (See News Release of 16 February 2024: [Link](#)), while maintaining the first-quartile cost profile
- Validates the 2024 PFS that demonstrates an after-tax NPV₈ of US\$3.2bn and an after-tax IRR of 24% based on a 4-year development period for an initial 12 Mtpa operation ramping up to 24 Mtpa at conservative prices (US\$3.85/lb Cu and US\$1,750/oz Au)
- Competitive cost of capital at ~9% based on the 2024 PFS
- Provides sufficient funds to advance the Project to a Final Development Investment Decision, including completion of feasibility studies, any required engineering studies, and financing completion

- Enables the completion of the Project's environmental permitting subject to process and government approval
- Flexibility to reduce gold deliveries into the stream upon a change of control via a buyback option
- Significant due diligence and financial commitment from Franco-Nevada and Osisko further confirm the extensive work completed by SolGold
- Commitment by Franco-Nevada and Osisko to significantly support environmental and community projects, reflecting their dedication to sustainable development and social responsibility

Scott Caldwell, President and CEO of SolGold, remarked: "We are thrilled to finalize this transformative US\$750 million gold stream with Franco-Nevada and Osisko. This Agreement not only secures a significant portion of the capital required to fund the construction of Cascabel but also validates the vast potential of the Cascabel Project. The US\$100 million dedicated to de-risking and technical work is crucial for the next steps in our project development. We are committed to advancing our operations responsibly and efficiently, and this partnership is a testament to our progress to date and the promising future ahead. Finally, this major investment in Ecuador reflects the strong support from the Ecuadorian government for the mining industry."

Paul Brink, President and CEO of Franco-Nevada, commented: "We are excited to support SolGold in the development of their world-class Cascabel project. This gold stream agreement aligns with our strategy to invest in high-quality assets with significant growth potential. We believe SolGold's flagship project will be amongst the next generation of large copper development projects and will contribute meaningfully to our longer-term growth. We are pleased to provide pre-construction funding to derisk project development and project financing that provides a balance of funding certainty and financial flexibility."

Jason Attew, President and CEO of Osisko Gold Royalties, commented: "Cascabel represents one of the most significant copper-gold discoveries in recent history. The project has the potential to become a world-class multi-generational mine, demonstrated by the recent PFS estimating at least a 28-year mine life with numerous avenues for additional mine life extensions. This new stream investment, which complements Osisko's existing royalty on the project, will help to support the development of this exceptional asset and enhance Osisko's long-term growth profile."

Summary of Agreement Terms

· Initial Deposit: US\$100 million, paid in three tranches, aimed at further de-risking, defining and enhancing value-adding opportunities at Cascabel, and completing financing activities and the feasibility study. SolGold expects the three tranches of the Initial Deposit to provide sufficient funds to advance the Project to a Final Development Investment Decision. The required de-risking, engineering, financing, and permitting activities are anticipated to take approximately 24 months to complete.

o First Tranche: \$33.4 million will be available to SolGold upon the finalization of customary closing documents and is expected to be received later today

o Second Tranche: \$33.3 million (expected in 2025) will be available upon certain conditions precedent being met, including, but not limited to, the execution of the amended investment protection agreement, completion of the geotechnical drilling, and finalization of the tailings storage facility ("TSF") design sufficient for a minimum of 10 years of operation and prepared in accordance with applicable requirements.

o Third Tranche: \$33.3 million (expected at the end of Q4 2025) to be disbursed upon certain conditions precedent being met, including, but not limited to, submission of all final permit applications for the construction and operation of the Project and the TSF, and other necessary documentation.

- Construction Deposit: US\$650 million for Project development upon certain conditions precedent having been met, including, but not limited to, a board-approved Final Development Investment Decision and evidence of the availability of all equity and other sources of funds for full funding to completion. The deposit is payable in instalments upon achieving specific milestones, permits, and approvals related to Project advancement and construction.

