



22 December 2017

**SolGold plc**  
("SolGold" or the "Company")

## **Cascabel Exploration Update**

**Assay results show continued growth along the Alpala trend.**

**Cascabel drilling fleet expands to 12 diamond drill rigs.**

**Maiden Mineral Resource Estimate nearing completion.**

The Board of SolGold (LSE and TSX code: SOLG) is pleased to provide an update on current drilling at the Cascabel Project, the Company's 85% owned copper-gold porphyry project in Ecuador.

### **HIGHLIGHTS:**

- **Hole 26-D2 (Alpala NW) returned 453.7m @ 0.53 % CuEq (open-ended), incl. 229.7m @ 0.75 % CuEq. Hole 26-D2 ended in mineralisation at 1333.65m due to reaching limits of drilling capabilities in that hole.**
- **Hole 26-D3 (Alpala NW) intersected approximately 1136m of visible mineralisation (936-2072m), and ended in mineralisation due to limit of drilling capabilities. Assay results are pending.**
- **Hole 29-D2 (Alpala East) returned 484m @ 0.49 % CuEq, incl. 146m @ 0.74 % CuEq.**
- **Hole 30 (Alpala Central) returned 772m @ 0.62 % CuEq, incl. 500m @ 0.71 % CuEq.**
- **Hole 33 (Alpala Central) intersected approximately 977m of visible mineralisation (585-1562m). Assay results are pending.**
- **Cascabel drilling fleet currently 11 drill rigs and expanding to 12 drills. Rig 12, large track mounted drilling rig arriving in the last week of December 2017.**
- **The independent consultants are in the process of finalising their report into the Maiden Mineral Resource Statement for Alpala, and the Company expects to make an announcement shortly.**

### **FURTHER INFORMATION:**

SolGold has completed over 63,000m of diamond drilling at Alpala (**Figure 1**). Over 120,000m of drilling is planned for 2018. SolGold has drill tested 5 of 15 copper-gold targets delineated in the 50km<sup>2</sup> tenement with a focus on Alpala. The remainder of the targets are scheduled for testing in 2018, subject to ongoing technical assessment, following completion of the Alpala maiden Mineral Resource Estimate which is planned for release shortly, and completion of ground magnetic modelling and Spartan Orion deep IP surveys.

Recent assay results received from ALS Laboratories in Lima, Peru for drilling at Alpala returned the following results (**Table 1**). Detailed summary of the progress of current drill holes at Alpala are shown below (**Table 2**).

Hole ID	DepthFrom m	DepthTo m	Interval m	Cu %	Au g/t	CuEq %	Cut-off (CuEq%)	m% (CuEq)	Comment
<b>CSD-17-026-D2</b>	880	1333.65	<b>453.65</b>	<b>0.40</b>	<b>0.20</b>	<b>0.53</b>	0.10	240.4	bulk halo, open ended
CSD-17-026-D2	974	1333.65	<b>359.65</b>	<b>0.46</b>	<b>0.23</b>	<b>0.60</b>	0.30	215.8	open ended
CSD-17-026-D2	1104	1333.65	<b>229.65</b>	<b>0.56</b>	<b>0.31</b>	<b>0.75</b>	0.50	172.2	open ended
CSD-17-026-D2	1262	1333.65	<b>71.65</b>	<b>0.61</b>	<b>0.46</b>	<b>0.90</b>	0.70	64.5	open ended
<b>CSD-17-029-D2</b>	1148	1632	<b>484</b>	<b>0.36</b>	<b>0.20</b>	<b>0.49</b>	0.30	237.2	bulk halo
CSD-17-029-D2	1184	1330	<b>146</b>	<b>0.51</b>	<b>0.37</b>	<b>0.74</b>	0.50	108.0	
<b>CSD-17-030</b>	532	1304	<b>772</b>	<b>0.48</b>	<b>0.22</b>	<b>0.62</b>	0.30	478.6	bulk halo
CSD-17-030	606	1292	<b>686</b>	<b>0.50</b>	<b>0.22</b>	<b>0.64</b>	0.40	439.0	
CSD-17-030	658	1158	<b>500</b>	<b>0.55</b>	<b>0.25</b>	<b>0.71</b>	0.50	355.0	
CSD-17-030	904	1048	<b>144</b>	<b>0.72</b>	<b>0.33</b>	<b>0.93</b>	0.70	133.9	
<b>CSD-17-030-D1</b>	532	1074	<b>542</b>	<b>0.37</b>	<b>0.22</b>	<b>0.51</b>	0.20	276.4	
CSD-17-030-D1	532	784	<b>252</b>	<b>0.44</b>	<b>0.31</b>	<b>0.64</b>	0.30	161.3	
CSD-17-030-D1	622	782	<b>160</b>	<b>0.53</b>	<b>0.30</b>	<b>0.72</b>	0.50	115.2	
<b>CSD-17-031</b>	1050	1349.8	<b>299.8</b>	<b>0.27</b>	<b>0.10</b>	<b>0.33</b>	0.20	98.9	
CSD-17-031	1210	1342	<b>132</b>	<b>0.38</b>	<b>0.16</b>	<b>0.48</b>	0.30	63.4	
<b>CSD-17-031-D1</b>	1160	1386	<b>226</b>	<b>0.28</b>	<b>0.09</b>	<b>0.34</b>	0.30	76.8	
CSD-17-031-D1	1252	1372	<b>120</b>	<b>0.31</b>	<b>0.11</b>	<b>0.38</b>	0.40	45.6	
<b>CSD-17-032</b>	952	1436	<b>484</b>	<b>0.28</b>	<b>0.10</b>	<b>0.34</b>	0.20	164.6	
CSD-17-032	1116	1214.22	<b>98.22</b>	<b>0.32</b>	<b>0.09</b>	<b>0.37</b>	na	36.3	

