30 January 2014

Cascabel Project Update
Drilling Resumes at Hole 5
Magnetic Characteristics of Drill Cores Confirm Large Copper-Gold Porphyry System

The Board of SolGold (AIM code: SOLG) is pleased to provide the following project update for the Stage 1 drill program at the Alpala prospect within the Cascabel Project at the Company's copper-gold porphyry exploration project in northern Ecuador (refer Figure 1). Drill hole CSD-13-005, which was temporarily suspended on 20th of December 2013 at 869.68m pending delivery of additional drilling equipment, has now resumed.

Highlights:

- **Hole 5 drilling resumes from a depth of 869.68m, targeting 1500m total depth.**
- **High grade copper and gold mineralisation (0.90% Cu & 0.79 g/t Au) from 778m to 869.68m in Hole 5.**
- **5-10% magnetite from 680 metres downhole associated with high-grade copper and gold.**
- **Grade increasing downhole.**
- **Association of magnetite and copper-gold mineralisation common in porphyry systems.**
- **Strong correlation between magnetite, magnetic response and copper and gold mineralisation in CSD-13-005 confirms copper-gold significance of the 4km^2 Alpala Magnetic Complex.**
- **Hole 5 was at a depth of 892 metres as of 29th January and in visible copper mineralisation.**

SolGold CEO and Managing Director, Mr Alan Martin said: **"It is very pleasing to see drilling resume in Hole 5, especially considering the high grades in the last 91 metres to 869 metres and still very good grades in the last 211 metres. The economic grades of copper-gold porphyry deposits can be lower than conventional gold mines because of their size and resulting economies of scale when mining. Although it is still too early to say whether a copper gold porphyry deposit at Alpala would be mined by open pit or underground methods, we note that with the advancement in mining technologies over the last 5 years, competitive operating costs may be achieved from underground 'block' caving operations. These operations often mine to depths of greater than 1.5 kilometres".**

"Regarding Hole 5, there is strong evidence that the high grade copper gold mineralisation extends well beyond the current depth of 870m, given what we know of porphyry systems globally. We are now resuming Hole 5, deepening it from 869.68 to target 1500 metres. This will provide valuable information of the vertical extent of copper and gold mineralisation. These are very exciting times for SolGold shareholders."

