1 December, 2014

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

Cascabel Exploration Update

Final IP Survey Interpretations Support Robust Porphyry Copper-Gold Target at Northwest Alpala

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:

- **Final electrical geophysical models received for both Alpala and Aguinaga Orion 3D Induced Polarisation ("3DIP") and magnetotelluric ("MT") surveys;**
- **A high priority porphyry copper-gold target (T1), which incorporates Central Alpala and Northwest Alpala, is strongly validated at Northwest Alpala;**
- **T1 target lies in the hanging wall of the Alpala Structural Zone (ASZ – previously also referred to as Alpala Footwall Structure) and comprises deep magnetic anomalies with strong electrical conductive responses;**
- **T1 target which spans Central Alpala and Northwest Alpala is 1100m long, with high copper and gold grades drilled at southeast end of the target (Hole 5 and strong visible mineralisation in Hole 9);**
- **Numerous targets evident along the ASZ;**
- **IP data yields results consistent with both magnetic vector inversion ("MVI") and geological datasets, indicating both magnetic and IP models are robust;**
- **Alpala Structural Zone increasingly recognised as being an important control for high-grades at Central Alpala, and as an important structural zone for the potential emplacement of additional porphyry deposits; and**
- **Market updates on the T2 target at Southeast Alpala and on the Aguinaga porphyry target will be made as soon as possible.**

Commenting on today's update, SolGold CEO and Managing Director, Alan Martin said:

"**The final Orion 3DIP models have clearly mapped the spatial location of sulphides within the extensive Alpala lithocap and at deeper levels of the porphyry environment in the Alpala region. The Company has now been able to differentiate sulphide-bearing from sulphide-deficient magnetic anomalies, allowing further refinement of a high quality target at Northwest Alpala. We will provide further updates on this exciting target as additional information comes to hand**".

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SolGold's General Manager of Exploration, Dr Bruce Rohrlach added:
"With the completion and delivery of the Orion 3DIP models, the technical team has, over the past two weeks been integrating the Orion data with the MVI data, surface alteration, drilling data and the recent results of ongoing surface mapping over the Alpala region. It is very pleasing to see the target that underlies the Northwest Alpala lithocap strongly supported by the various components of the Orion electrical data. The Company has a suite of additional targets defined along the Alpala Structural Zone which it is evaluating".

FURTHER INFORMATION

Final Orion 3DIP chargeability models and conductivity models were received on 25 November from Quantec Geoscience for both the Alpala and the Aguinaga surveys.

The Orion data at Alpala and at Aguinaga has three components:

1. Deep Conductivity data (0-4 km depth) derived from the MT survey.
2. Shallow Conductivity data (0-900m) derived from the 3DIP survey.
3. Shallow Chargeability data (0-900m) derived from the 3DIP survey.

Summary of Alpala Orion Data

The Alpala Shallow Conductivity data above 900m depth has mapped the distribution of conductive rocks (anomalies C0-C10; Figure 1) primarily within the lithocap (a lithocap is defined as a shallow region of intense silica and clay hydrothermal alteration that commonly occurs over porphyry Cu-Au deposits). Strong conductors (C0, C1, C2) are located over a deep conductive anomaly under Central and Northwest Alpala and are attributed to combinations of sulphide, fracturing and clays, features that typically occur together and over the top of porphyry Cu-Au systems. Conductors were also mapped under the peripheral parts of the Southeast Alpala lithocap (C3; Figure 1).

The Alpala Shallow Chargeability data above 900m depth has mapped the distribution of disseminated sulphide within the overlying lithocap. The strongly anomalous chargeable responses are extensive with the most chargeable IP anomalies occurring within the Northwest lithocap in the Alpala region and further north near the Quebrada Moran porphyry prospect (Figure 1).

The Chargeability anomalies at Northwest Alpala (Target T1) are more extensive and envelop the conductivity anomalies (Figure 1). This pattern is very typical of porphyry deposits. The surrounding and more extensive high chargeability anomalies typically reflect disseminated sulphides which are common in the pyrite shell around the periphery of porphyry copper-gold deposits.