**Data Aggregation Method:** Intercepts reported using copper equivalent cutoff grades with up to 10m internal dilution, excluding bridging to a single sample. Minimum intersection length 50m. Gold Conversion Factor of 0.63 calculated from a copper price of US\$3.00/lb and a gold price US\$1300/oz. True widths of downhole interval lengths are estimated to be approximately 25% to 50%.

**Table 1:** Recent assay results from drilling at Alcala.

Hole ID	Rig #	Status	Start Depth	Current Depth	Planned Depth	Visual Intercept	True Width (30-50%)	Target
<b>CSD-17-026-D3</b>	<b>4</b>	Results pending	763.00	<b>2177.40</b>	2100	1136	284-568m	Alcala NW
<b>CSD-17-029</b>	<b>5</b>	In Progress	0.00	<b>1023.73</b>	1800	In Progress	In Progress	Deep Alcala East
<b>CSD-17-029-D3</b>	<b>5</b>	Results pending	914.40	<b>1645.01</b>	1720	243	61-122m	Alcala East
<b>CSD-17-032-D1</b>	<b>2</b>	Results pending	1223.75	<b>1626.55</b>	1900	65	16-33m	Alcala East and SE
<b>CSD-17-032-D2</b>	<b>2</b>	In Progress	449.85	<b>503.96</b>	1950	In Progress	In Progress	Alcala East
<b>CSD-17-033</b>	<b>6</b>	Results pending	0.00	<b>1626.33</b>	1400	977	244-489m	Alcala Central western edge towards surface
<b>CSD-17-033-D1</b>	<b>7</b>	In Progress	320.30	<b>831.00</b>	1150	In Progress	In Progress	Alcala Central western edge towards surface
<b>CSD-17-034</b>	<b>7</b>	In Progress	0.00	<b>1717.95</b>	1850	65	16-33m	Alcala West and Carmen
<b>CSD-17-035</b>	<b>1</b>	In Progress	0.00	<b>767.00</b>	2400	In Progress	In Progress	Alcala SE
<b>CSD-17-036</b>	<b>8</b>	In Progress	0.00	<b>624.32</b>	1650	In Progress	In Progress	Alcala NW
<b>CSD-17-037</b>	<b>9</b>	In Progress	0.00	<b>680.00</b>	2300	In Progress	In Progress	Alcala NW
<b>CSD-17-038</b>	<b>10</b>	In Progress	0.00	<b>720.00</b>	2100	In Progress	In Progress	Alcala East
<b>CSD-17-039</b>	<b>3</b>	In Progress	0.00	<b>156.30</b>	1700	In Progress	In Progress	Alcala SE
<b>Rig Move</b>	<b>4</b>	In Progress	0.00	<b>0.00</b>	1800	In Progress	In Progress	Alcala SE
<b>Rig Move</b>	<b>11</b>	In Progress	0.00	<b>0.00</b>	1800	In Progress	In Progress	Alcala East
<b>Mobilising</b>	<b>12</b>	In Progress	0.00	<b>0.00</b>	2700	In Progress	In Progress	Alcala NW and Trivinio

\* Completed Drill Hole, \*Hole In Progress (red text), \*True widths of downhole interval lengths are estimated to be approximately 25% to 50%.

**Table 2:** Progress of current drill holes at Alcala.



Hole **26-D2** (Alpala NW) returned 453.7m @ 0.53 % CuEq (open-ended), incl. 229.7m @ 0.75 % CuEq. Hole 26-D2 ended in mineralisation at 1333.65m, due to reaching limits of drilling capabilities in that hole.

Hole **26-D3** (Alpala NW) intersected approximately 1136m of visible mineralisation (936-2072m), and ended in mineralisation due to limit of drilling capabilities. Assay results are pending. Hole 26-D3 confirms major extension to the northwest, along the Alpala trend, and represents the deepest strongly mineralised, open ended intercept on the project to date.

Hole **29-D2** (Alpala East) returned 484m @ 0.49 % CuEq, incl. 146m @ 0.74 % CuEq. Hole **29-D3** (Alpala East) intersected approximately 243m of visible mineralisation (949-1192m). Assay results are pending.

Holes 29-D2, and 29-D3 confirm the potential for further extensions of the Alpala deposit, deeper and to the east. Parent Hole **29**, currently underway, is planned to test deep at Alpala East target, along the deeper, open eastern edge of the deposit.

