16 December, 2013

SolGold Plc
("SolGold" or the "Company")

Cascabel Project Update – Alpala Prospect

Strongly Mineralised Potassic Zone from 682m in Drill Hole CSD-13-005, Alpala Prospect, Cascabel

The Board of SolGold (AIM code: SOLG) is pleased to report that hole CSD-13-005 continues to intersect strong copper sulphide porphyry mineralisation at depth, and that final assay results from hole CSD-13-003 have confirmed expected peripheral, lower grade halo-style mineralisation at the Alpala prospect within the Cascabel Project, the Company's copper-gold porphyry exploration project in northern Ecuador (refer Figure 1).

Highlights:

- **Hole CSD-13-005 intersects strongly mineralised potassic zone from 682m, reinforcing potential for a large porphyry copper-gold system at Alpala.**
- **Hole CSD-13-005 to be extended beyond 1000m depth.**
- **Presence of magnetite with chalcopyrite and bornite from 682m in hole CSD-13-005 supports copper-porphyry target coincidental within a 4km^2 magnetic batholith and magnetic apophyses.**
- **Additional porphyry copper mineralisation intersected between surface and 682m above the potassic zone.**
- **Selection of contractors for the IP electrical survey well advanced. IP survey to commence late January.**
- **Planning of Stage 2 drill program well advanced with view to commence drilling in the March Quarter.**
- **SolGold elects to proceed to 85% ownership of ENSA and the Cascabel project, with execution of final documentation underway.**
- **Hole CSD-13-004 assays anticipated within 2-4 weeks.**
- **Assay results for drill hole CSD-13-003 peripheral to the main mineralised zone yields the following copper-gold intersections:**
  - **747.33m @ 0.11% Cu from 4 metres, including:**
    - **102m @ 0.16% Cu, 0.03 g/t Au from 54m, incl. 22m @ 0.32% Cu, 0.04 g/t Au from 120m;**
    - **128m @ 0.23% Cu, 0.14 g/t Au from 584m, incl. 24m @ 0.34% Cu, 0.32 g/t Au from 608m, and 30m @ 0.32% Cu, 0.11 g/t Au from 662m.**

