

20 May, 2014

SolGold plc
(“SolGold” or the “Company”)

Cascabel Exploration Update

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:

- **Hole 6 assays received. Extensive halo mineralisation encountered over 821.5 metres;**
- **Drilling underway with hole CSD-14-007 (“Hole 7”) in the Central Zone of the Alpala Prospect;**
- **Extension of IP survey over the Aguinaga Porphyry Cu-Au target in planning stage;**
- **Further magnetic modelling to be performed on Aguinaga target;**
- **Objective to define future drill sites at Aguinaga; and**
- **IP survey anticipated to commence at Alpala in early to mid June.**

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

“While Alpala is the primary porphyry copper gold target in the Company’s portfolio, it is pleasing to see additional targets being incorporated into the exploration program within the Cascabel tenement. The Aguinaga target represents another potentially significant porphyry copper-gold deposit for the Company at Cascabel. Aguinaga has a multi-element (copper-gold-molybdenum) soil geochemical anomaly which is coincident with a magnetic high. We are currently planning additional soil sampling and 3D IP surveying across this important target to define future drill sites. While progress is slower than we had anticipated, it is also very pleasing to see that preparations are nearing completion to enable the IP survey to commence at Alpala over the coming weeks”.

SolGold’s General Manager of Exploration, Dr Bruce Rohrlach added, **“The assay results from Hole 6, at Alpala, are highly encouraging. With copper mineralisation averaging 0.14% over 821.5 metres, Hole 6 reveals that copper mineralising fluids have interacted with a vertically extensive column of rock in the area north of Hole 5. The extensive but low grades are consistent with the hole having been drilled on the northeast margin of the Central Zone within the Alpala prospect. These results re-enforce our recently refined magnetic model (reported in the RNS dated 2nd May 2014) suggesting that a high grade copper gold porphyry deposit (Central Zone) is present to the west and northwest of Hole 5 at similar depths. Drilling is now focussing on the Central Zone”.**

FURTHER INFORMATION

Hole CSD-14-006 Assay Results

Assay results for drill hole CSD-14-006 (“Hole 6”) have been received. Hole 6 was sited to test the continuation of porphyry copper-gold mineralisation approximately 450m north-northeast of hole CSD-13-005 (“Hole 5”) in the area of a modelled magnetic high. The drill hole encountered increasing alteration with depth, and was extended to 1401.5 metres to provide a definitive intersection of the magnetic rocks down hole.

Very extensive low-grade copper and gold mineralisation was encountered through long intervals in Hole 6. Table 1 lists the intersections from Hole 6 whilst Figure 1 shows the copper-grade histogram down hole. The best bulked intersection was:

821.5m grading 0.14% copper and 0.10 g/t gold from 580 metres depth.

Higher grade intervals included 198m grading 0.20% Cu and 0.15 g/t Au from 808m depth.

Hole ID	DepthFrom	DepthTo	Interval (m)	Cu_%	Au_g/t
CSD-14-006	580	1401.5	821.5m	0.14	0.10
Incls	702	1038	336m	0.18	0.12
Incls	1080	1401.5	321.5m	0.14	0.10
Shallower Intervals	184	226	42m	0.11	0.07
	282	374	92m	0.13	0.05
Intervals > 0.2% Cu	808	1006	198m	0.20	0.15
Incls	924	952	28m	0.29	0.23
Incls	940	952	12m	0.32	0.27
	1136	1182	46m	0.27	0.35
Incls	1168	1174	6m	0.49	2.10

Table 1 – Intersections from Hole CSD-14-006 at the Alpala Prospect.

The extensive intersection of 821.5m grading 0.14% Cu and 0.10 g/t Au (Figure 1) coincides with increasing magnetic susceptibility measurements from drill core (Figure 2). The bulk intersection also correlates with the magnetic domain in the expanded magnetic model. This expanded inversion model was finalised and available for interpretation when Hole 6 was at a depth of 1401.5m (Figure 3).