Hole **30** (Alpala Central) returned 772m @ 0.62 % CuEq, incl. 500m @ 0.71 % CuEq, representing a 120m extension of the deposit towards the south. Hole **30-D1** returned 542m @ 0.51 % CuEq, including 252m @ 0.64 % CuEq, extending the Alpala Central deposit approximately 120m towards surface. Further drilling with Rig 1 is expected to further extend the deposit towards surface along the open western edge of the deposit.

Hole **31** (Alpala SE) returned 299.8m @ 0.33 % CuEq, incl. 132m @ 0.48 % CuEq. Hole **31-D1** (Alpala SE) returned 226m @ 0.34 % CuEq, incl. 120m @ 0.38 % CuEq. Further drilling with Rig 3 will target extensions to the Alpala SE mineralisation southeast of Holes 24 and 24-D1.

Hole **32** (Alpala East) returned 484m @ 0.34 % CuEq, incl. 98.2m @ 0.37 CuEq. Hole 32-D1 intersected approximately 65m of visible mineralisation (1270-1335m). Assay results are pending.

Hole **33** (Alpala Central) intersected approximately 977m of visible mineralisation (585-1562m). Assay results are pending. Hole **33-D1** (Alpala Central) has intersected approximately 208m of visible mineralisation thus far (617-825m). Drilling continues.

Hole **34** (Alpala West) intersected approximately 65m of visible mineralisation (395-457m). Assay results are pending. Hole 34 passed over the top of the Alpala trend, and confirmed mineralisation approximately 250m northwest of hole 13, extending the known strike length of the Alpala Deposit to approximately 1500m.

Drill holes 35, 36, 37, 38 and 39 are in progress, and Hole 40 is set to commence following completion of rig move to Alpala SE.

Further drill testing will focus on:

- Extending and infilling the Alpala Central area with Rigs, 1, 6 and 5.
- Expanding the system at Alpala Northwest and Trivinio with Rigs 8,9,10,11, and 12.
- Testing extensions of the system at Alpala Southeast with Rigs 2,3, and 4.
- Testing geochemical and magnetic targets at Alpala West and Carmen with Rig 7.

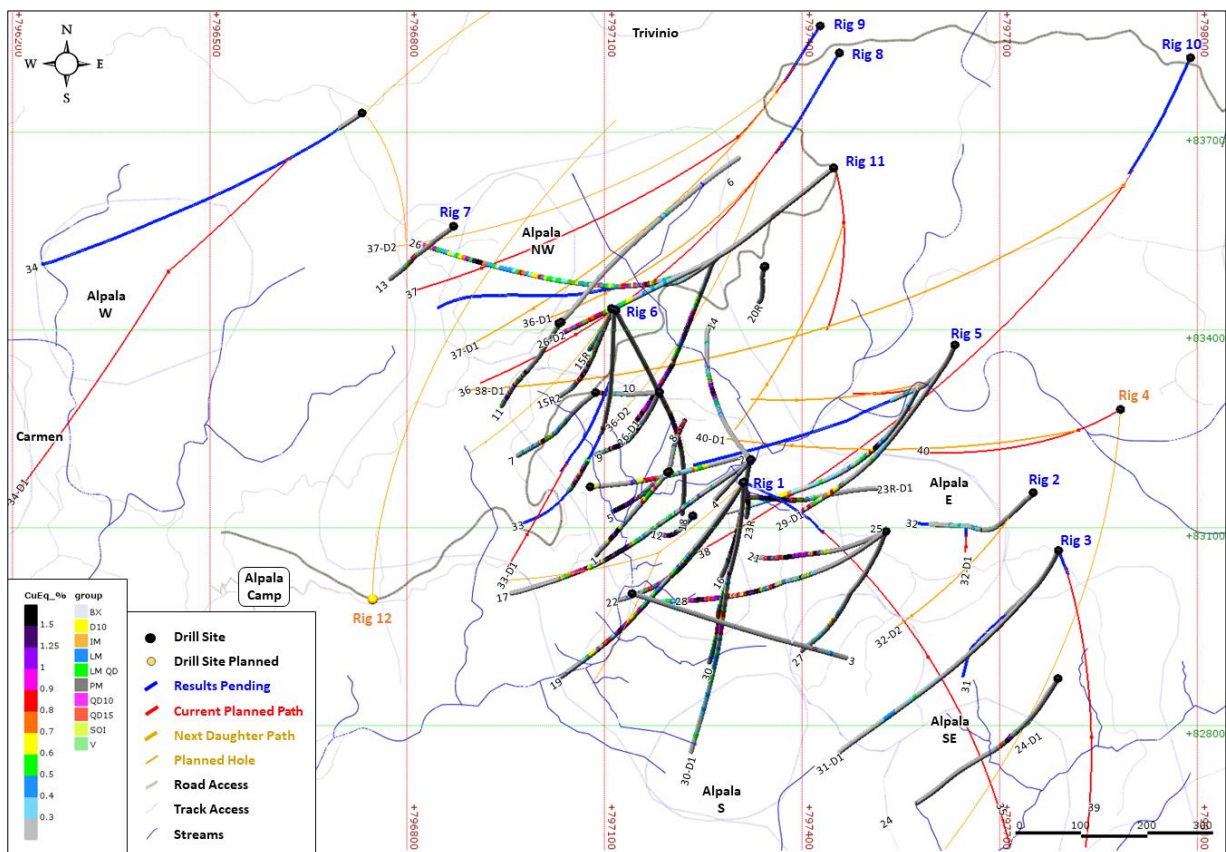
There are currently 11 drilling rigs active at Alpala. The Cascabel drilling fleet will expand to 12 drills with the arrival of a large track mounted drill rig (Rig 12) during the last week of December 2017.