- **Gold Deliveries:** The Syndicate will receive an amount in reference to 20% of the recovered gold in concentrate from Cascabel until 750,000 ounces of gold have been provided, after which the percentage will reduce to 12% for the life of the mine. The Agreement only applies to the gold produced from the Cascabel concession. Any production from other properties owned by SolGold that is not processed through the Project mill or infrastructure is not subject to the Agreement.
- **Production Payments:** The Syndicate will make ongoing production payments to SolGold equivalent to 20% of the spot gold price at the time for each ounce of gold delivered to the Syndicate under the Agreement.
- **Change of Control Provisions:** The Agreement includes a staged buyback option upon a change of control transaction, which provides the option to reduce the gold stream by 50% within three years of the closing date of the Agreement and 33.33% thereafter until the fifth anniversary of the closing date of the Agreement.
- **Loan Repayment:** The previously disclosed US\$10 million loan with [Franco-Nevada Corp.](#), maturing on 19 July 2024, will be repaid from proceeds from the first tranche of the Initial Deposit.

Next Steps

SolGold plans to initiate the next phase of Project advancement immediately, focusing on geotechnical drilling of the tailings storage facility, additional metallurgical testing, reserves definition at the Tandayama-América deposit, hydroelectric power opportunities, plant location, and mine site design and layout, as well as securing necessary land access rights for infrastructure and commencing work on the FS. Throughout this period, SolGold will work closely with Franco-Nevada and Osisko to meet all agreed milestones and ensure timely disbursements of funds to SolGold.

Additional Financing Sources

SolGold management continues to review additional funding options for Project development to fully fund the US\$1.55 billion required for the Cascabel Project. These options may include, but are not limited to, funding from international development banks and off-take agreements with smelting companies.

Economic Impact, Community Engagement, and Government Support

The Cascabel Project represents the most significant investment in Ecuador's mining history. It is expected to generate substantial economic benefits, employment, and economic opportunities both on the Project and downstream. The Ecuadorian government has shown strong support for the Cascabel Project, recognising its potential to significantly boost the Ecuadorian economy. The government's commitment to creating a favorable investment environment has been crucial in advancing this historic investment.

SolGold is committed to sustainable development and will continue to engage with local communities to ensure the Project delivers long-term positive impacts. The support from the Ecuadorian government and the ongoing engagement with local communities are essential components of the Project's success and its positive contribution to the region.

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

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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.

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 environmental impact.

SolGold is listed on the London Stock Exchange and Toronto Stock Exchange (LSE/TSX: SOLG).

See www.solgold.com.au for more information. Follow us on "X" @SolGold plc

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News releases, presentations and public commentary made by SolGold plc (the "Company") and its Officers may contain certain statements and expressions of belief, expectation or opinion which are forward looking statements, and which relate, inter alia, to interpretations of exploration results to date and the Company's proposed strategy, plans and objectives or to the expectations or intentions of the Company's Directors, including the plan for developing the Project currently being studied as well as the expectations of the Company as to the forward price of copper. Such forward-looking and interpretative statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Company that could cause the actual performance or achievements of the Company 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 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". 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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SEDAR+ at www.sedarplus.ca. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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.

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 Alpala porphyry copper-gold deposit at its Cascabel project to represent intersections of a World Class deposit on the basis of comparisons with other drilling intersections from World Class deposits, some of which have become, or are becoming, producing mines and on the basis of available independent opinions which may be referenced to define the term "World Class" (or "Tier 1").

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 (1Singer and Menzie, 2010; 2Schodde, 2006; 3Schodde and Hronsky, 2006; 4Singer, 1995; 5Laznicka, 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 US\$1billion.

The Company cautions that the Cascabel Project remains an early-stage project at this time and there is inherent uncertainty relating to any project at prior to the determination of pre-feasibility study and/or defined feasibility study.

On this basis, reference to the Cascabel Project as "World Class" (or "Tier 1") is considered to be appropriate.

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