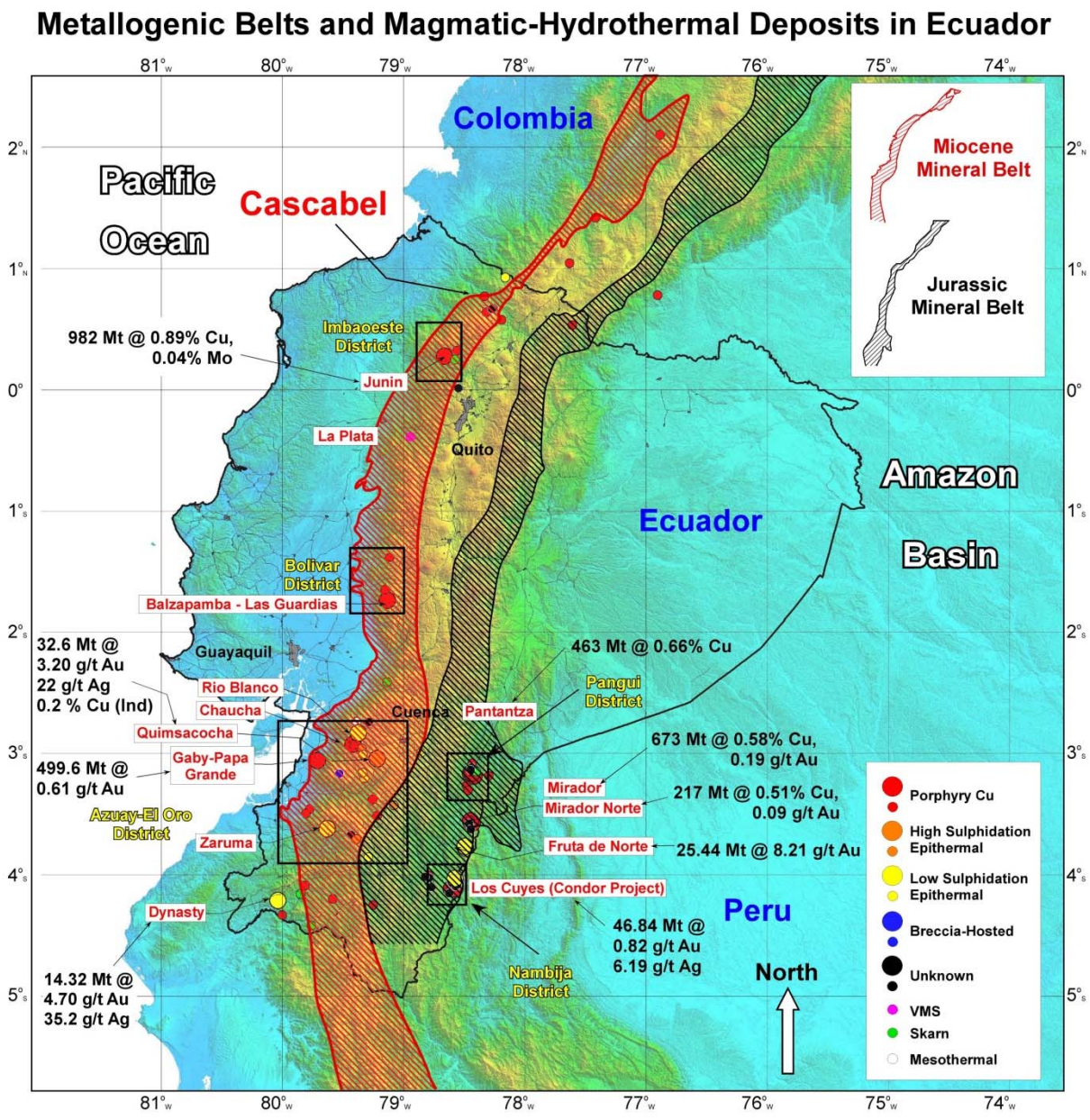

Figure 1 – Location map of Cascabel Project and showing major mineral deposits in Ecuador.

Resumption of Drill Hole CSD-13-005

The location of drill hole CSD-13-005 is illustrated in Figure 2. CSD-13-005 was sited to test beneath holes 1 and 2, which intersected long runs of copper and gold mineralisation associated with porphyry copper-gold quartz vein networks and sheeted veins. Copper and gold intersections for drill hole CSD-13-005 to a depth of 869.68 metres are summarised in Table 1 below. Figure 3 shows a cross-section of copper and gold intersections in holes CSD-13-001 and CSD-13-005. Hole 5 assays to 869.68m were released on 14 January 2013.