**ABBREVIATIONS USED**

- CuEq – copper equivalent
- Cu – copper
- Au – gold
- m – metres
- incl. - including

**Qualified Person:**

Information in this report relating to the exploration results is based on data reviewed by Mr Nicholas Mather (B.Sc. Hons Geol.), the Chief Executive Officer of the Company. Mr Mather is a Fellow of the Australasian Institute of Mining and Metallurgy who has in excess of 25 years’ experience in mineral exploration and is a Qualified Person under the JORC Code and NI 43-101. Mr Mather supervised the preparation of this release and consents to the inclusion of the information in the form and context in which it appears.



**Figure 1:** Drill hole location plan, showing copper-percent equivalent results to date and the traces of existing and planned drill holes.



## 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.

By order of the Board  
Karl Schlobohm  
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## NOTES TO EDITORS

SolGold is a Brisbane, Australia based, dual LSE and TSX-listed (SOLG on both exchanges) copper gold exploration and future development company with assets in Ecuador, Solomon Islands and Australia. SolGold's primary objective is to discover and define world-class copper-gold deposits. The Board and Management Team have substantial vested interests in the success of the Company as shareholders as well as strong track records in the areas of exploration, mine appraisal and development, investment, finance and law. SolGold's experience is augmented by state of the art geophysical and modelling techniques and the guidance of porphyry copper and gold expert Dr Steve Garwin.

In October 2017, at the Mines and Money Americas Conference in Toronto, SolGold's Nicholas Mather won the award for the CEO of the Year – Exploration, Latin America. SolGold won the Exploration Award for Latin America, and Ecuador won the Country Award for Latin America. Each party then duly won the 2017 award for each respective category on a global basis at London Mines and Money on 30 November 2017.

The Company announced USD54m in capital raisings in September 2016 involving Maxit Capital LP, Newcrest International Ltd and DGR Global Ltd, and a USD41.2m raising in June of 2017 largely from Newcrest International with USD1.2m raised from Ecuadorean investors. All of these raisings were undertaken at substantial premiums to previous raisings. In November 2017 SolGold raised a further £45m at 25p per share, placed with institutions and Newcrest pursuant to their anti-dilution rights. SolGold currently has circa USD110m in available cash to continue the exploration and appraisal of its flagship Cascabel Project, and with which to conduct regional exploration programs on its 77 other 100%-owned projects in its wholly owned subsidiary companies.



Mr Craig Jones joined the SolGold Board on 3 March 2017, nominated to the Board of SolGold by Newcrest Mining, now a 14.54% shareholder in SolGold. Mr Jones is a Mechanical Engineer and is currently the Executive General Manager Wafi-Golpu (Newcrest-Harmony MMJV). He has held various senior management and executive roles within the Newcrest Group, including General Manager Projects, General Manager Cadia Valley Operations, Executive General Manager Projects and Asset Management, Executive General Manager Australian and Indonesian Operations, Executive General Manager Australian Operations and Projects, and Executive General Manager Cadia and Morobe Mining Joint Venture. Prior to joining Newcrest, Mr Jones worked for Rio Tinto.

Cascabel, SolGold's 85% owned "World Class" (Refer [www.solgold.com.au/cautionary-notice/](http://www.solgold.com.au/cautionary-notice/)) flagship copper-gold porphyry project, is located in northern Ecuador on the under-explored northern section of the richly endowed Andean Copper Belt. SolGold owns 85% of Exploraciones Novomining S.A. ("ENSA") and approximately 5% of TSX-V-listed Cornerstone Capital Resources ("Cornerstone"), which holds the remaining 15% of ENSA, the Ecuadorian registered company which holds 100% of the Cascabel concession. Subject to the terms of existing agreements, Cornerstone is debt financed by SolGold for its share of costs to completion of a Feasibility Study ("Financing Option").

In terms of repayment, SolGold shall receive 90% of Cornerstone's share of earnings or dividends from ENSA or the Tenement to which Cornerstone would otherwise be entitled until such time as the amounts so received equal the aggregate amount of expenditures incurred by SolGold that, but for the Financing Option, would have been payable by Cornerstone, plus interest thereon from the dates such expenditures were incurred at a rate per annum equal to LIBOR plus 2 per cent until such time as SolGold is fully reimbursed.

The investments by Newcrest for 14.54% of SolGold endorses Ecuador as an exploration and mining destination, the management team at SolGold, the dimension, size and scale of the growing Alpala deposit, and the prospectivity of Cascabel and its multiple targets. The gold endowment, location, infrastructure, logistics are important competitive advantages offered by the project.

To date SolGold has completed geological mapping, soil sampling, rock saw channel sampling, geochemical and spectral alteration mapping over 25km<sup>2</sup>, along with an additional 9km<sup>2</sup> of Induced Polarisation and 14km<sup>2</sup> Magnetotelluric "Orion" surveys over the Alpala cluster and other targets at Aguinaga, Parambas, Tandayama-America, Moran and Chinambicito.

