



2 February, 2017

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

## **Cascabel Exploration Update**

**Drill hole 18 assay results return  
664m grading 0.70 % Copper, and 0.77 g/t Gold from 904m  
within a broader mineralised halo of  
1204m grading at 0.46 % Copper and 0.47 g/t Gold from 466m  
at the growing Alpala deposit.**

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:**

- **Drill hole 18 assay results return 664m grading 0.70 % copper, and 0.77 g/t gold from 904m, within a broader mineralised halo of 1204m grading at 0.46 % copper and 0.47 g/t gold from 466m at the growing Alpala deposit, at 0.3% Cu cutoff.**
- **Hole 19 terminated at 1632.52m on 21<sup>st</sup> January 2017 and samples at laboratory.**
- **Drilling focus moving towards Alpala south-east and Hematite Hill high temperature, bornite rich zones.**
- **Hole 20R continuing at 1310m.**
- **Holes 21 & 22 commenced and at 289m and 249m respectively.**
- **Two additional rigs to arrive in February.**

Commenting on the result, SolGold CEO Nick Mather said:

***"This deposit is getting bigger all the time, we still haven't closed it off to the south-west, north-east, south-east or vertically. We are very interested in the south-east bornite rich zone, which alone can double the size of Alpala. With the global copper outlook and Alpala growing, we are very excited & looking forward to the Hole 19 results."***

### **FURTHER INFORMATION:**

The Cascabel Project is located on the gold-rich northern section of the prolific Andean Copper belt renowned as the production base for nearly half of the world's copper, (**Figure 1**). The project area hosts mineralisation of Eocene age, the same age as numerous Tier 1 deposits along the Andean Copper Belt in Chile and Peru to the south. The project base is located at Rocafuerte, in northern Ecuador, approximately 3 hours drive north of Quito, close to water, power supply and Pacific Ports (**Figure 2**). SolGold holds an 85% interest in ENSA (Exploraciones Novomining S.A.) which holds 100% of the Cascabel tenement.



Fourteen individual targets have been defined at Cascabel and only one of these, the Alpala Deposit, has been drilled to date (**Figure 3**). The deposit at Alpala continues to grow with each new drill hole. Drilling continues to focus on defining the geometry of the growing Alpala deposit, which is open in all directions. Some 29,000m of drilling has been completed to date (**Figure 4**).

Drill Hole CSD-16-018 (“Hole 18”) was terminated at a depth of 2216.75m, on the 17<sup>th</sup> of January 2017. To date only assay results from 0m to 1794m of Hole 18 have been received. Assay results for the remainder of the hole are pending. Hole 18 is interpreted to have drilled out of the south-west side of the deposit at approximately 1670m depth.

Hole 18 intersected significant copper and gold mineralisation over an interval of 1204m from 466m depth. This interval is characterised by a 112m long upper zone of mineralisation from 548m to 660m, and a 664m long lower zone of mineralisation from 904m to 1568m, separated by a late stage lower grade dyke intersected from 660m to 904m.

Highlights from the assay results received from Hole 18 are shown below in **Table 1**. Drilling results to date at Alpala are summarised in **Table 2**.

Hole ID	DepthFrom	DepthTo	Interval (m)	Cu_%	Au_g/t	Cu.Eq_%	Cut	Comments
CSD-16-018	466	1670	1204	0.46	0.47	0.88	na	bulk halo
	548	660	112	0.35	0.24	0.57	0.30	upper zone separated from lower zone by late dyke
	904	1568	664	0.70	0.77	1.39	0.30	lower zone
	1130	1532	402	0.81	0.90	1.61	0.70	lower zone
	1174	1436	262	0.91	1.15	1.94	1.00	lower zone
	1174	1318	144	1.13	1.67	2.63	1.50	lower zone

\*Data Aggregation Method: Intercepts reported using copper equivalent cutoff grades of 0.1,0.2,0.3,0.5,0.7,1.0 and 1.5% with up to 10m internal dilution, excluding bridging to a single sample. Minimum intersection length 6m. Gold Conversion Factor of 0.89 calculated from a copper price of US\$2.20/lb and a gold price US\$1350/oz.

**Table 1: Drilling Results from Hole 18 (CSD-16-018) at Alpala.**

Following geological review and updated modelling, SolGold is focussing on the Alpala south-east and Hematite Hill zones, covering a further 750m of strike, or double the existing strike of the Alpala zone.

