



6 October 2017

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

## **Cascabel Exploration Update**

### **Alpala copper-gold deposit continues to grow with assay results from Holes 23R-D1, and 24-D1R. Rigs 6 and 7 arrive at Cascabel.**

The Board of SolGold (AIM and TSX code: SOLG) is pleased to provide an update on the drilling results of Holes 23R-D1, and 24-D1R and the progress of drilling at Cascabel, the Company's 85% owned copper-gold porphyry project in Ecuador.

#### **HIGHLIGHTS:**

- **Hole 23R-D1 (Alpala Central) assay results return 695.1m grading 1.37% copper equivalent (0.72% copper, 1.02 g/t gold) from 694.9m, including 458.0m grading 1.68% copper equivalent (0.88% copper, 1.26 g/t gold) from 838.0m.**
- **Hole 24-D1R (Alpala Southeast) final assay results return 512.9m grading 0.53% copper equivalent (0.34% copper, 0.30 g/t gold), including 262.8m grading 0.86% copper equivalent (0.52% copper, 0.53 g/t gold) from 755.2m.**
- **Hole 23R-D1 extends known mineralisation in the central portion of the Alpala Deposit approximately 90m to the east.**
- **Hole 24-D1R extends Alpala Southeast mineralisation beneath Hole 24 by approximately 130m and is interpreted to represent the upper portions of a strongly mineralised porphyry system at depth. Further drill testing at Alpala Southeast by Rigs 2 and 3 is underway.**
- **Drilling program is expected to be further expanded from the previously advised 10 to 12 drill rigs by January 2018 targeting drilling of 126,000m in 2018. Man-portable drill rigs 6 and 7 have arrived at Cascabel. Second and third drilling contractors signed with Rigs 8,9,10 and 11 scheduled for arrival November 2017 and Rig 12 in January 2018.**
- **Geophysical 3DIP survey is on schedule with completion of the Spartan portion (magneto telluric to 3km depth), and commencement of the Orion portion (conductivity and resistivity to 2km depth) of the state of the art hybrid survey. Data processing and final results are expected mid-November 2017.**
- **Re-processing and maturation of 3D MVI magnetic models over the greater Alpala area, Aguinaga, Tandayama-America, and Chinambicito nears completion with final targeting expected to be available mid-October.**
- **Assays for Holes 26-D1, 26-D2, 28, 29, 29-D1, 29-D2, 30, 30-D1, 31, 31-D1 and 32 remain pending.**



Commenting on the current drilling, SolGold Technical Services Manager, Benn Whistler said:

***“Hole 23R-D1 and 24-D1R assay results demonstrate strong potential for significant extensions to the Alpala Deposit into the Alpala East and Alpala Southeast sectors. Current drilling at Alpala Northwest, following up on the discovery of major extensions northwest of the Alpala Deposit in Hole 26, is proving fruitful with Hole 26-D2 currently intersecting strongly mineralised diorite porphyry. Rigs 6 and 7 have recently arrived at site and this is expected to expedite drilling at Alpala Central, Alpala Northwest and Alpala West, ahead of the arrival of more rigs to bring the project total to 12 rigs by January 2018. We have not yet found the limits of the system at Alpala and we believe that our growing understanding of the Alpala system, and the expansion of the drilling fleet, will lead to rapid discovery of major extensions at high priority targets, including Alpala Northwest, Alpala East, Alpala West, Alpala Southeast. In fact we are scheduled to drill 126,000m in 2018, so you can see there is exponential growth potential which is expected in the short-term. We have a strong desire to drill test the exciting and untested satellite targets at, Carmen, Trivinio, Parambas Aguinaga, Cristal, Moran, and Tandayama-America, which are scheduled for drill testing on completion of drill data collection for the Alpala Maiden Resource Estimate, and on completion of Spartan-Orion hybrid 3DIP Survey and maturing 3D MVI magnetic modelling. This work is being expedited and the expansion of the drilling fleet is opening these doors for us.”***

## **FURTHER INFORMATION:**

### **Drilling Results - Continued Growth at Alpala**

SolGold’s Alpala deposit continues to grow with each new drill hole as drilling focuses on high grade porphyry centres at Alpala Northwest, Alpala Central and Alpala Southeast. Over 50,000m of drilling has been completed to date along the greater Alpala trend (**Figure 1**), with the use of the directional drilling techniques for deviated path holes from existing parent holes (Devico™), delivering significant time and cost advantages.

