



31 January 2019

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

**SolGold Announces Intention to Make Offer to Acquire All
Outstanding Common Shares of Cornerstone Capital Resources Inc.**

OFFER SUMMARY:

- All-stock transaction offers Cornerstone shareholders continued exposure to the world-class Cascabel Project through a 100% consolidated vehicle and allows Cornerstone shareholders opportunity to convert their Cornerstone shares into freely tradable SolGold shares at an immediate premium of approximately 20%
- 0.55 of a SolGold share offered for every one Cornerstone share tendered; holders of warrants outstanding on expiry of offer entitled to participate based on prescribed ratios
- Tax-deferral available to Cornerstone shareholders resident in Canada via exchangeable share structure

COMPELLING RATIONALE TO CORNERSTONE SHAREHOLDERS:

Offer provides Cornerstone shareholders numerous advantages:

- Participation in the Cascabel Project through 100% consolidated operator SolGold
- Reduced risk of material dilution and significant loss of investment value through elimination of future Cornerstone standalone funding obligations
- Highly experienced, proven SolGold management team, responsible for a 7,000% SolGold market cap appreciation since December 2015
- Additional participation in upside of 72 highly prospective licenses in Ecuador and assets in other jurisdictions with a particular near-term focus on La Hueca, Porvenir, Blanca Nieves and Blanca
- Simplification of group structure and removal of value drag from duplicative overhead costs
- Relief from various structural and funding challenges of Cornerstone's current interest in Cascabel
- Increased trading liquidity and capital markets exposure through SolGold's growing supportive research analyst universe
- Heightened opportunity for control of premium value



SolGold plc (LSE and TSX code: SOLG) announces today that it intends, subject to various conditions noted below, to make an offer (the **"Offer"**) to purchase all of the issued and outstanding common shares (the **"Cornerstone Shares"**) of Cornerstone Capital Resources Inc. (**"Cornerstone"**) for consideration consisting of ordinary shares of SolGold (the **"SolGold Shares"**). If the Offer is successfully completed, holders of Cornerstone Shares who tender their shares under the Offer will receive **0.55** of a SolGold Share in exchange for every Cornerstone Share tendered.

Readers should note that SolGold has not yet commenced the Offer and should carefully review the cautionary statements set out below in this news release in respect of the status of the Offer and the factors that may cause SolGold not to make the Offer.

Nicholas Mather, Chief Executive Officer of SolGold, stated: "We are pleased to have reached the point where we feel that an offer to combine SolGold and Cornerstone makes sense for Cornerstone shareholders. The combined entity will have tremendous economic upside, further de-risk the ownership structure and present a simplified and highly attractive value proposition for investors. We encourage Cornerstone shareholders to closely consider these factors and we are confident that once they do, they will recognize the potential this proposal holds and tender to our offer."

SolGold believes the terms of the proposed Offer are highly attractive for Cornerstone shareholders and reflect fair value for the Cornerstone Shares. If the Offer is successfully concluded, Cornerstone shareholders can receive SolGold Shares in exchange for their Cornerstone Shares and thus (i) retain investment exposure to the Cascabel project in Ecuador's Andean copper belt (**"Cascabel Project"** or **"Cascabel"**) through the ownership of SolGold Shares, and (ii) gain upside exposure to SolGold's portfolio of exploration projects in Ecuador, the largest in the country by land area and boasting the country's most active exploration programs. The Cascabel Project is 100% owned by SolGold's 85% owned Ecuador subsidiary Exploraciones Novomining S.A. (**"ENSA"**). The remaining 15% of ENSA is currently held by Cornerstone.

As advised to the market, SolGold's exploration programs prior to drilling indicate the opportunity for discovery of numerous additional significant copper gold porphyry systems.

The board of directors of SolGold considers that the ultimate value and market rating for Cornerstone shareholders will be higher if exchanged for SolGold equity.

To facilitate a tax-efficient outcome for holders of Cornerstone Shares that are residents of Canada, SolGold intends to offer such shareholders the option to receive exchangeable shares (**"Exchangeable Shares"**) of a wholly-owned Canadian subsidiary of SolGold (**"ExchangeCo"**) on the same basis of **0.55** of an Exchangeable Share for each Cornerstone Share tendered, in lieu of SolGold Shares. The Exchangeable Shares may be exchanged at the option of the holder for SolGold Shares and will thus have the economic exposure to the same collection of assets as SolGold Shares but will provide holders of Cornerstone Shares that are residents of Canada the ability to file a tax election for Canadian federal income tax purposes to defer all or a portion of any taxable capital gain that would otherwise be realized on a sale of their Cornerstone Shares for SolGold Shares.