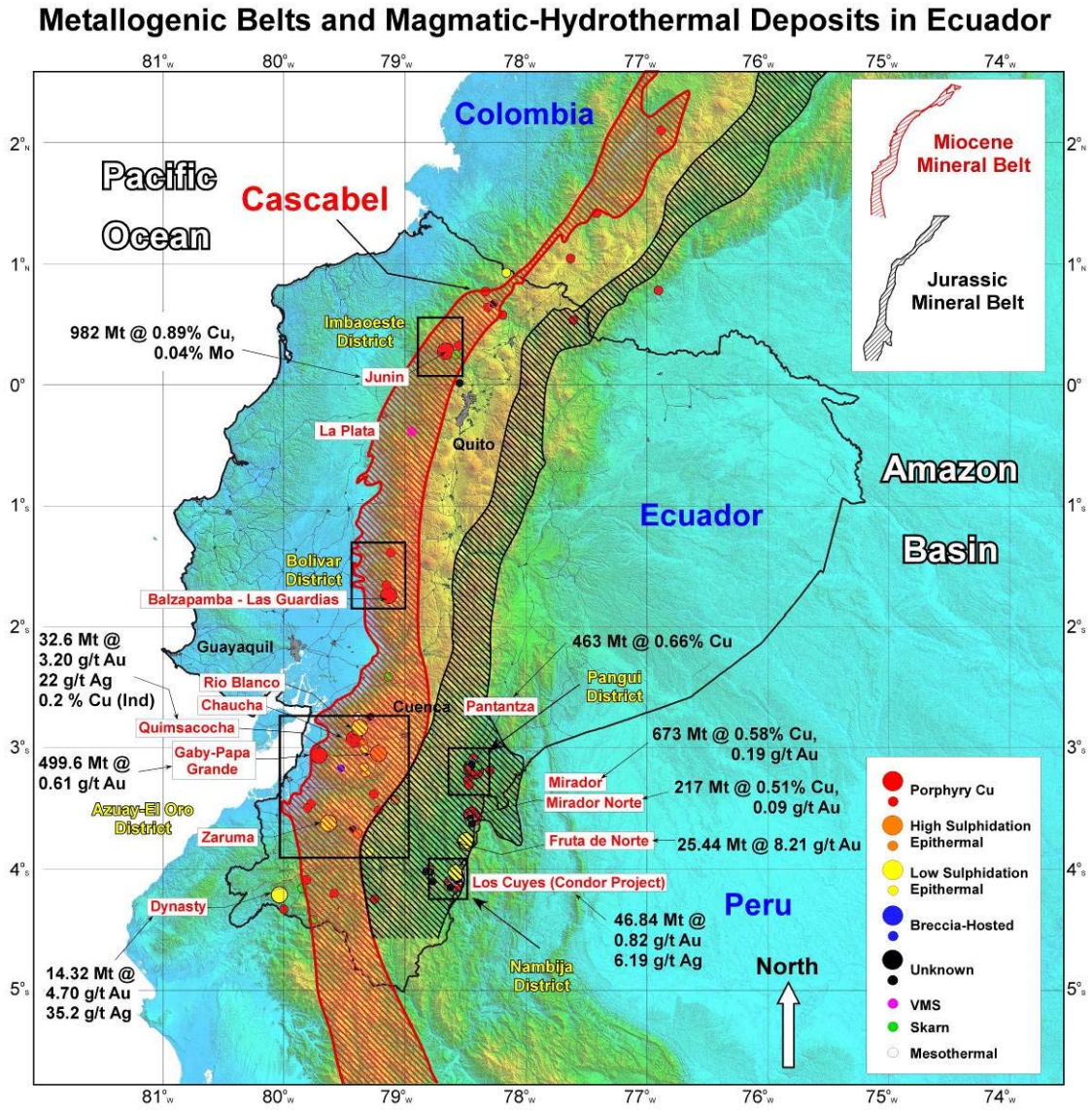


Figure 1 – Location map of Cascabel Project and showing major mineral deposits in Ecuador.

Commenting on the results for Hole CSD-13-005, SolGold Managing Director, Mr Alan Martin said "The presence of strong copper sulphide mineralisation correlating with the higher magnetite content in a potassic zone in hole CSD-13-005 is validating the extensive 4km^2 batholith and the apophyses above it as a classic copper porphyry fertile magmatic complex. Intersecting a mineralised potassic alteration zone and clearly seeing the magnetic signature opens a vast target area to us. 2013 has been a watershed year for SolGold and the Cascabel Project. 2014 will be a busy year, with an IP survey commencing in late January, the commencement of the Stage 2 drill program during the March quarter, the prospect of procuring additional drill rigs to further test Alpala, progressing with our application for the construction of a road to assist with access to the Alpala area, and follow-up exploration at our other porphyry copper-gold targets within the Cascabel concession".

Drill Hole CSD-13-005

CSD-13-005 was logged at a depth of 867 metres on Saturday 14th December while drilling through well-mineralised porphyritic diorite intrusions containing abundant copper sulphide minerals chalcopyrite and bornite in multidirectional stockwork quartz veins ('B'-veins) within strong potassic alteration. An additional generation of mineralised and coarse grained chalcopyrite veins ('C'-veins) commence around 775m and intensify with depth (Figures 3, 4 and 6).

The hole encountered increasing intensities of hydrothermal magnetite from 687.6m depth. The high magnetite content in association with some anhydrite and the potassium-bearing mineral biotite confirm the presence of potassic alteration that typifies the core alteration zone of porphyry copper-gold systems. The increase in magnetite in the lower part of hole CSD-13-005 is associated with increases in chalcopyrite and bornite mineralisation with depth and elevates the significance of the extensive 4km^2 magnetic batholith as a copper porphyry target.