The Alpala Deep Conductivity model has mapped conductive rocks extensively within the Northwest Alpala lithocap. These conductors extend from the surface lithocap down to several kilometres depth. Conductive rocks are identified within and surrounding the deep MVI anomaly that underlies the Central Alpala and Northwest Alpala area (Figure 3). The spatial coincidence between this deep conductive feature and the MVI anomaly, particularly the coincidence between the strongest part of the deep conductivity structure and the apical region of the MVI anomaly, strongly indicates that both models are robust and that sulphides and fracturing occur in association with hydrothermal magnetite below the Northwest lithocap lobe (Target T1 at Northwest Alpala).

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The MVI model at Alpala defines shallow magnetic features to the east and west of Alpala, and a northwest-southeast trending belt of multiple, deep magnetic anomalies, with more subtle magnetic signatures above them (Figure 2). This linear belt of anomalies appears to comprise multiple mineralising centres along the northwest-trending Alpala Structural Zone (ASZ), with hydrothermal alteration above them forming the lithocaps and magnetite-destructive alteration at shallow levels.

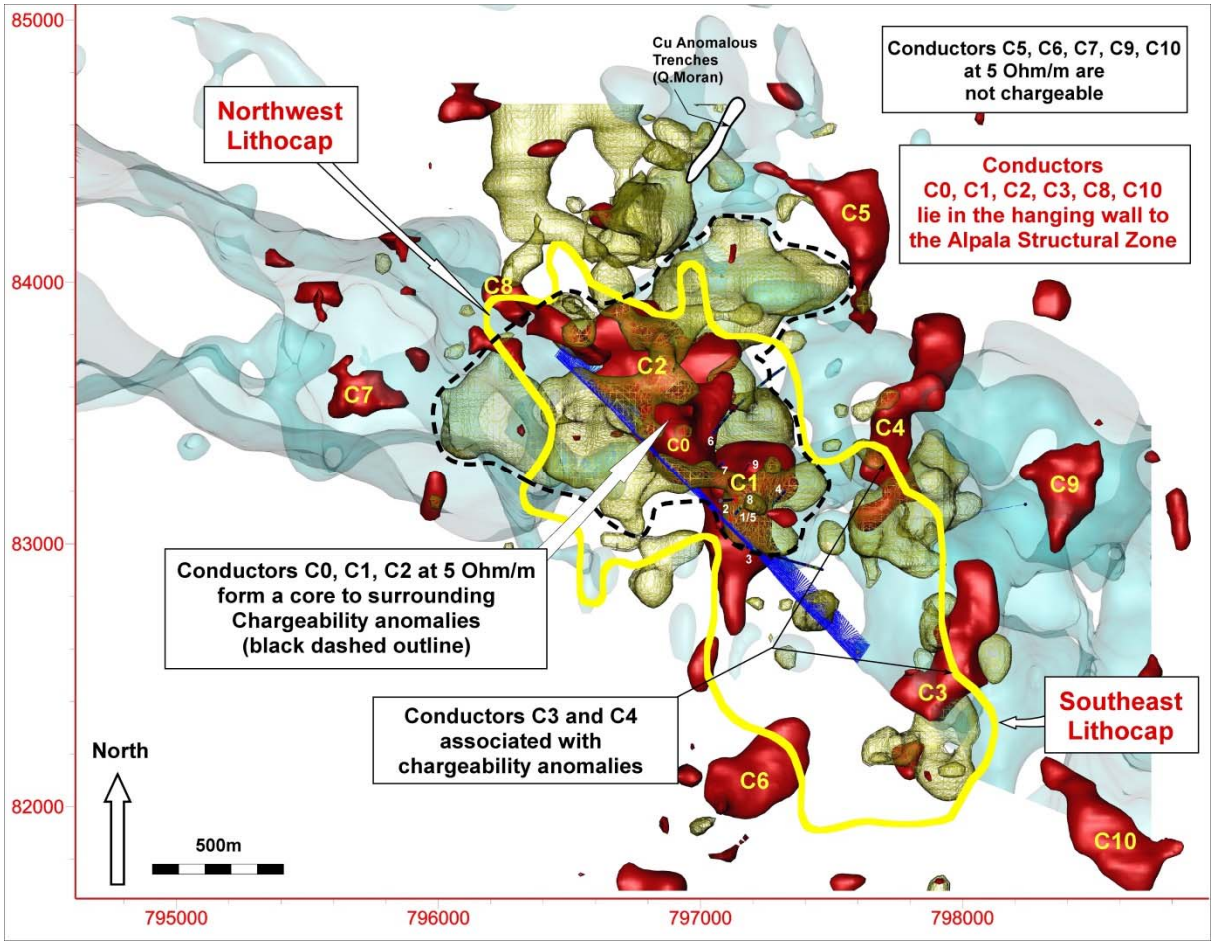

Figure 1: Location of principal shallow conductors at Alpala (anomalies C0-C10; 5 Ohm/m surfaces, red) and shallow zones of electrical chargeability (85 mSecs, yellow-green) shown on isosurfaces of MVI magnetics (blue). The main concentration of shallow conductive anomalies (caused by sulphides, fracturing and clays) and chargeable rocks (caused by disseminated sulphide and/or clays) occurs under the Northwest Alpala lithocap. Conductive bodies form more discreet responses than the chargeable responses and tightly constrain areas of interest that lie in magnetic rocks beneath these stronger conductive responses. The enveloping chargeability anomalies (yellow-green) are typical of the 'pyrite shell' that forms around porphyry systems.

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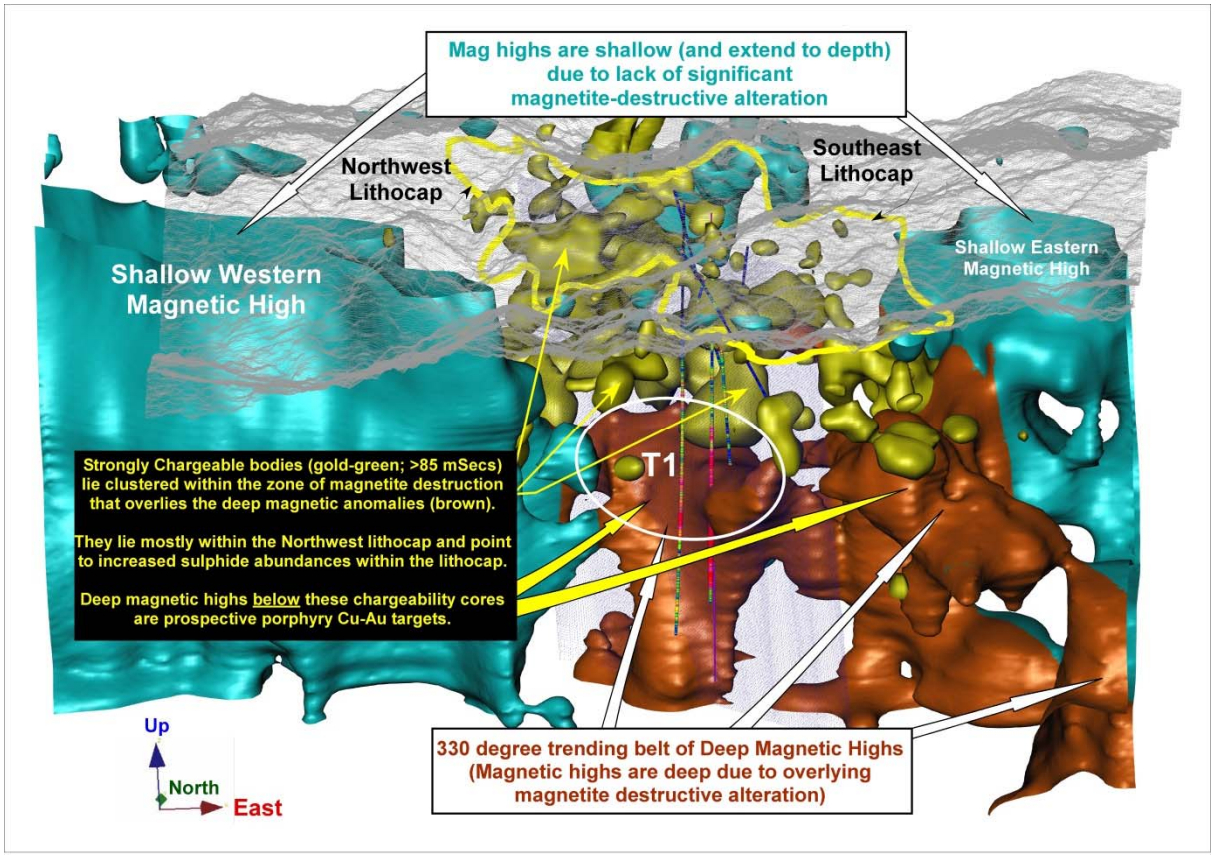