The extensive halo-grade copper intersection in Hole 6 coincides with the northeast-shallowing extension of a much deeper and stronger magnetic anomaly which plunges westward and is intimately associated with high grade copper and gold mineralisation encountered in Hole 5 (Figure 3). The vertically extensive but low-grade halo mineralisation in Hole 6 occurring in association with modestly magnetic rocks strongly supports the expanded magnetic model and re-enforces the higher-grade target (Central Zone) occurring at depth to the west of Holes 5 and 6.

The presence of extensive and continuous low-grade copper mineralisation in Hole 6 (over 821.5m) strongly supports the model and interpretations that Alpala hosts a major high-grade porphyry copper-gold system which has been intersected in Hole 5.

The area to the northwest of Hole 5 and southwest of Hole 6 is currently being tested with Hole 7.

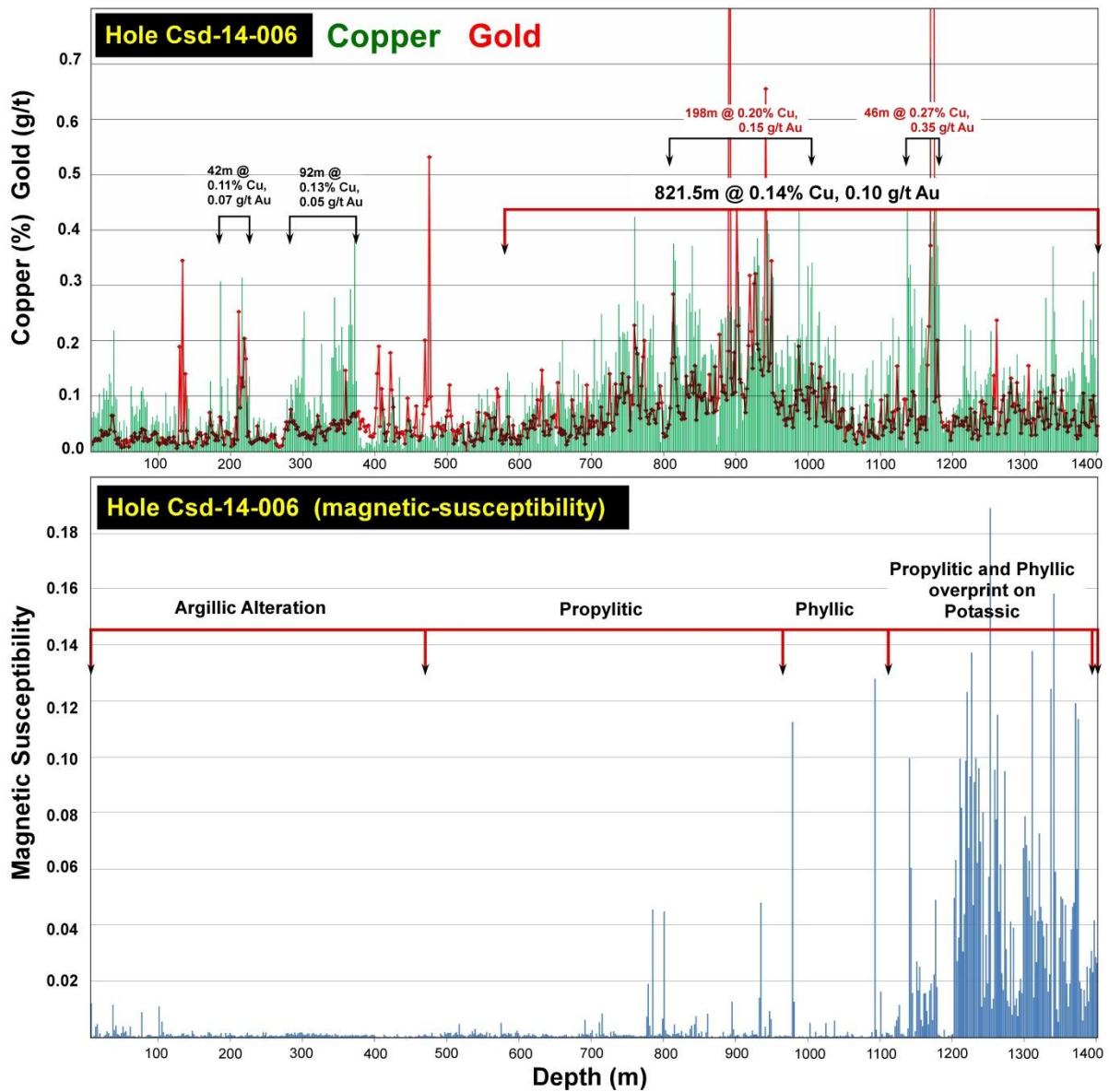


Figure 1 (top) – Graph of copper and gold assays from Hole CSD-14-006.