In light of these highly encouraging visual results and with the hole still encountering strongly mineralised zones of stockwork quartz veins in potassic-altered diorite intrusions, the Company plans to continue deepening hole CSD-13-005 beyond the initial target depth of 850m. The drill contractor is presently mobilising additional drill rods from its storage facility in Cuenca (in the south of the country) to site to enable the Company to drill beyond 1000m depth. SolGold intends to continue the hole to the depth limit of the drill rig while in mineralisation.

A more detailed news release on the visual results from hole CSD-13-005 will be made once the hole has been completed.

Figure 2 – Potassic-altered porphyritic intrusive with quartz vein stockwork and chalcopyrite.

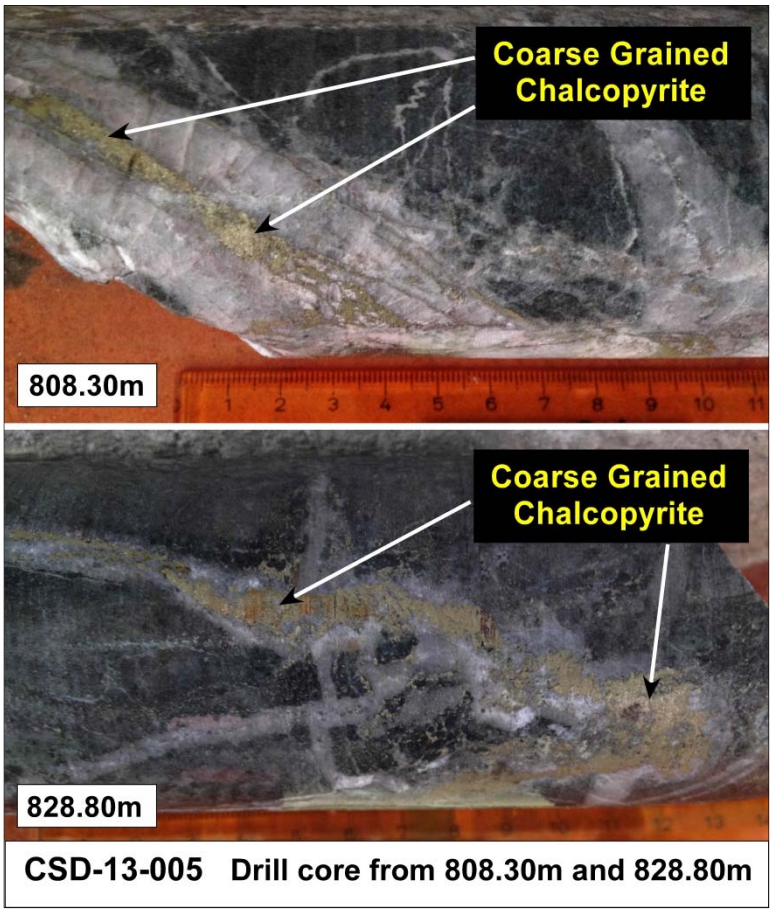


Figure 3 – Potassic-altered porphyritic intrusive with quartz vein stockwork and chalcopyrite.