The Company is directing drilling capability and operations currently to the collection of drill data to be used in the delivery of a Maiden Resource Estimate by the end of 2017, and is preparing to make follow up resource estimation updates through 2018 as drilling continues to expand the resource at Alpala as well as identify new resources at satellite prospects such as Aguinaga, Cristal, Moran, and Tandayama-America.

**Hole 23R-D1** (Rig 1 Alpala Central) was a “daughter” hole drilled to the east off “parent” Hole 23R from 694.9m depth, testing for the eastern extensions to the high-grade intrusions intersected in Hole 23R, which recently returned 770.0m @ 1.44% copper equivalent (0.71% Cu, 1.16 g/t Au).

Hole 23R-D1 assay results returned 695.1m grading 1.37% copper equivalent (0.72% copper, 1.02 g/t gold) from 694.9m, including 458.0m grading 1.68% copper equivalent (0.88% copper, 1.26 g/t gold) from 838.0m.

The mineralisation encountered in Hole 23-D1R extends known mineralisation in the central portion of the Alpala Deposit approximately 90m eastwards.

**Hole 24-D1R** (Rig 3 Alpala Southeast) was a “daughter” hole drilled off “parent” Hole 24 from 735.0m depth, testing for depth extensions to the mineralisation discovered in Hole 24 which recently returned 160m @ 1.04% copper equivalent (0.63% Cu, 0.65 g/t Au).

Hole 24-D1R (Alpala Southeast) final assay results returned 512.9m grading 0.53% copper equivalent (0.34% copper, 0.30 g/t gold), including 262.8m grading 0.86% copper equivalent (0.52% copper, 0.53 g/t gold) from 755.2m.

The mineralisation encountered in Hole 24-D1R extends Alpala Southeast mineralisation beneath Hole 24 by approximately 130m. Intersections in holes 24 and 24-D1R are interpreted to represent the upper portions of a strongly mineralised porphyry system at depth and further drill testing at Alpala Southeast by Rigs 2 and 3 is underway. Significant high level bornite mineralisation was encountered in Hole 24-D1R

Detailed intersections achieved in Holes 23R-D1 and 24-D1R, showing data aggregation method, are detailed in **Table 1**.

Hole ID	DepthFrom m	DepthTo m	Interval m	Cu %	Au g/t	CuEq %	Cut-off (CuEq%)	m% (CuEq)	Comment
<b>CSD-17-023R-D1</b>	694.9	1440	<b>745.1</b>	<b>0.69</b>	<b>0.95</b>	<b>1.29</b>	0.20	961.2	
CSD-17-023R-D1	694.9	1390	<b>695.1</b>	<b>0.72</b>	<b>1.02</b>	<b>1.37</b>	0.30	952.3	
CSD-17-023R-D1	649.9	1332	<b>682.1</b>	<b>0.76</b>	<b>1.09</b>	<b>1.45</b>	0.50	989.0	
CSD-17-023R-D1	838	1296	<b>458</b>	<b>0.88</b>	<b>1.26</b>	<b>1.68</b>	0.70	769.4	
CSD-17-023R-D1	942	1224	<b>282</b>	<b>1.10</b>	<b>1.81</b>	<b>2.24</b>	1.00	631.7	
CSD-17-023R-D1	958	1212	<b>254</b>	<b>1.16</b>	<b>1.93</b>	<b>2.38</b>	1.50	604.5	
<b>CSD-17-024-D1R</b>	755.2	1268.1	<b>512.9</b>	<b>0.34</b>	<b>0.30</b>	<b>0.53</b>	0.10	271.8	bulk, halo, open ended
CSD-17-024-D1R	755.2	1018	<b>262.8</b>	<b>0.52</b>	<b>0.53</b>	<b>0.86</b>	0.20	226.0	
CSD-17-024-D1R	755.2	964	<b>208.8</b>	<b>0.62</b>	<b>0.65</b>	<b>1.03</b>	0.30	215.1	
CSD-17-024-D1R	755.2	962	<b>206.8</b>	<b>0.62</b>	<b>0.65</b>	<b>1.03</b>	0.50	213.0	
CSD-17-024-D1R	755.2	916	<b>160.8</b>	<b>0.71</b>	<b>0.76</b>	<b>1.19</b>	1.00	191.4	