Figure 2 (bottom) – Histogram of magnetic susceptibility readings from hole CSD-14-006.

**Cross section through the Central Zone of the Expanded Magnetic Model
along southwest plane of Hole 5
Hole 6 projected onto section. Copper plotted downhole.**

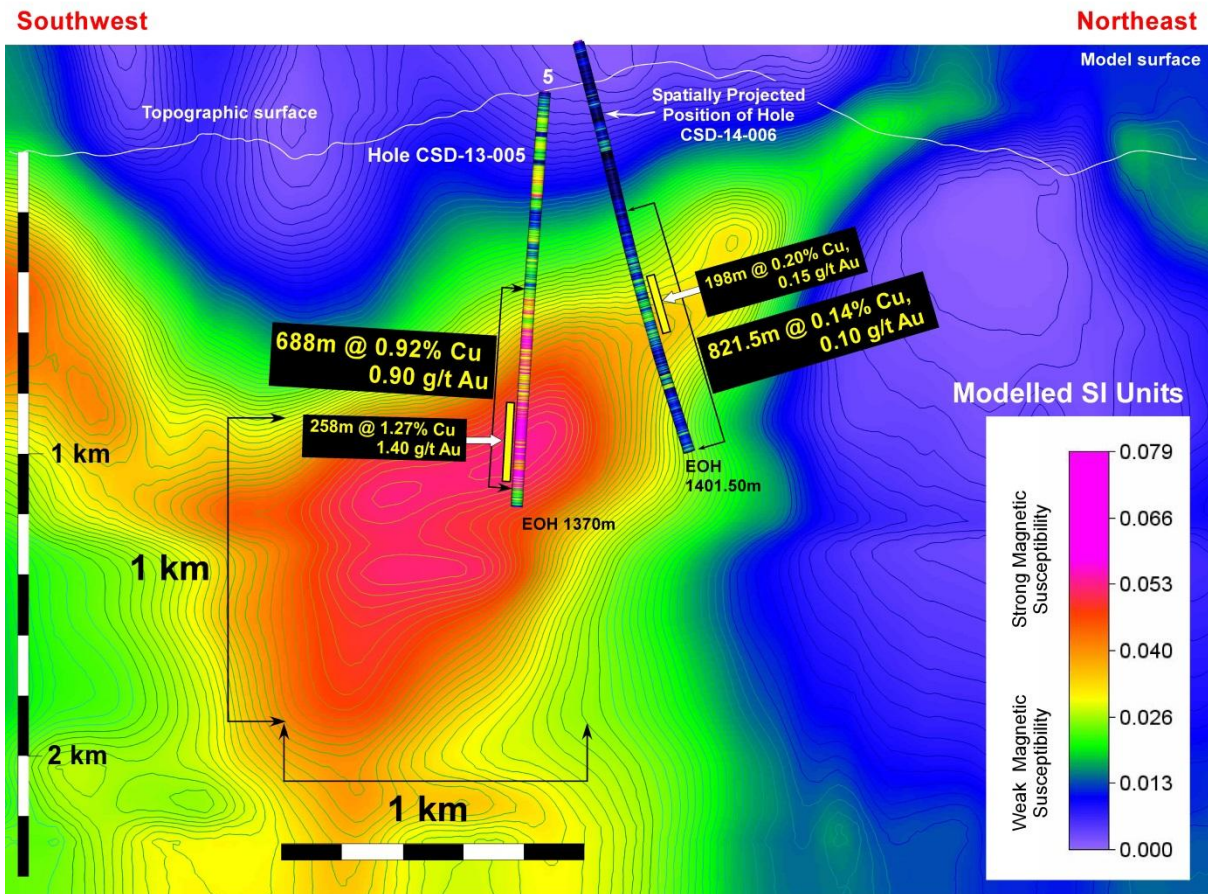


Figure 3 – Northeast-southwest section through the Alpala magnetic model in the plane of Hole 5. Hole 6 is spatially projected 270 metres southeast-ward onto the section. Hole CSD-14-006 drilled through the northeast margin of the magnetic anomaly as defined in the latest version of the expanded model.

