

This document is important and requires your immediate attention. If you are in doubt as to how to respond to the Hostile Bid, you should consult your investment dealer, stockbroker, lawyer or other professional advisor. Inquiries concerning the information in this document should be directed to D.F. King Canada, the Information Agent retained by Cornerstone, by telephone at 1-800-294-4817 (toll-free in North America) or 416-682-3825 (collect outside North America), or by e-mail at inquiries@dfking.com.

DIRECTORS' CIRCULAR

RECOMMENDING

REJECTION

of the unsolicited offer by

SOLGOLD CANADIAN EXCHANGE CO CORP.

a wholly-owned subsidiary of

SOLGOLD PLC

to purchase all of the outstanding common shares of

CORNERSTONE CAPITAL RESOURCES INC.

**not already owned by SolGold and its affiliates
for consideration per common share of either (i) 11 SolGold Shares, or
(ii) at the election of certain holders subject to tax in Canada,
11 Exchangeable Shares**

The Cornerstone Board unanimously concluded that the Hostile Bid significantly undervalues the Cornerstone Shares, is not in the best interests of Cornerstone or its Shareholders and recommends that you

REJECT the Hostile Bid and **DO NOT TENDER** your Cornerstone Shares

NO ACTION IS REQUIRED to REJECT SolGold's Hostile Bid

If you have already tendered your Cornerstone Shares to the Hostile Bid, you can withdraw your Cornerstone Shares by contacting your broker or D.F. King Canada, by calling 1-800-294-4817 (toll-free in North America) or 416-682-3825 (banks, brokers and collect calls outside North America) or by e-mail at inquiries@dfking.com.

July 14, 2020

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July 14, 2020

Dear Fellow Cornerstone Shareholders:

SolGold plc (“**SolGold**”), together with its wholly-owned subsidiary SolGold Canadian ExchangeCo Corp. (“**ExchangeCo**”), is asking you to accept an offer (the “**Hostile Bid**”) to acquire your Cornerstone Capital Resources Inc. (“**Cornerstone**”) shares for less than their fundamental value on the basis of, for each common share of Cornerstone (each, a “**Cornerstone Share**”), either: (i) 11 ordinary shares of SolGold (each, a “**SolGold Share**”); or (ii) at the election of certain holders subject to tax in Canada, 11 exchangeable shares of ExchangeCo (each, an “**Exchangeable Share**”), which are intended to be exchangeable for SolGold Shares on a one-for-one basis.

Cornerstone’s Board of Directors (the “**Board**”), after careful consideration and receipt of the unanimous recommendation from an Independent Committee of the Board, unanimously recommends that you **REJECT** SolGold’s offer and **NOT TENDER** your Cornerstone Shares. To reject the Hostile Bid, simply take **NO ACTION**.

In the Board’s view, SolGold’s Hostile Bid:

- is wholly inadequate and is not in the best interests of Cornerstone and its shareholders – in fact, the Hostile Bid has been swiftly rejected by holders of a majority of Cornerstone Shares following the formal commencement of the Hostile Bid;
- is exploitive, as SolGold has withheld and continues to withhold material non-public information in respect of the Cascabel Project (including information on the progress of the ongoing pre-feasibility study at the Cascabel Project) from both the market and Cornerstone shareholders;
- is not compliant with Canadian securities laws, including the requirement that an insider (which would include SolGold by virtue of its participation, including as operator, in Exploraciones Novomining S.A. (“**ENSA**”), the Ecuadorian company owned by SolGold and Cornerstone that holds 100% of the Cascabel Concession) provide enhanced disclosure and a formal valuation in connection with a take-over bid;
- offers consideration consisting solely of SolGold Shares and Exchangeable Shares which exposes Cornerstone shareholders to shares of an illiquid company with a history of significant dilution, suspect corporate governance and self-dealing practices; and
- is highly conditional and involves substantial completion risk.

In addition, Paradigm Capital Inc. (“**Paradigm**”) the independent financial advisor to the Independent Committee, has determined that the consideration offered under the Hostile Bid is inadequate, from a financial point of view, to Cornerstone shareholders (other than SolGold and its affiliates and associates).

For these and other compelling reasons outlined in this Directors’ Circular, we strongly urge shareholders to take **NO ACTION** in respect of SolGold’s offer. If you have tendered your shares in error and wish to withdraw, simply ask your broker or D.F. King Canada, the Information Agent retained by Cornerstone (see contact information below), to assist you with this process.

Canadian securities laws require that a majority of the shares held by Cornerstone shareholders other than SolGold and any parties acting jointly or in concert with SolGold be tendered to the

Hostile Bid and not withdrawn before SolGold can acquire any shares under the Hostile Bid. We have been advised by shareholders that collectively own approximately 65% of the outstanding Cornerstone Shares of their intention to reject SolGold's Hostile Bid. The Hostile Bid's minimum tender condition is therefore incapable of being satisfied.

We are confident that all shareholders will reach the same conclusion — that the Hostile Bid is wholly inadequate and falls well short of providing full and fair value to Cornerstone shareholders.

On behalf of the Board, we would like to thank you for your continued support.

Yours very truly,

(Signed) "*Greg Chamandy*"

Greg Chamandy
Chairman of the Board
Cornerstone Capital Resources Inc.

(Signed) "*Colin McKenzie*"

Colin McKenzie
Chair of the Independent Committee
Cornerstone Capital Resources Inc.

SUMMARY

The information set out below is intended to be a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Directors' Circular. This Directors' Circular should be read carefully and in its entirety by Shareholders as it provides important information regarding Cornerstone and the Hostile Bid. All capitalized terms in the summary have the meanings ascribed to such terms in the Glossary attached as Schedule A to this Directors' Circular or elsewhere in this Directors' Circular.

<p>Recommendation of the Board of Directors:</p>	<p>The Cornerstone Board, on the unanimous recommendation of the Independent Committee, has unanimously concluded that the Hostile Bid significantly undervalues the Cornerstone Shares and is not in the best interests of Cornerstone or its Shareholders.</p> <p>Accordingly, for the reasons described in more detail in this 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.</p> <p>Any Shareholder who has already tendered its Cornerstone Shares to the Hostile Bid should WITHDRAW those Cornerstone Shares.</p>
<p>Reasons for Rejection of the Hostile Bid:</p>	<p>The Independent Committee and the Cornerstone Board carefully reviewed and considered the Hostile Bid with its external financial and legal advisors and with the benefit of their advice.</p> <p>The following is a summary of key reasons for the UNANIMOUS recommendation of the Cornerstone Board that you REJECT the Hostile Bid:</p> <ul style="list-style-type: none"> • SolGold's Hostile Bid cannot be successful <ul style="list-style-type: none"> ○ 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 <ul style="list-style-type: none"> ○ 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

REJECT SOLGOLD'S HOSTILE BID

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	<p>interest equivalent to their current interest held through their Cornerstone Shares.</p> <ul style="list-style-type: none"> ○ 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. <ul style="list-style-type: none"> ● SolGold’s track record demonstrates that it is incapable of financing the Cascabel feasibility study on reasonable terms <ul style="list-style-type: none"> ○ 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 <ul style="list-style-type: none"> ○ The SolGold Shares have limited liquidity in both the U.K. and Canada – on the TSX, 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 <ul style="list-style-type: none"> ○ Two-thirds of SolGold’s directors are not independent (<i>i.e.</i>, 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
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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.