Provided SolGold does not identify information suggesting that the business, affairs, prospects or assets of



Cornerstone have been materially impaired, SolGold intends to mail a takeover bid circular to the holders of Cornerstone Shares (as required under applicable Canadian securities laws) in late February or early March 2019. SolGold expects that the Offer, when made, will remain open for acceptance for at least 105 calendar days from the date of mailing of its takeover bid circular. SolGold notes that Cornerstone's recently adopted shareholder rights plan is not expected to be engaged since the Offer complies with applicable Canadian securities laws.

SolGold anticipates that the Offer will be subject to a number of customary conditions, including: (i) there being deposited under the Offer, and not withdrawn, at least 50% of the outstanding Cornerstone Shares (calculated on a fully diluted basis), excluding Cornerstone Shares already held by SolGold; (ii) receipt of all governmental, regulatory and third party approvals that SolGold considers necessary or desirable in connection with the Offer; (iii) no change of control of Cornerstone having occurred following commencement of the Offer; and (iv) no material adverse change having occurred in the business, affairs, prospects or assets of Cornerstone in the sole discretion of SolGold.

In addition to the Cornerstone Shares, SolGold intends to include in the Offer an offer to acquire those warrants to purchase Cornerstone Shares that would be outstanding in accordance with their terms upon the expected expiry of the Offer, being the warrants exercisable to acquire Cornerstone Shares at a price of \$0.10 per share and expiring on May 12, 2021 (the "**Additional Securities**"). If the Offer is successfully completed, each holder of Additional Securities who tender their Additional Securities to the Offer will receive **0.402** of a SolGold Share for every Additional Security so tendered. The foregoing exchange ratio implies an offer price of **\$0.256** per Additional Security, representing an immediate premium of **30%** to the Black-Scholes modelled value of the Additional Securities as of 30 January 2019.

Background to the Proposed Offer

It has been the view of the board of directors and management of SolGold for some time that the consolidation of 100% ownership of the Cascabel Project into a single listed entity makes eminent sense, would simplify the structure of the project and would remove the risk of dilution for Cornerstone shareholders.

To this end, after completing its preliminary analysis together with its advisors, SolGold approached Cornerstone in 2017 and 2018 in an effort to commence the negotiation of a business combination transaction between the two corporations. Despite SolGold's good faith attempt, Cornerstone's management indicated that they would not engage in any negotiations towards a business combination unless (i) 50% of the seats on the board of directors of the combined entity were allocated to Cornerstone, (ii) the Chief Executive Officer of SolGold was replaced, and (iii) the Chairman of the board of directors of SolGold was replaced. The board of directors of SolGold view each of these demands as being highly unrealistic based on the relative size of the two companies and their respective ownership interests in Cascabel by the two entities.



Reasons to Accept the Proposed Offer

Immediate Premium

The implied value of the Offer, based on the closing price of SolGold Shares on the London Stock Exchange and converted at the Bank of Canada daily exchange rate on 30 January 2019, represents a premium of approximately **20%** over the closing price of Cornerstone Shares on the TSX Venture Exchange on 30 January 2019. In addition to representing immediate added value, by receiving SolGold Shares in exchange for their Cornerstone Shares, Cornerstone shareholders position themselves to participate in the future growth of SolGold.

Elimination of Debt-Carry Constraints

In SolGold's view, management of Cornerstone has been disingenuous over a period of several years in its messaging to Cornerstone shareholders concerning the long-term upside and strategic value of its interest in Cascabel. Cornerstone's communications frequently refer to the carried nature of its 15% interest ambiguously, leaving shareholders and the investing public to assume that the interest is 'free-carried' through to the completion of a feasibility study on the Cascabel Project. This is not the case.

Cornerstone's 15% interest is, in fact, only debt-carried through to feasibility, with the result that Cornerstone's 15% share of the substantial exploration and development costs incurred in the lead up to completion of such feasibility study, anticipated to be approximately US\$200 million in total (with approximately US\$117 million already spent by SolGold to date), must be repaid to SolGold out of project cash flow on a 90% preferential basis. Cornerstone will therefore retain only 10% of the cash flow to which it would otherwise be entitled by virtue of its 15% Cascabel interest until SolGold has been repaid in full. In SolGold's view, this severely constrains Cornerstone's ability to finance its commitment and is likely to limit appreciation in the value of Cornerstone's interest in Cascabel during the early phases of commercial production.