Drilling with Rig 1 continues with Hole 22, which is at a current depth of 249m. Hole 22 will test for shallower extensions above recent high grade mineralisation encountered in Hole 19.

Rig 2 was moved to Hematite Hill drill site for Hole 21, which is at a current depth of 289m. Hole 21 is testing southeast extensions of the Alpala deposit. The high-grade core of the Alpala deposit, remains open southeast and below Hole 16, which returned an encouraging 856 metres grading at 0.80 % copper and 1.04 g/t gold.

Rig 3 continues deepening Hole 20R, which is at a current depth of 1310m.

Updates on the progress of current holes 20R, 21, and 22 will be provided in the coming weeks.

SolGold is awaiting the arrival of two additional rigs in February to focus on defining the extent of the Alpala system, prior to an optimised maiden resource statement.



#### 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. Mr Mather 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 is a Brisbane, Australia based, AIM-listed (SOLG) 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 Newmont trained porphyry expert Dr Steve Garwin.

SolGold was shortlisted as a nominee for the Mining Journal Explorer Achievement Award for 2016. The Company announced USD54m in capital raisings in September 2016 involving Maxit Capital LP, Newcrest International Ltd and DGR Global Ltd, all undertaken at substantial premiums to previous raisings and SolGold has at January 2017 USD46 million in available cash to continue the exploration and development of its flagship Cascabel Project.

Coincident with those capital raisings, Mr Scott Caldwell (CEO of TSX-listed Guyana Goldfields Inc) joined the SolGold Board on 9 September 2016. Mr Caldwell is a mining engineer with over 30 years of experience building and operating gold and base metal mines worldwide, including USA, Canada,



Russia, Zimbabwe, Chile and Indonesia and was in 2016 recognised as CEO of the year for South-American resource companies.

Cascabel, SolGold's 85% owned world class 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 11% of TSX-V-listed Cornerstone Capital Resources, which holds the remaining 15% of ENSA, the Ecuadorian registered company which holds 100% of the Cascabel concession.

The investment by Newcrest into 10% of SolGold and investment into SolGold by Guyana Goldfields, Maxit Capital and its clients, endorses Ecuador as a mining destination, the management team at SolGold, the dimension, size and scale of Alpala, the general 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 and soil sampling over 25 km<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 to date completed approximately 29,000m of drilling and expended over USD 39M on the program, corporate costs and investments into Cornerstone. This has been completed without lost time injury or environmental incident, employing a workforce of up to 150 Ecuadoreans workers and geoscientists. The results of 18 holes drilled and assayed to date are appended in Table 1. Intensive diamond drilling is planned for the next 12 months with multiple drill rigs.

Cascabel is characterised by fourteen (14) 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 only one of the 14 targets, being Alpala.

The Alpala deposit is open at depth and in the upper extensions, as well as to the north, north-east, south-east and south-west. The mineralised zones at Alpala, and Moran some 700m to the north, and Aguinaga some 2km north east, are closely modelled by magnetic signatures and currently encompass over 10Bt of magnetic rock anticipated, on the basis of a strong relationship between copper sulphides and magnetite, to be mineralised with copper and gold.

SolGold is focussing on extending the dimensions of Alpala before completing a resource statement and drill testing of the other key targets within the Cascabel concession at Alpala South East, Aguinaga, Trivinio, Moran, Alpala Northwest, Hematite Hill, Cristal, Parambas, Carmen, Tandayama-America and Chinambicito. The Company is planning further metallurgical testing and completion of a conceptual early stage mine and plant design and a scoping study for an economic development at Cascabel. SolGold is investigating both high tonnage / low-medium grade open cut and underground block caving operations, and a high grade / low tonnage initial underground development.

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. Copper equivalent grades are calculated using a gold conversion factor of 0.89, determined using copper price of USD2.20/pound and gold price of USD1350/ounce.



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 elsewhere in the Country. SolGold is negotiating external funding options which could provide the Company with the ability to have 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. 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.

