

**CORNERSTONE CAPITAL RESOURCES INC.
HOSTILE BID BY SOLGOLD PLC**

HOSTILE BID DATE		CORPORATE HEADQUARTERS	
<i>Expiry Date</i>	OCTOBER 14, 2020 @ 5:00 PM (TORONTO TIME)	1730 ST. LAURENT BLVD., SUITE 800 OTTAWA, ONTARIO CANADA, K1G 3Y7	
ADDITIONAL INFORMATION		CONTACT INFORMATION	
<i>Mail Date</i>	DIRECTORS' CIRCULAR DATED JULY 14, 2020	<i>Toll-Free Line</i>	1-800-294-4817
<i>Ticker Symbol</i>	CGP	<i>Collect Line</i>	416-682-3825
<i>CUSIP</i>	21922J	<i>Website</i>	www.cornerstoneresources.com

**REJECTION
of the Unsolicited Offer by
SOLGOLD PLC
to Purchase All of the Outstanding Common Shares of
CORNERSTONE CAPITAL RESOURCES INC.**

OVERVIEW OF BOARD'S RECOMMENDATION

What is happening?

The Board of Directors (the "Board") of Cornerstone Capital Resources Inc. ("Cornerstone" or "the Company"), upon the unanimous recommendation of an independent committee of the Board (the "Independent Committee") and following a detailed review conducted in consultation with its financial and legal advisors, has unanimously rejected SolGold plc's ("SolGold") unsolicited offer to acquire Cornerstone (the "Hostile Bid") for the second time.

The Board unanimously recommends that shareholders **REJECT** SolGold's offer and **NOT TENDER** their Cornerstone Shares. To reject the Hostile Bid, simply take **NO ACTION**.

Any Shareholder who has already tendered its Cornerstone Shares to the Hostile Bid should **WITHDRAW** those Cornerstone Shares.

Is this a "hostile" take-over bid?

YES. In a friendly take-over, the two companies work together to come to an agreement that would enhance shareholder value. SolGold, however, initiated the Hostile Bid without the support of the Board of Directors.

Why does the Board recommend that Shareholders REJECT the SolGold Hostile Bid?

The following factors have been identified by the Board of Directors as being the most relevant to its unanimous recommendation that Shareholders **REJECT** the Hostile Bid by taking no action and **NOT TENDERING** their Cornerstone Shares:

- SolGold's Hostile Bid cannot be successful.
- The Hostile Bid significantly undervalues Cornerstone and is opportunistically timed.
- SolGold's track record demonstrates that it is incapable of financing the Cascabel feasibility study on reasonable terms.
- SolGold's shares are highly illiquid and its shareholders have suffered a history of significant dilution.
- Cornerstone Shareholders would be exposed to SolGold's suspect corporate governance and self-dealing practices.
- The Hostile Bid does not comply with important Canadian securities laws intended to protect Shareholders, including a requirement for SolGold to obtain an independent formal valuation.
- Paradigm, the Independent Committee's independent financial advisor, has determined that the Hostile Bid is inadequate, from a financial point of view, to Cornerstone Shareholders.
- Cornerstone has a unique position that makes it very attractive for those looking to acquire control of, or a direct interest in, Cascabel.
- The Hostile Bid is highly conditional and has substantial completion risk.

What is the Independent Committee doing in response to the Hostile Bid?

Cornerstone, under the supervision of the Independent Committee, is engaged in early-stage discussions with a number of potential counterparties. While it is impossible to predict whether any compelling proposals will emerge from these efforts and discussions, the Board believes that Cornerstone is potentially very attractive to other parties in addition to SolGold.

Do I have to decide now?

NO. You do not have to take any action at this time. The Hostile Bid is scheduled to expire at 5:00 p.m. (Toronto time) on Wednesday October 14, 2020 and is subject to a number of conditions that have yet to be satisfied.

For the reasons described in more detail in the Directors' Circular, the Cornerstone Board **UNANIMOUSLY** recommends that you **REJECT** the Hostile Bid, **TAKE NO ACTION** and **DO NOT TENDER** your Cornerstone Shares to the Hostile Bid.

Can I withdraw my Cornerstone Shares if I have already tendered?

YES. According to the SolGold Circular and in accordance with the Hostile Bid, among other circumstances, you can withdraw your Cornerstone Shares at any time before your Cornerstone Shares have been taken up by SolGold pursuant to the Hostile Bid, which will not occur until the Expiry Time, which is October 14, 2020 at 5:00 p.m. (Toronto time). Please contact your broker or custodian as they may have earlier deadlines to submit withdrawal instructions.

For information on how to withdraw your Cornerstone Shares, contact your broker or D.F. King Canada, the Information Agent retained by Cornerstone, toll-free phone at 1-800-294-4817 or by email at inquiries@dfking.com.

What is the SolGold offer to Cornerstone Shareholders?

SolGold has made an unsolicited offer to purchase all of the outstanding Cornerstone Shares (other than Cornerstone Shares owned by SolGold and its affiliates), for consideration of, for each Cornerstone Share, either: (i) 11 SolGold Shares; or (ii) at the election of certain Shareholders subject to tax in Canada, 11 Exchangeable Shares of ExchangeCo, which are intended to be exchangeable for SolGold Shares on a one-for-one basis.

➤ **SolGold's Hostile Bid cannot be successful.**

The Hostile Bid is incapable of satisfying the statutory minimum tender condition requiring that a majority of the shares held by minority Shareholders be tendered to the Hostile Bid, as Shareholders collectively holding approximately 65% of the outstanding Cornerstone Shares have advised Cornerstone of their intention to reject the Hostile Bid.

