



8 February 2019

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

Response to Cornerstone

The Directors of SolGold (TSX, LSE:SOLG) have reviewed the announcement by Cornerstone Capital Resources (TSX:CGP) in response to SolGold's announced intention to bid for all of the issued and outstanding shares and warrants of Cornerstone.

The Directors of SolGold are surprised and disappointed that Cornerstone has so quickly dismissed SolGold's stated intention to offer its shareholders and warrant holders 0.55 SolGold shares for every Cornerstone share (and prescribed ratios for warrants). The SolGold offer would represent a 20% premium over Cornerstone's closing price before SolGold's statement, which SolGold believes is a compelling offer to Cornerstone shareholders and warrant holders and a premium that is in line with comparable recent transactions in the sector.

SolGold notes the apparent lack of consideration given to its announcement that it intends to make a premium offer for Cornerstone securities. Cornerstone's announcement on 31 January 2019 was lodged with the TSX at 09.52 EST, less than three hours after the announcement of the intention to make an offer by SolGold. Was there time that early in the morning to actually make contact with shareholders representing more than 50% of those outstanding? Did Cornerstone have time to hold a board meeting to consider the offer between the time board members woke up in the morning and the time the press release was issued? Did the board of Cornerstone form an independent committee of directors to consider, on behalf of shareholders, the premium to be offered by SolGold? Did Cornerstone receive advice from a financial advisor with respect to the proposed offer before issuing its responding news release dismissing the proposed offer? These are all questions that SolGold believes holders of Cornerstone securities, specifically minority holders, should be asking in light of the responding press release issued by Cornerstone.

SolGold notes that the market reaction to its announced intention to make an offer to holders of Cornerstone securities was a marked increase in the price of common shares of Cornerstone. SolGold believes this reflects the fact that the market understands that the proposed offer from SolGold would:

1. Present all equity classes in Cornerstone with a **significant premium** equal to the highest price Cornerstone has enjoyed in 2 years;
2. **Remove the financing risks** to equity value imposed by the current structure of Cornerstone's 15% interest in Cascabel;
3. Enhance the **value of a SolGold control premium** for Cornerstone shareholders (which they currently do not enjoy);



4. Provide *impressive pan Ecuadorean exploration value upside* from the multi target first mover copper gold project portfolio in SolGold's four wholly owned subsidiaries covering the entire length of the Ecuadorean sector of the Andean Copper belt.
5. Probably see the bid succeed, in contrast to the statements by the Cornerstone Board in its release.

SolGold shareholders currently enjoy a value premium over Cornerstone. SolGold expects that this premium exists for many reasons, including, specifically, its ability to exercise management and financial control over Cascabel, SolGold's 100%-owned, potentially tier one, pan-Ecuadorean copper gold portfolio, including 11 major targets, SolGold's multi award-winning skilled and experienced management team and the strong backing of BHP, the world's largest mining company and Newcrest Mining, Australia's largest gold miner and a block cave expert.

SolGold rejects Cornerstone's misleading assertion in respect of the Blanca vein project, as the relevant prospect is outside of the Area of Mutual Interest pursuant to the governing agreements, meaning that Cornerstone has no current interest or ability to earn an interest in this project.

SolGold advises that Cornerstone's interpretation of the agreements with SolGold is also misleading. In fact, SolGold owns 85% of the beneficial and registered title in the shares in ENSA, which holds 100% of the Cascabel concession. Further, the interest SolGold and Cornerstone hold in ENSA are in the nature of shareholdings – the parties have not entered into a joint venture and no fiduciary obligation by SolGold in favour of Cornerstone exists.

SolGold believes that all Cornerstone shareholders and warrant holders should be given the opportunity to make an informed decision with regard to the merits of the SolGold proposal, and that an independent review should be conducted by the Cornerstone Board, properly advised by an independent committee thereof, before making public statements about the proposed offer. SolGold also recommends that Cornerstone shareholders take time to analyze the rationale of a combination of Cornerstone and SolGold as outlined in SolGold's announcement.

