



SolGold

Feb 25th 2014

SolGold sees world class copper-gold project at Cascabel

SolGold (LON:SOLG) raised its ownership of the Cascabel copper-gold project to 85%, signalling the company's increasing confidence that the property is potentially world class.

The company has drilled five holes at the Alpala prospect. Hole 5, drilled to test the depth and lateral extent of copper and gold mineralisation encountered in holes 1 and 2, found copper and gold mineralisation at 1,370 metres before drilling had to be stopped due to the rig's limitations and difficult ground conditions.

Copper and gold assay results have so far been received to a depth of 869 metres, returning intersections of 845.68m at 0.39% copper and 0.24 grammes a tonne (g/t) of gold from 24 metres below surface.

The drill results so far show copper and gold grades increasing with depth. Consequently assays for most of the final stages of Hole 5, expected within the next 10 days, will be keenly watched.

"There is still much to learn and discover at Cascabel," said John Meyer, analyst at SP Angel. "There is good indication that Cascabel should continue to report consistent drilling results along the lines of those already seen and we look forward to further drilling proving up the project's scale and significant potential economic value."

The project in north-western Ecuador is in an under-explored section of the richly endowed Andean Copper Belt, home to Ecuador's world-class 982 million tonne Junin project and First Quantum's giant Cobre Panama project in Panama with a reserve of 3 billion tonnes.

"We have concluded that this project offers us the opportunity to discover a world-class copper-gold porphyry," said SolGold's chief executive Alan Martin as the company lifted its stake in Cascabel from 50%.

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, SolGold said.

In a presentation this month, the company said Cascabel is potentially comparable to the 1.9 billion tonne Tujuh Bukit gold-copper project in Indonesia. Tujuh Bukit is estimated to contain 19 billion pounds of copper and 28 million ounces of gold.

Bruce Rohrlach, SolGold's general manager in charge of exploration, is a copper-gold porphyry specialist with experience at Tujuh Bukit and Tampakan.

Porphyry copper deposits are the world's biggest source of the metal, producing about 60%, and can also contain major quantities of gold and other metals. The deposits are typically very large tonnage and lower grade around 0.44% copper and are mined by large scale open-cut mining methods as used at Bingham Canyon.

SolGold's has spent about US\$6.3 mln on Cascabel to date and is due to start Stage 2 of its drilling programme in mid-2014.

Price: 11.88p

Market Cap: £71.74M

1 Year Share Price Graph



Share Information

Code: SOLG

Listing: AIM

Sector: General Mining - Gold

Website: www.solgold.com.au

Company Synopsis:

SolGold is Brisbane based and carries a diverse portfolio of exploration projects in Ecuador, Solomon Islands and Australia. SolGold's projects include, Ecuador, Cascabel in Joint Venture with Cornerstone Capital Resources, Guadalcanal and Fauro (Solomon Islands) and Rannes and Mt Perry (Queensland, Australia). The company is listed on London's Alternative Investment Market under the AIM Code SOLG' in February 2006.

action@proactiveinvestors.com



It also noted the government's pro-mining stance. The recently elected government in Ecuador has introduced positive reforms to the mining act, in a bid to attract foreign mining companies back into the underexplored country. Kinross Gold walked away from the Fruta del Norte project in Ecuador last June after the government demanded a 70% windfall tax.

Shares in SolGold were up as much as 10% on Tuesday following the announcement of its decision to lift its stake in Cascabel.

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Contact us ■ +44 (0)207 989 0813 ■ action@proactiveinvestors.com

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