SolGold has completed over 63,000m of drilling and expended over USD69M in Ecuador, which includes Cascabel exploration, regional exploration, corporate costs and investments into Cornerstone. This has been accomplished with a workforce of up to 260 Ecuadorean workers and geoscientists, and 6 expatriate Australian geoscientists. The results of 60 holes drilled (including re-drilled holes, daughter holes and current holes) and assayed to date have produced some of the greatest drill hole intercepts in porphyry copper-gold exploration history, as indicated by Hole 12 (CSD-16-012) returning 1560m grading 0.59% copper and 0.54 g/t gold including, 1044m grading 0.74% copper and 0.54 g/t gold.

The average grade of all metres drilled to date on the project, including non-mineralised intersections, currently stands at 0.31% copper and 0.26 g/t gold. Intensive diamond drilling is planned for the next 12 months with 12 drill rigs expected to be operational by early 2018, targeting over 120,000m of drilling in 2018.



Cascabel is characterised by fifteen (15) identified targets, “World Class” drilling intersections over 1km in length at potentially economic grades, and high copper and gold grades in richer sections, as well as logistic advantages in location, elevation, water supply, proximity to roads, port and power services; and a progressive legislative approach to resource development in Ecuador.

To date, SolGold has drill tested 5 of the 15 targets, being Alpala Northwest, Alpala West, Alpala Central, Hematite Hill, and Alpala Southeast. Currently drill testing of Alpala Northwest, Alpala Central and Alpala Southeast targets is underway, with drill testing of the other priority targets to be considered following the publication of the Company’s maiden resource estimate for Alpala, and the finalisation of further IP surveying and modelling work currently underway.

The Alpala deposit is open in multiple directions and the mineralised corridor marked for drill testing of the greater Alpala cluster occurs over a 2.2km strike length from Trivinio in the northwest to Cristal in the southeast. The mineralised corridor is known to be prospective over approximately 700m width.

High priority targets within the Alpala cluster, at Moran approximately a further 700m to the north of Trivinio, and at Aguinaga approximately 2.3km north east, are closely modelled by 3D MVI magnetic signatures that currently encompass over 10Bt of magnetic rock. Based on a strong spatial and genetic relationship between copper sulphides and magnetite, this body of magnetic rock is considered to be highly prospective for significant copper and gold mineralisation, and requires drill testing.

SolGold is focussing on extending the dimensions of the Alpala deposit including Alpala Central, Alpala Northwest, Alpala West, Alpala East, Alpala South East, Trivinio, and Carmen, over the coming Quarter. Following completion of a Maiden Resource Estimate and then drill testing the other key targets within the Cascabel concession at Aguinaga, Tandayama-America, Moran, Cristal, Parambas and Chinambicito.

The Company is currently planning further metallurgical testing and completion of an independent Preliminary Economic Assessment and Pre-Feasibility Studies at Cascabel. SolGold is investigating both high tonnage open cut and underground block caving operations, as well as a high grade / low tonnage initial underground development towards the economic development of the copper gold deposit/s at Cascabel.

Drill hole intercepts have been updated to reflect current commodity prices, using a data aggregation method, defined by copper equivalent cut-off grades and reported with up to 10m internal dilution, excluding bridging to a single sample. Copper equivalent grades are calculated using a gold conversion factor of 0.63, determined using an updated copper price of USD3.00/pound and an updated gold price of USD1300/ounce. True widths of down hole intersections are estimated to be approximately 25-50%.

Following a comprehensive review of the geology and prospectivity of Ecuador, SolGold and its subsidiaries have several applications for additional exploration licences in Ecuador over a number of promising porphyry copper gold targets throughout the Country.



SolGold, through its 4 subsidiary companies, has 100% ownership of 77 granted concessions throughout Ecuador. Each subsidiary company has technical teams, led by experienced senior geologists, on the ground prospecting granted tenements and collecting baseline data, whilst regional geophysics surveys are being planned. Significant copper occurrences have been identified at numerous projects to date, including La Hueca, Machos, Rio Armarillo, Sharug, Porvenir and Timbara.

In Queensland, Australia the Company is evaluating the future exploration plans for the Mt Perry, Rannes and Normanby projects, with drill testing of the Normanby project planned for the coming quarter. Joint venture agreements are being investigated for a joint venture partner to commit funds and carry out exploration to earn an interest in the tenements.

SolGold retains interests in its original theatre of operations, Solomon Islands in the South West Pacific, where the 100% owned, but as yet undrilled, Kuma prospect on the island of Guadalcanal exhibits surface lithocap characteristics which are traditionally indicative of a large metal rich copper gold intrusive porphyry system. SolGold intends in the future to apply intellectual property and experience developed in Ecuador to target additional "World Class" copper gold porphyries at Kuma and other targets in Ecuador and the Solomon Islands.

SolGold is based in Brisbane, Queensland, Australia. The Company is listed on the LSE and TSX, with both exchanges using the ticker code: SOLG, and currently has on issue a total of 1,696,245,686 fully-paid ordinary shares, 31,795,884 share options exercisable at 28p; 9,795,884 share options exercisable at 14p and 46,762,000 share options exercisable at 60p.