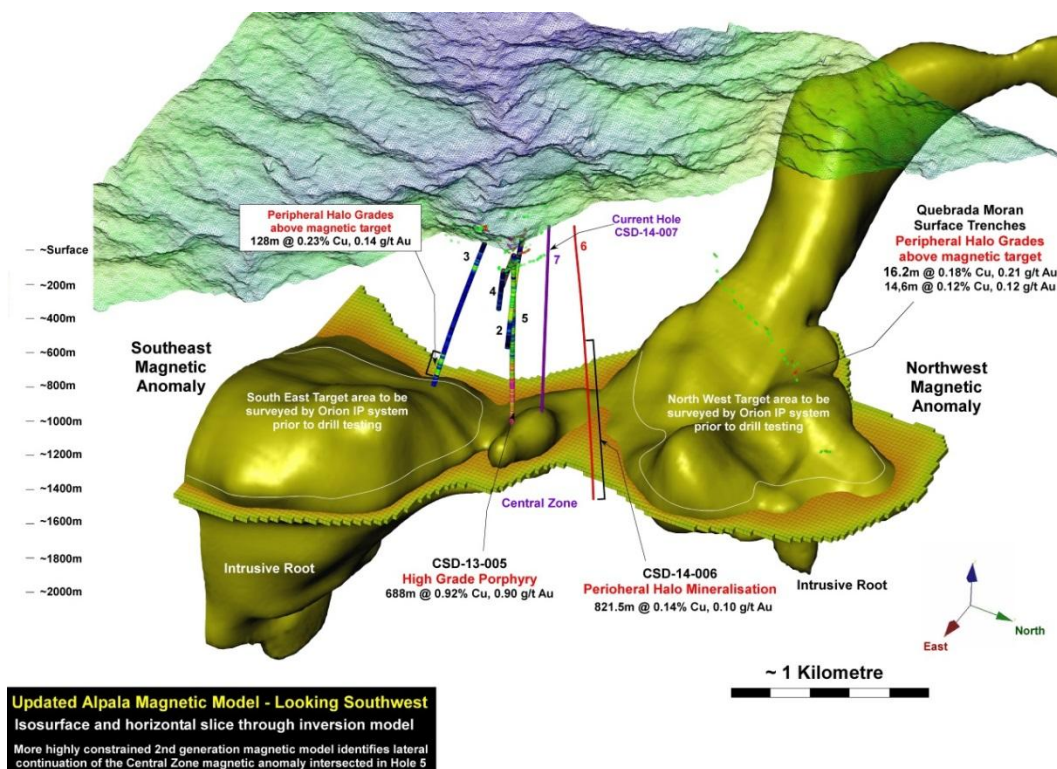


Figure 4 – View looking downwards towards the southwest across the magnetic core of the Alpa magnetic anomaly. Hole 5 encountered high-grade porphyry copper-gold mineralisation around and within the magnetic core anomaly, while Hole 3, Hole 6 and trenches at Quebrada Moran, which both lie above the strongest magnetic iso-surface, encountered proximal halo mineralisation along the weaker margins of the magnetic anomaly.

Hole 7 Progress

Hole 7 is presently at a depth of 467.70m and drilling towards the magnetic target in the Central Zone (Figure 4). Drilling is progressing smoothly.

Alpa Orion 3D IP Survey Preparation

The Orion IP survey equipment is presently undergoing customs clearances in the capital, Quito, and is expected to be released during the coming week. Final quality control adjustment on some grid points, the final step in grid preparation, is currently underway and is anticipated to be completed within 10 days. The mobilisation date for the Quantec survey crew will shortly be defined now that the commencement of surveying is imminent.