SolGold presently intends to proceed with its offer in accordance with the terms announced.

Readers are cautioned that SolGold may determine not to make the Offer if: (i) it identifies material adverse information concerning the business, affairs, prospects or assets of Cornerstone not previously disclosed by Cornerstone; (ii) Cornerstone implements or attempts to implement or activate defensive tactics (such as a material change in Cornerstone's capital structure or the grant of an option (or similar right) to purchase material assets) in relation to the Offer; (iii) Cornerstone determines to engage with SolGold to negotiate the terms of a combination transaction and SolGold and Cornerstone determine to undertake that transaction utilizing a structure other than a takeover bid (such as a plan of arrangement); (iv) a third party makes a competing offer for Cornerstone; or (v) there is a change of control of Cornerstone or any of its material subsidiaries. Accordingly, there can be no assurance that the Offer will be made or that the final terms of the Offer will be as set out in this news release.



ADVISORS

SolGold has retained Hannam & Partners and Cormark Securities Inc. as its financial advisors in connection with the Offer. Bennett Jones LLP is acting as Canadian legal advisor to SolGold and HopgoodGanim is acting as Australian Legal Advisor to SolGold

ADDITIONAL INFORMATION

Cautionary Statement Regarding Status of the Offer

SOLGOLD HAS NOT YET COMMENCED THE OFFER NOTED ABOVE IN THIS NEWS RELEASE. UPON COMMENCEMENT OF THE OFFER, SOLGOLD WILL FILE A TAKEOVER BID CIRCULAR WITH VARIOUS SECURITIES COMMISSIONS IN CANADA AND, IF REQUIRED, WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION. THE TAKEOVER BID CIRCULAR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE OFFER AND SHOULD BE READ IN ITS ENTIRETY BY CORNERSTONE SHAREHOLDERS AND OTHERS TO WHOM THE OFFER IS ADDRESSED. AFTER THE OFFER IS COMMENCED, CORNERSTONE SHAREHOLDERS (AND OTHERS) WILL BE ABLE TO OBTAIN, AT NO CHARGE, A COPY OF THE OFFER TO PURCHASE, TAKEOVER BID CIRCULAR AND VARIOUS ASSOCIATED DOCUMENTS WHEN THEY BECOME AVAILABLE ON THE SYSTEM FOR ELECTRONIC DOCUMENT ANALYSIS AND RETRIEVAL (SEDAR) AT WWW.SEDAR.COM (AND AT WWW.SEC.GOV IF THOSE DOCUMENTS ARE REQUIRED TO BE FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION). THIS ANNOUNCEMENT IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO PURCHASE, OTHERWISE ACQUIRE, SUBSCRIBE FOR, SELL, OTHERWISE DISPOSE OF OR ISSUE, OR ANY OTHER SOLICITATION OF ANY OFFER TO SELL, OTHERWISE DISPOSE OF, ISSUE, PURCHASE, OTHERWISE ACQUIRE OR SUBSCRIBE FOR ANY SECURITY. THE OFFER WILL NOT BE MADE IN, NOR WILL DEPOSITS OF SECURITIES BE ACCEPTED FROM A PERSON IN, ANY JURISDICTION IN WHICH THE MAKING OR ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE LAWS OF SUCH JURISDICTION. HOWEVER, SOLGOLD MAY, IN ITS SOLE DISCRETION, TAKE SUCH ACTION AS IT DEEMS NECESSARY TO EXTEND THE OFFER IN ANY SUCH JURISDICTION.

Cautionary Statement Regarding Forward-Looking Information

This news release contains certain forward-looking information (referred to herein as “forward-looking statements”). Forward-looking statements are often, but not always, identified by the use of words such as “anticipate”, “believe”, “plan”, “scheduled”, “intend”, “objective”, “continuous”, “ongoing”, “estimate”, “expect”, “may”, “will”, “project”, “should”, or similar words suggesting future events, circumstances or outcomes. In particular, this news release contains forward-looking information concerning:

- (i) the Offer, various terms of the Offer and the anticipated timing of commencement of the Offer;
- (ii) expectations with respect to benefits that may be achieved upon a combination of the businesses of SolGold and Cornerstone;
- (iii) reasons for holders of Cornerstone Shares to accept the Offer; and
- (iii) expectations with respect to the combined entity.