Figure 2: A northwest-trending belt of deep magnetic anomalies (brown) are overlain by chargeability anomalies which are concentrated above the northwest lithocap, consistent with an extensive pyrite shell within the lithocap above and around the Northwest Alpala porphyry target (T1).

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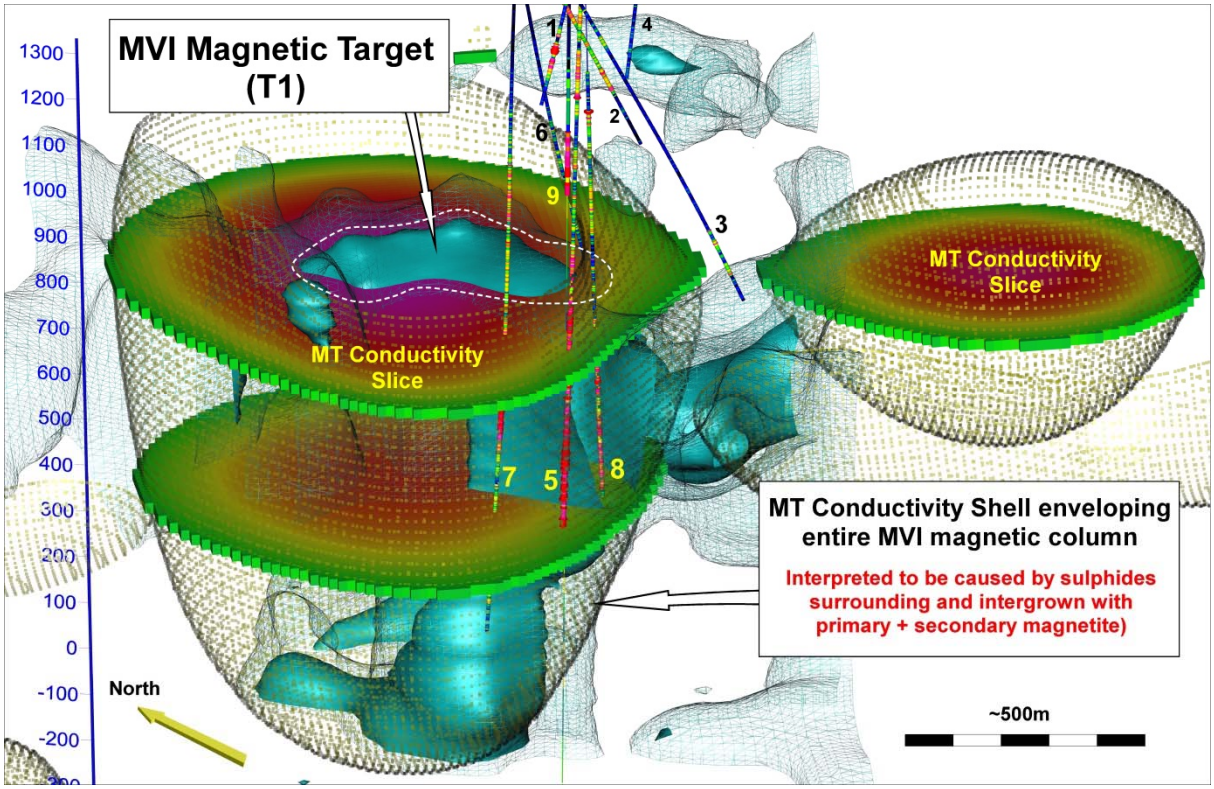

