



10 September 2014

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

**Cascabel Exploration Update**

**Hole 8 Intersects Copper Sulphides above Target Zone, Encouraging  
Metallurgical Tests, Second Drill Rig Ready and Preliminary IP Data Supports  
Geologic Model and Targets.**

The Board of SolGold (AIM code: SOLG) is pleased to provide the following exploration update for the Company's Cascabel copper-gold porphyry project in Ecuador.

**HIGHLIGHTS:**

- **As at 9 September, Hole 8 had reached 606.5m depth. Visible copper sulphide mineralisation commences from 378.2m;**
- **Preliminary resistivity/conductance modelling from IP survey supports geological model and presence of porphyry targets;**
- **Preliminary metallurgical results from rougher flotation testwork show 91-98% recovery of copper and gold;**
- **Second drill rig ready to be mobilised to Cascabel upon completion of IP modelling; and**
- **"Prospects – Stocks to Watch" research note by GMP Securities released and now available in the "Latest News" section of the SolGold website ([www.solgold.com.au](http://www.solgold.com.au)).**

Commenting on the recent results Alan Martin, CEO and Managing Director said:

**"The results are particularly encouraging as they continue to strengthen our confidence in the geologic model for Cascabel. The Company has an arsenal of highly experienced geoscientists at its disposal all with vast experience in porphyry copper-gold exploration."**

Commenting on the preliminary interpretation of the IP survey data, SolGold's independent geophysical expert, Chris Moore, remarked that:

**"Both the C1 and C2 conductors are spatially coincident with the magnetic MVI spire. It is hence probable the causative body generating the north-northwest conductor has high concentrations of magnetite and metallic sulphide. This area should be viewed as highly prospective for porphyry mineralisation."**



## Further Information

### Hole CSD-14-008

Hole CSD-14-008 ("Hole 8") at the Alpala copper-gold porphyry target, the main prospect within the Cascabel concession located in northwest Ecuador (Figure 1) reached a depth of 606.5m at 5pm on Tuesday 9 September, and drilling continues. The drillhole has encountered visible copper sulphide mineralisation from a depth of 378.2m with increasing mineral alteration intensity, indicating increasing proximity to the modelled intrusive copper gold porphyry source. Hole 8 commenced on 15 August and is testing a large magnetic feature modelled by the Magnetic Vector Inversion technique (MVI) (Figure 3). The magnetic feature is present over a northwest extent of 1100m and is at least 500m wide. This feature extends over a vertical dimension of almost 1000m, from a depth of approximately 800m to 1800m, and is supported by an intersection in Hole 5, completed on 21 February 2014. Hole 5 intersected 1306m grading 0.62% Cu and 0.54 g/t Au from a depth of 24m to 1330 metres. This intersection included high grade intervals of 552m grading 1.03% Cu and 1.05 g/t Au from 778m and 258m grading 1.27% Cu and 1.4 g/t Au from 1052m to 1310 metres. The Alpala system to date is considered to be a high grade copper-gold porphyry system as evidenced by the interval from 1096m to 1146m in Hole 5 which yielded 1.80% Cu and 2.26 g/t Au.

### IP Geophysical Survey

SolGold commissioned a 14km<sup>2</sup> Induced Polarisation and Magneto Telluric Resistivity survey over the Alpala prospect and environs to more accurately model alteration, stockwork quartz veining and sulphide content to assist with drillhole targeting. The survey set-up commenced on 18 July and collection of data was completed on 19 August. The three dimensional survey, conducted by Quantec Geophysics (Toronto, Canada) comprised the collection of information from approximately 150,000 data points in a three dimensional grid to a depth of approximately 2000m for resistivity/conductivity data and 800m for chargeability data. The survey was designed to interrogate both the upper clay, pyrite, and silica altered zones above the porphyry system and the porphyry system itself.

At the date of this announcement, processed data has been received from Quantec and preliminary interpretation of the galvanic resistivity survey above 800m has been provided by SolGold's geophysical consultant. The interpretation (Figure 2) shows 8 strongly conductive zones that lie within 3 parallel north-northwest orientated conductive zones to a depth of at least 800 metres. The data shows that the strong conductivity anomalies "C1" and "C2" (Figures 2, 3 and 4) lie above the MVI magnetic spire that is the current principal target. The "C1" conductivity anomaly (Figure 2) lies in the area of current drilling at Central Alpala and overlies the principal magnetic anomaly at Central Alpala, reinforcing that the magnetic anomaly is the locus of core potassic alteration. On section (Figure 3), this magnetic anomaly is about a kilometre wide at a depth 1200m below surface.