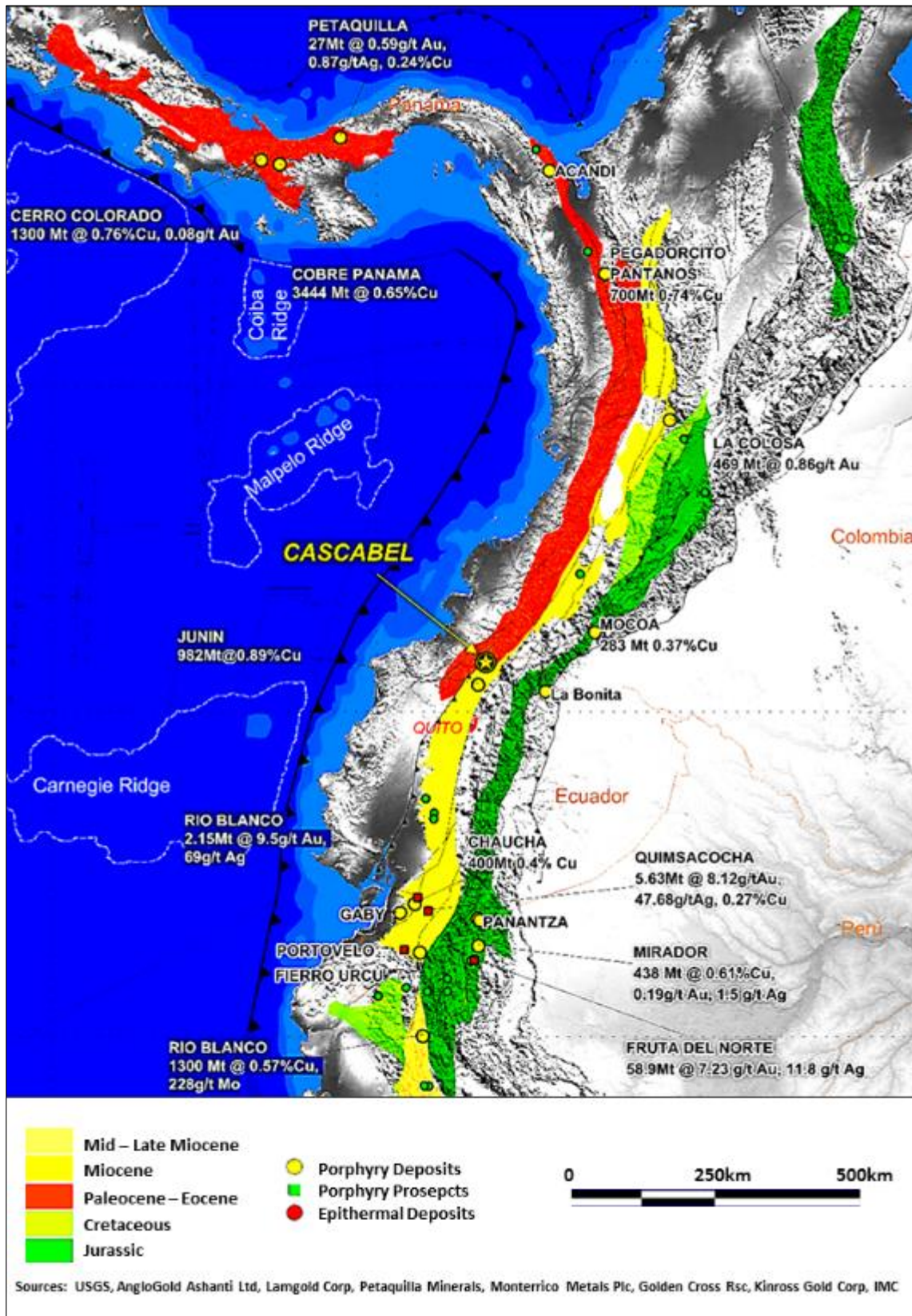
SolGold retains interests in its original theatre of operations, Solomon Islands in the South West Pacific, where the 100% owned, but as yet undrilled, Kuma prospect on the island of Guadalcanal exhibits surface geological characteristics which are traditionally indicative of a large metal rich copper 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 Argentina.

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 1,429,966,605 ordinary shares issued, together with 33,975,884 options exercisable at 28p and 14,075,884 options exercisable at 14p.

#### **CAUTIONARY NOTICE**

This 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.