If at least 66⅔% of the Cornerstone Shares (on a fully-diluted basis) are tendered to the Offer, however, the interests of the two entities in the Cascabel Project will be combined and the existing debt-carry cash flow waterfall structure will cease to exist. Cornerstone shareholders will receive SolGold Shares, giving them a direct interest in an entity with a right to 100% of Cascabel's free cash flows from the commencement of production at the project, and with no further liability by Cornerstone to repay its share of the lead-up expenditures to SolGold.

Removal of Cornerstone Financing Obstacles

Under the current structure, following the completion of a feasibility study, Cornerstone's 'debt-carry' arrangements will conclude and thereafter it will be required to fund its *pro rata* share of development expenditures during the capital-intensive construction phase in the lead-up to commercial production. In such a context, in accordance with arrangements in place at the ENSA level, Cornerstone will be required to either finance the required cash calls or have its 15% ownership of ENSA diluted, giving Cornerstone



shareholders even less economic exposure to the Cascabel Project.

If Cornerstone elects to maintain its 15% ownership, SolGold believes that financing the required cash calls will present significant difficulties to Cornerstone. As noted above, Cornerstone's interest in the Cascabel Project does not carry any operational rights whatsoever that could form the basis of a strong value proposition to potential future Cornerstone investors. Additionally, its economic exposure to the Cascabel Project will be burdened by the debt-carry repayment requirements described above. Issuers with minority interests in major mineral projects, such as Cornerstone's in Cascabel, typically already trade at a discount to the implied asset value, but this would be compounded by the likely need to conduct an equity financing at a valuation that is significantly dilutive to existing Cornerstone shareholders. SolGold does not expect Cornerstone to be able to finance its cash call requirements through other traditional funding structures either, since Cornerstone is not permitted to sell or even to encumber its interest in Cascabel, either directly or through a pledge of its shares of ENSA. This makes debt financing, a royalty, metal stream or other similar structure a significant challenge for Cornerstone under current arrangements.

As a result of such challenges, in SolGold's view, there is a high likelihood that Cornerstone's 15% interest would be significantly diluted during the construction phase. In the event Cornerstone's ownership of ENSA is diluted below 10%, in accordance with the arrangements in place at the ENSA level referred to above, SolGold has the right to convert all of Cornerstone's remaining ENSA shares into a 0.5% net smelter return royalty, which SolGold may then acquire for US\$3.5 million. In SolGold's view, Cornerstone shareholders should not be comfortable with any risk that this outcome may materialize.

If Cornerstone shareholders tender to the Offer, they will become shareholders of SolGold and no longer have to be concerned with the obstacles associated with financing a minority, constrained and non-operating interest in the Cascabel Project as these obstacles will be cancelled. SolGold's interest in the Cascabel project and the rights associated therewith have proven to be a very appealing proposition to investors, and SolGold has been able to raise approximately US\$215 million for the project at attractive and increasing valuations (up to 100% premiums) since August 2016.

If the Offer is not successful however, and Cornerstone and SolGold do not combine, Cornerstone shareholders face a significant risk that the value of Cornerstone's 15% interest, which is its only material asset, may be diminished in the hands of Cornerstone under the current structure over a relatively short period of time as the Cascabel Projects development accelerates. SolGold does not expect Cornerstone's other assets to improve its prospects or mitigate any of the issues described, as SolGold suspects that Cornerstone's recent failed spin-out of those assets is a strong indication of the lack of willingness of the capital markets to place significant value on those assets.

Ability to Influence Cascabel Project

Cornerstone shareholders currently have no ability to control, or even provide meaningful input into, the development of the Cascabel Project. Cornerstone's 15% interest in the Cascabel Project through its ownership of shares of ENSA carries no operational rights, no rights to representation on the board of directors of ENSA, SolGold or any technical committee with oversight of any aspect of Cascabel and no negative controls or off-take rights. Additionally, Cornerstone's interest in ENSA is not protected by any



shareholders' or joint venture agreement because, despite SolGold's repeated good faith attempts at negotiation, Cornerstone has delayed engagement in any efforts to finalize such a document. SolGold considers that no common law joint venture or other fiduciary obligations are owed to Cornerstone by SolGold by virtue of their common ownership of ENSA and Cascabel. In the absence of a finalized agreement, this leaves Cornerstone's interest unprotected unless the Offer is accepted. By becoming shareholders of SolGold through the Offer, Cornerstone shareholders would gain the ability to vote on the members of the board of directors of SolGold and dispense with the need for any cumbersome legal structures to protect a 15% minority interest.