SolGold has identified further preliminary conductivity targets to the northwest and southeast of Central Alpala which are now supported by both magnetic and resistivity models.

Further targets are expected to be defined on the southwest and the northeast conductive zones. In addition, the Company expects to define additional targets in the porphyry system by interpreting chargeability data that is still to be finally processed, and magneto telluric resistivity data to a depth of up to 2 kilometres, also yet to be finally processed. Final processing of all IP and magneto-telluric data is expected within the next 2 to 4 weeks.

### Metallurgical Testwork

Preliminary metallurgical results have been received on 3 composite samples from Hole 5 indicating rougher circuit flotation recoveries at grind sizes between 50 and 150 micron of between 91-98% copper and gold.

SolGold continues to investigate optimisation of metallurgical recoveries and further testwork is required on a variety of head grade samples to refine these results.

### Second Drill Rig

The Company has engaged a second drill rig which is ready to be mobilised to Alpala. The rig is expected to be operational by mid October and will be deployed to test targets refined as a result of final IP and resistivity survey interpretations.

### Metallogenic Belts and Magmatic-Hydrothermal Deposits in Ecuador

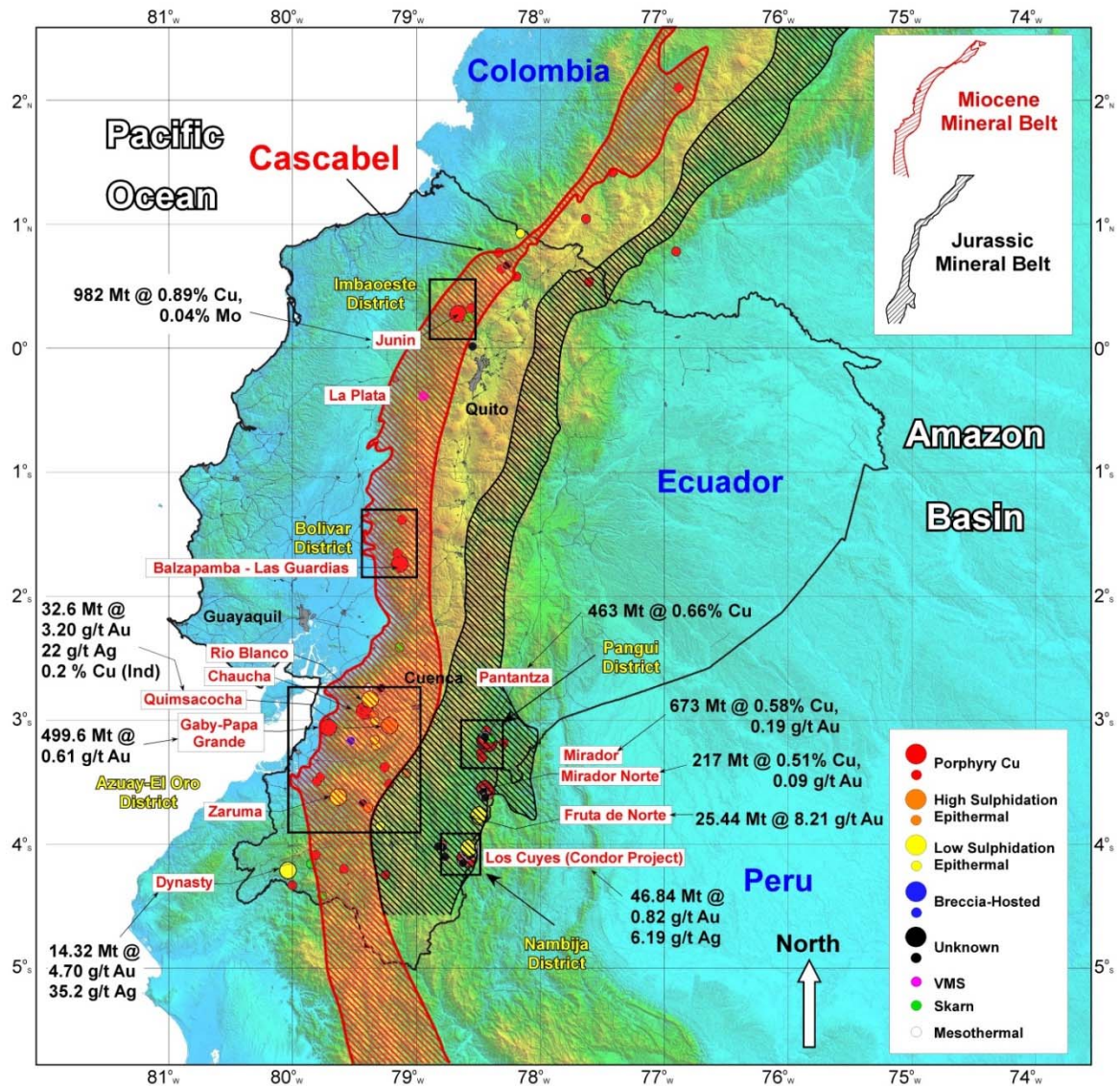
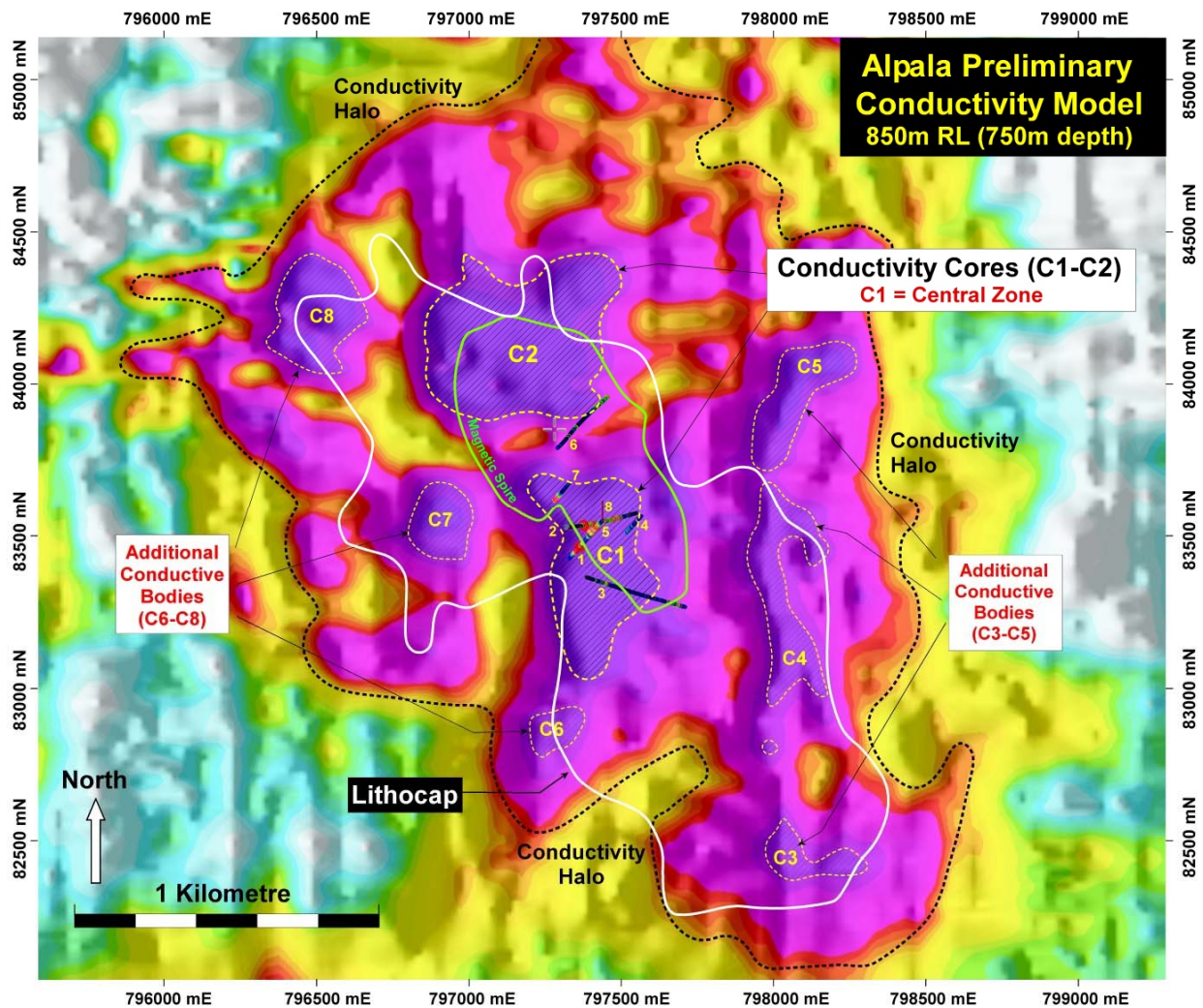
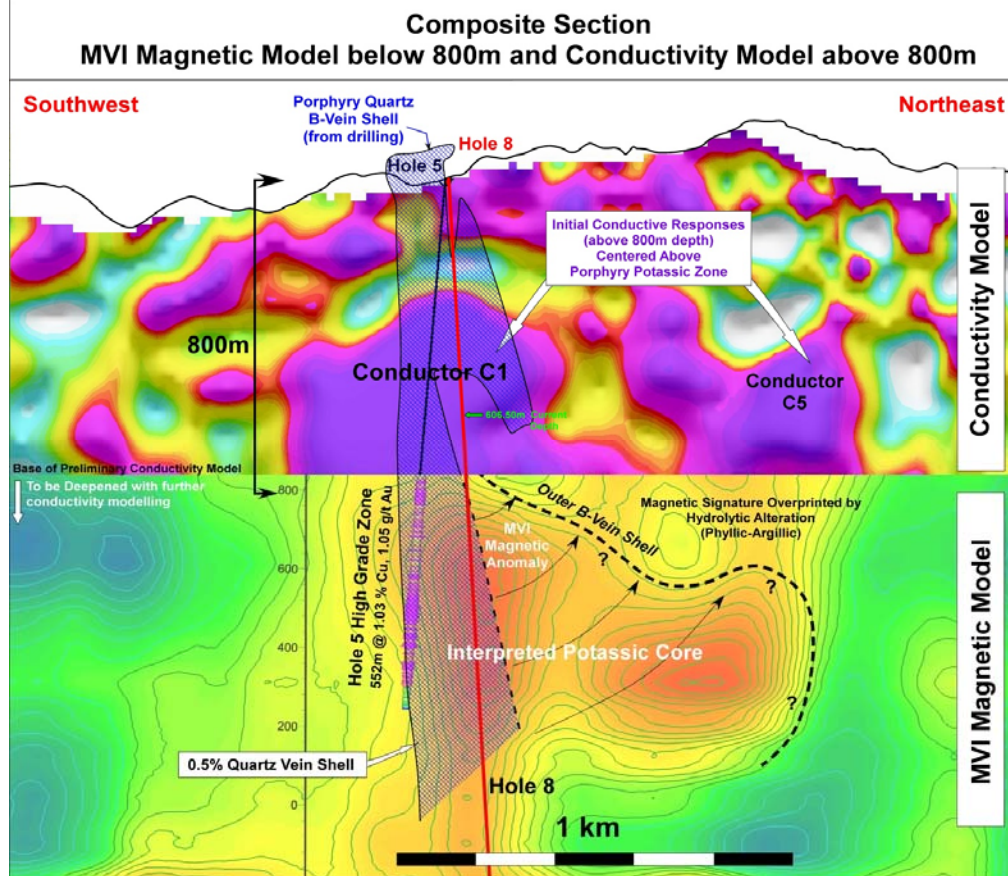
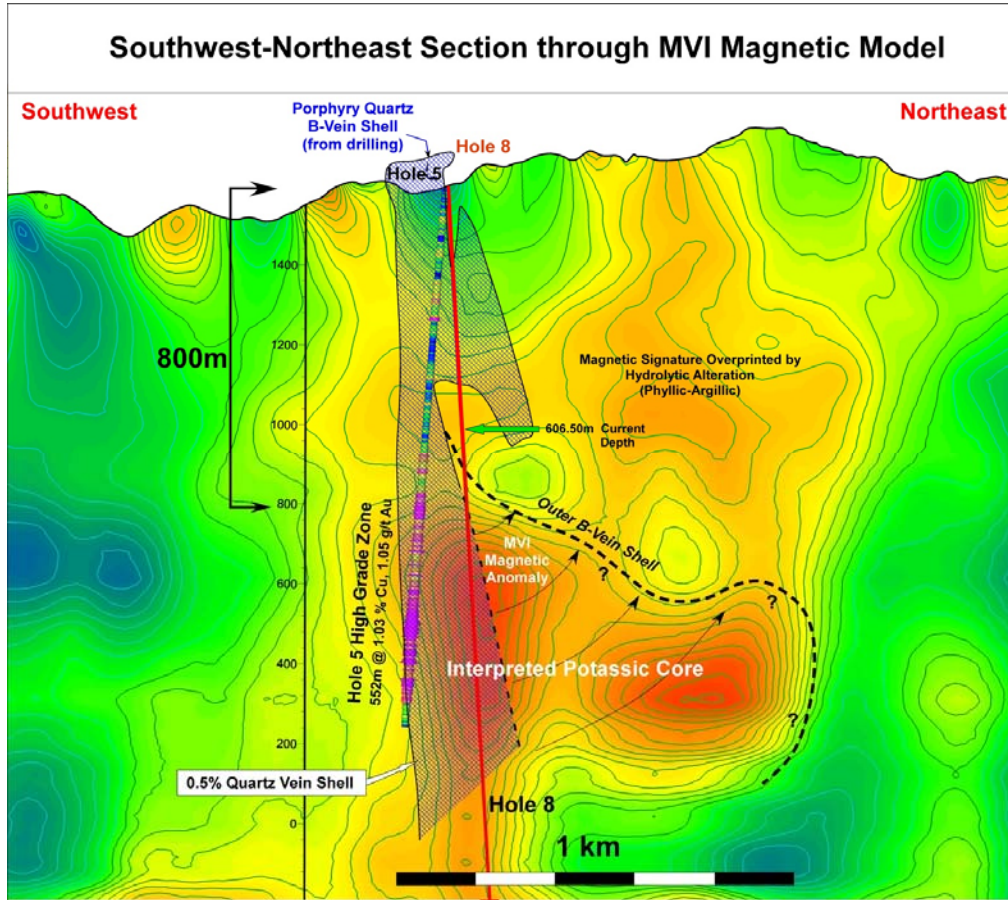