REJECT SOLGOLD’S HOSTILE BID
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	<p>been publicly critical of SolGold's mismanagement and governance practices.</p> <ul style="list-style-type: none"> ○ The SolGold board has a history of ignoring the views of non-related 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 <ul style="list-style-type: none"> ○ MI 61-101 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). ● 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 <ul style="list-style-type: none"> ○ 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 Hostile Bid is highly conditional and has substantial completion risk <p><i>See "Compelling Reasons for Rejecting SolGold's Hostile Bid"</i></p>
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<p>The Hostile Bid:</p>	<p>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. The offer includes Cornerstone Shares that may be issued prior to 5:00 p.m. (Toronto time) on Wednesday October 14, 2020 upon the exercise, exchange or conversion of any Convertible Securities.</p> <p>As the Hostile Bid is open for acceptance until 5:00 p.m. (Toronto time)</p>
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REJECT SOLGOLD'S HOSTILE BID
TAKE NO ACTION – DO NOT TENDER YOUR CORNERSTONE SHARES
If you have already tendered your Cornerstone Shares to SolGold's Hostile Bid, you can withdraw your Cornerstone Shares by contacting your broker or D.F. King Canada toll-free in North America at 1-800-294-4817 or via e-mail at inquiries@dfking.com

	<p>on Wednesday October 14, 2020, there is no need for Shareholders to take any action with respect to the Hostile Bid at this time. Shareholders who have tendered Cornerstone Shares to the Hostile Bid and who wish to obtain advice or assistance in withdrawing their Cornerstone Shares are urged to contact their broker or D.F. King Canada, the Information Agent retained by Cornerstone, by North American toll-free phone call to 1-800-294-4817 or by email at inquiries@dfking.com.</p>
<p>Response to the Hostile Bid:</p>	<p>As set out in the “<i>Compelling Reasons for Rejecting SolGold’s Hostile Bid</i>,” the Hostile Bid is incapable of satisfying the statutory minimum tender conditions on the basis that Shareholders collectively holding approximately 65% of the outstanding Cornerstone Shares have indicated their intention to reject the Hostile Bid. As such a sizable block of Shareholders have rejected SolGold’s Hostile Bid, the Independent Committee is of the belief that the Hostile Bid is incapable of being successful.</p> <p>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.</p>
<p>Rejection of the Hostile Bid by Directors and Officers:</p>	<p>The Board and management of Cornerstone have unanimously indicated their intention to <u>REJECT</u> the Hostile Bid and <u>NOT TENDER</u> their Cornerstone Shares to the Hostile Bid.</p>
<p>Rejection of the Hostile Bid by Shareholders:</p>	<p>Cornerstone has been advised by Shareholders (including the Board and management) that collectively own approximately 65% of the outstanding Cornerstone Shares that they intend to <u>REJECT</u> the Hostile Bid and <u>NOT TENDER</u> their Cornerstone Shares to the Hostile Bid.</p>
<p>Right to Withdraw Cornerstone Shares tendered to the Hostile Bid:</p>	<p>If you have already tendered your Cornerstone Shares to the Hostile Bid, you can withdraw your Cornerstone Shares. See the section entitled “<i>How to Withdraw Your Deposited Cornerstone Shares</i>” of this Directors’ Circular for further instructions on how to withdraw your Cornerstone Shares tendered to the Hostile Bid.</p> <p>If you require advice or assistance in withdrawing your Cornerstone Shares you should contact your broker or D.F. King Canada, the Information Agent retained by Cornerstone, by North American toll-free phone call to 1-800-294-4817 or by email at inquiries@dfking.com.</p>

REJECT SOLGOLD’S HOSTILE BID
TAKE NO ACTION – DO NOT TENDER YOUR CORNERSTONE SHARES
If you have already tendered your Cornerstone Shares to SolGold’s Hostile Bid, you can withdraw your Cornerstone Shares by contacting your broker or D.F. King Canada toll-free in North America at 1-800-294-4817 or via e-mail at inquiries@dfking.com

QUESTIONS AND ANSWERS ABOUT THE HOSTILE BID

Capitalized terms used but not defined in this Question and Answer section have the meanings ascribed thereto in the Glossary attached as Schedule A to this Directors' Circular and elsewhere in this Directors' Circular.

Should I accept the Hostile Bid?

NO. The Board of Directors, on the recommendation of the Independent Committee, has unanimously concluded that the Hostile Bid is wholly inadequate, falls well short of recognizing the full and fair value of Cornerstone, and is an attempt by SolGold to acquire Cornerstone without offering adequate consideration to Shareholders. A summary of the principal reasons for the unanimous recommendation of the Board of Directors that Shareholders **REJECT** the Hostile Bid and **NOT TENDER** their Cornerstone Shares thereto is included in the section below entitled "*Compelling Reasons for Rejecting SolGold's Hostile Bid*" of this Directors' Circular. You are strongly encouraged to carefully review the principal reasons for the Board's recommendation.

How do I reject the Hostile Bid?

You do not need to do anything. **TAKE NO ACTION** and **DO NOT TENDER** your Cornerstone Shares to the Hostile Bid. If you are contacted by SolGold or its information or solicitation agent, do not complete any documents that they may provide (letter of transmittal, notice of guaranteed delivery, etc.).

Have other Shareholders indicated an intention NOT to tender their Cornerstone Shares?

YES. Cornerstone's Directors, officers and other Shareholders who hold or exercise control or direction over an aggregate of approximately 65% of the outstanding Cornerstone Shares (63% of the Cornerstone Shares on a fully-diluted basis) have advised Cornerstone of their intention **NOT** to tender their 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.

How do I withdraw my Cornerstone Shares?

For information on how to withdraw your Cornerstone Shares, we recommend you contact your broker or D.F. King Canada, the Information Agent retained by Cornerstone, by North American toll-free phone call to 1-800-294-4817 or by email at inquiries@dfking.com. Please see the section entitled "*How to Withdraw Your Deposited Cornerstone Shares*" of this Directors' Circular for additional information on how to withdraw your Cornerstone Shares.

If you have already tendered your Cornerstone Shares to the Hostile Bid and you decide to withdraw these Cornerstone Shares, you must allow sufficient time to complete the withdrawal process prior to the Expiry Time of the Hostile Bid. Please contact your broker or custodian as they may have earlier deadlines to submit withdrawal instructions.