Figure 3: Image looking northeast, showing an MVI model isosurface (0.0054 SI units; turquoise surface) defining the Central Alpala and Northwest Alpala MVI anomaly, the location of drill holes 1-9 and two horizontal slices through the Alpala Orion Deep Conductivity model. The rocks within and surrounding the magnetic anomaly at Central and Northwest Alpala are conductive, caused by the likely presence of sulphides and fracturing (veining) associated with magnetic rocks that contain hydrothermal magnetite associated with potassic alteration. Importantly Hole 5 (532 m @ 1.05% Cu and 1.08 g/t Au) tested the southwest margin of the highly prospective T1 target.

Northwest Alpala Target (T1) Post Interpretation of Orion 3DIP and MT Data

A high priority target is T1 at Alpala, which was previously referred to as the 'North West Target' in prior RNS releases, located beneath the northwest lithocap lobe (Figure 4).

First-pass integration of the Orion electrical geophysical data with surface soil geochemistry, alteration, the current mineralisation model and recent surface geological mapping has validated and refined existing targets, and defined new targets (Figure 4). Many of these targets are positioned along the Alpala Structural Zone (also referred to as the Alpala Footwall Structure at Central Alpala). Target T1 (Northwest Alpala) is discussed below.

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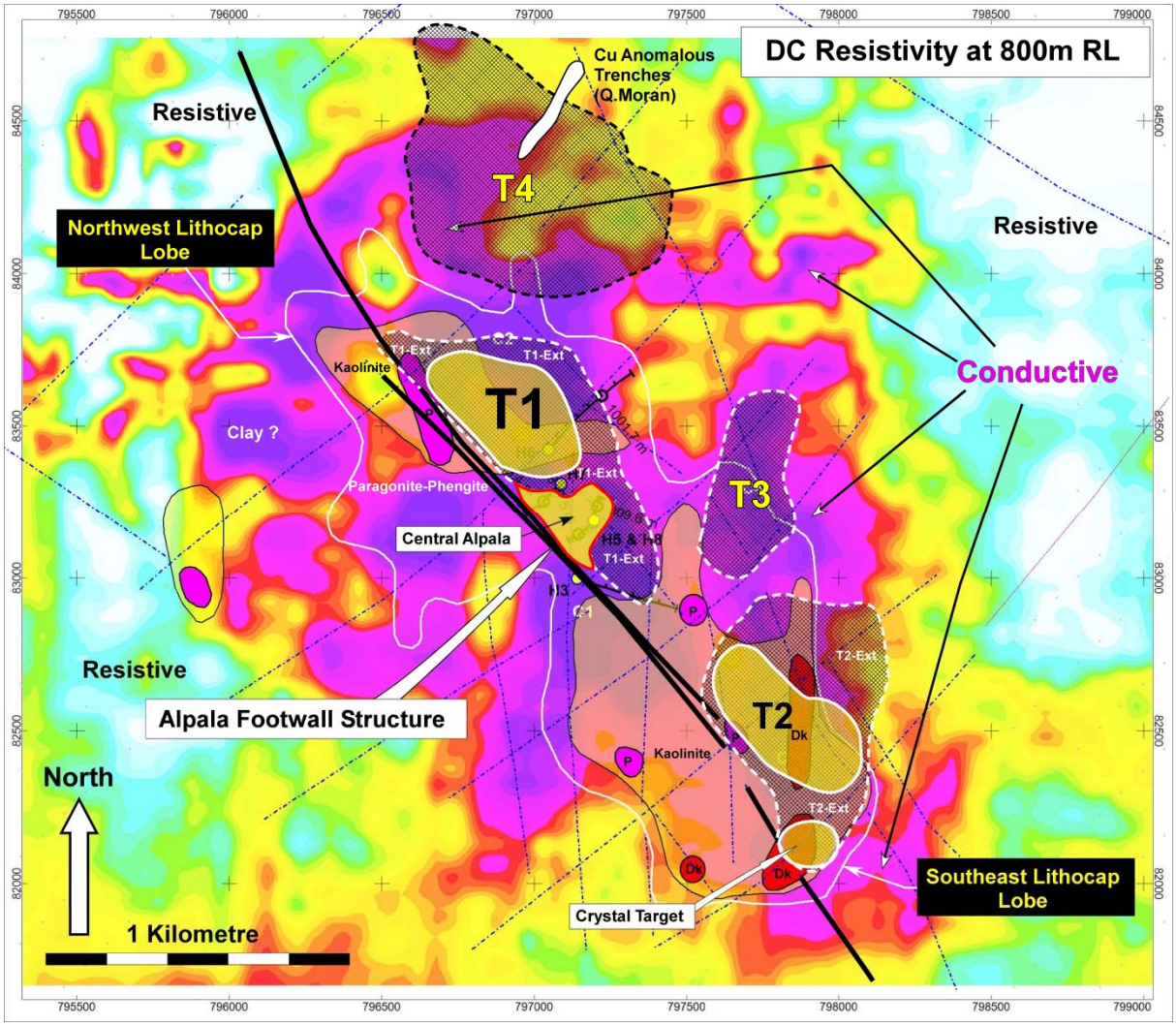