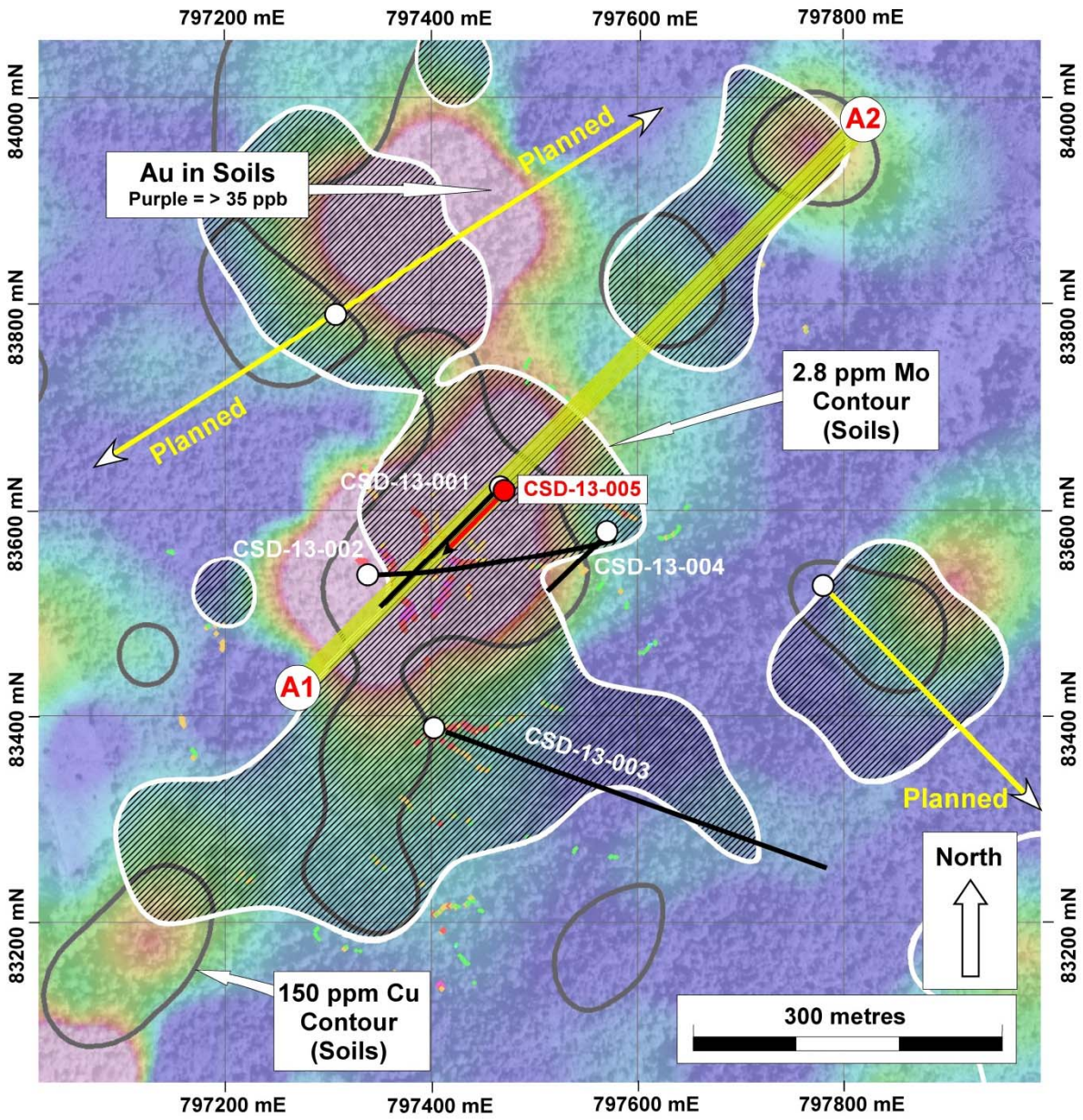

Figure 2 - Plan map of drill hole CSD-13-005 relative to holes CSD-13-001, 002, 003 and 004, and gold, copper and molybdenum soil anomalies at Alpala.