REJECT SOLGOLD'S HOSTILE BID

TAKE NO ACTION – DO NOT TENDER YOUR CORNERSTONE SHARES

If you have already tendered your Cornerstone Shares to SolGold's Hostile Bid, you can withdraw your Cornerstone Shares by contacting your broker or D.F. King Canada toll-free in North America at 1-800-294-4817 or via e-mail at inquiries@dfking.com

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

The Independent Committee and the Cornerstone Board have carefully reviewed and considered, together with its external financial and legal advisors and with the benefit of their advice, the Hostile Bid. As set out in the “*Compelling Reasons for Rejecting SolGold’s Hostile Bid*,” the Hostile Bid is incapable of satisfying the statutory minimum tender conditions on the basis that Shareholders collectively holding approximately 65% of the outstanding Cornerstone Shares have indicated their intention to reject the Hostile Bid. As such a sizable number of Shareholders have rejected SolGold’s Hostile Bid, the Independent Committee is of the belief that the Hostile Bid is incapable of being successful.

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.

My broker advised me to tender my Cornerstone Shares. Should I?

NO. For the reasons described in more detail in this 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.

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.

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 this 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.

Whom should I contact if I have more questions?

The Board of Directors recommends that you carefully read the information contained in this Directors’ Circular. You should contact D.F. King Canada, the Information Agent retained by Cornerstone, with any questions or requests for assistance that you may have.

D.F. King Canada

North American Toll-Free Number: 1-800-294-4817
Outside North America, Banks and Brokers Call Collect: 1-416-682-3825
E-mail: inquiries@dfking.com

<p style="text-align: center;">REJECT SOLGOLD’S HOSTILE BID TAKE NO ACTION – DO NOT TENDER YOUR CORNERSTONE SHARES If you have already tendered your Cornerstone Shares to SolGold’s Hostile Bid, you can withdraw your Cornerstone Shares by contacting your broker or D.F. King Canada toll-free in North America at 1-800-294-4817 or via e-mail at inquiries@dfking.com</p>

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REJECT SOLGOLD'S HOSTILE BID

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GENERAL INFORMATION

Certain capitalized terms used in this Directors' Circular have the respective meanings set out in the Glossary attached as Schedule A to this Directors' Circular, unless such term is defined elsewhere in this Directors' Circular. Unless otherwise indicated, information in this Directors' Circular is given as at July 13, 2020.

Calculations of percentage amounts or amounts per Cornerstone Share set forth in this Directors' Circular are based on 32,415,661 Cornerstone Shares outstanding on a non-diluted basis, and 37,445,362 securities outstanding on a fully-diluted basis as of the close of business on July 13, 2020, the last business day prior to the date of this Directors' Circular.

FORWARD-LOOKING STATEMENTS

This Directors' Circular, including the discussion of the reasons for the Board of Directors' unanimous recommendation that Shareholders reject the Hostile Bid and not tender their Cornerstone Shares thereto, contains forward-looking information and/or forward-looking statements within the meaning of applicable securities laws (collectively, "**forward-looking statements**"). The words "may", "will", "would", "should", "could", "might", "expects", "plans", "forecasts", "projects", "intends", "trends", "indicates", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements, although not all forward-looking statements contain these words.

Examples of such forward-looking statements' in this Directors' Circular include, but are not limited to, expectations regarding Cornerstone's and ENSA's prospects for growth, profitability and Shareholder value creation; the availability of financing to fund Cornerstone's and SolGold's obligations; the development costs associated with the Cascabel Project; the value and trading volumes of SolGold Shares; the response to, likelihood of success and consequences of the Hostile Bid; the terms of the Hostile Bid; and the availability of strategic alternative transactions emerging.

Forward-looking statements contained in this Directors' Circular are based on a number of estimates and assumptions including, but not limited to: assumptions as to competitive conditions in the copper and gold mining industry; general economic conditions; Ecuador country risk; changes in laws, rules and regulations applicable to Cornerstone; and whether or not an alternative transaction financially superior to the Hostile Bid may emerge. These estimates and assumptions are made by Cornerstone as of the date of this Directors' Circular in light of its experience and perceptions of historical trends, current conditions and expected future developments, as well as other factors that Cornerstone believes are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct.

In addition to being subject to a number of estimates and assumptions, forward-looking statements in this Directors' Circular involve known and unknown risks, uncertainties and other factors that may cause actual results and developments to be materially different from those expressed or implied by such forward-looking statements, including, but not limited to: the Hostile Bid; the availability of any financially superior alternatives to the Hostile Bid emerging; whether

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any such alternative transactions can be sufficiently advanced before the expiry of the Hostile Bid (including alternative transactions involving third parties and other factors); general business, economic, competitive, political, regulatory and social uncertainties; copper and gold price volatility; uncertainty related to mineral exploration properties; risks related to the ability to finance the continued exploration of mineral properties; risks related to Cornerstone not having any proven or provable mineral reserves; expectation of future losses for Cornerstone; risks related to factors beyond the control of Cornerstone; risks and uncertainties associated with exploration and mining operations; risks related to the ability to obtain adequate financing for planned exploration and/or development activities; lack of infrastructure at mineral exploration properties; risks and uncertainties relating to the interpretation of drill results and the geology, grade and continuity of mineral deposits; uncertainties related to title to mineral properties and the acquisition of surface rights; risks related to governmental regulations, including environmental laws and regulations and liability and obtaining permits and licences; the actions of non-governmental organizations (NGOs), local communities, and anti-mining actors in Ecuador; future changes to environmental laws and regulations; unknown environmental risks for past activities; commodity price fluctuations; risks related to reclamation activities on mineral properties; risks related to political instability and unexpected regulatory change; influence of third party stakeholders; conflicts of interest; risks related to dependence on key individuals; risks related to the involvement of some of the Directors and officers of Cornerstone with other natural resource companies; enforceability of claims; the ability to maintain adequate control over financial reporting; risks related to the Cornerstone Shares, including price volatility due to events that may or may not be within such parties' control; disruptions or changes in the credit or securities markets; risks related to international operations; risks related to joint venture operations; actual results of current exploration activities; reserve and resource estimate risk; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; nationalization, expropriation or creeping expropriation (through future increases in taxation of mining projects) risk in Ecuador, a developing country; the ability to renew existing licenses or permits or obtain required licenses and permits; increased infrastructure and/or operating costs; risks of not meeting production and cost targets; discrepancies between actual and estimated production; mineral reserves and resources and metallurgical recoveries; mining operational and development risk; litigation risks; risks of sovereign investment and operating in foreign countries; foreign countries' regulatory requirements; the speculative nature of mineral exploration; risks related to Directors and officers and major Shareholders of Cornerstone possibly having interests in a financially superior alternative that are different from other Shareholders; risks relating to the possibility that Shareholders may exercise their dissent rights in respect of a financially superior alternative; risks that other conditions to the consummation of a financially superior alternative are not satisfied; global economic climate; dilution; the ability to complete acquisitions; the ability of Cornerstone to find appropriate joint venture partners; environmental risks; community and non-governmental actions and regulatory risks and such other risks and uncertainties identified in the filings by Cornerstone with the Canadian securities regulatory authorities, which are available under Cornerstone's issuer profile on SEDAR at www.sedar.com.