Figure 4: Location of the high priority target T1 at Alpala beneath the northwest lobe of the surface alteration lithocap (white outline), whilst the dashed white outlines show areas of potential target extension beyond the core target area. Targets T2, T3 and T4 are additional targets. The base map is a plan view at 800m RL (approximately 800m depth) of a DC conductivity model, with conductive rocks in purple and resistive rocks in white. Target T1 and T2 occur within strong magnetic anomalies that exhibit electrical conductivity responses around their upper parts (due to sulphides, fracturing and clay alteration), and are overlain by zones of acid alteration and geochemical anomalism.

Target T1 – Northwest Alpala

The T1 target (Northwest Alpala) lies on the northeast side of the Alpala Footwall Structure and coincides with the 1100 metre long MVI anomaly. The target extends from 300m southeast of Central Alpala to 800m northwest of Central Alpala, a strike length of 1100m. Drilling has identified widespread secondary magnetite associated with copper sulphides within the magnetic anomaly at Central Alpala. The magnetic signature of the MVI anomaly at Central Alpala is caused by magnetic intrusions and hydrothermal magnetite associated with copper sulphides and gold.

The Alpala Deep Conductivity model reveals a coherent conductive response centred around the northwest end of the MVI magnetic anomaly at Northwest Alpala (Figures 5 and 6).

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This extensive conductive response is likely caused by sulphides and fracturing that occur in association with secondary magnetite within the MVI anomaly. The juxtaposition of strong electrical conductivity and magnetic susceptibility signatures under the Northwest Alpala lithocap suggests the presence of potassic and peripheral magnetite-bearing alteration which hosts sulphides. Drilling to date at Central Alpala has focussed near the southeast end of this deep MVI magnetic anomaly. The most conductive part of the Alpala Deep Conductivity model is centred on the broader northwest end of the MVI body (Figures 5 and 6).

The Alpala Shallow Conductivity model (0-900m depth; Figure 1) reveals a cluster of strong conductivity anomalies that lie within the overlying alteration lithocap (Conductors C0, C1 and C2) directly over the strongest part of the deep conductivity anomaly and coincident magnetic anomaly (Figure 1). These shallower anomalies are caused by combinations of sulphides, fracturing and clays which are abundant around the top of porphyry systems and occur clustered over the T1 target area.

The Orion 3DIP, magnetic and geological data collectively suggest that the highest priority porphyry copper-gold target lies under the Northwest lithocap at Alpala. Additional surface mapping is planned in this area prior to definition of refined drill targets.

Further details of the Northwest Alpala target (T1) will be provided following the results of surface mapping in the region that will commence shortly.