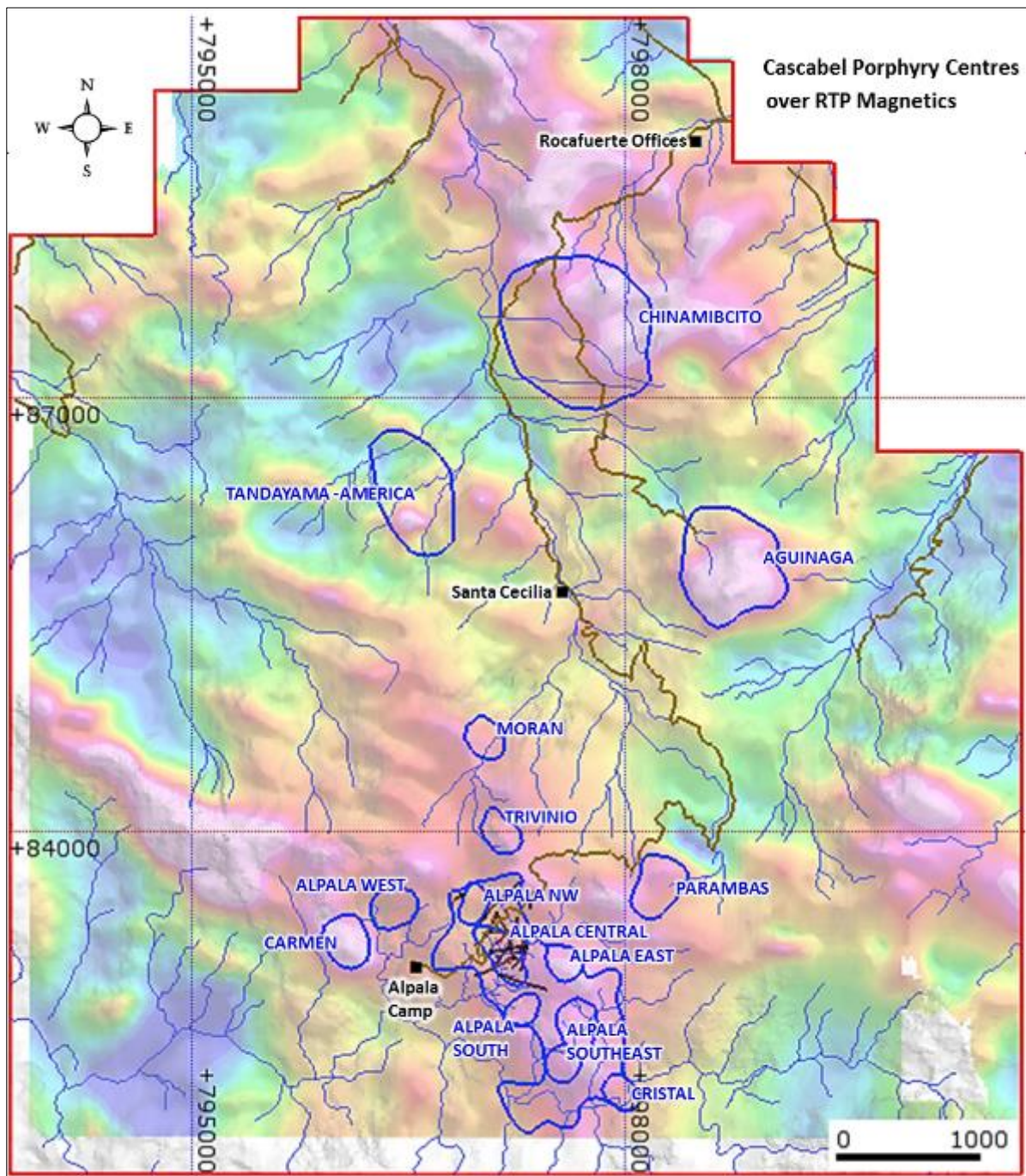


**Figure 1:** Regional Setting of the Cascabel Project, in the under-explored Ecuadorian portion of the Andean Copper Belt.