The Board of Directors believes that the expectations reflected in the forward-looking statements contained in this Directors' Circular are reasonable as at the date hereof, but no

REJECT SOLGOLD'S HOSTILE BID

TAKE NO ACTION – DO NOT TENDER YOUR CORNERSTONE SHARES

If you have already tendered your Cornerstone Shares to SolGold's Hostile Bid, you can withdraw your Cornerstone Shares by contacting your broker or D.F. King Canada toll-free in North America at 1-800-294-4817 or via e-mail at inquiries@dfking.com

assurance can be given that these expectations will prove to be correct. In addition, although Cornerstone and the Board of Directors have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Accordingly, you should not place undue reliance on any forward-looking statements contained in this Directors' Circular. Except as required by law, neither the Board of Directors nor Cornerstone undertakes any obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this Directors' Circular are expressly qualified by this cautionary statement.

NOTICE TO NON-CANADIAN SHAREHOLDERS

The Hostile Bid to which this Directors' Circular relates is made for the securities of a Canadian issuer. This Directors' Circular has been prepared by Cornerstone in accordance with disclosure requirements under applicable Canadian law. Shareholders in the United States and otherwise outside of Canada should be aware that these requirements may be different from those of the United States and other jurisdictions. This Directors' Circular has not been approved or disapproved by any United States or other securities regulatory authority, nor has any such authority passed upon the accuracy or adequacy of this Directors' Circular.

Cornerstone prepares its financial statements in accordance with IFRS. These financial statements may not be comparable to financial statements of United States companies and other non-Canadian companies.

Likewise, information concerning the properties and operations of Cornerstone has been prepared in accordance with Canadian standards and may not be comparable to similar information prepared in accordance with United States and other non-Canadian standards. In particular, disclosure of scientific or technical information in this Directors' Circular has been made in accordance with NI 43-101. NI 43-101 is a set of rules developed by the Canadian Securities Administrators and administered by the Canadian provincial securities commissions that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects. Accordingly, information contained in this Directors' Circular containing descriptions of the mineral properties of Cornerstone may not be comparable to similar information made public by United States and other non-Canadian companies subject to the reporting and disclosure requirements of their applicable securities regulators.

It may be difficult for Shareholders in the United States and otherwise outside of Canada to enforce their rights and any claim they may have arising under United States federal securities laws or the securities laws of other non-Canadian jurisdictions since Cornerstone is organized under the laws of the Province of Alberta, the majority of the officers and Directors of Cornerstone reside in Canada, some of the experts named herein reside in Canada and a portion of the assets of Cornerstone and the other above-mentioned Persons are located in Canada. Shareholders in the United States and otherwise outside of Canada may not be able to sue Cornerstone or its officers or directors in a foreign court for violation of United States federal securities laws or the securities laws of other non-Canadian jurisdictions. It may be difficult to compel such parties to subject themselves to the jurisdiction of a foreign court or to enforce a judgment obtained from a court of the United States or other non-Canadian court's judgment.

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CURRENCY AND EXCHANGE RATE INFORMATION

All references to dollar amounts contained in this Directors' Circular are to Canadian dollars, unless otherwise indicated. On July 13, 2020, the last business day prior to the date of this Directors' Circular, the daily rate of exchange in effect as at the close of business as reported by the Bank of Canada was \$1.00 = US\$0.7371 and \$1.00 = £0.5849.

NOTICE REGARDING CERTAIN OTHER INFORMATION

Cornerstone is a reporting issuer or equivalent in British Columbia, Alberta, Nova Scotia and Newfoundland and Labrador, and files its continuous disclosure documents and other documents with the applicable securities regulatory authorities in each such jurisdiction. Certain information in this Directors' Circular has been taken from or is based on documents that are expressly referred to in this Directors' Circular. All summaries of, and references to, documents that are specified in this Directors' Circular as having been filed, or that are contained in documents specified as having been filed, on SEDAR are qualified in their entirety by reference to the complete text of those documents as filed, or as contained in documents filed, under Cornerstone's issuer profile on SEDAR at www.sedar.com. Shareholders are urged to read carefully the full text of those documents.

Certain information herein, including forward-looking statements, relating to SolGold and the Hostile Bid has been derived from, and the Board of Directors and Cornerstone have relied on, without independent verification, the information contained in the SolGold Circular and other public sources. Neither the Board of Directors nor Cornerstone has independently verified such information or assumes any responsibility for the accuracy or completeness of such information or for any failure by SolGold to disclose events that may have occurred or that may affect the significance or accuracy of any such information.

Cornerstone has obtained the market and industry data presented in this Directors' Circular from a combination of internal company surveys, its management's estimates and third-party information, including data from FactSet Research Systems Inc. ("**FactSet**") and other industry publications. There are limited sources that report on Cornerstone's industries. As such, much of the industry and market data presented in this Directors' Circular is based on internally-generated management estimates, including estimates based on extrapolations from third-party surveys of the industries in which Cornerstone operates. Cornerstone has not independently verified any market data or forecast. While Cornerstone believes its internal surveys, third-party information (including industry and market forecasts) and the estimates of its management are reliable, it has not verified them, nor have they been verified by any independent sources. Additionally, while Cornerstone is not aware of any misstatements regarding the market and industry data presented in this Directors' Circular, such data involves risks and uncertainties and is subject to change based on various factors, including those factors discussed under the section entitled "*Forward-Looking Statements*" above.

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DIRECTORS' CIRCULAR

This Directors' Circular is issued by the Board of Directors of Cornerstone in connection with the unsolicited Hostile Bid made by SolGold to acquire all of the outstanding Cornerstone Shares not already owned by SolGold and its affiliates, including Cornerstone Shares that may be issued prior to the Expiry Time upon the exercise, exchange or conversion of any Convertible Securities, on the basis 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, upon the terms and subject to the conditions set forth in the SolGold Circular.

The Hostile Bid is described in the SolGold Circular filed by SolGold with the securities regulators in Canada on June 30, 2020 and available under Cornerstone's issuer profile on SEDAR at www.sedar.com. The Hostile Bid is currently scheduled to expire at 5:00 p.m. (Toronto time) on Wednesday October 14, 2020, unless extended, accelerated or withdrawn by SolGold in accordance with its terms.

BOARD OF DIRECTORS' UNANIMOUS RECOMMENDATION

The Board of Directors has unanimously concluded that the Hostile Bid is wholly inadequate, falls well short of recognizing the full and fair value of Cornerstone, and is an attempt by SolGold to acquire all of the Cornerstone Shares without offering adequate consideration to the Shareholders.

The Board of Directors unanimously recommends that Shareholders REJECT the Hostile Bid and NOT TENDER their Cornerstone Shares thereto. Any Shareholder who has tendered its Cornerstone Shares to the Hostile Bid should WITHDRAW those Cornerstone Shares.

COMPELLING REASONS FOR REJECTING SOLGOLD'S HOSTILE BID

In making its recommendation, the Board of Directors carefully considered the unanimous recommendation of its Independent Committee and a number of other factors. 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 thereto.