**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:** Selected intervals from Holes CSD-17-023R-D1 and CSD-17-024-D1R

### **Current Drill Holes at Alpala – Expanding Resource Potential**

**Hole 26-D1** (Rig 4 Alpala Northwest) was completed at 1662.7m depth on 7<sup>th</sup> September 2017. Hole 26-D1 was a “daughter” hole drilled off “parent” Hole 26 from 788.5m depth. Hole 26-D1 intersected strongly mineralised diorite and lesser quartz-diorite porphyry over an (approximate) 470m interval from 1180m to 1650m. Assay results are pending.

**Hole 26-D2** (Rig 4 Alpala Northwest) is the second “daughter” hole drilled off “parent” Hole 26 from 778.3m depth and is at a current depth of 1333.3m. Hole 26-D2 has, to date intersected strongly mineralised diorite porphyry over an open-ended 218m interval from 1115.3m to 1333.3m. Hole 26-D2 continues to intersect porphyry stockwork veining and visible copper sulphide and mineralisation at the current depth of 1333.3m.



**Hole 29** (Rig 5 Alpa East) commenced drilling on 9<sup>th</sup> August 2017, and is at a current depth of 901.0m, Hole 29 is currently on hold whilst the second “daughter” Hole 29-D2 is drilled to completion, before deepening of Hole 29 continues. Hole 29 is planned to test deeper high-grade extensions along the eastern flank of the Alpa Central deposit and is targeting a 200m extension to the east of the known Alpa Central portion of the deposit.

**Hole 29-D1** (Rig 5 Alpa East) was a “daughter” hole drilled off “parent” Hole 29 from 450.2m depth, and was completed at a depth of 1168.4m on 20<sup>th</sup> September 2017. Hole 29-D1 intersected strongly mineralised diorite porphyry and minor late stage hydrothermal breccia over an (approximate) 202m interval from 966m to 1168.4m. Hole 29-D1 is planned to extend mineralisation some 350m below Hole 29-D1 and also infill mineralisation between Holes 23R-D1, 16 and 21.

**Hole 29-D2** (Rig 5 Alpa East) commenced drilling on 1<sup>st</sup> October 2017. Hole 29-D2 is the second “daughter” hole drilled off “parent” Hole 29 from 901.00m depth. Hole 29-D2 is at a current depth of 930.1m, towards a target some 150m below planned to infill mineralisation between Holes 23R-D1 and 25. Assay results remain pending.

**Hole 30** (Rig 1 Alpa Central) commenced drilling on 18<sup>th</sup> August 2017, and is at a current depth of 634.0m. Hole 30 is infilling between Holes 22 and 27 focusing on confirming resource potential at Alpa Central. The hole is currently on hold whilst the first “daughter” Hole 30-D1 is drilled to completion, before deepening of Hole 30. Hole 30 is planned to infill mineralisation between Holes 16, 19, 27, 28 and 30-D1 focusing on providing required drill spacing for resource confidence at Alpa Central.

**Hole 30-D1** (Rig 1 Alpa Central) commenced drilling on 4<sup>th</sup> September 2017. Hole 30-D1 was a “daughter” hole drilled off “parent” Hole 30 from 527.8m depth, and was completed at a depth of 1109.8m on 4<sup>th</sup> September 2017. Hole 30-D1 intersected volcanic host rocks and minor mineralised diorite porphyry. Hole 30-D1 was planned to extend mineralisation between Holes 19, 28 and 27, extending mineralisation approximately 150m southeast of Hole 22. Assay results remain pending.

