

SOLGOLD UPDATE & SUMMARY

Brisbane-based SolGold are an Australian exploration company dual-listed on both the London Stock Exchange (LSE) and Toronto Stock Exchange (TSX). Originally called Solomon Gold Limited, SolGold are a subsidiary of DGR Global. Solgold are predominantly exploring activities in Ecuador, the Solomon Islands and Queensland (Australia). In Ecuador, they are concentrating on copper and gold.

CEO Nicholas Mather sees himself as a "Resource Entrepreneur". His strategy in the past has been to conduct explorations and sell mining rights once deposits are found, rather than his companies mining the resources themselves. This "dark horse" strategy may change with recent porphyry finds in Ecuador which indicate they could be some of the richest deposits anywhere in the world.

Despite their considerable experience in exploration, neither SolGold nor their subsidiaries have established a mine before.

SolGold's flagship project in northern Ecuador, Cascabel, is a joint venture arrangement with Cornerstone, owned 85-15 to SolGold. The Cornerstone-SolGold alliance has been visibly strained since February 2019 after a SolGold takeover offer was rejected by Cornerstone.

SolGold is currently under threat of takeover itself by mining giants Newcrest and/or BHP. In September 2018, BHP bought 6 % of SolGold from Guyana Goldfields for \$US 35.8 million, increasing this in October to 11.2 per cent for a further \$83 million.

An unusual agreement means BHP cannot increase its holdings in SolGold until October 16, 2020. Newcrest is also bound by a number of conditions until 30 August 2019 including a restriction on increasing their stake in order to limit their influence on SolGold decision-making. The combined 26% of shares owned by BHP and Newcrest gives these multinationals direct access to SolGold concessions throughout Ecuador.

Canadian companies and individuals represent 16.5% of top shareholders, Australian companies and individuals represent 42.27%. **Newcrest** (15.2%); **BHP** (11.1%); **DGR Global** (11.1%); **Cornerstone** (9.22%); **BlackRock Investment** (5.56%); **Nicholas Mather** (4.87%); **Dmyant Sangha** (2.45%); **Rosseau LP** (2.45%); **Greg Chamandy** (2.38%)

SOLGOLD IN ECUADOR

As of February 2019, Solgold has five subsidiary companies registered in Ecuador. These companies currently control 72 mineral exploration concessions. These are: Exploraciones Novomining S.A. (ENSA), Carnegie Ridge Resources S.A., Valle Rico Resources S.A., Green Rock Resources S.A. and Cruz del Sol S.A.

SolGold has 100% interest in 12 copper-gold targets in Ecuador, with Cascabel – located between the provinces of Imbabura and Carchi – SolGold's most explored concession. In January 2019, SolGold announced significant deposits had been found in La Hueca, Porvenir and Timbara in the south-west of the country. The La Hueca concession is on official Shuar land and Porvenir and Timabara both border on National Park.

In December 2018, a draft report by the State Comptroller stated that they had identified alleged breaches by SolGold and public officials in the environmental and legal management of the Cascabel mining project, with impact on nearby streams due to inadequate sewage treatment; contaminated residual fluid from well digging; building of an exploration platform without proper permits; and unauthorised clearing of vegetation, among other issues.

"The company started an advanced exploration process between 2013 and 2014 without having the authorization to do so... It was also mentioned that the process of prior, free and informed consultation with the inhabitants of the area, in this phase, as dictated by the regulations, had not have been complied with. It was also observed that the mining company had not have presented a report certifying the non-affectation of water sources during the exploratory phase."

El Telégrafo, 20 December 2018



GEOLOGY, ENVIRONMENTAL DAMAGE, ILLEGAL MINING, COMMUNITY UNREST & BORDER ISSUES

The site at Cascabel sits on steep cliffs in a high-risk rainfall area with three fault lines running through the site. With high annual rainfall, tailings management at the site will be a challenging prospect.

Only 5-10 kilometres away from Cascabel, Hancock Prospecting's subsidiary Hanrine Ecuadorian Exploration and Mining SA (HEEM) is dealing with between 4000-12,000 illegal miners mining gold on their concession.

Now called El Triunfo, the area has been subject to unrest ever since the concessions were awarded, with illegal miners, a number of deaths (including that of a 14-year-old child), and complaints of organised crime, drug trafficking and prostitution rings running alongside the illegal mining.

Military and the police have arrested hundreds of miners but have not been able to evict them from the concessions. The illegal miners have been mobilising and attempting to unionise to force the government to recognise their right to mine. Illegal mining also dogged SolGold's concession near Carchi in 2017, with 1500 people evicted from the area.