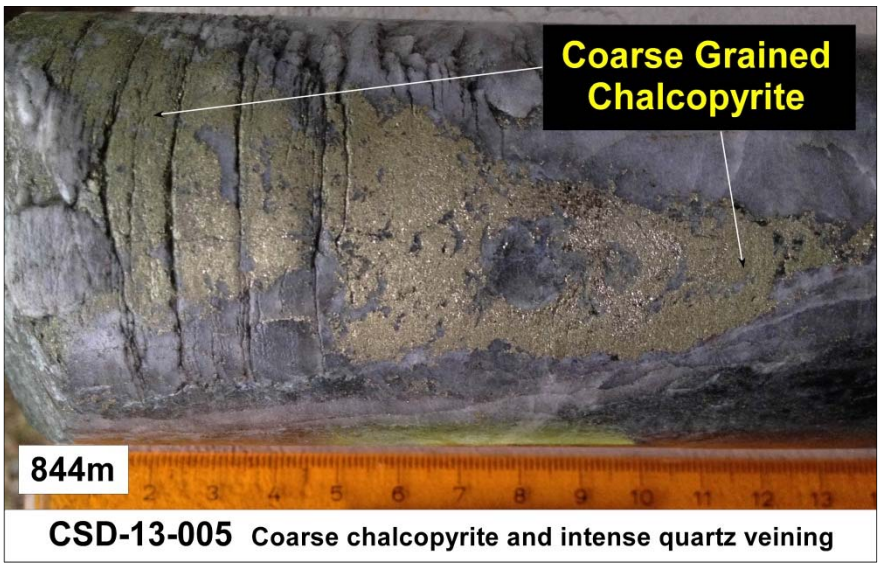
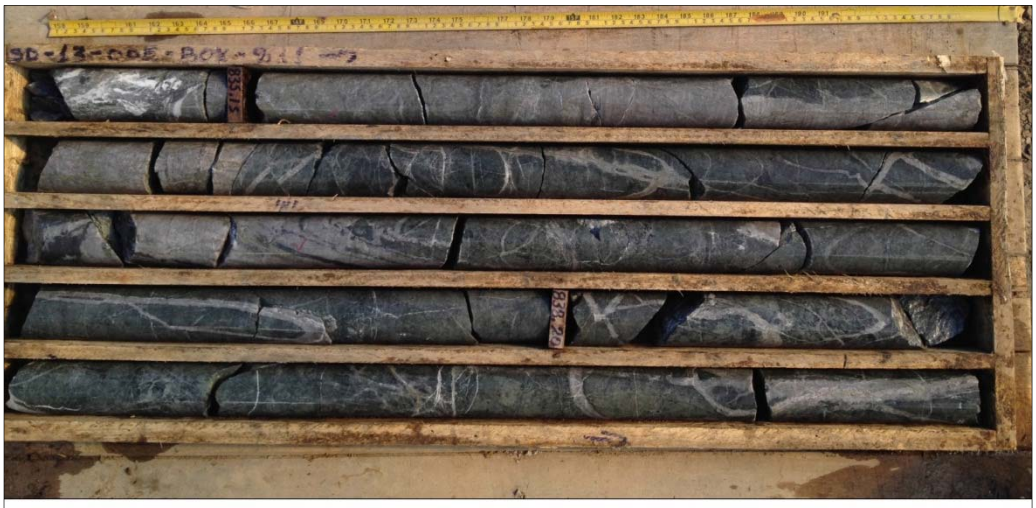


Figure 4 – Potassic-altered porphyritic intrusive with quartz vein stockwork and chalcopyrite.



CSD-13-005 Drill core from 835.05-839.36m

Quartz stockwork veining in Magnetite-Chlorite (potassic) altered diorite (15-25 veins/metre)

Figure 5 – Potassic-altered diorite intrusive with mineralised quartz vein stockwork at 835.05-839.36m depth.

CSD-13-005 Drill core from 844-853m

Quartz stockwork veining (15-30 veins/metre)

Figure 6 – Potassic-altered porphyritic intrusive with quartz vein stockwork at 844-853m depth.

Figure 7 – Veined and potassic-altered porphyritic intrusive from around 847m depth in hole CSD-13-005.

Induced Polarisation (IP) Electrical Survey at Alpala

SolGold has been actively planning a 3D IP survey over the entire Alpala magnetic complex, with the planned survey covering an area of approximately 12km^2. 3D IP is a useful exploration tool to target areas of sulphide mineralisation which are commonly associated with porphyry systems. The Company expects to finalise a contract during the week of 16th December from a list of three highly experienced IP contractors. Gridding of the survey area will commence in the first week of January immediately following the Christmas break, with the IP survey likely to commence in mid to late January.

The 3D IP survey will cover the entire 4.7km^2 lithocap area at Alpala, and the Company will use the data to provide additional vectors to highlight where sulphides and magnetic bodies coincide. The IP survey will assist with refining target positions for some of the holes in the Stage 2 drill program.

When the ground IP survey has been completed over the Alpala region, the Company will consider moving the IP crew to other porphyry targets being Quebrada Tandayama/Quebrada America and Aguinaga. Both of these prospects are important porphyry copper-gold targets in the central part of the Cascabel concession area which have both been defined by a combination of magnetics, soil surveys and rock sampling.