**Hole 31** (Rig 3 Alpa Southeast) commenced drilling on 27<sup>th</sup> August 2017, from a drill site approximately 100m north of the Hole 24 and 24-D1R drill site. Hole 31 is at a current depth of 606.0m, and is currently on hold whilst the first “daughter” hole 31-D1 is drilled to completion, before deepening of Hole 31 continues. Hole 31 is planned to infill mineralisation between Holes 24-D1 and 27. Assay results remain pending.

**Hole 31-D1** (Rig 3 Alpa Southeast) commenced drilling on 15<sup>th</sup> September 2017, and is at a current depth of 1192.3m. Hole 31-D1 has intersected volcanic host rocks and minor mineralised diorite porphyry, towards a planned depth of 1500m. Hole 31-D1 is planned to infill mineralisation between Holes 24-D1 and 27, above planned Hole 31.

**Hole 32** (Rig 2 Alpa Southeast) commenced drilling on 15<sup>th</sup> September 2017, following a rig move approximately 250m east of the Hole 28 drill site, and is at a current depth of 560.2m. Hole 32 has intersected volcanic host rocks, towards a planned depth of 1800m. Hole 32 is planned to extend mineralisation at depth approximately 100m east of Hole 25.



### **Expanding Drill Program**

The Cascabel drilling program is expanding to 12 drill rigs by January 2018 using three experienced drilling contractors.

Two more man-portable drill rigs (Rigs 6 and 7) have arrived at site and are expected to commence drilling at Alpala in the coming week. A second drilling contractor has mobilised further two large track-mounted Sandvik drill rigs (Rigs 8 and 9) via sea freight, which are expected to arrive at site in early November. A third drilling contractor is expected to deliver two track mounted drill rigs (Rigs 10 and 11) by mid-November, ahead of the arrival of Rig 12 in January 2018. The total metres scheduled for 2018 is 126,000m.

### **Maturation of Geophysics Targets**

The geophysical 3DIP survey is on schedule with completion of the Spartan portion, and commencement of the Orion portion of the state of the art hybrid survey. Data processing and final results are expected in mid-November 2017.

The re-processing and maturation of 3D MVI magnetic models over the greater Alpala area, Aguinaga, Tandayama-America, and Chinambicito nears completion with final targeting expected to be available in mid-October.

#### **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 AIM Rules and NI 43-101. Mr Mather consents to the inclusion of the information in the form and context in which it appears.

### **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 AIM 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.

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, and SolGold currently has circa USD60m in available cash to continue the exploration and development of its flagship Cascabel Project.

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 Aguinaga targets.

SolGold has completed over 50,000m of drilling and expended over USD50M on the program, which includes 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 39 holes drilled (including re-drilled 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 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 126,000m 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 4 of the 15 targets, being Alpala Northwest, 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 700m to the north, 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 Northwest, Hematite Hill, Alpala South East, Cristal, Trivinio, Alpala West, Alpala East, Carmen, Parambas and Alpala South before completing a Maiden Resource Estimate and then drill testing the other key targets within the Cascabel concession at Aguinaga, Tandayama-America, Moran, and Chinambicito.



The Company is currently planning further metallurgical testing and completion of an independent Pre-Feasibility Study 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 also applied for additional exploration licences in Ecuador over a number of promising porphyry copper gold targets throughout the Country. To date 59 such concessions have been granted and announced. SolGold is negotiating external funding options which will provide the Company with the ability to have some of these projects fully funded by a third party while focussing on Cascabel.

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 listed on London's AIM Market in 2006, and dual-listed onto the TSX in July 2017 (both exchanges using the ticker code: SOLG) and currently has on issue a total of 1,516,245,686 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 TSX and LSE-AIM and LSE for companies 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.

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 (1Singer and Menzie, 2010; 2Schodde, 2006; 3Schodde and Hronsky, 2006; 4Singer, 1995; 5Laznicka, 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**.