Colombian FARC rebels and paramilitary groups are increasingly extending their reach into Ecuador, with a number of bombs in border towns since January 2018, attacks on civilians and military and the deaths of three journalists in April 2018.

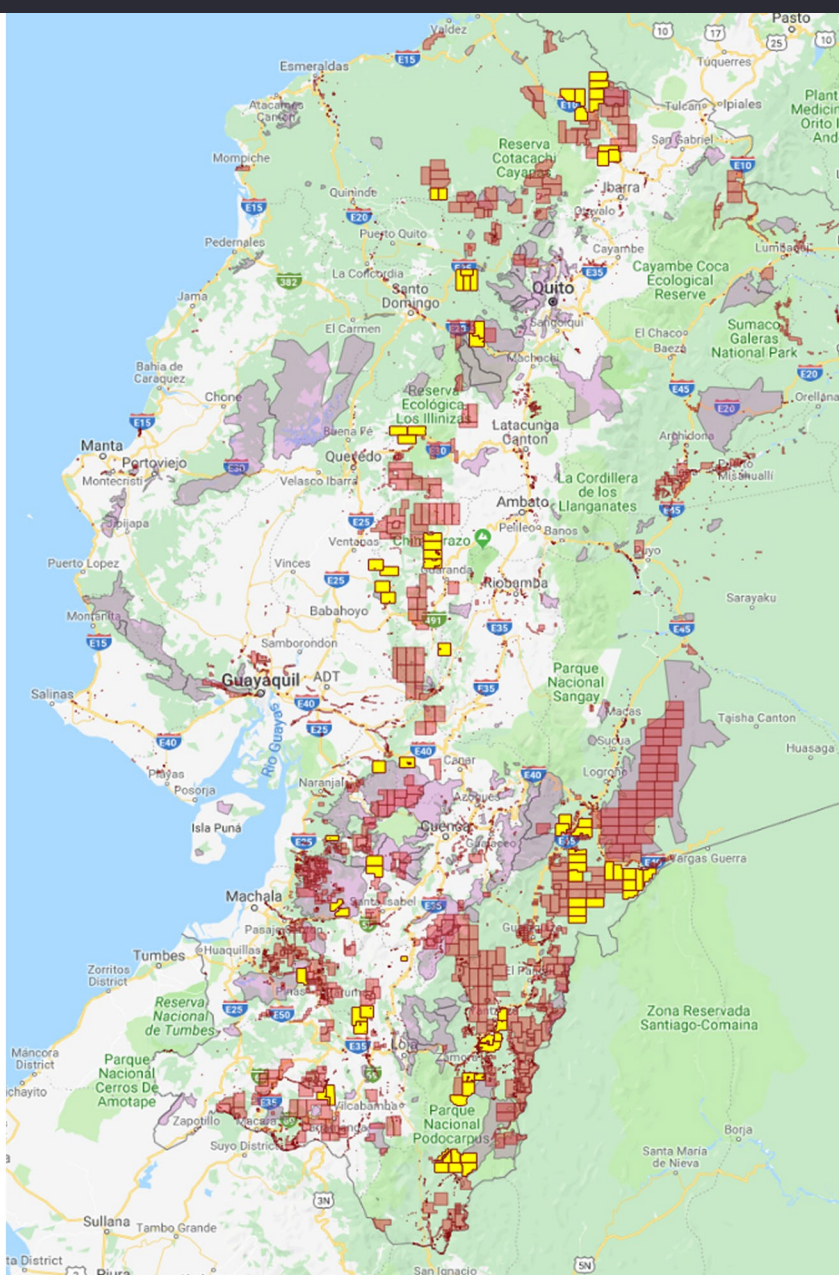
Over 600,000 Venezuelan migrants entered along the border in 2018, prompting the government to declare a state of emergency.

Communities all over Ecuador are rising up against the mega-mining industry that the government has imposed on them without consent.

SolGold subsidiary Green Rock Resources has been exploring three concessions at El Cisne 2A/2B/2C (~15,000 Ha) on the border of Loja and El Oro provinces, where locals are furious that their land is slated for mining.

At SolGold's El Cisne 1A/1B concessions in the province of Azuay, the local population has been actively resisting mining since 2006. INV Metal's proposed Loma Larga mine which neighbours these concessions has also been vigorously opposed by local communities, particularly in the lead-up to the local elections on March 24, 2019.

Communities are largely concerned about mining companies causing environmental damage, polluting regional water supplies with mining waste, causing division in the local population, and damaging their historic social fabric.



SolGold's concessions (in yellow)
The mauve areas indicate Protected Forests (BPs).
Note the overlap between concessions and BPs.