Aguinaga Porphyry Target

The Company is preparing to conduct geophysical, geochemical and geological work programs over the Aguinaga porphyry target which lies 3 kilometres north-northeast of Alpa (Figure 5)

The Aguinaga target comprises a series of coincident copper, gold and molybdenum soil anomalies at elevations up to 1702m above sea-level which coincide with a discrete magnetic high (Figures 6, 7 and 8). The rock types in the area comprise diorite intrusions with high temperature propylitic alteration and local areas of potassic and argillic alteration, all features considered supportive of the presence of a copper gold porphyry system.

An initial unconstrained inversion model of this magnetic anomaly (optimised for the uppermost 600 metres) reveals it extends below 800m and above 1350m elevation and is centred under the coincident soil anomalies. At approximately 700 metres below surface the modelled magnetic high is 750m by 800m in lateral dimension and is surrounded by an approximately 1.7 kilometre wide annulus of magnetite-destructive alteration. This magnetic signature (a central magnetic high with a surrounding magnetic low) is typical of some buried porphyry copper-gold systems where the potassic zone is preserved at depth and is surrounded by magnetite-destructive phyllic alteration.

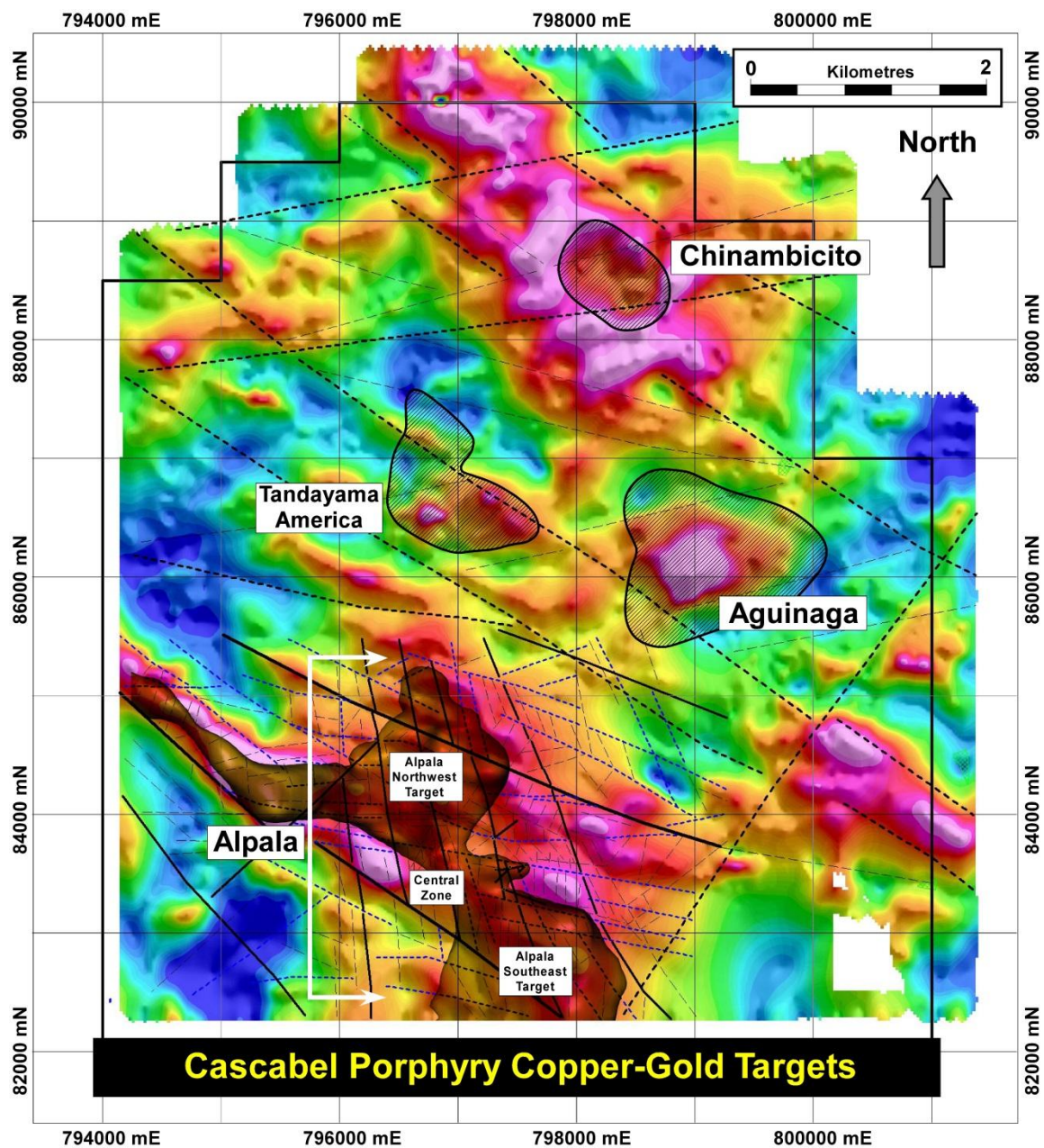


Figure 5 – Principal porphyry copper-gold targets on the Cascabel property, and location of the Aguinaga target in relation to the Northwest, Southeast and Central Zone sub-targets at Alpala

There are few outcrops over the Aguinaga area due to deep weathering. Sporadic float of altered diorite are observed in the region. Of seven float samples and one outcrop sample from low elevations on the western flank of the prospect area, four samples of float yielded anomalous and encouraging gold values ranging between 0.106 g/t and 0.378 g/t.

The attractiveness of this target for the Company is the spatial coincidence of the geochemical anomalies that overlie a discreet magnetic anomaly in an area dominated by diorite intrusions, all important ingredients for a rich porphyry copper-gold system.

Quantec Geoscience, the geophysical contractor who will be conducting the 3D IP survey over Alpala, has been requested to design a grid to enable a 3D Orion IP survey to be conducted over the Aguinaga target following completion of the Alpala survey. It is expected that gridding of the Aguinaga area will commence within the next two weeks.

Soil sampling will also be conducted over the eastern half of the Aguinaga target to extend the existing copper, gold and molybdenum soil anomalies, and the prospect will be mapped in greater detail. The principal aim of these activities is to define drill targets at Aguinaga during the September quarter.