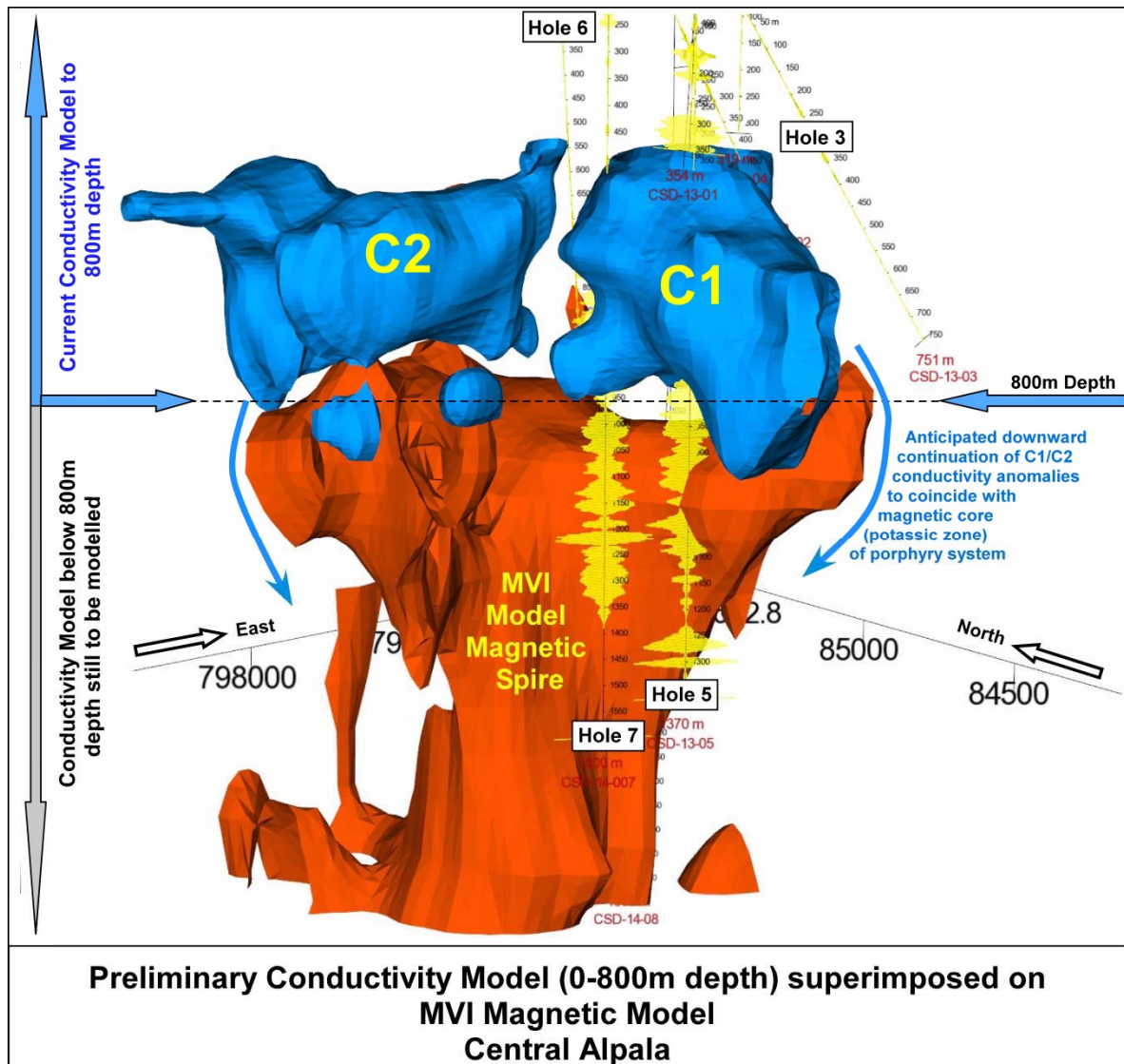
Figure 1: Location of the Cascabel concession in northwest Ecuador.