1. SOLGOLD'S HOSTILE BID CANNOT BE SUCCESSFUL

Shareholders that, together with their respective associates and affiliates, collectively own or exercise control over approximately 65% of the outstanding Cornerstone Shares (63% on a fully-diluted basis) have advised Cornerstone of their intention to **REJECT** SolGold's Hostile Bid and, accordingly, **NOT** to tender their Cornerstone Shares to the Hostile Bid.

Canadian take-over bid rules require that the majority of the outstanding shares subject to a take-over bid (excluding those shares held by the bidder and any parties acting jointly or in

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concert with the bidder) be tendered to a formal offer before any shares can be taken up. Given that this statutory minimum tender condition cannot be waived by SolGold, the Hostile Bid is incapable of being completed on the basis that it lacks sufficient Shareholder support.

2. THE HOSTILE BID SIGNIFICANTLY UNDERVALUES CORNERSTONE AND IS OPPORTUNISTICALLY TIMED

SolGold is offering consideration of, for each Cornerstone Share not already owned by SolGold and its affiliates, either: (i) 11 SolGold Shares; or (ii) at the election of certain Shareholders subject to tax in Canada, 11 Exchangeable Shares of ExchangeCo. Based on the closing price of the SolGold Shares on the LSE as at July 13, 2020, this would be approximately \$4.33 per Cornerstone Share, or total consideration for all of the outstanding Cornerstone Shares of approximately \$140 million. The Board views this consideration as wholly inadequate based on the substantial value of Cornerstone's assets.

The Hostile Bid fails to recognize the strategic value of Cornerstone's asset base

ENSA, an Ecuadorian company owned by SolGold and Cornerstone (through CESA), holds 100% of the Cascabel Concession, widely considered to have the potential to be a world class mineral property due to its significant copper and gold resources. Subject to the satisfaction of certain conditions, including SolGold fully funding the project through to feasibility, SolGold will own 85% of the equity of ENSA and Cornerstone will own the remaining 15% of ENSA. Cornerstone also owns approximately 7.6% of the outstanding shares of SolGold. In effect, Cornerstone has a combined direct and indirect 21.4% interest in the Cascabel Project and the projects falling within the Cascabel area of mutual interest in addition to Cornerstone's ENAMI Strategic Exploration Alliance and other assets.

SolGold is responsible for funding 100% of the operations and activities at Cascabel, including funding Cornerstone's 15% interest, until completion of a bankable feasibility study. Following completion of a bankable feasibility study, SolGold is entitled to receive 90% of Cornerstone's distribution of earnings or dividends from ENSA until such time as the amounts so received equal the aggregate amount of expenditures incurred by SolGold that would have otherwise been payable by Cornerstone, plus interest thereon from the dates such expenditures were incurred at a rate per annum equal to LIBOR plus 2%.

The benefit to Shareholders of Cornerstone's strategic 15% carried interest in ENSA is apparent considering the significant dilution that SolGold's shareholders have experienced, and are likely to continue to experience, as a result of SolGold's attempts to finance the substantial ongoing development costs associated with the Cascabel Project.

The significant value of Cornerstone's carried interest is clearly demonstrated in the following example. Assuming that the total costs of the Cascabel Project to completion of feasibility will be US\$347 million,² SolGold must fund US\$52 million to cover Cornerstone's portion of the development costs in addition to the US\$295 million required for SolGold's interest.

² Implied anticipated cost based on disclosure in the SolGold Circular.

<p style="text-align: center;">REJECT SOLGOLD'S HOSTILE BID TAKE NO ACTION – DO NOT TENDER YOUR CORNERSTONE SHARES If you have already tendered your Cornerstone Shares to SolGold's Hostile Bid, you can withdraw your Cornerstone Shares by contacting your broker or D.F. King Canada toll-free in North America at 1-800-294-4817 or via e-mail at inquiries@dfking.com</p>

In effect, SolGold must fund US\$100 million for every US\$85 million it needs to finance for its 85% interest.

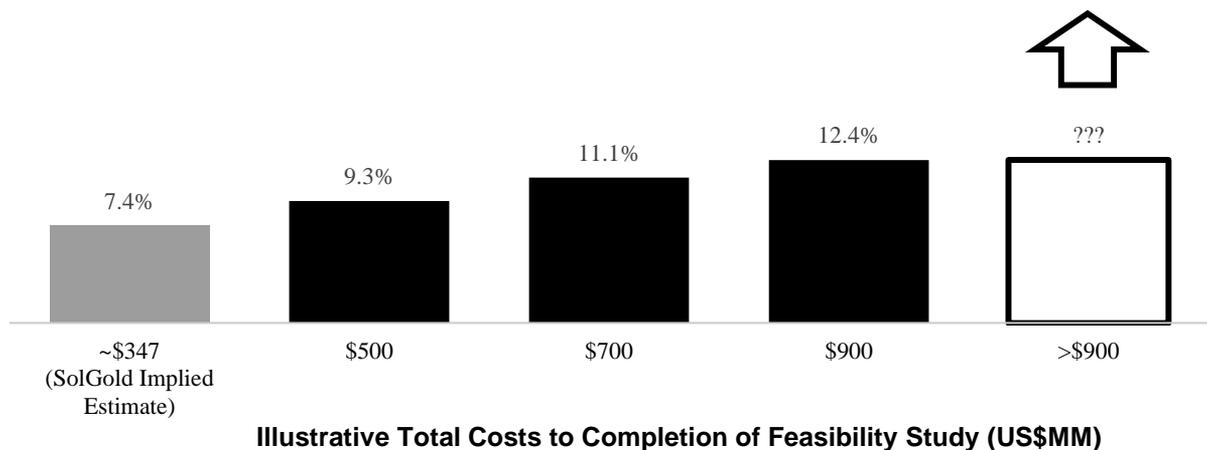
Key Inputs			Implied Dilution to Finance Initial Anticipated Costs to Complete a BFS		
Market			Anticipated Cost to Feasibility Study (US\$MM)	E	\$347
Current CGP FD ITM Market Capitalization (US\$MM)	A	\$98	Cornerstone's Attributable Share of Costs (US\$MM)	F = B x E	\$52
Ownership Related			Implied Dilution to Finance Anticipated Costs to BFS @ Market	G = F / (A + F)	34.6%
CGP Carried Interest in ENSA (%)	B	15%	Value of Carried Interest to CGP for Anticipated Costs to Complete a BFS		
SOLG Interest in ENSA (%)	C	85%	CGP Interest in Cascabel	H = B + (C x D)	21.4%
CGP FD ITM Interest in SOLG (%)	D	7.58%	Implied Dilution to Finance Anticipated Costs to BFS @ Market	G	34.6%
			Value of Carried Interest to CGP for Anticipated Costs for BFS (% of Cascabel Interest)	I = G x H	7.4%
			CGP Interest in Cascabel Including Value of Carried Interest for Anticipated Costs to BFS		
			CGP Interest in Cascabel (excl. Value of Carried Interest)	H	21.4%
			Value of Carried Interest to CGP for Anticipated Costs for BFS (% of Cascabel Interest)	I	7.4%
			Implied CGP Interest in Cascabel (incl. Carried Interest)	H + I	+28.9%

More generally, the value of Cornerstone's carried interest can be expressed by the following equation:

$$\text{Value of Carried Interest to CGP (\% of Cascabel Interest)} = \frac{\text{CGP Carried Interest [B]} \times \text{CGP Interest in Cascabel [H]} \times \text{Cost to Feasibility Study [E]}}{\text{CGP FD ITM Market Cap [A]} + (\text{CGP Carried Interest [B]} \times \text{Cost to Feasibility Study [E]})}$$

The chart below depicts the value of the carried interest to Cornerstone based on a range of illustrative potential costs until completion of a bankable feasibility study.