SolGold's Managing Director Alan Martin remarked "Cascabel is a classic copper porphyry system and we expect Aguinaga and Quebrada Tandayama/Quebrada America to hold targets of a similar style to Alpala".

Increased Equity Ownership in Exploraciones Novomining S.A. ("ENSA")

Exploraciones Novomining S.A. ("ENSA") is the Ecuadorean registered company which holds 100% of the Cascabel concession in northern Ecuador. SolGold currently owns 50% of ENSA. SolGold has elected to increase its ownership in ENSA to 85%, with the execution of final documentation underway. This will cost SolGold $250,000 in cash and C$100,000 of shares in SolGold.

Drill Hole CSD-13-003 Assay Results

Assays for drill hole CSD-13-003 have been received and results are outlined in Table 1. Figure 8 shows the copper and molybdenum results down hole.

Hole ID	DepthFrom	DepthTo	Interval	Cu_%	Au_g/t	Mo_ppm
CSD-13-003	**4**	**751.33**	**747.33m**	**0.11**	**0.05**	**27**
Incls.	**54**	**156**	**102**	**0.16**	**0.03**	**5.6**
Incls.	120	142	22	0.32	0.04	9.1
Incls.	**584**	**712**	**128**	**0.23**	**0.14**	**31**
Incls.	608	632	24	0.34	0.32	35
Incls.	662	692	30	0.32	0.11	5.4

Table 1: Copper and gold intersections encountered in hole CSD-13-003.

The assay results from drill hole CSD-13-003 reveal extensive runs of variably weak to locally moderate copper mineralisation, as anticipated and reported in the news release dated 4th November 2013. In contrast to the background copper content of fresh andesitic rocks which are typically around 100 ppm copper, the extensive interval of weak mineralisation in hole CSD-13-003 (156-584m) averages close to seven times background value. The three zones of moderate copper grade (22m @ 0.32% Cu, 24m @ 0.34% Cu and 30m @ 0.32% Cu) are over 30 times typical background values.

SolGold's General Manager of Exploration, Dr Bruce Rohrlach remarked that "The mineralisation encountered throughout hole CSD-13-003 is consistent with an extensive low-grade copper halo that typically develops around the margins of large porphyry copper-gold systems. The assays from hole CSD-13-003 confirm that mineralising fluids have moved through extensive volumes of rock at Alpala, further evidence for our confidence in the potentially large size of the Alpala copper-gold porphyry system".