Forward-looking statements are based upon the opinions and expectations of management of SolGold as at the effective date of such statements and, in some cases, information supplied by third parties. Although SolGold believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions and that information received from third parties is reliable, it can give no assurance that those expectations will prove to have been correct.

Forward-looking statements are subject to certain risks and uncertainties that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements.

In addition to any specific risk factors noted above in the body of this news release, these risks and uncertainties include, but are not limited to, such things as changes in general economic conditions in Canada, the United States, Ecuador and elsewhere, changes in operating conditions, the volatility of prices for minerals, metals and other commodities, commodity supply and demand, fluctuations in currency and interest rates, availability of financial resources or third-party financing, availability of equipment, materials and personnel, defaults by counterparties under commercial arrangements to which SolGold (or any of its subsidiaries) is a party, an inability to procure regulatory approvals in a timely manner or on terms satisfactory to SolGold, and new laws and regulations (domestic and foreign). Risks relating specifically to SolGold's ability to realize perceived benefits from the proposed combination of SolGold and Cornerstone include SolGold's inability to successfully integrate the operations of SolGold and Cornerstone following completion of the Offer and SolGold's inability to negotiate early termination of redundant Cornerstone contracts on terms reasonably satisfactory to SolGold following completion of the Offer. Additional risks to which SolGold is exposed in the conduct of its business are set out under the heading "Risk Factors" of SolGold's Annual Information Form (dated September 27, 2018) for the year ended June 30, 2018, and under the heading "Financial Instruments and Related Risks" of SolGold's Management's Discussion and Analysis (dated September 27, 2018) in respect of the year ended June 30, 2018, both of which have been filed with various securities regulatory authorities in Canada and are available (under SolGold's profile) through the SEDAR website at www.SEDAR.com.

Accordingly, readers should not place undue reliance upon the forward-looking statements contained in this news release and such forward-looking statements should not be interpreted or regarded as guarantees of future outcomes.

Forward-looking information respecting the Offer, various terms of the Offer and the anticipated timing of commencement of the Offer is based upon various assumptions and factors, including publicly reported financial information concerning Cornerstone, publicly reported information concerning the number of outstanding common shares of Cornerstone and the number of options and other convertible or exchangeable rights and securities granted by Cornerstone (entitling holders thereof to acquire common shares of Cornerstone), advice from professional advisors with respect to statutorily mandated time frames for various applications and steps/events associated with the Offer, that Cornerstone has made full and accurate disclosure of all material information concerning Cornerstone in accordance with applicable Canadian securities laws (including disclosure of all material contracts and existing and potential contingent liabilities) and that there have been no material changes in the business, affairs, capital, prospects or assets of Cornerstone since September 30, 2018. Forward-looking information concerning possible synergies and efficiencies that may be achieved upon a combination of the businesses of SolGold and Cornerstone and



other benefits of a combination of the businesses of SolGold and Cornerstone is based upon various assumptions and factors, including (in addition to assumptions and factors noted above in the body of this news release), financial information of Cornerstone available through publicly filed documents and SolGold's general industry knowledge and experience.

The forward-looking statements contained in this news release are made as of the date hereof and SolGold does not undertake any obligation to update or to revise any of the included forward-looking statements, except as required by applicable securities laws in force in Canada. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

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.

Cautionary Statement Regarding Cornerstone Information

Cornerstone has not reviewed this news release and has not confirmed the accuracy and completeness of the Cornerstone information contained herein. Neither SolGold, nor any of the officers or directors of SolGold, assumes any responsibility for the accuracy or completeness of such Cornerstone information or any failure by Cornerstone to disclose events or facts that may have occurred, or which may affect the significance or accuracy of any such Cornerstone information, but which are unknown to SolGold. SolGold has no means of verifying the accuracy or completeness of any of the Cornerstone information contained in this news release or whether there has been a failure by Cornerstone to disclose events or facts that may have occurred or may affect the significance or accuracy of any such information.