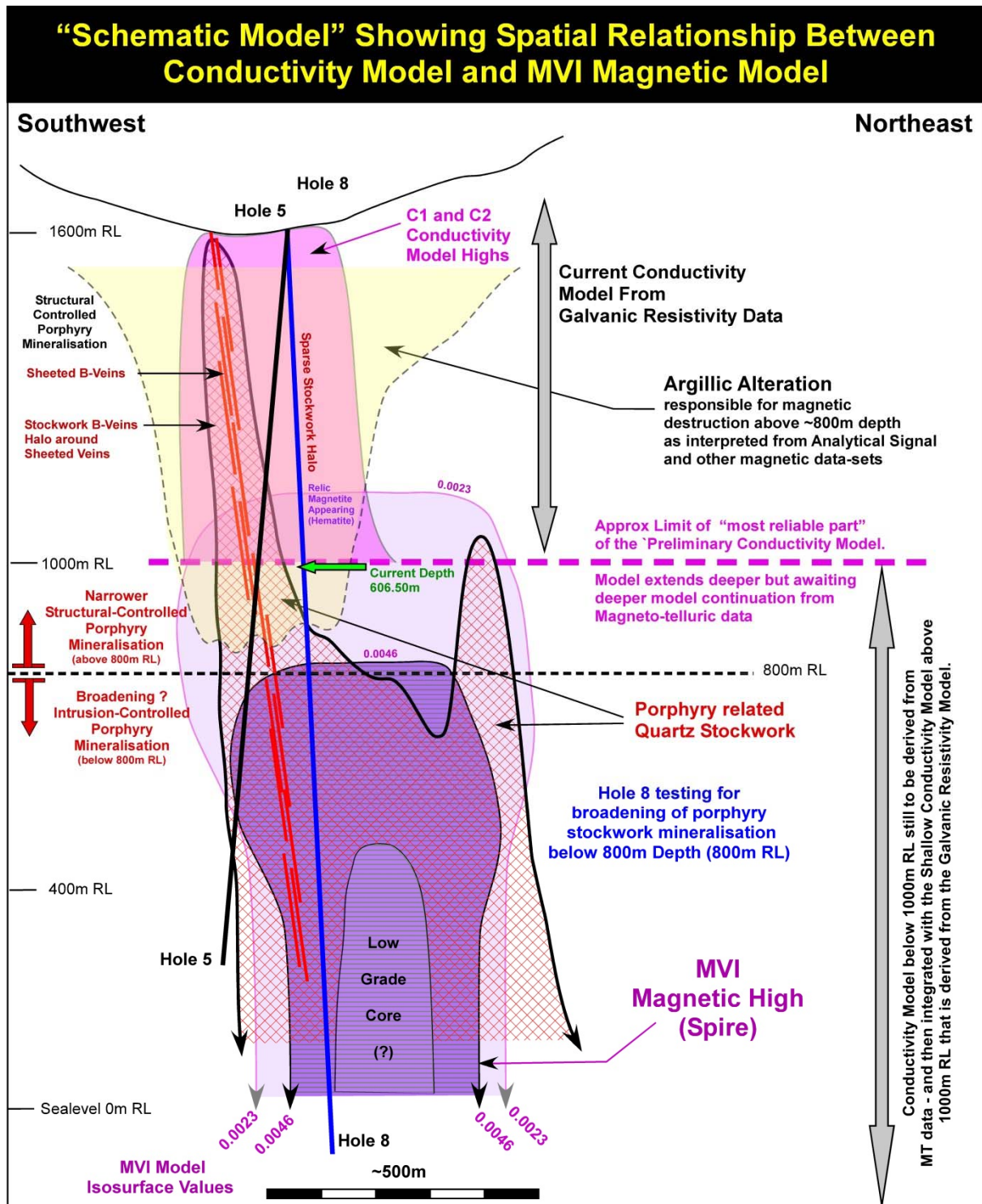
**Figure 2:** Preliminary conductivity data modelled in the depth range 0-800m, and showing a horizontal slice through the model at approximately 750m depth. Eight chargeability anomalies are defined at this depth slice (C1-C8). Conductivity anomaly C1 corresponds with the Central Zone at Alpala. An extensive conductivity halo covers an area of approximately 3 km (northwest-southeast) by 1-2 km (northeast-southwest), and cover an area of 4.8 km<sup>2</sup>. The strongest chargeability anomalies “C1” and “C2” overlie the magnetic spire (green outline above, red shape in Figure 5) that is being targeted as the highly mineralised potassic core to the Alpala porphyry system.