#### **CAUTIONARY NOTICE**

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. 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" within the meaning of applicable Canadian securities legislation. 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". 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 Company 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 prices of mineral prices; accidents, labour disputes and shortages and other risks of the mining industry. Although the Company has 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. 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, and where possible aims to circulate all available material on its website.

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 growing 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 tabulated in **Table 1**, 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 (1) Singer and Menzie, 2010; (2) Schodde, 2006; (3) Schodde and Hronsky, 2006; (4) Singer, 1995; (5) Laznicka, 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 USD 1 Billion.

The Company cautions that the Cascabel Project remains an early exploration stage project at this time. Despite the relatively high copper and gold grades over long intersections and broad areas, and widespread surface mineralization discovered at the Cascabel Project to date, much of which has still not yet been drill tested, the Company has yet to prepare an initial mineral resource estimate at the Cascabel Project and any development or mining potential for the project remains speculative. There is inherent uncertainty relating to any project at an exploration stage, prior to the determination of a mineral resource estimate, preliminary economic assessment, pre-feasibility study and/or feasibility study. There is no certainty that future results will yield the results seen to date or that the project will continue to be considered to contain a "World Class" deposit. Accordingly, past exploration results may not be predictive of future exploration results.

From the drilling results at the growing Alpala Porphyry Copper Gold Deposit (only) within the Cascabel Project, the Company considers the deposit to have significant resource potential and the data gathered has provided the basis for the estimation of an exploration target over the area drilled



to date. Initial 3D modelling and grade shell interpolants have outlined an approximate exploration target at Alpala that ranges from 729Mt at 1.06% copper equivalent, using a cut-off grade of 0.4% copper equivalent, to 969Mt at 0.92% copper equivalent, using a cut-off grade of 0.3% copper equivalent. These estimates equate to an endowment of between 7.7-8.9Mt of contained copper equivalent (**Figure A**).

Copper equivalent grades used are calculated using a gold conversion factor of 0.63, determined using a copper price of USD 3.00/pound and a gold price of USD 1300/ounce. Drill hole intercepts are calculated using a data aggregation method, defined by copper equivalent cut-off grades and reported with up to 10m internal dilution, excluding bridging to a single sample. True widths of down hole intersections are estimated to be approximately 25-50%.

The Company cautions that the potential quantity and grade ranges (exploration target) disclosed above for the Alpala Porphyry Copper Gold Deposit within the Cascabel Project is conceptual in nature, and there has been insufficient exploration to define a mineral resource, and the Company is uncertain if further exploration will result in the exploration target being delineated within a mineral resource estimate.

On this basis, the reference to the Cascabel Project as "World Class" (or "Tier 1") is considered to be appropriate. Examples of global copper and gold discoveries since 2006 that are generally considered to be "World Class" are summarised in **Table 2**.