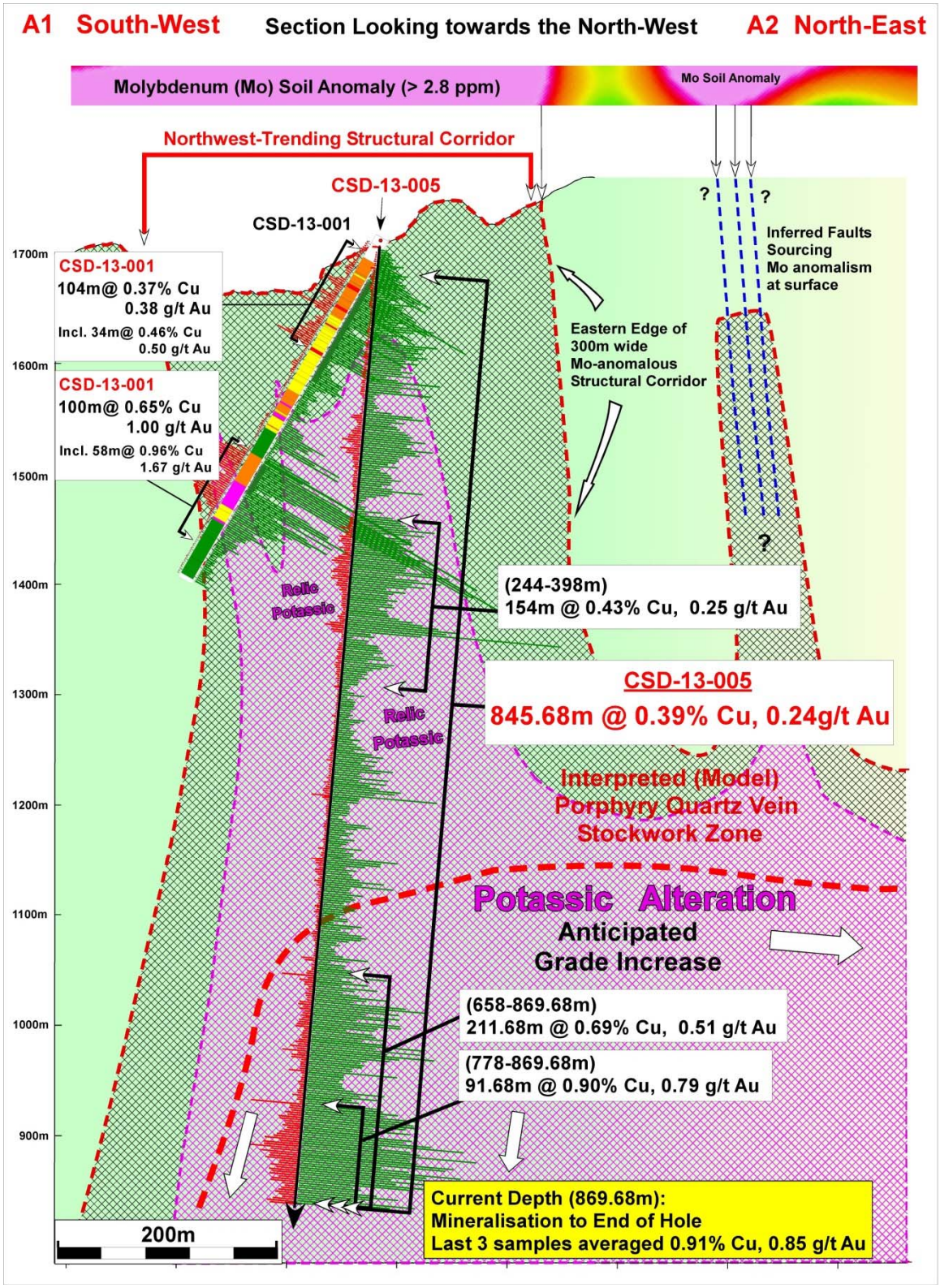

Figure 3 – Cross section showing final copper and gold grades for drill hole CSD-13-005 to a depth of 869.68 metres. Drill-hole CSD-13-005 will be further deepened to beyond 1000m.

Hole CSD-13-005 is expected to take around 20 days to complete to a total depth of 1500 metres, subject to drilling conditions.

Magnetic Susceptibility Data in Hole CSD-13-005

Recent acquisition and plotting of magnetic susceptibility (magnetic characteristics of the rock) measurements from Hole 5 drill core reveal that copper and gold grades increase at depth in tandem with increasing magnetic susceptibility. A strongly magnetic zone in the lower third of Hole 5 coincides not only with increasing copper and gold grade, but also with increasing magnetite (5-10%). Magnetite, a highly magnetic mineral, often accompanies copper and gold in the deeper parts of porphyry copper-gold deposits and contributes to the magnetic anomalies measured at surface or in airborne surveys.

This zone of magnetic response (and high copper and gold grades) in Hole 5 coincides well with the margin of a 1.2-km-wide magnetic body as defined in the 3D model of the magnetic data at Alpala (Figure 4). This association, and the geometry of the magnetic body, gives the Company reason to believe that Hole 5 may have intersected the steep southwest-plunging limb of a typically bell-shaped mineralised porphyry 'shell'. The earlier and shallower intersections in Hole 1 and 2 lie within a 'shoulder position' to the larger porphyry target.

The extension of Hole 5 beyond 1000m depth will further test the high grade and interpreted southwest limb of the porphyry system, where mineralisation is anticipated to continue to substantially greater depths (Figure 4). The magnetic susceptibility data in Figure 4 correlates the high grade copper-gold zone in the deeper part of Hole 5 with the modelled magnetic body, and better maps the interpreted potassic alteration zone which is associated with higher grade mineralisation at Alpala. It will also better enable more accurate definition of future drill targets for drill testing in the next round of drill holes.