About the Cascabel Project

The Cascabel Project's Alpala deposit is located in Northern Ecuador, lying upon the northern section of the prolific Andean Copper belt, renowned as the base for nearly half of the world's copper production. 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 is a three-hour drive north of Quito, close to water, power supply and Pacific ports (**Figure 1**). SolGold holds an 85% registered and beneficial interest in ENSA which holds 100% of the Cascabel tenement.

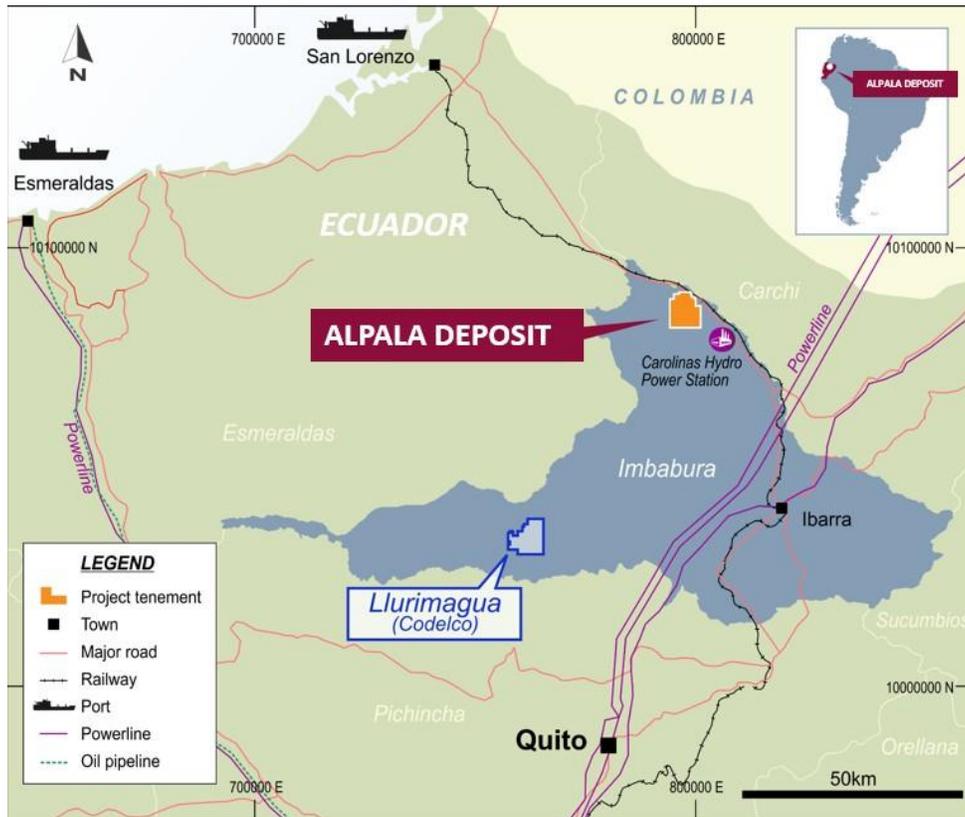


Figure 1: Location of the Alpa resource in northern Ecuador, highlighting the significant capital advantages held by the project, with proximity to ports, road infrastructure, hydro-electric power stations and the trans-continental power grid.

Qualified Person:

Information in this news release of a technical nature is based on data reviewed by Mr Jason Ward ((CP) B.Sc. Geol.), Exploration Manager Global of the Company. Mr Ward is a Fellow of the Australasian Institute of Mining and Metallurgy, holds the designation FAusIMM (CP), and has in excess of 20 years' experience in mineral exploration and is a Qualified Person for the purposes of the relevant LSE and TSX Rules. Mr Ward 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

The Toronto Stock Exchange has neither approved nor disapproved of the information contained herein.

This news release shall not constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such an offer, solicitation or sale would be unlawful prior



to the registration or qualification under the securities laws of any such jurisdiction.

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