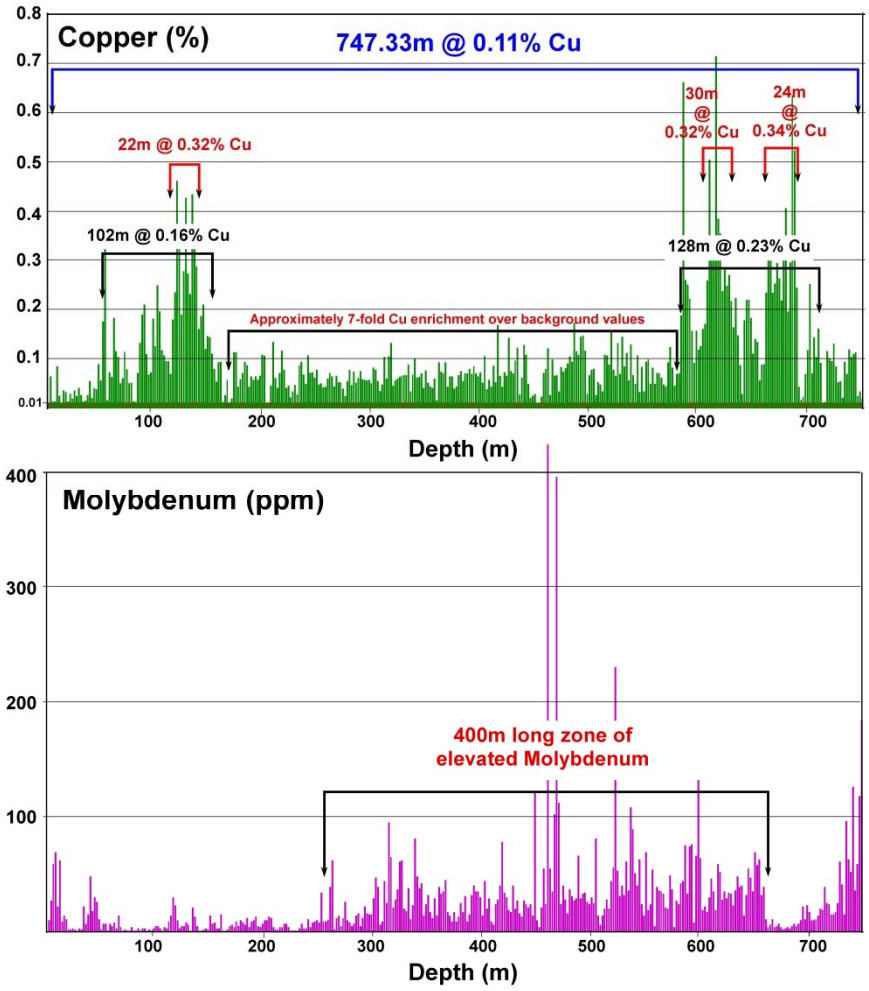


Figure 8 - Widespread halo-style copper and molybdenum in hole CSD-13-003.

Hole CSD-13-003 was drilled to test an area of high magnetic response in the southeast section of the Alpala Magnetic Complex (Figure 9). On further interpretation of the magnetic data, it is now evident that Hole 3 tested only the margins of these large magnetic bodies. These potential porphyry systems will be tested by holes P3, P4 and P7 in the Stage 2 drill program in early 2014.

Expanded Stage 2 Drill Program

As reported in the Company's market releases of 4 and 5 November 2013, the original drill program is in the process of being expanded into a second stage. SolGold continues to review the drill hole positions for the Stage 2 drill program. Given the well-mineralised core from the active drill hole CSD-13-005, SolGold will review with Cornerstone the optimal program in the New Year to identify extensions to the mineralisation that is presently being encountered at depth in hole CSD-13-005.