Strong Management Team with Record of Value Creation

As noted above, Cornerstone's management is passive and plays no role in the development of Cascabel. Its limited role in administering Cornerstone's 15% economic interest in Cascabel and its other assets represents a drag on value resulting from duplicative management salaries, head office and listing costs. With respect to Cascabel, Cornerstone's management simply reformats for announcement the work carried out by SolGold for consumption by Cornerstone shareholders and provides limited, if any, additional value.

In contrast, SolGold's multi-award winning management team has a strong record of value creation and stewardship of investors' capital. SolGold made its first entry into Ecuador in 2013 with the acquisition of a 20% stake in ENSA, at which time its market capitalization was approximately C\$23.6 million. In February 2014, SolGold completed the terms of the earn-in to increase its ENSA ownership to 85% and by the end of that month its market capitalization rose to approximately C\$90 million. In September 2016 SolGold started its drilling programme; once the first results became public, SolGold's market capitalization rose to approximately C\$150 million. By December 2017, SRK Exploration Services Ltd issued its initial technical report on the Alpala deposit showing total resource of 5.2Mt Cu and 12.3Moz Au, which further increased SolGold's market capitalization to approximately C\$780 million. As recently as December 2018, SolGold's successful exploration campaign doubled the project total resource to 10.9Mt Cu and 23.2Moz Au, fostering a further rise in market capitalization to approximately C\$1.2 billion. Overall, SolGold's successful exploration and effective leadership drastically transformed the perception of ENSA, with Cascabel and SolGold management being the primary driver of value for both Cornerstone and SolGold share prices.

By tendering to the Offer and becoming SolGold shareholders, Cornerstone shareholders will receive the benefit of this proven, value creating-team. A successful offer would allow the elimination of needless and duplicative corporate overhead, general and administrative expenses.

Certainty of Offer and Potential Lack of Competition – BHP and Newcrest Constraints

The Offer provides Cornerstone shareholders with a certain Offer capable of acceptance. SolGold is aware that there may be a number of other companies interested in Cascabel, such as BHP Billiton Holdings Ltd ("**BHP**") and Newcrest Mining Ltd. ("**Newcrest**"), both of whom have acquired substantial shareholdings in SolGold. However, SolGold believes that no assurance can be given that there will be competition to SolGold's Offer, now or in the foreseeable future, in light of the rights of voting support, first refusal, pre-emption and standstill that SolGold has in relation to its agreements with Cornerstone, BHP and Newcrest. BHP cannot acquire any interest in Cornerstone without SolGold's approval before October 16, 2020.



Similarly, pursuant to its 2016 subscription agreement with SolGold, Newcrest will not be permitted to acquire shares in Cornerstone before 17 October 2019.

Additional Upside of Other Highly Prospective SolGold Licenses

Beyond Cascabel, SolGold holds 72 additional 100%-owned licenses in Ecuador that are highly prospective, and which have yet to have their full potential value assessed. Of these 72 concessions, SolGold has identified 11 priority targets – the most advanced of which are La Hueca, Porvenir, Rio Amarillo, Cisne Victoria, Cisne Loja, Blanca and Timbara – which show a strong probability of being added to SolGold's project pipeline. For example:

- The La Hueca project is in the south of Ecuador within the eastern Jurassic Belt (which also contains Lundin Gold's Fruta del Norte epithermal gold deposit (14 Moz Au), the Mirador copper-gold porphyry deposit (3 Mt Cu, currently being developed by Chinese consortium CRCC-Tongguan) and the Santa Barbara gold-copper porphyry deposit (8 Moz Au, contained within Lumina Gold's Condor project). The project area covers 150km² on 3 concessions and hosts 6 identified porphyry centres. Geological mapping, stream sediment sampling and rock chip samples, including a sample containing 13.8% copper, have shown the presence of a quartz vein network containing several minerals characteristic of copper-gold porphyries such as chalcopyrite, bornite and molybdenite.
- The Porvenir project is also in the south of Ecuador. A stream sediment sampling program initially delineated two geochemical anomalies within a larger 6km x 5.5km stream anomaly. These anomalous zones are known as the Derrumbo and Bartolo prospects. Detailed follow up mapping and rock chip sampling continue to locate additional mineralised outcrops at both the Bartolo and Derrumbo target, with rock chips grading up to 8.7% copper. Subsequent extended rock-saw channel sampling along exposed outcrops yielded 62.4m @ 1.16 CuEq (0.71 % Cu, 0.71 g/t Au) (open-ended), including 29.5m @ 1.56 CuEq (1.01 % Cu, 0.89 g/t Au) from 12.1 to 41.6m. The main prospective target area covers a zone 1.5km x 1km in area. Drill testing and ground magnetics are planned at the most prospective target in the first quarter of 2019.
- The Blanca project is in Ecuador's Northern Eocene Belt 8 km north-west of the Cascabel concession. Sampling has identified a gold-rich epithermal quartz vein (with up to 617g/t Au), known as the Cielito vein prospect. The eastern part of this vein system lies within the area of mutual interest with Cornerstone, but there has been no significant work on the extension.
- The Timbara project is located within the eastern Jurassic Belt in the south of Ecuador. Initial stage geochemical sampling and reconnaissance mapping has located promising mineralised outcrops containing chalcopyrite and traces of bornite. A rock chip sample from a bornite-rich vein returned best results of 28.89% Cu. These veins are believed to be a continuation of the porphyry corridor identified at SolGold's La Hueca project described above.
- The Cisne Victoria project is located in south eastern Ecuador, the project consists of an epithermal zone of alteration and mineralisation indicative of the presence of a large porphyry system. Best sampling results have returned 7m @ 2.29% copper, 0.73 g/t gold and 8.83 g/t silver.