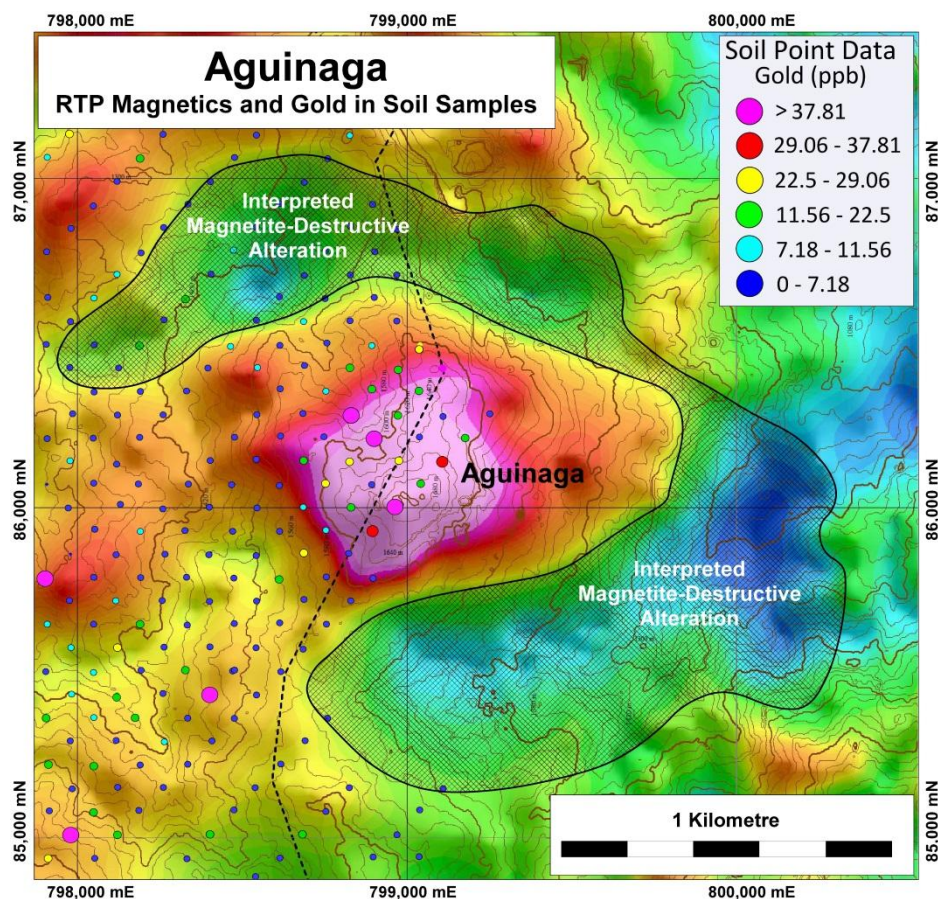


Figure 6 – Reduced-to-Pole magnetic image of the Aguinaga target. Anomalous gold in soil samples over a bulls-eye magnetic anomaly that is surrounded by an annular zone of interpreted magnetite-destructive alteration.