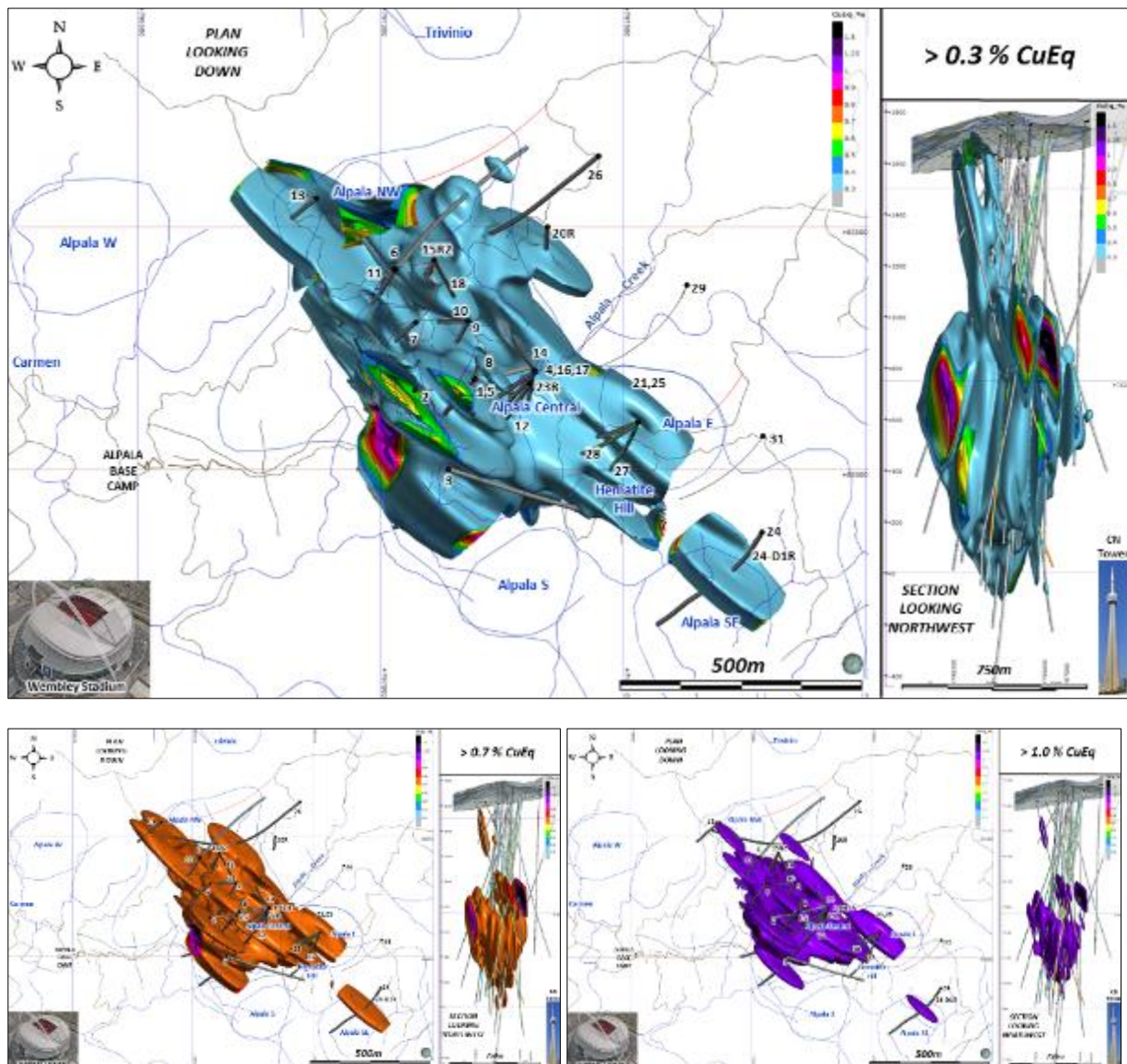
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Rank	Operator	Property	Location	Interval (m)	Cu (%)	Au (g/t)	Cu.Eq (%)	m% CuEq
1	Anglo American	Los Sulphatos	Central Chile	717.0	3.60	0.00	3.60	2581
2	Codelco	Chilean Giants	Northern Chile	unknown	unknown	unknown	unknown	2500
3	Kennecott	Bingham Canyon	Utah, USA	unknown	unknown	unknown	unknown	2500
4	Newcrest Mining	Wafi-Golpu	Papua New Guinea	1421.5	1.14	0.64	1.54	2195
5	Newcrest Mining	Wafi-Golpu	Papua New Guinea	943.5	1.44	1.28	2.25	2122
6	Imperial Metals	Red Chris	BC, Canada	1024.0	1.01	1.26	1.81	1850
7	Anglo Gold Ashanti	Nuevo Chaquiri	Colombia	810.0	1.65	0.78	2.14	1736
8	Freeport McMoran	Grasberg	Irian Jaya	591.0	1.70	1.80	2.84	1677
9	Ivanhoe Mines	Oyu Tolgoi	Southern Mongolia	326.0	3.77	1.23	4.55	1482
10	SolGold Plc	Cascabel - Hole 12	Ecuador	1560.0	0.59	0.54	0.93	1455
11	SolGold Plc	Cascabel - Hole 9	Ecuador	1197.4	0.63	0.83	1.16	1385
12	Exeter Resources	Caspiche	Northern Chile	1214.0	0.90	0.33	1.11	1346
13	SolGold Plc	Cascabel - Hole 5	Ecuador	1358.0	0.61	0.53	0.94	1279
14	Metallica	El Morro, La Fortuna	Chile	780.0	0.84	1.24	1.62	1266
15	SolGold Plc	Cascabel - Hole 16	Ecuador	936.0	0.75	0.95	1.35	1266
16	Anglo American	Los Sulphatos	Central Chile	990.0	1.26	0.00	1.26	1247
17	Ivanhoe Mines	Oyu Tolgoi	Southern Mongolia	476.0	2.16	0.67	2.58	1230
18	SolGold Plc	Cascabel - Hole 23R	Ecuador	1030.0	0.59	0.90	1.16	1195
19	Metallica	El Morro, La Fortuna	Chile	758.0	0.93	0.99	1.56	1179
20	Newcrest	Cadia Ridgeway	NSW, Australia	341.0	0.93	3.86	3.37	1149
21	Ivanhoe Mines	Hugo Dummet	Southern Mongolia	302.0	3.11	0.98	3.73	1126
22	Ivanhoe Mines	Oyu Tolgoi	Southern Mongolia	422.0	2.48	0.21	2.61	1103
23	Imperial Metals	Red Chris	Canada	1135.0	0.50	0.59	0.87	991
24	Exeter Resources	Caspiche	Northern Chile	1058.0	0.70	0.35	0.92	975
25	SolGold Plc	Cascabel - Hole 15R2	Ecuador	1402.0	0.48	0.34	0.69	974
26	Exeter Resources	Caspiche	Northern Chile	792.5	0.96	0.40	1.21	961
27	Imperial Metals	Red Chris	BC, Canada	716.3	0.79	0.74	1.26	901
28	Nevsun	Timok	Serbia	798.0	0.80	0.22	1.11	886
29	SolGold Plc	Cascabel - Hole 17	Ecuador	954.0	0.60	0.52	0.93	884
30	SolGold Plc	Cascabel - Hole 21	Ecuador	946.0	0.67	0.39	0.92	872
31	Metallica	El Morro, La Fortuna	Chile	820.0	0.59	0.73	1.05	862
32	SolGold Plc	Cascabel - Hole 19	Ecuador	1344.0	0.44	0.28	0.62	829
33	SolGold Plc	Cascabel - Hole 18	Ecuador	864.0	0.57	0.61	0.96	825
34	Seabridge Gold Inc.	KSM	Canada	1023.4	0.24	0.77	0.73	744

