



## DON'T FORGET!!

Be sure to follow *The National Investor* on [Twitter -- @NatInvestor](#)

And on Facebook ("Like" us there!) --  
at <https://www.facebook.com/TheNationalInvestor>

---

Good morning, Chris --

Yesterday, the recently-depressed shares of both **Cornerstone Capital Resources (TSXV-CGP; OTC-CTNXF)** and **SolGold, plc (LSE-SOLG; TSX-SOLG; OTC-SLGGF)** surged higher following the news that global mining heavyweight BHP Billiton *finally* got its foot in the door where the world-class Cascabel Project is concerned.



***Yours truly (far right) with officials of both Cornerstone and SolGold at Cascabel during a late 2016 trip there.***

It was while I was in Ecuador for an extended time back in the Fall of 2016 that BHP first approached majority owner and operator SolGold with an offer to invest \$270 million to further exploration. . .if SOLG would part with as much as 70% interest.

Appropriately, SolGold said, "Not interested."

**After all, Cascabel has been revealed increasingly as THE most exciting, prospective new MAJOR copper/gold porphyry *in the world*. It's in a country--Ecuador--that has been lauded in the recent past as THE most compelling mining jurisdiction in the world.** And as was widely believed by those of us at the time who have

followed Cascabel from Day One, BHP's attempt to get majority control on the cheap was borderline insulting (though I can't blame them for trying!)

The news that BHP has now paid a healthy premium to buy out Guyana Goldfields' 6.1% interest in SolGold's own shares is noteworthy. It by no means gives BHP any kind of control. Australia's Newcrest Mining still owns 14.5% of SolGold.

But it's pretty much unanimously believed (as the below snippet from Red Cloud suggests) that BHP -- which for the most part has been somewhat late to the "party" in Ecuador -- has made only *its first move*.

RCKS TALK



Derek Macpherson | VP Mining Analysis  
[DMacpherson@RedCloudKS.com](mailto:DMacpherson@RedCloudKS.com)

Alex Pitcher | Associate, Mining Analysis  
[APitcher@RedCloudKS.com](mailto:APitcher@RedCloudKS.com)

SolGold Plc. - (TSX:SOLG)

September 5, 2018

## The Sharks are Circling, is a Bidding War About to Begin?

Impact: Very Positive

BHP Billiton (LON:BLT, ASX:BHP), the world's biggest miner, has entered into a \$35M deal for a 6.1% stake in SolGold Plc (TSX:SOLG) that it has acquired from Guyana Goldfields Inc (TSX:GUY), which adds a second major miner (Newcrest currently owns 14.54%) to the race to acquire the Cascabel Cu-Au project in Ecuador.

- Share purchase by BHP reminds the market that the Alpala deposits and wider Cascabel project are among the world's largest undeveloped copper projects and are likely to be multi-generation mines. This is the type of asset that is highly coveted by major miners, like BHP and Newcrest, who have been actively searching for large scale copper projects.
- In our view, significant upside exists if a bidding war breaks out. Historically, copper projects sell for ~US\$0.07/lb CuEq, this implies a share price of C\$0.83 for SolGold.
- Since the maiden mineral resource estimate of 16.18Bib CuEq (1.08Bt grading 0.68% CuEq) at Cascabel, a total of 80,538m of additional drilling has been completed by the company, which continues to outline a higher-grade core at Alpala and point to significant resource growth expected in a revised resource estimate.

In our view, the SolGold's current valuation (C\$0.041/lb vs. peers at C\$0.026/lb CuEq) does not reflect the exceptional nature of the existing Cascabel project, its the meaningful exploration upside or the fact the multiple majors have now demonstrated interest in acquiring the company.

Even with my prognosis that there is unlikely to be a meaningful recovery for metals any time soon, this move by BHP, in my opinion, very likely DOES mark the bottom for both Cornerstone's and SolGold's long corrections from their excited peaks of mid-2017.

We will now see a ramped-up "cat and mouse" game of majors trying to get either a bigger piece or outright control of Cascabel.

**AND -- Before much longer that may become even more urgent on their part.** In the not too distant future, SolGold will be coming out with an updated resource calculation, augmenting that released in 2018's first week. By all appearances -- *and considering that there has been more drilling this year than in the entirety of Cascabel's exploration history* -- the coming upgrade could be eye-popping. And that's become ever more likely given the BIG grades and intercepts that have been reported most recently at the core Alpala resource.

**What comes next we can only speculate about; but I think a few potential scenarios seem to already be rising to the top of the renewed, excited chatter over Cascabel.** One has BHP and Newcrest locking themselves in a room and agreeing to a framework where *both* would be involved in a move (it's not that unusual for two major companies to cooperate in the development of a big, Tier One asset.)

And a tantalizing one for those of you who own Cornerstone *specifically* is that if a larger company were to try to take it out all together, **it would get Cornerstone's overall, combined 23% interest in Cascabel.**

The plot thickens!

As always, drop me a note if you have any questions or comments.

All the best,

Chris Temple -- Editor/Publisher  
*The National Investor*  
<https://nationalinvestor.com/>

**You can get information anywhere. Here, you get *knowledge*.**

National Investor Publishing, P.O. Box 1257, St. Augustine, FL 32085-1257

[SafeUnsubscribe™ {recipient's email}](#).

[Update Profile](#) | [About our service provider](#)

Sent by [chris@nationalinvestor.com](mailto:chris@nationalinvestor.com) in collaboration with

**Constant Contact** 

Try it free today