**Figure 3 (next page):** Upper Panel - MVI Magnetic Model along southwest-northeast section through Holes 5 and 8 showing the core of the MVI anomaly (potassic zone) being tested. Lower Panel – Composite section showing the preliminary conductivity model section superimposed on the MVI model section.



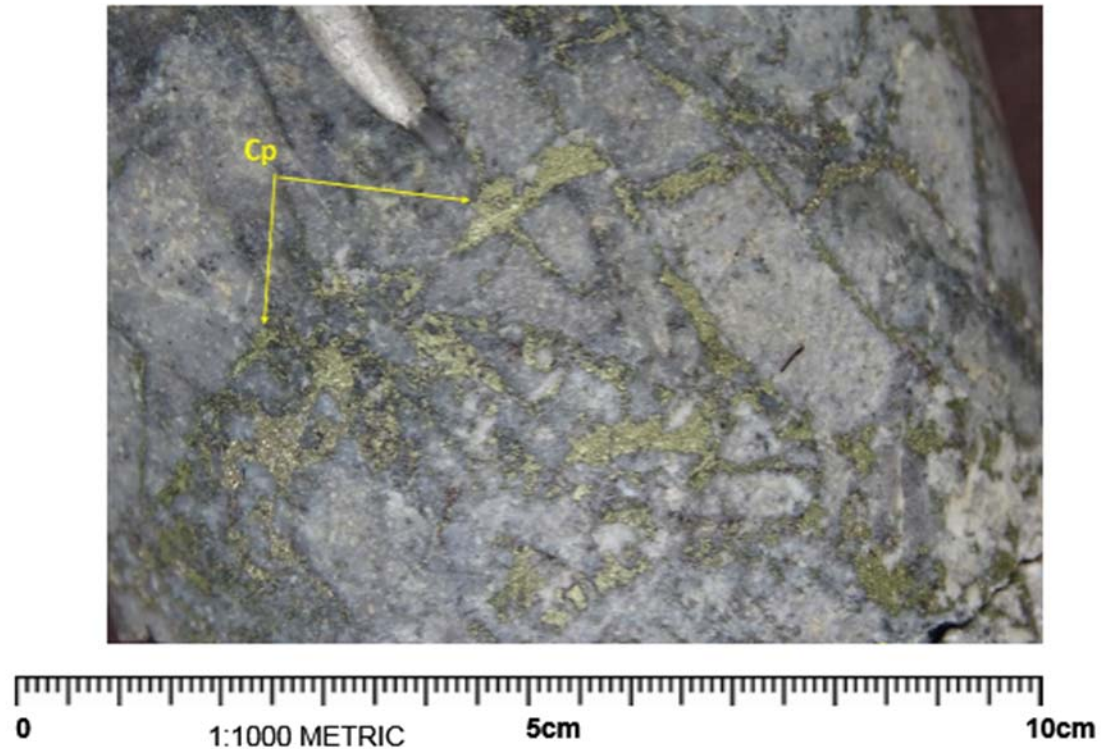


**Figure 4:** 3D view (looking northeast) of the central part of the MVI magnetic model (red shape) and the principal conductivity anomalies C1 and C2 that are defined in the preliminary conductivity model that presently spans the vertical interval 0-800m depth. The conductivity model will be continued downward once the magnetic telluric data has been processed. The spatial coincidence of the C1 and C2 conductors directly over the MVI magnetic anomaly bodes well for the magnetic anomaly to be coincident with interlinked sulphide veins, and this will be confirmed by both ongoing deeper conductivity modelling and drilling in Hole 8.



**Figure 5:** Schematic northeast-southwest model section through Holes 5 and 8, illustrating the relationship between the conductive anomalies generated to date from the Quantec IP survey (shallow pink shape), and the deeper magnetic anomaly defined by MVI modelling (deeper purple shape). The projected position of Hole 8 is shown by the blue line whilst the current depth is shown by the green arrow.

**CSD-14-008 Drill Core – 501.3m**



**Figure 6:** Hole 8, visible copper sulphide (chalcopyrite, or Cp in photo) mineralisation at 501.30m depth.

**Qualified Person:**

Information in this report relating to the exploration results is based on data reviewed by Dr Bruce Rohrlach (BSc (Hons), PhD), the GM Exploration of the Company. Dr Rohrlach is a Member of the Australasian Institute of Mining and Metallurgy who has in excess of 26 years' experience in mineral exploration and is a Qualified Person under the AIM Rules. Dr Rohrlach consents to the inclusion of the information in the form and context in which it appears.

By order of the Board  
Karl Schlobohm  
Company Secretary