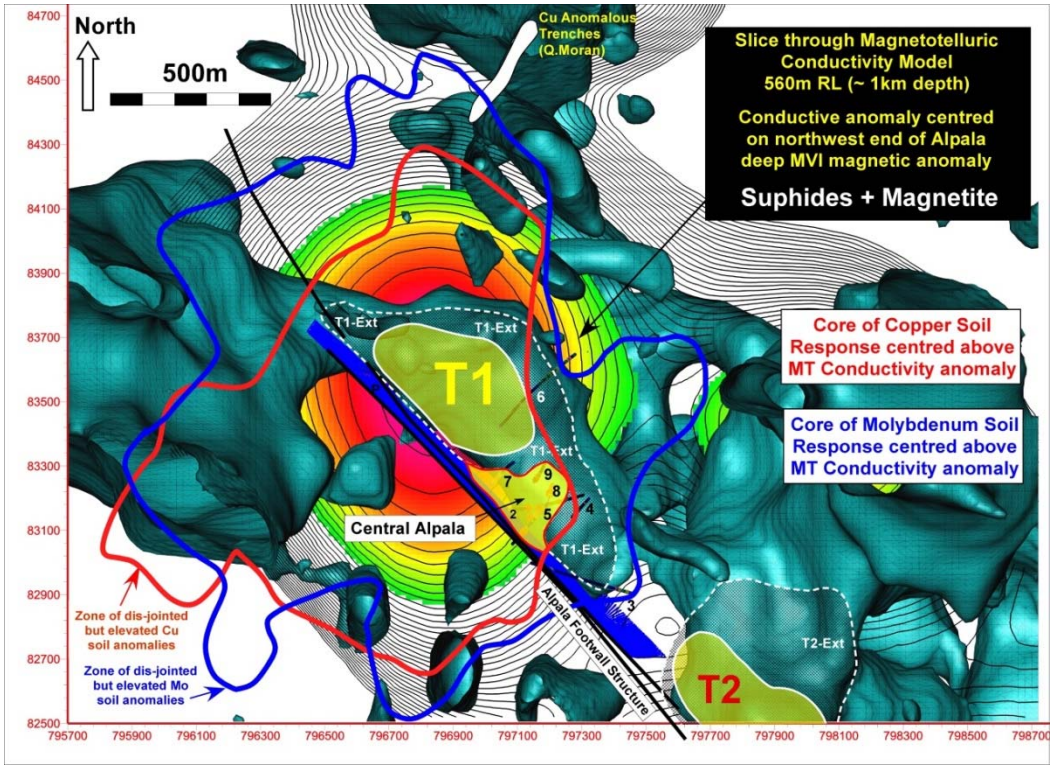

Figure 5: The spatial coincidence between deep Orion MT conductivity (contoured horizontal slice through the MT conductivity model), deep magnetic anomalism (turquoise MVI anomaly), acid alteration defined by pyrophyllite and kaolinite (Figure 6), and geochemical anomalism at surface (Cu and Mo outlines in red and blue), provide strong evidence that the copper and gold mineralisation encountered by drilling at Central Alpala extends a significant distance to the northwest through the T1 area, and may also extend to the south east (T1-Ext).

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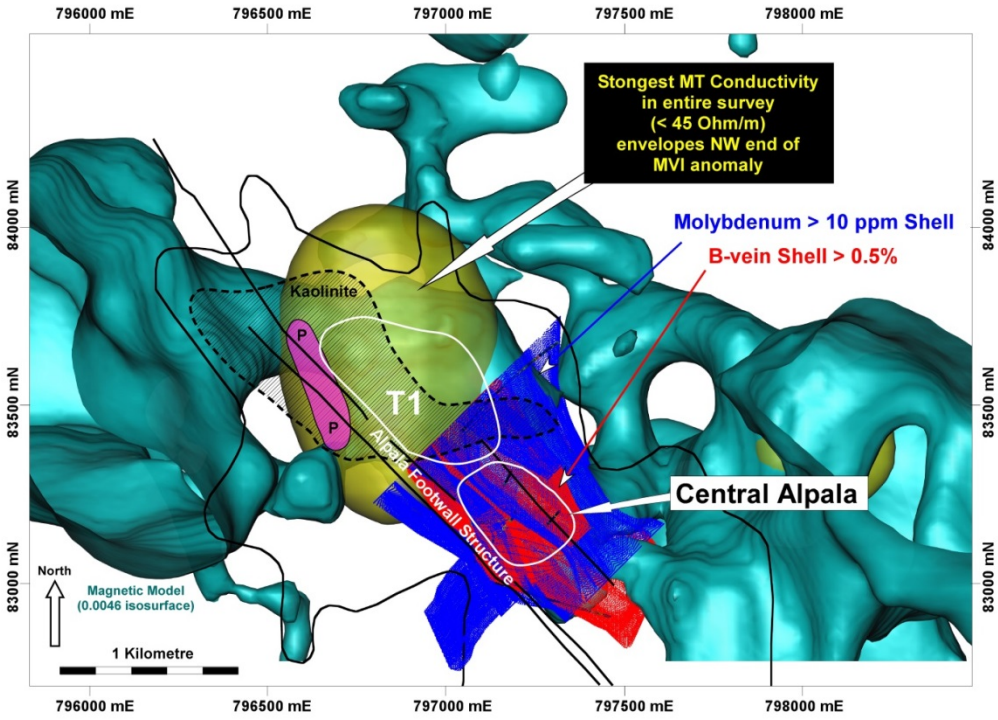