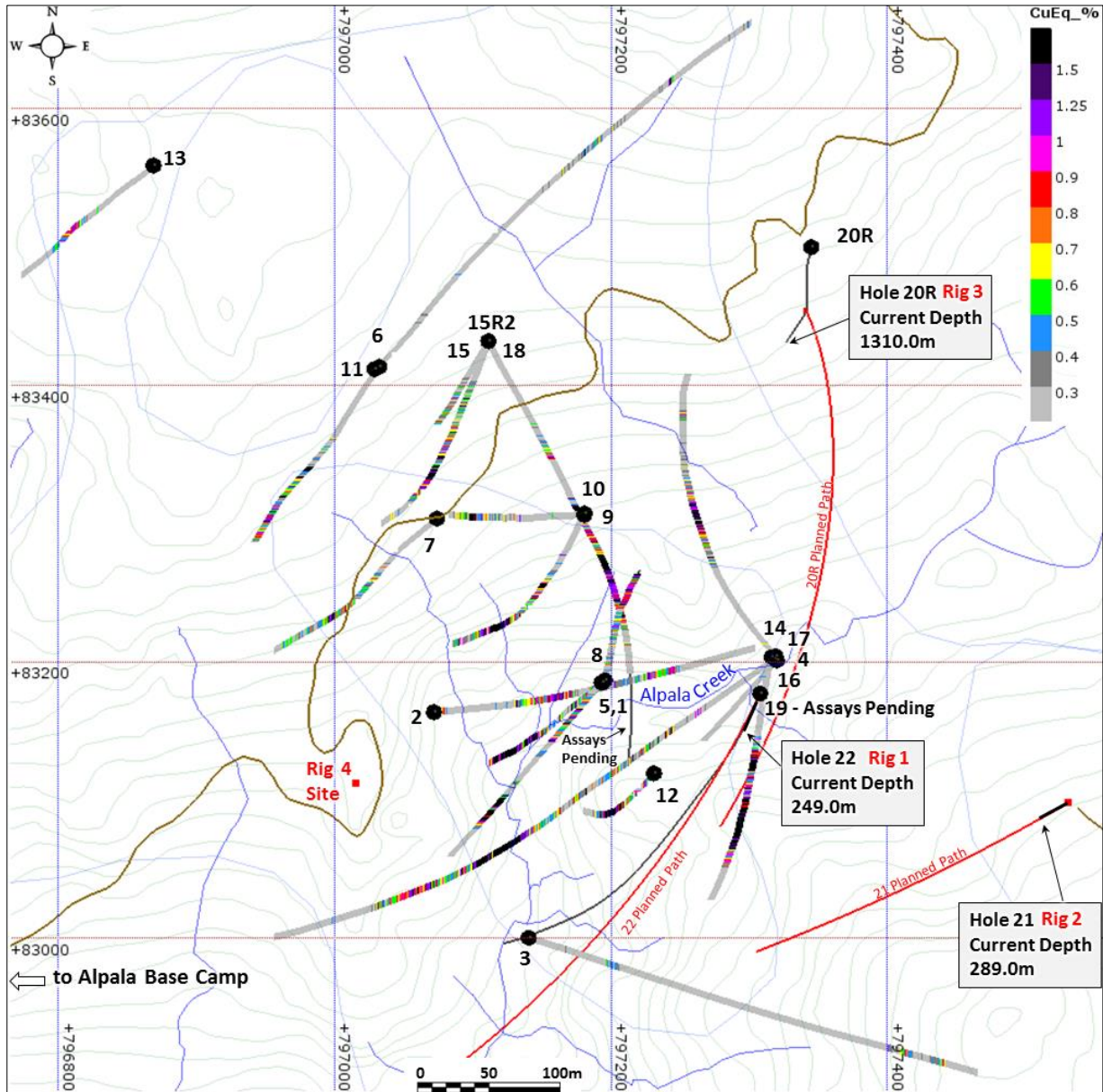
**Figure 2:** Location of Cascabel project in northern Ecuador, highlighting the significant capital advantages held by the project, with proximity to ports, road infrastructure, hydro-electric power stations and the trans-continental power grid.





**Figure 3:** Cascabel tenement area showing 14 porphyry centres recognised to date through compilation of multiple geophysical, geochemical and geological datasets. Eight high priority target areas have been identified at Alpala, Alpala East, Alpala Southeast, Cristal, Trivinio, Moran, Aguinaga, and Tandayama-America.





**Figure 4:** Drill hole location plan, showing existing drill holes (with colour coded copper equivalent grades), as well as current holes 21, 22, and 20R (with current depths in black and remaining planned hole path in red).