Value of Carried Interest to Cornerstone (% of Cascabel Interest)



Conservatively assuming that Cornerstone could otherwise finance its carried interest on a zero discount and zero cost basis, the value of Cornerstone's carried interest is equal to approximately an additional 7.4% interest in the Cascabel Project. The strategic benefit and value to Cornerstone of its carried interest is even greater when considering the costs of development

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through to a bankable feasibility study on comparable projects are well in excess of US\$350 million.

Furthermore, as noted above, Cornerstone's attributable costs prior to feasibility will be repaid in the future out of 90% of Cornerstone's share of earnings from ENSA. If a mine is built, Cornerstone repays its carried interest at an interest cost per annum equal to LIBOR plus 2%, which is well below the cost of capital for both Cornerstone and SolGold. In effect, SolGold is required to fund Cornerstone's 15% carried interest on terms much more favourable to Cornerstone than SolGold's cost to finance, which is value-accretive to Cornerstone's Shareholders and further dilutes SolGold's shareholders.

For example, SolGold is currently paying a minimum of 12% per annum to Franco-Nevada on a secured bridge loan. The bridge loan agreement, which is not publicly available and has not been filed by SolGold on SEDAR, may include other fees and costs. Assuming the loan maturity is extended to eight months, SolGold will be required to issue 12.2 million warrants to Franco-Nevada. Using a Black-Scholes model,³ the value of the warrants imply an effective interest rate of over 30% per annum for the bridge loan.

The proposed exchange ratio is vastly out of proportion to Cornerstone's combined direct and indirect interest in Cascabel

As of July 13, 2020, the exchange ratio proposed by SolGold would result in Shareholders owning approximately 14.7% of the issued and outstanding SolGold Shares when compared to Cornerstone's combined direct and indirect 21.4% interest in the Cascabel Project (assuming zero additional value for Cornerstone's carried interest). This represents an approximate 32% reduction for Shareholders (assuming zero value is ascribed to Cornerstone's other assets). Including the value of Cornerstone's carried interest (as more particularly described above), the discount for Shareholders increases to over approximately 49%. Assuming SolGold had liquid shares acceptable to Shareholders, SolGold would need to increase the exchange ratio to in excess of 22 SolGold Shares per Cornerstone Share to provide Cornerstone Shareholders with an interest equivalent to their interest currently held through their Cornerstone Shares.

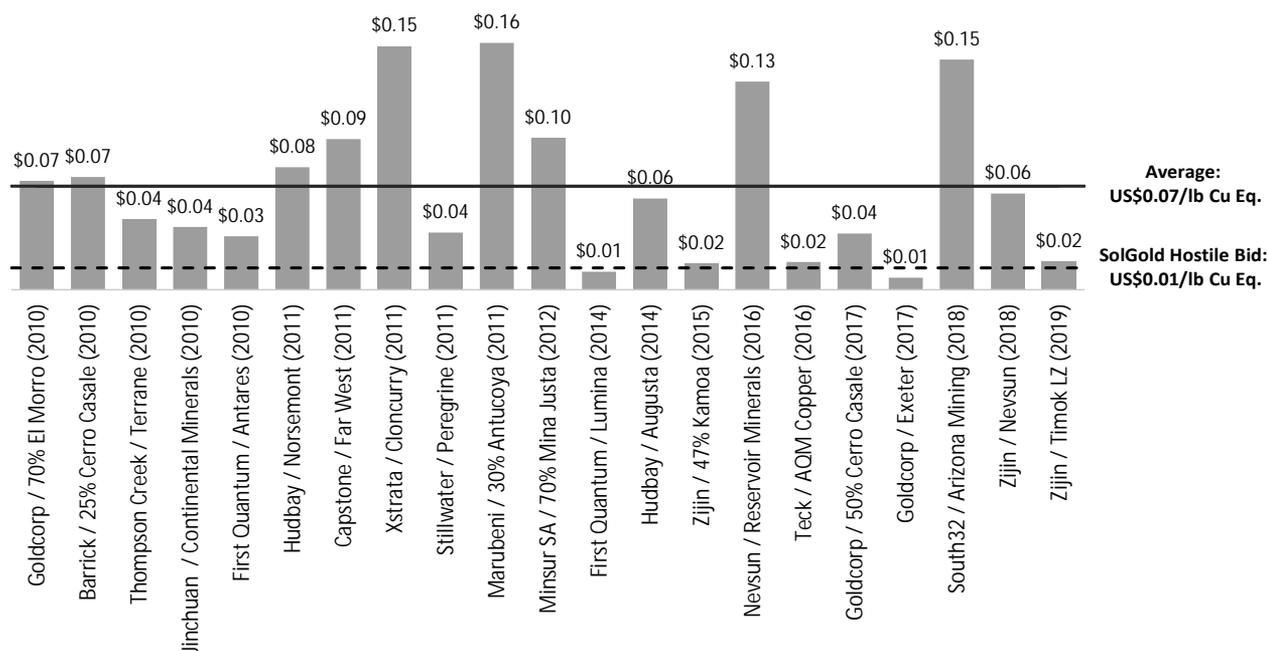
The value offered in the Hostile Bid is well below the value offered in precedent transactions

The Hostile Bid represents a significant discount to the multiples in precedent transactions involving other mineral exploration companies. Assuming SolGold had liquid shares acceptable to Shareholders, the Hostile Bid represents an implied valuation for Cornerstone of US\$0.014 per copper equivalent resource pound, whereas precedent transactions with assets of lower grade and smaller size represent an average implied valuation of approximately US\$0.07 per copper equivalent resource pound, as set out in the table below. SolGold would need to increase its implied bid by approximately five times its current amount for Cornerstone to match the average from precedent transactions.

³ Assumes 5-year maturity, at-market exercise and approximately 75% volatility per FactSet.

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Precedent Developer Transactions – EV/Cu Eq. Resources (US\$/lb)⁽¹⁾



Source: Company disclosure and FactSet.

(1) Cu Eq. resources based on long-term consensus price estimates at the time of announcement.