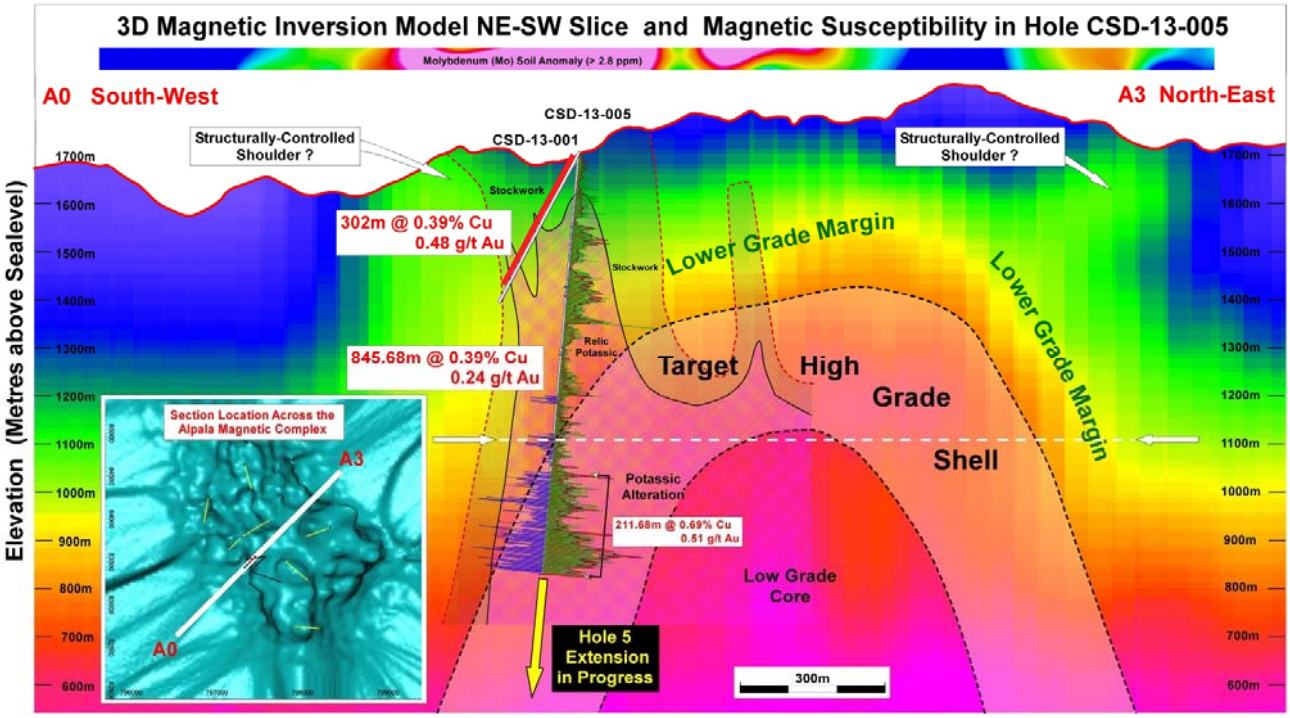

Figure 4 – Cross section illustrating magnetic susceptibility readings in Hole 5 (blue histogram; left side of hole trace), their excellent correlation with copper-gold assays (green histograms and red line on right side of hole trace), and good agreement with the 3D magnetic inversion model that maps a 1.2-km-wide magnetic domain that coincides with the Alpala Magnetic Complex (see inset). Large porphyry copper-gold deposits have lateral dimensions that are typically 600-1200m in diameter. Note: Magnetic intensity contours increase towards the core and decrease upwards and outward. The horizontal depth slice shown in Figure 5 is illustrated by the dashed white line.