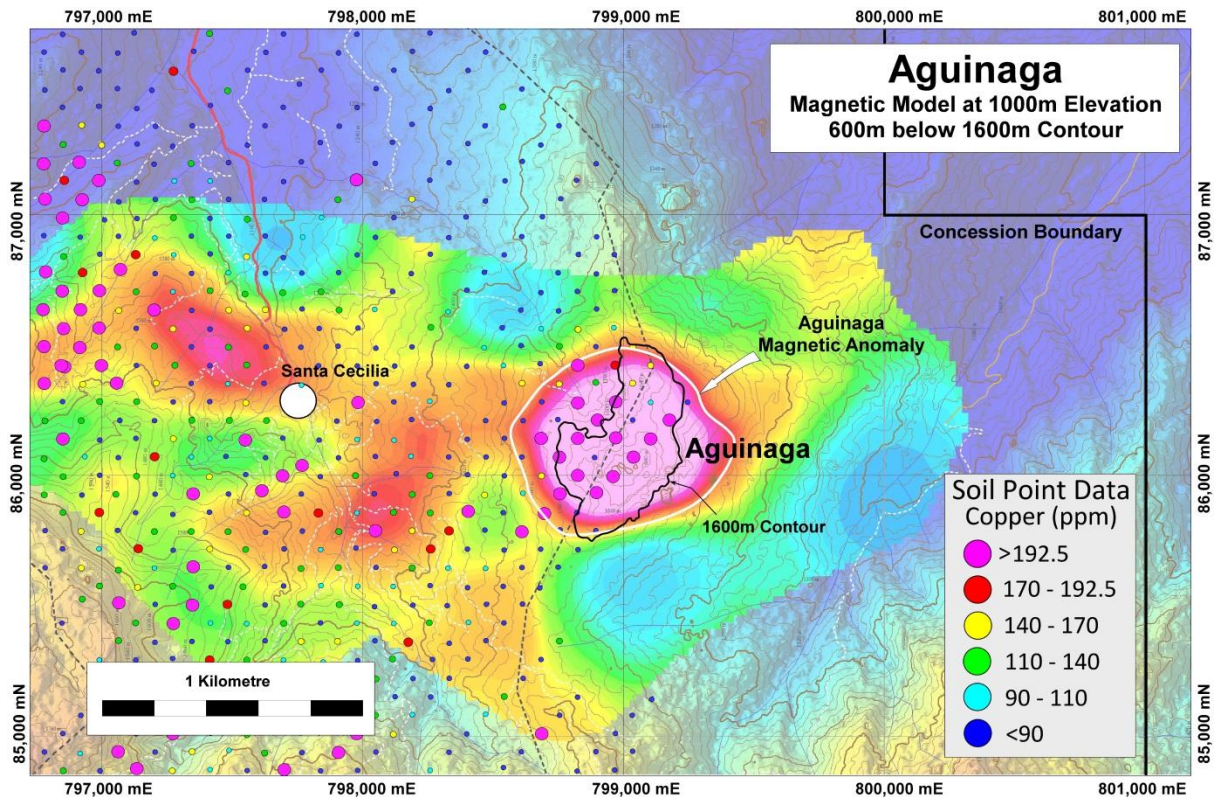


Figure 7 – Level plan of preliminary unconstrained magnetic model at 1000m RL at the Aguinaga porphyry target located 1 kilometre east of Santa Cecilia, and showing copper values in soil samples.