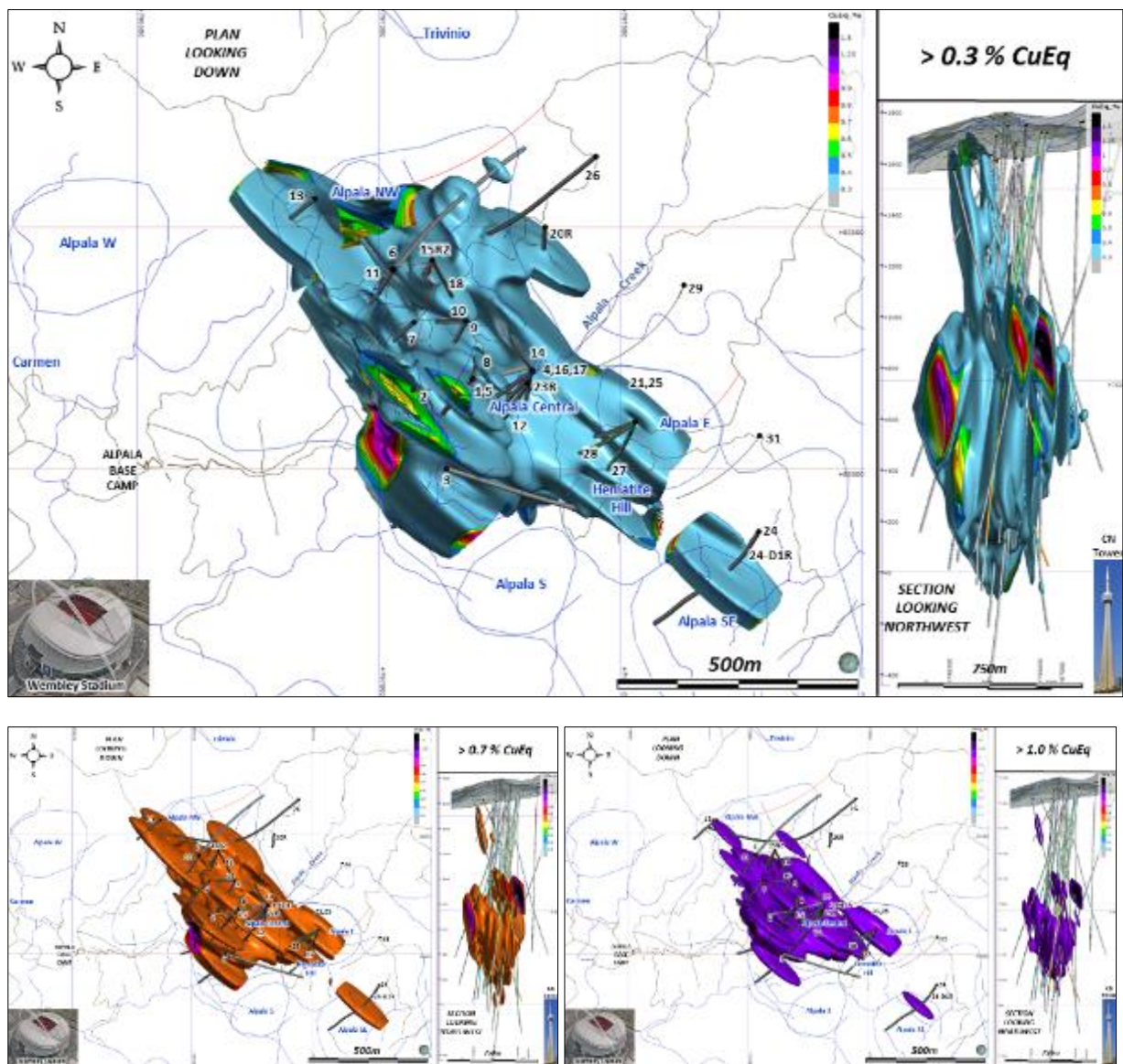
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Rank	Operator	Property	Location	Interval (m)	Cu (%)	Au (g/t)	Cu.Eq (%)	m% CuEq
1	Anglo American	Los Sulphatos	Central Chile	717.0	3.60	0.00	3.60	2581
2	Codelco	Chilean Giants	Northern Chile	unknown	unknown	unknown	unknown	2500
3	Kennecott	Bingham Canyon	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 Alpa 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.ivanhoemines.com/projects/kamoa-kakula-project/](https://www.ivanhoemines.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)