Alpala Magnetic Complex

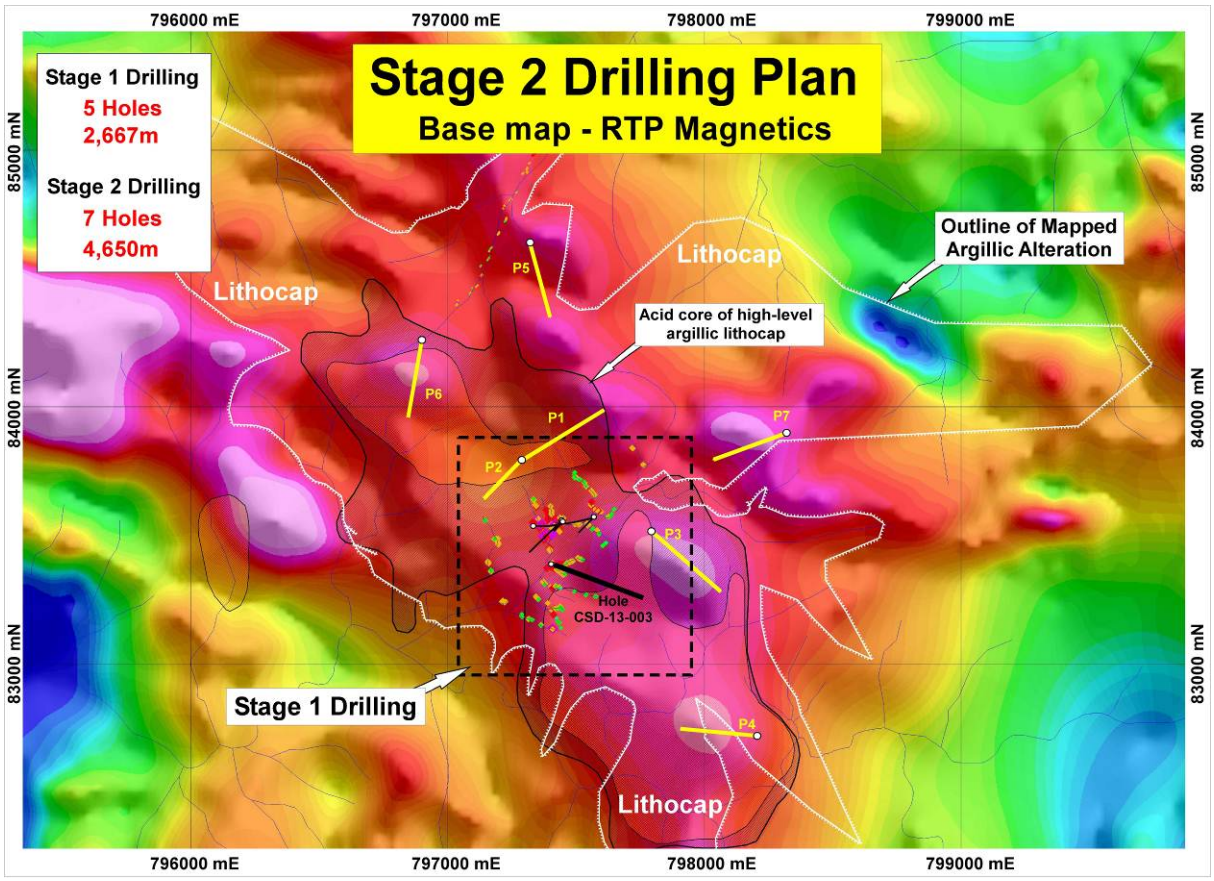


Figure 9 - Plan map of drill hole CSD-13-003 relative to holes CSD-13-001, 002, 004 and 005, magnetic anomalies of interest and the extensive lithocap at Alpala.

About Cascabel

SolGold holds a 50% interest, which it has elected to increase to 85%, in Exploraciones Novomining S.A. ("ENSA"), an Ecuadorean registered company, which holds 100% of the Cascabel concession in northern Ecuador. Cornerstone Capital Resources Inc. ("Cornerstone") currently holds the other 50% of ENSA.

The Cascabel project is located in north-western 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 25 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

Contacts:

Mr Alan Martin
SolGold Plc (CEO and Managing Director) **Tel: +61(0)488 223 828**
amartin@solgold.com.au

Mr Nicholas Mather **Tel: +61 (0)7 3303 0665**
SolGold Plc (Executive Director)
nmather@solgold.com.au

Mr Karl Schlobohm **Tel: +61 (0)7 3303 0661**
SolGold Plc (Company Secretary)
kschlobohm@solgold.com.au

Mr Ewan Leggat / Ms Katy Birkin **Tel: +44 (0)20 3463 2260**
SP Angel Corporate Finance LLP (Broker)
Ewan.leggat@spangel.co.uk

Mr Stephen Weir **Tel: +61 (0)2 9250 0048**
RFC Ambrian Limited (Nominated Advisor)
stephen.weir@rfcambrian.com

Mr Dominic Barretto / Ms Anna Legge **Tel: +44 (0)20 3664 4087**
Yellow Jersey PR Limited (Financial PR)
dominic@yellowjerseypr.com

NOTES TO EDITORS

SolGold's exploration projects are located in northern Ecuador, Australia, and the Solomon Islands. In Ecuador, they consist of a JV 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 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 JV partner is being sought for the Fauro project to pursue drilling of gold-copper targets defined in the 2011 exploration program.

SolGold's strategy is to be an integrated gold and copper discoverer, developer and miner.

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 Alternative Investment Market (AIM) in 2006, under the AIM code 'SOLG' and currently has a total of 603,895,309 fully-paid ordinary shares, 19,608,000 options exercisable at 50p, 11,000,000 options exercisable at 28p, 8,000,000 options exercisable at 14p, and 3,000,000 options exercisable at 6p on issue.