Hole ID	DepthFrom	DepthTo	Interval (m)	Cu_%	Au_g/t	CuEq_%	m% CuEq
CSD-13-001	16	318	<b>302</b>	0.39	0.48	0.82	247.64
	222	322	<b>100</b>	0.65	1.00	1.54	154
CSD-13-002	126	418	<b>292</b>	0.37	0.30	0.64	186.88
	184	226	<b>42</b>	0.50	0.68	1.11	46.62
CSD-13-003	4	751.3	<b>747.3</b>	0.11	0.05	0.15	112.095
	584	712	<b>128</b>	0.23	0.14	0.35	44.8
CSD-13-004	160	318.3	<b>158.3</b>	0.11	0.05	0.15	23.745
CSD-13-005	24	1330	<b>1306</b>	0.62	0.54	1.10	1436.6
	778	1310	<b>532</b>	1.05	1.08	2.01	1069.32
	1052	1310	<b>258</b>	1.27	1.40	2.52	650.16
CSD-14-006	702	1038	<b>336</b>	0.18	0.12	0.29	97.44
CSD-14-007	654	1612	<b>958</b>	0.40	0.17	0.55	526.9
	1056	1294	<b>238</b>	0.65	0.35	0.96	228.48
CSD-14-008	396	1310.5	<b>914.45</b>	0.41	0.44	0.80	731.56
	862	1310.5	<b>448.45</b>	0.56	0.64	1.13	506.7485
	1264	1310.5	<b>46.45</b>	0.71	0.58	1.23	57.1335
CSD-14-009	430	1757.4	<b>1327.35</b>	0.57	0.74	1.23	1632.641
	650	1738	<b>1088</b>	0.66	0.89	1.45	1577.6
	1184	1482	<b>298</b>	1.24	1.72	2.77	825.46
CSD-15-010	446	840	<b>394</b>	0.38	0.36	0.70	275.8
	684	840	<b>156</b>	0.63	0.74	1.29	201.24
CSD-15-011	996	1632	<b>636</b>	0.58	0.40	0.94	597.84
	1412	1518	<b>106</b>	0.73	0.50	1.18	125.08
CSD-15-012	128	1440	<b>1312</b>	0.67	0.63	1.23	1613.76
	438	1440	<b>1002</b>	0.76	0.77	1.45	1452.9
	844	1420	<b>576</b>	1.03	1.19	2.09	1203.84
CSD-15-013	926	1302	<b>376</b>	0.52	0.25	0.74	278.24
	920	1126	<b>206</b>	0.61	0.30	0.88	181.28
CSD-15-014	628	1396	<b>768</b>	0.50	0.45	0.90	691.2
	808	1284	<b>476</b>	0.63	0.65	1.21	575.96
CSD-15-015	na	na	na	na	na	na	na
CSD-16-015R	na	na	na	na	na	na	na
CSD-16-015R2	394	1732	<b>1338</b>	0.49	0.36	0.81	1083.78
	666	1694	<b>1028</b>	0.57	0.42	0.94	966.32
	890	1640	<b>750</b>	0.67	0.50	1.12	840
CSD-16-016	516	1661.6	<b>1145.6</b>	0.63	0.78	1.32	1512.192
	548	1404	<b>856</b>	0.80	1.04	1.73	1480.88
	928	1301.6	<b>373.6</b>	1.00	1.34	2.19	818.184
CSD-16-017	330	1278	<b>948</b>	0.60	0.53	1.07	1014.36
	702	1264	<b>562</b>	0.79	0.75	1.46	820.52
	784	1032	<b>248</b>	1.16	1.36	2.37	587.76
CSD-16-018	466	1670	<b>1204</b>	0.46	0.47	0.88	1059.52
	904	1568	<b>664</b>	0.70	0.77	1.39	922.96
	1174	1436	<b>262</b>	0.91	1.15	1.94	508.28

**Data Aggregation Method:** Intercepts reported using copper equivalent cutoff grades of 0.1,0.2,0.3,0.5,0.7,1.0 and 1.5% with up to 10m internal dilution, excluding bridging to a single sample. Minimum intersection length 6m. Gold Conversion Factor of 0.89 calculated from a copper price of US\$2.20/lb and a gold price US\$1350/oz.

**Table 1:** Drill hole results to date at Alpala.