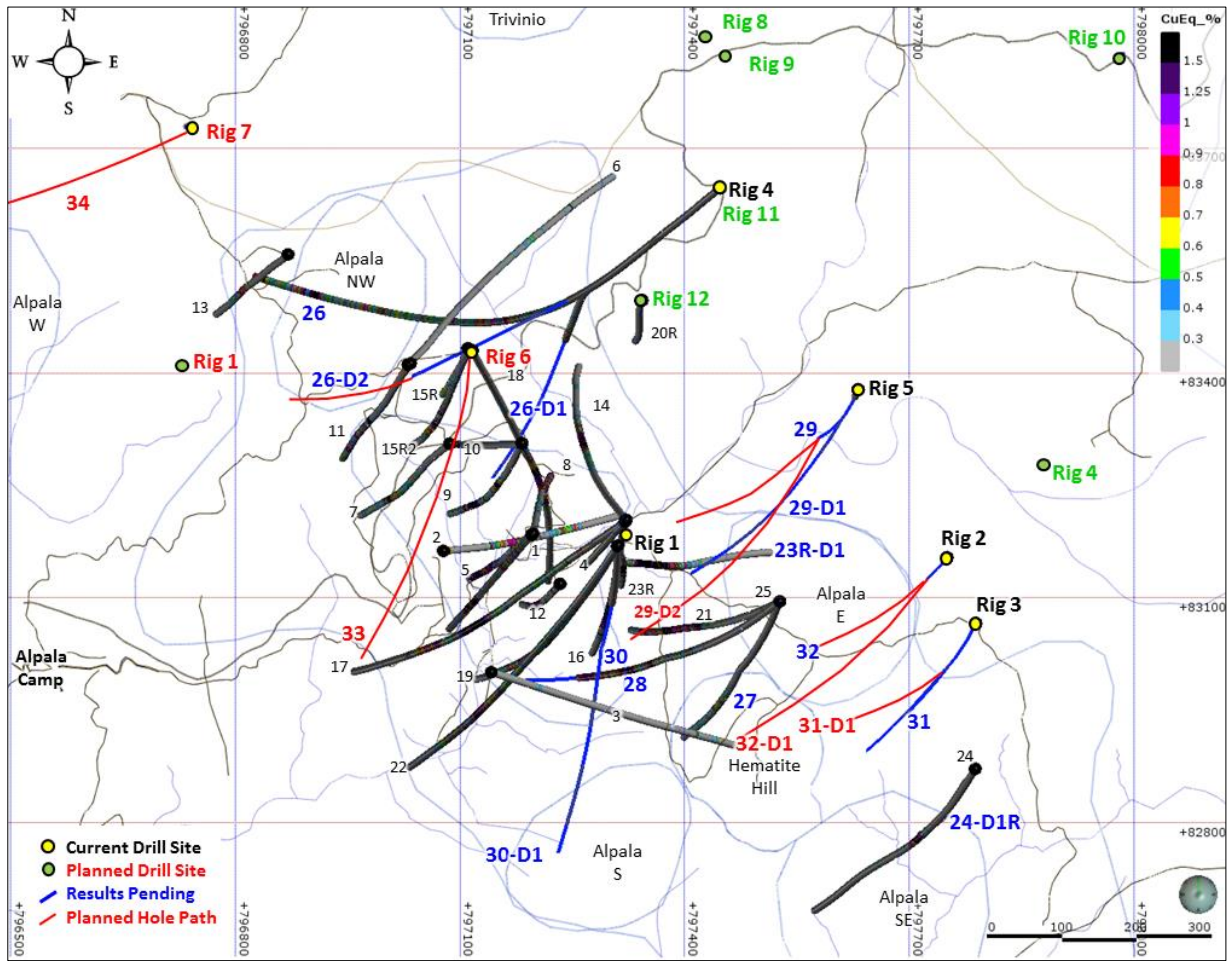
<sup>6</sup> [Source: http://www.canadianminingjournal.com/news/gold-iamgold-files-cote-project-pea/](http://www.canadianminingjournal.com/news/gold-iamgold-files-cote-project-pea/)

<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.



**Figure 1:** Drill hole location plan, displaying down hole copper equivalent results with current drill holes showing hole paths where assays are pending (blue traces), and planned hole paths (red traces).