Figure 6: Location of high priority Northwest Alpala target (T1) over the northwest end of the deep MVI magnetic (turquoise) anomaly and against the Alpala Footwall Structure. The strongest part of the Deep Conductivity model at Alpala coincides with the top of the magnetic anomaly, consistent with a concentration of sulphide and fracturing in this region (yellow ovoid shape).

Implications for High Grade along the Broader Alpala T1 target

Drilling to date at Central Alpala has discovered high grade copper and gold mineralisation in proximity to the Alpala Footwall Structure in Holes 5 and 7. The highest grades intersected to date were in Hole 5, where the higher grade intersections included 532m grading 1.05% Cu and 1.08 g/t Au and including 150m grading 1.49% Cu and 1.71 g/t Au (announced 10 November 2014). To date drilling has encountered predominantly peripheral or transitional potassic alteration, with stronger potassic alteration expected at greater depths. Thus there is potential for existing high-grade intersections to strengthen with depth towards stronger potassic alteration.

The Alpala Footwall Structure is a pre-existing fault that was exploited by dioritic intrusions and is thought to be a structure that controlled the emplacement of mineralising intrusions at Central Alpala. The location of several targets along this structure, and which were defined primarily from other datasets, is strong evidence that the Alpala Structural Zone is a key host structure that is controlling the emplacement of porphyry systems along its length.

The Company sees good potential for high grades to develop at several of the defined targets, including Central Alpala, Northwest Alpala (T1) and Southeast Alpala (T2) where these targets are in contact against the northeast side of the Alpala Structural Zone. Further details on these additional targets will be provided shortly once more information is gathered.

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Note

Due to the technical nature of the information provided in this announcement, a Glossary of Terms will be uploaded on the SolGold website shortly.

About Cascabel

SolGold owns 21.1m shares (approximately 11%) in TSX-V-listed Cornerstone Capital Resources (Cornerstone), and 85% of Exploraciones Novomining S.A. ("ENSA"). ENSA is an Ecuadorean registered company, which holds 100% of the Cascabel concession in northern Ecuador. Cornerstone holds the remaining 15% of ENSA.

The Cascabel project is located in northwestern Ecuador in an under-explored northern section of the richly endowed Andean Copper Belt. World class deposits located within this belt include the 982 million tonnes at 0.89% Cu Junin copper project located some 60km to the southwest of Cascabel, the 3.3 billion tonnes at 0.36% Cu Cobre Panama deposit located to the north in Panama and the 905 million tonnes at 0.92 g/t Au La Colosa porphyry deposit located to the north in Colombia, containing 26 million ounces of gold. The Alpala Prospect exhibits surface mineralisation and alteration patterns indicative of a porphyry copper gold system and has a similar footprint to large porphyry systems around the world.

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.

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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.

CAUTIONARY NOTICE

The news release may contain certain statements and expressions of belief, expectation or opinion which are forward looking statements, and which relate, inter alia, to the Company's proposed strategy, plans and objectives or to the expectations or intentions of the Company's directors. Such forward-looking 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 forward-looking statements. Accordingly, you should not rely on any forward-looking statements and save as required by the AIM Rules for Companies or by law, the Company does not accept any obligation to disseminate any updates or revisions to such forward-looking statements.

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