The implied offer price of the Hostile Bid is at a significant discount to the implied value for Cornerstone’s interest in the Cascabel Project paid by BHP and Newcrest for their non-controlling interest in SolGold

Since 2018, BHP Billiton Holdings Limited (“**BHP**”) has acquired 282,721,826 SolGold Shares at an average cost of approximately £0.33 per SolGold Share, which would result in an implied Cornerstone share price of approximately \$10.65 per Cornerstone Share. In addition, the SolGold Shares acquired by BHP are encumbered by an unusual standstill, which extends not only to shares of SolGold but also Cornerstone Shares, precluding BHP from making a competing offer for, or working with any third party to effect a change of control of, Cornerstone prior to October 19, 2020⁴ in the absence of another third party bid for Cornerstone.

On December 14, 2018, Newcrest acquired 27,870,000 SolGold Shares at a price of £0.40 per SolGold Share, which would result in an implied Cornerstone share price of approximately \$12.99 per Cornerstone Share.

⁴ SolGold’s November 25, 2019 press release indicates that this standstill 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 standstill expires on October 19, 2020.

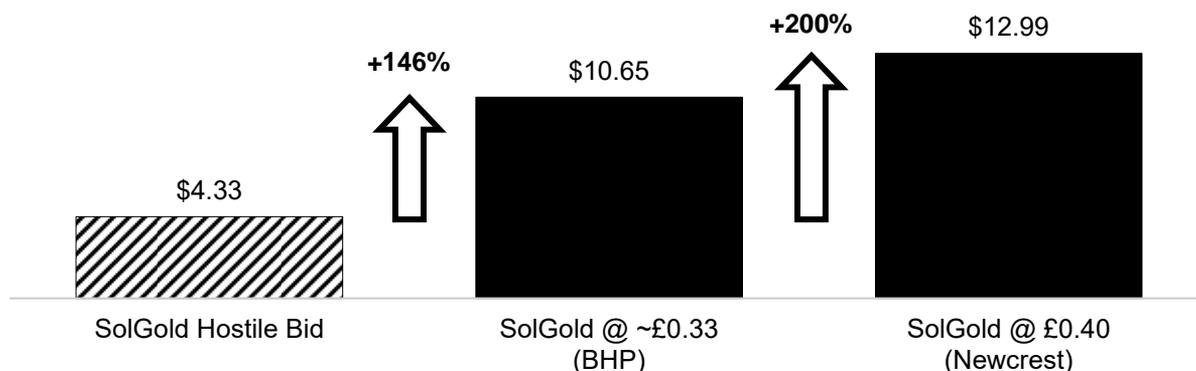
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SolGold would need to increase its implied price for the Cornerstone Shares under the Hostile Bid by approximately 146% and 200% to match the implied price paid by BHP and Newcrest, respectively, for their non-controlling interests in SolGold.

Implied Price per Cornerstone Share (C\$/share)⁽¹⁾



Source: SolGold disclosure and FactSet.

(1) Based on prices as of the date of this Directors' Circular. Implied price calculated using imputed value of Cornerstone's Cascabel interest including the value of the carried interest based on SolGold's fully-diluted in-the-money market capitalization at the Newcrest and BHP acquisition prices.

The Exchangeable Shares offered by SolGold are off-market and would result in an inefficient corporate structure from an international tax perspective

The terms of the Exchangeable Shares depart from market practice as they have an unusually short duration of three years and do not provide for voting rights in respect of SolGold. In addition, the Exchangeable Shares lack qualified investment status for deferred income plans such as RRSPs. If ExchangeCo were to acquire a majority of the Cornerstone Shares, the resulting corporate structure would be inefficient from an international tax perspective as it would engage the tax laws of the United Kingdom (which are not addressed in the SolGold Circular), Australia, Canada and Ecuador. In particular, Canada has taxation rules which make it undesirable for a Canadian corporation to be interposed between foreign corporations (which rules do not currently apply to Cornerstone as it is not controlled by a foreign corporation). The SolGold Circular does not address how ongoing tax inefficiencies would be mitigated.

The timing of the Hostile Bid is highly suspect

The Board believes that SolGold launched the Hostile Bid to:

- exploit its inside knowledge about the Cascabel Project prior to the release of the Pre-Feasibility Study for Cascabel, and before material information was appropriately disseminated to Cornerstone and the market;

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- pre-empt Cornerstone’s ability to enter into a value enhancing transaction with third parties such as BHP, given BHP’s unusual standstill that does not expire until October 19, 2020⁵ (five days after SolGold’s Hostile Bid expires); and
- deny Shareholders the opportunity to realize the value of Cornerstone’s carried interest in the Cascabel Project.

3. 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 proposed royalty financing with Franco-Nevada (the “**Royalty Financing**”), is extremely onerous and transfers enormous value to Franco-Nevada without any discernable risk to Franco-Nevada. Assuming SolGold fully exercises its rights to “up-size” its initial royalty payment in order to receive a total of US\$150 million in funding, Franco-Nevada will be entitled to a perpetual 1.5% NSR royalty based on the gross proceeds of ENSA less certain allowable deductions payable by SolGold alone. Consequently, SolGold has effectively given a royalty interest on all minerals from the entire Cascabel Concession (*i.e.*, not just the Alpala Deposit) that still contains many un-drilled highly prospective targets.

According to SolGold, the Royalty Financing will be used to finance anticipated costs through to a Definitive Feasibility Study. Based on the Alpala Deposit alone and applying consensus prices, the Royalty Financing implies at least a 12% cost of capital to SolGold, with Franco-Nevada paying well below 0.4x net present value at a 5% discount rate. By contrast, most royalty transactions are completed at levels two-and-a-half times higher, or approximately 1.0x net present value. Although the royalty interest granted to Franco-Nevada covers the entire gross proceeds of ENSA, SolGold alone is liable for the royalty which, assuming SolGold’s 85% interest in Cascabel is perfected,⁶ is equivalent to an approximate 1.8% NSR royalty on SolGold’s interest in Cascabel.

The Royalty Financing also includes highly burdensome terms in favour of Franco-Nevada, such as a “top-up” mechanism that requires SolGold to make certain additional payments to Franco-Nevada if production levels do not meet specified projections. Furthermore, Franco-Nevada will be entitled to minimum royalty payments to backstop its rate of return at the expense of all SolGold shareholders. In addition, if SolGold does not satisfy certain conditions (including SolGold fully funding the Cascabel Project through to feasibility) and fails to perfect its 85% interest in ENSA, the NSR royalty on SolGold’s interest in Cascabel will effectively increase to over 3%.

SolGold also has a “make-whole” obligation under the Royalty Financing with Franco-Nevada which requires SolGold to make additional payments to Franco-Nevada in cases where

⁵ SolGold’s November 25, 2019 press release indicates that this standstill 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 standstill expires on October 19, 2020.

⁶ SolGold must complete a bankable feasibility study to secure 85% ownership.

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its NSR payments to Franco-Nevada fall below certain thresholds. Such “make-whole” payments may be made by SolGold through the issuance of additional SolGold Shares at a discount to market prices, leading to the prospect of further dilution to SolGold’s shareholders.