- The Cisne Loja project is again located in southern Ecuador and is characterized by outcropping epithermal style low temperature quartz vein metallurgy and a 2.5-1.5km area. Rock chip samples and selected veins range in grade up to 15.25g/t gold and 23.6g/t silver.
- The Rio Amarillo project is located in northern Ecuador some 30km south east of Cascabel. The Rio Amarillo project consists of two target lithocaps which are believed to represent clay, pyrite and silica zones over the top of mineralised copper gold porphyry systems. The longest of these is approximately 6km in area has yielded rock chip sample results up to 30g/t gold from a mineralised epithermal quartz vein.

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.

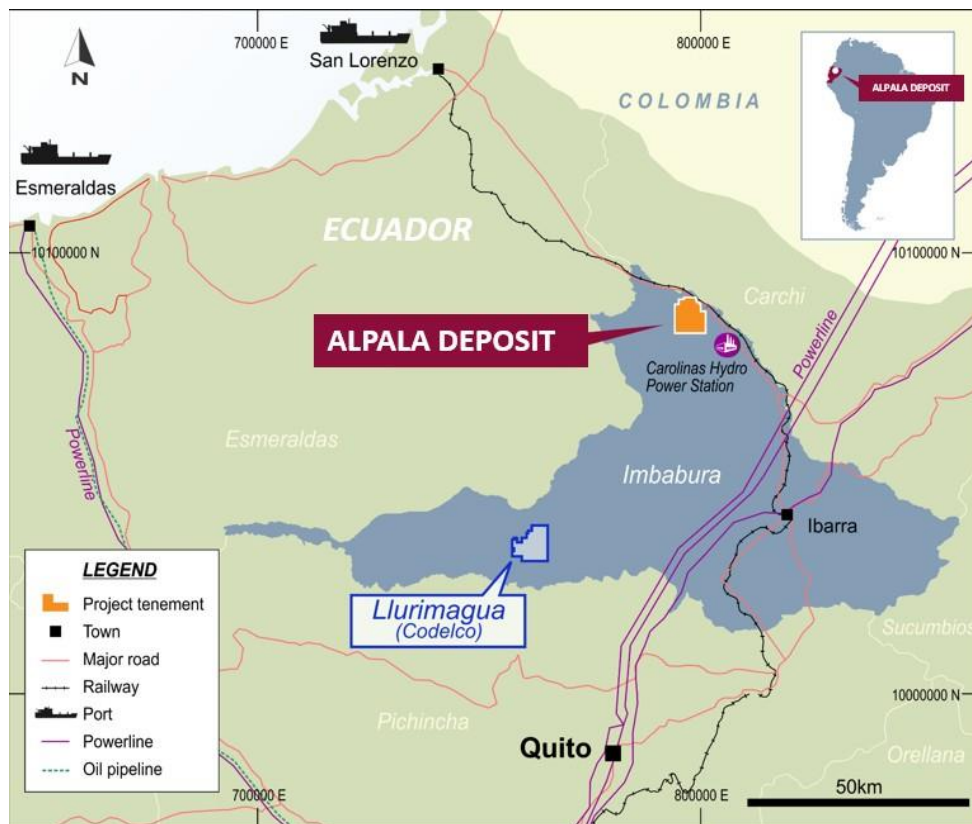


Figure 1: Location of the Alpala resource in northern Ecuador, highlighting the significant capital advantages held by the project, with proximity to ports, road infrastructure, hydro-electric power stations and the trans-continental power grid.



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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