**NOTES:** \*Gold Conversion Factor of 0.63 calculated from a copper price of US\$3.00/lb and a gold price US\$1300/oz. True widths of downhole interval lengths are estimated to be approximately 25% to 50%. **Sources:** peer review, [snl.com](http://snl.com), various company releases & broker reports, [intierra.com](http://intierra.com),

**Table 1:** Globally significant drilling results for copper and gold deposits. This table has been reviewed by Mr James Gilbertson of SRK Exploration Services Ltd., the Company's independent consultant and "Qualified Person", and does not purport to be exhaustive.



**Figure A:** Exploration target over the area drilled to date. Initial 3D modelling and grade shell interpolants have outlined an approximate exploration target at Alpala that ranges from 729Mt at 1.06% copper equivalent, using a cut-off grade of 0.4% copper equivalent, to 969Mt at 0.92% copper equivalent, using a cut-off grade of 0.3% copper equivalent. These estimates equate to an endowment of between 7.7-8.9Mt of contained copper equivalent. Low-tonnage, very high-grade Exploration Targets also exist at elevated cut-off grades of 0.7% and 1.0% copper equivalent (Lower Insets).

Deposit Name	Discovery Year	Major Metals	Country	Current Status	Mining_Style	Inventory
LA COLOSA	2006	Au,Cu	Colombia	Feasibility - New project	Open Pit	<sup>1</sup> 469Mt @ 0.95g/t Au; 14.3MOz Au
LOS SULFATOS	2007	Cu,Mo	Chile	Advanced Exploration	Underground	<sup>2</sup> 1.2Bt @ 1.46% Cu and 0.02% Mo; 17.5Mt Cu
BRUCEJACK	2008	Au	Canada	Development/Construction	Open Pit	<sup>3</sup> 15.6Mt @ 16.1 g/t Au; 8.1Moz Au
KAMOA-KAKULA	2008	Cu,Co,Zn	Congo (DRC)	Feasibility - New project	Open Pit & U/ground	<sup>4</sup> 1.34Bt @ 2.72% Cu; 36.5 Mt Cu
GOLPU	2009	Cu,Au	PNG	Feasibility - New project	Underground	<sup>5</sup> 820Mt @ 1.0% Cu, 0.70g/t Au; 8.2Mt Cu, 18.5Moz Au
COTE	2010	Au,Cu	Canada	Feasibility Study	Open Pit	<sup>6</sup> 289Mt @ 0.90 g/t Au; 8.4MOz Au
HAIYU	2011	Au	China	Development/Construction	Underground	<sup>7</sup> 15Moz Au
RED HILL-GOLD RUSH	2011	Au	United States	Feasibility Study	Open Pit & U/ground	<sup>8</sup> 47.6Mt @ 4.56g/t Au; 7.0MOz Au
XILING	2016	Au	China	Advanced Exploration	Underground	<sup>9</sup> 383Mt @ 4.52g/t Au; 55.7MOz Au

*Source: after MinEx Consulting, May 2017*

<sup>1</sup> [Source: http://www.mining-technology.com/projects/la-colosa](http://www.mining-technology.com/projects/la-colosa)

<sup>2</sup> [Source: http://www.angloamerican.com/media/press-releases/2009](http://www.angloamerican.com/media/press-releases/2009)

<sup>3</sup> [Source: http://www.pretivm.com/projects/brucejack/overview/](http://www.pretivm.com/projects/brucejack/overview/)

<sup>4</sup> [Source: https://www.ivanhoeamines.com/projects/kamoa-kakula-project/](https://www.ivanhoeamines.com/projects/kamoa-kakula-project/)

<sup>5</sup> [Source: http://www.newcrest.com.au/media/resource\\_reserves/2016/December\\_2016\\_Resources\\_and\\_Reserves\\_Statement.pdf](http://www.newcrest.com.au/media/resource_reserves/2016/December_2016_Resources_and_Reserves_Statement.pdf)

<sup>6</sup> [Source: http://www.canadianminingjournal.com/news/gold-iamgold-files-cote-project-pea/](http://www.canadianminingjournal.com/news/gold-iamgold-files-cote-project-pea/)

<sup>7</sup> [Source: http://www.zhaojin.com.cn/upload/2015-05-31/580601981.pdf](http://www.zhaojin.com.cn/upload/2015-05-31/580601981.pdf)

<sup>8</sup> [Source: https://mrdata.usgs.gov/sedau/show-sedau.php?rec\\_id=103](https://mrdata.usgs.gov/sedau/show-sedau.php?rec_id=103)

<sup>9</sup> [Source: http://www.chinadaily.com.cn/business/2017-03/29/content\\_28719822.htm](http://www.chinadaily.com.cn/business/2017-03/29/content_28719822.htm)

**Table 2:** Tier 1 global copper and gold discoveries since 2006. This table does not purport to be exhaustive exclusive or definitive.