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## NOTES TO EDITORS

SolGold's exploration projects are located in northern Ecuador, Australia, and the Solomon Islands. In Ecuador, they consist of a joint venture with Cornerstone Capital Resources Inc. on the Cascabel copper-gold project. In Australia, SolGold holds 100% of the Rannes, Mt Perry, Cracow West and Normanby Projects, all in southeast Queensland. In the Solomon Islands they comprise the Fauro Project (located on Fauro Island), and the Lower Koloula, Malukuna and Kuma licenses, which are located on Guadalcanal.

The Cascabel copper-gold project is located approximately 180 km by sealed road north of Ecuador's capital, Quito, 20 km south of the Colombian border, and 75 km inland from the coastal city of San Lorenzo.

At the Rannes project SolGold has announced indicated and inferred resources of 18.7 million tonnes at 0.9 g/t gold equivalent (gold + silver) for 550,146 ounces of gold equivalent (296,657 ounces of gold and 10,137,736 ounces of silver; see announcement dated 23 May 2012 for details of the resource statement and gold equivalent ratios). The Rannes project is currently under review.

In the Solomon Islands, a soil geochemical survey and 3D modelling of magnetic data has been approved at Kuma.

SolGold's objective is to create substantial shareholder value by discovering and defining world-class copper-gold deposits.



SolGold's Board includes accomplished professionals with strong track records in the areas of exploration, mine development, investment, finance and law. Board and Management have significantly vested interests in the Company, holding approximately 14% of its issued share capital.

SolGold is based in Brisbane, Queensland, Australia. The Company listed on London's AIM Market in 2006, under the AIM code 'SOLG' and currently has a total of 652,153,202 fully paid ordinary shares, 12,820,000 options exercisable at 50p, 12,730,000 options exercisable at 28p and 9,730,000 options exercisable at 14p.

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