➤ **The Hostile Bid significantly undervalues Cornerstone and is opportunistically timed.**

The Hostile Bid fails to recognize the strategic value of Cornerstone's asset base, including the non-dilutive 15% carried interest in Cascabel.

- The proposed exchange ratio, which would result in Shareholders owning 14.7% of the issued and outstanding SolGold Shares, is vastly out of proportion to Cornerstone's combined direct and indirect 21.4% interest in Cascabel.
- The exchange ratio would have to be in excess of 22 SolGold Shares per Cornerstone Share to provide Shareholders with an interest equivalent to their current interest held through their Cornerstone Shares.
- The value offered in the Hostile Bid is well below the value offered in precedent transactions involving other mineral exploration companies as it offers only US\$0.014 per copper equivalent resource pound compared to an average of approximately five times that amount in precedent transactions.
- SolGold has an informational advantage as a result of its position as operator of the Cascabel Project, and the timing and structure of its Hostile Bid is prejudicial and unfairly disadvantages Shareholders.

➤ **SolGold's track record demonstrates that it is incapable of financing the Cascabel feasibility study on reasonable terms.**

SolGold's proposed royalty financing with Franco-Nevada transfers massive value to Franco-Nevada at the expense of SolGold shareholders.

➤ **SolGold's shares are highly illiquid and its shareholders have suffered a history of significant dilution.**

- The SolGold Shares have limited liquidity in both the U.K. and Canada – on the TSX [*Toronto Stock Exchange*], it would take over 294 years (over 74,000 trading days) to monetize the SolGold Shares proposed as consideration, assuming responsible trading at 15% of SolGold’s typical trading volume.
- SolGold’s financing tactics have led to constant punitive dilution at the expense of its shareholders, and are expected to dilute its existing shareholders further to fund through to feasibility.
- In the past five years, SolGold has issued over 1.3 billion shares and increased the total number of SolGold Shares outstanding by over 170%, meaning that SolGold shareholders have seen their effective per share interest in the Cascabel Project decline significantly compared to the per share interest of Cornerstone Shareholders in the Cascabel Project over the same period.

➤ **Cornerstone Shareholders would be exposed to SolGold’s suspect corporate governance and self-dealing practices.**

- Two-thirds of SolGold’s directors are not independent (i.e., Brian Moller, Nick Mather, James Clare and Jason Ward).
- SolGold’s largest independent shareholder (BHP) is required to vote with non-independent directors until October 19, 2020,¹ limiting its ability to influence governance matters at SolGold, and its second largest independent shareholder (Newcrest) has been publicly critical of SolGold’s mismanagement and governance practices.
- The SolGold board has a history of ignoring the views of nonrelated SolGold shareholders and diverting benefits to insiders at the expense of those shareholders.

➤ **The Hostile Bid does not comply with important Canadian securities laws intended to protect Shareholders, including a requirement for SolGold to obtain an independent formal valuation.**

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- MI 61-101² requires that SolGold obtain, at its own expense, an independent formal valuation, prepared under the supervision of an independent committee of the Board of Cornerstone.
- As an insider of Cornerstone, SolGold openly boasts of the informational and control asymmetries in its favour in the SolGold Circular, effectively admitting its material and direct conflict of interest with Cornerstone Shareholders (other than SolGold and its affiliates).

¹ SolGold’s November 25, 2019 press release indicates that this vote commitment expires on October 15, 2020. This appears to be inconsistent with the terms of the subscription agreement between BHP and SolGold dated October 16, 2018, which provides that this vote commitment expires on October 19, 2020.

² Multilateral Instrument 61-101 - Protection Of Minority Security Holders In Special Transactions.

- **Paradigm, the Independent Committee's independent financial advisor, has determined that the Hostile Bid is inadequate, from a financial point of view, to Cornerstone Shareholders.**
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- **Cornerstone has a unique position that makes it very attractive for those looking to acquire control of, or a direct interest in, Cascabel.**
- The strategic value of Cornerstone is in excess of any basic quantitative value assessment as an acquisition of Cornerstone is the easiest route for a third party to acquire an unencumbered direct interest in the Cascabel Project.
 - No one has a right of first refusal on a change of control of Cornerstone.

THE CASCABEL PROJECT

Cornerstone has a diversified portfolio of gold, silver and copper projects in Ecuador and Chile, including a 15% interest in the exciting Cascabel copper-gold discovery in Ecuador financed through to a bankable feasibility study, and a joint venture with Ecuadorian state mining company ENAMI EP where the joint venture is exploring 9 highly prospective concessions in the vicinity of Cascabel.

The potential geological endowment of Ecuador remains unknown due to under exploration but may be unparalleled. Cornerstone leverages its own exploration funding through joint venture and strategic partnerships, providing shareholders with potential for success at lower risk. *Source: www.cornerstoneresources.com*

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- **The Hostile Bid is highly conditional and has substantial completion risk.**

INFORMATION ABOUT THE COMPANY

Cornerstone Capital Resources Inc. is a mineral exploration company with a diversified portfolio of projects in Ecuador and Chile, including the Cascabel gold-enriched copper porphyry joint venture in north west Ecuador.

Cornerstone has a 21.4% direct and indirect interest in Cascabel comprised of (i) a direct 15% interest in the project financed through to completion of a feasibility study and repayable at Libor plus 2% out of 90% of its share of the earnings or dividends from an operation at Cascabel, plus (ii) an indirect interest comprised of 7.6% of the shares of joint venture partner and project operator SolGold Plc.

Exploraciones Novomining S.A. ("ENSA"), an Ecuadorean company owned by SolGold and Cornerstone, holds 100% of the Cascabel concession. Subject to the satisfaction of certain conditions, including SolGold's fully funding the project through to feasibility, SolGold Plc will own 85% of the equity of ENSA and Cornerstone will own the remaining 15% of ENSA.