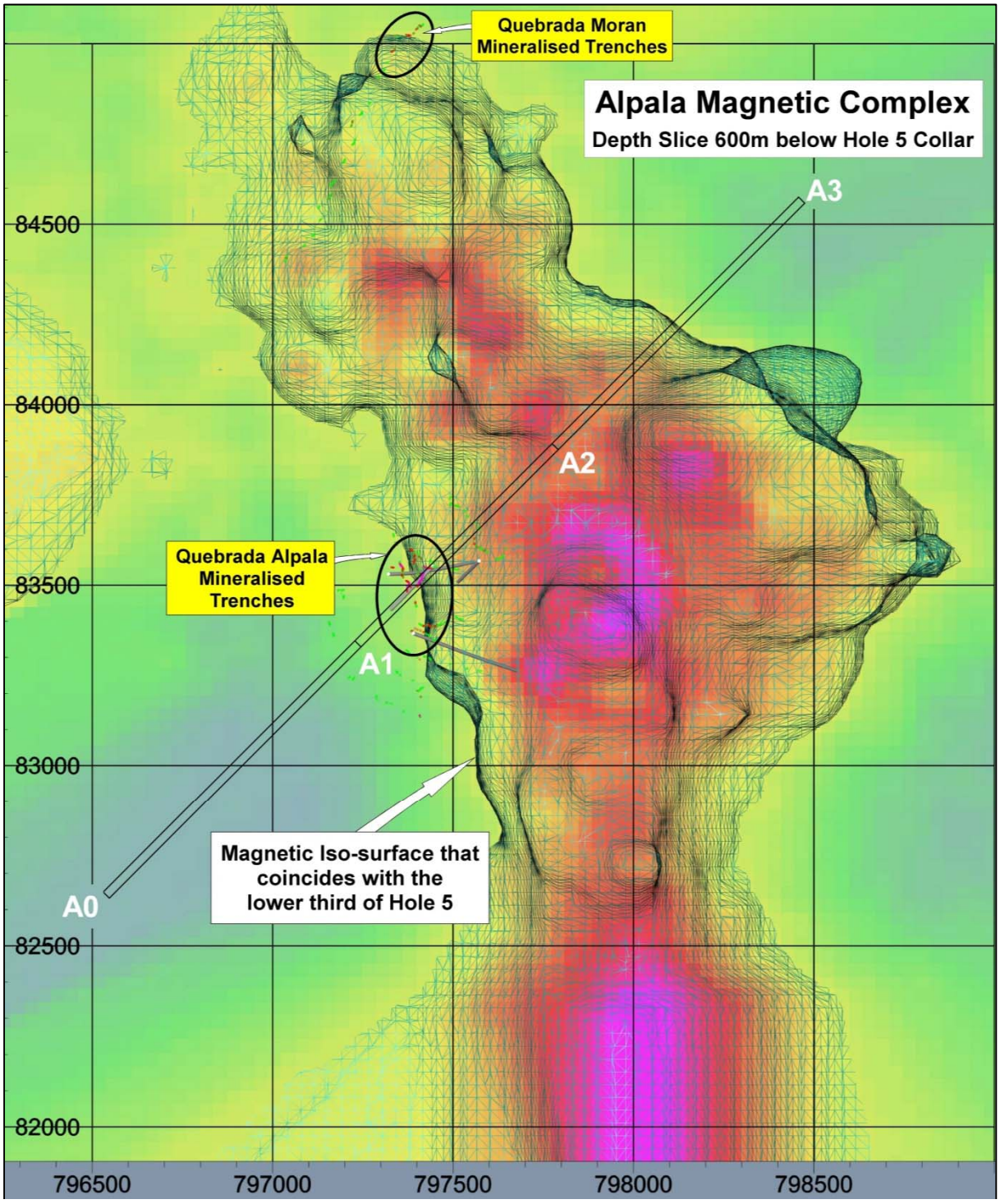

Figure 5 – Plan of the Alpala Magnetic Complex showing location of cross-sections A1-A2 (Figure 3) and A0-A3 (Figure 4). The high-grade intersection in Hole 5 (211.68m @ 0.69% Cu, 0.51 g/t Au) lies on the western side of the Alpala Magnetic Complex. Porphyry mineralisation has also been encountered in trenching at Quebrada Moran on the northern margin of the Alpala Magnetic Complex (mineralisation reported in the RNS dated 17th September 2012). Given the association between strong magnetic signature and copper and gold at both Alpala and Quebrada Moran, significant areas of the Alpala Magnetic Complex are prospective targets. Note: The magnetic intensity decreases outward of the plotted magnetic isosurface and increases inward towards the centre of the Alpala Magnetic Complex (see Figure 4).

Drill Hole CSD-13-004

On the 7th November 2013, drill hole CSD-13-004 was terminated at 318.51m depth due to poor ground conditions as a result of the hole encountering fractured ground. This zone was not evident in the field at the drill collar because of the absence of outcrop. Consequently the drill hole did not reach target depth and intersected low grade copper and gold values. The copper grades in drill hole CSD-13-004 (158.31m @ 0.11% Cu) were gradually increasing with depth, and low-grade mineralisation was persisting to end of hole.

Hole ID	DepthFrom	DepthTo	Interval (m)	Cu_%	Au_g/t	Comment
CSD-13-004	160	318.31	158.31	0.11	0.05	Terminated before target depth
Incls	292	318.31	26.31	0.15	0.05	
CSD-13-005	24	869.68	845.68	0.39	0.24	Open at Depth
Incls	24	420	396	0.32	0.17	
Incls	436	869	433	0.47	0.31	Open at Depth
Incls	244	398	154	0.43	0.25	
Incls	658	869.68	211.68	0.69	0.51	Open at Depth
Incls	778	869.68	91.68	0.90	0.79	Open at Depth

Table 1: Copper and gold intersections encountered in holes CSD-13-004 and CSD-13-005.

About Cascabel

SolGold holds a 50% interest, and has elected to increase its ownership to 85% interest, 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 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 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 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 is being considered at Kuma, while 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 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 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.