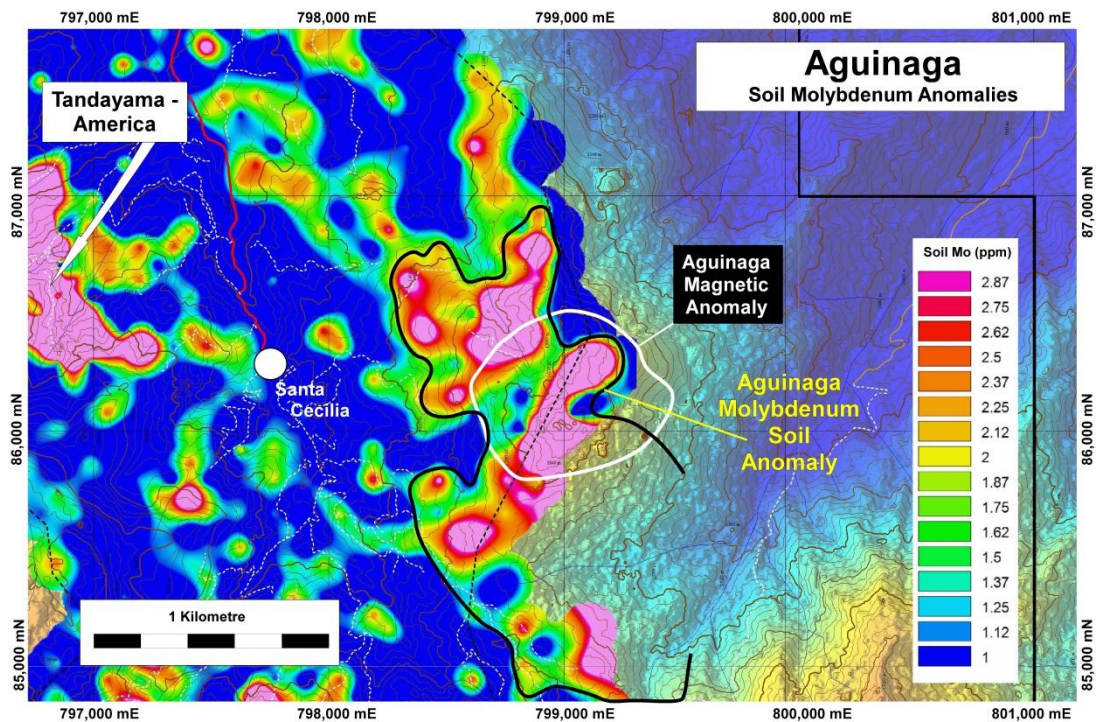


Figure 8 – Molybdenum (Mo) soil anomalies over the Aguinaga porphyry target and showing the location of the modelled Aguinaga Magnetic Anomaly (white outline; see Figure 7) underlying the geochemical anomalies. The interpolated Mo anomalies cover an area of approximately 2 km by 1 km.



3D Inversion Magnetic Modelling to be Completed

Further magnetic 3D inversion modelling is planned for the Aguinaga target (by Moore Geophysics) using newly developed modelling algorithms that are currently available. This additional modelling will be undertaken to further refine the geometry of the magnetic anomaly at Aguinaga in the lead-up to drill targeting.

About Cascabel

SolGold owns 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 60 km to the southwest of Cascabel, the 3.3 billion tonne 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.

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, 16,666,000 options exercisable at 50p, 10,550,000 options exercisable at 28p, 7,550,000 options exercisable at 14p, and 3,000,000 options exercisable at 6p on issue.