Accordingly, SolGold has effectively written a “blank cheque” to Franco-Nevada that may expose SolGold shareholders to an attributable royalty on SolGold’s interest in Cascabel in excess of 3%. Despite key taxation and other terms of the Royalty Financing being redacted, the non-redacted terms alone demonstrate a significant transfer of value to Franco-Nevada at the expense of SolGold shareholders. Furthermore, given SolGold’s practices to date, Cornerstone has serious doubts that SolGold’s entrenched management team and board will prudently use the proceeds of the financing for the benefit of all shareholders. See the section below entitled “*Cornerstone Shareholders would be exposed to SolGold’s suspect corporate governance and self-dealing practices*” for a discussion of SolGold’s suspect governance practices.

4. SOLGOLD’S SHARES ARE HIGHLY ILLIQUID AND SOLGOLD SHAREHOLDERS HAVE SUFFERED A HISTORY OF SIGNIFICANT DILUTION

SolGold Shares are illiquid

SolGold’s average daily liquidity is extremely limited which would adversely impact the ability of Cornerstone’s Shareholders to monetize their SolGold Shares without creating significant selling pressure. Based on the 12 months’ average daily trading to June 29, 2020 of the SolGold Shares in both the U.K. and Canada, it would take nearly three years of trading (over 680 trading days) to monetize the SolGold Shares that would be issued as consideration under the Hostile Bid, assuming responsible trading at 15% of SolGold’s total trading volume on the LSE. On the TSX, where the SolGold Shares are even more illiquid, it would take over 294 years or over 74,000 trading days to monetize the SolGold Shares.

SolGold is expected to dilute existing shareholders further to fund through to feasibility

SolGold shareholders have experienced, and are likely to continue to experience, significant dilution as a result of SolGold’s efforts to finance its substantial ongoing development costs associated with the Cascabel Project. Despite public statements by SolGold asserting that it would not need to issue additional equity after the Royalty Financing, SolGold completed an equity financing at a 9% discount (plus commissions and other issue costs) and raised only US\$40 million. Since SolGold’s announcement of the financing, SolGold has traded consistently below the financing price which is likely due to its shareholders recognizing that there is meaningful dilution ahead and understanding the true cost of the Royalty Financing.

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. On the other hand, for Cornerstone to maintain its current direct interest in Cascabel, no financing is required until after the completion of a bankable feasibility study. Cornerstone’s Shareholders will benefit if a robust feasibility study is delivered, following which Cornerstone will only be required to fund its 15% interest in Cascabel and SolGold will be required to fund its 85% interest.

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The value of the consideration under the Hostile Bid is uncertain and entirely dependent on the value of the SolGold Shares

As currently structured, the Hostile Bid would effectively provide Shareholders with consideration of 11 SolGold Shares per Cornerstone Share. Under such a share exchange transaction, the value of the consideration to be received by Shareholders under the Hostile Bid is uncertain and will depend on the value of the SolGold Shares at the time the Cornerstone Shares are taken up under the Hostile Bid.

Under the terms of the Hostile Bid, the exchange ratio will not be adjusted to reflect any change, including a decline, in the market value of the SolGold Shares or an increase in the price of Cornerstone Shares. Shareholders will be exposed to the share price of SolGold Shares which may decline, in which case the value of the consideration received by Shareholders under the Hostile Bid would decrease.

5. CORNERSTONE SHAREHOLDERS WOULD BE EXPOSED TO SOLGOLD'S SUSPECT CORPORATE GOVERNANCE AND SELF-DEALING PRACTICES

SolGold is largely controlled by a group with conflicting loyalties and divided attention

Many of SolGold's directors and officers overlap with those of one of its major shareholders, DGR Global Limited ("**DGR**"). DGR was founded by Nick Mather, the Chief Executive Officer of SolGold, who also acts as Managing Director and Chief Executive Officer of DGR. As founder, Mr. Mather directly or indirectly owns 18.3% of DGR and appears to commonly staff his associates to the management team and/or board of directors of DGR's "portfolio" companies, including SolGold.

Many of SolGold's directors and officers divide their attention with three other publicly traded entities related to DGR: Aus Tin Mining, IronRidge Resources and Dark Horse Resources Limited. Brian Moller, the chairman of the board of SolGold, is perhaps the most egregious example of Mr. Mather staffing his associates at DGR's various portfolio companies, as he serves alongside Mr. Mather as a non-executive director of DGR itself as well as two of its publicly traded portfolio companies. Despite the common directorship and clear connection to Mr. Mather, Mr. Moller was previously touted as the "independent" chairman of SolGold.

This pattern of rewarding associates for their loyalty continues with SolGold's management team, as each of Mr. Mather, Karl Schlobohm (SolGold's Corporate Secretary) and Priy Jayasuriya (SolGold's Chief Financial Officer) all fill similar positions with each of DGR and three of its publicly traded portfolio companies.

It is important to note that two-thirds of directors (including the Chairman) of SolGold can hardly be characterized as "independent," and all of them have been generously compensated at the expense of SolGold shareholders. In addition, SolGold directors Mr. Moller and James Clare and their respective law firms both represent, and are compensated by, SolGold and are assisting SolGold in connection with the Hostile Bid.

REJECT SOLGOLD'S HOSTILE BID

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SolGold has neutralized its largest independent shareholder until October while SolGold's second largest independent shareholder has clearly lost confidence in the SolGold board

BHP is SolGold's largest independent shareholder, holding 13.64% of SolGold's ordinary shares. BHP is required to vote alongside the non-independent SolGold board of directors until October 19, 2020⁷ on certain matters. This arrangement provides Mr. Mather and his associates with significant influence over SolGold until that date and provides one obvious reason for why the Hostile Bid expires on October 14, 2020.

Newcrest is SolGold's second largest independent shareholder, holding 13.57% of SolGold's ordinary shares. Newcrest has been publicly critical of SolGold's mismanagement and governance practices.

On June 25, 2020, Newcrest's nominee on the SolGold board, Craig Jones, resigned as a director of SolGold at the request of Newcrest. Newcrest previously telegraphed the resignation as a way to relieve Craig Jones of the fiduciary and legal responsibilities of directorship.⁸

The mismanagement and suspect corporate governance at the helm of SolGold by Mr. Mather and his associates are destroying significant shareholder value while enriching Mr. Mather and his associates. In addition, Cornerstone is considering steps that it may take as a shareholder of SolGold to address its concerns about mismanagement and suspect governance practices at SolGold.

The SolGold board has a history of ignoring the views of non-related SolGold shareholders and diverting benefits to insiders at the expense of those shareholders

SolGold's board of directors has repeatedly authorized punitively dilutive financings for the benefit of SolGold insiders and associates of Mr. Mather at the expense of SolGold's other shareholders. For example, in March 2016, SolGold issued 87,449,092 shares at £0.023 to DGR and Tenstar Trading Limited ("**Tenstar**") for settlement of loans and convertible notes, notwithstanding that it is highly unusual for any exploration company to finance its operations with debt given the destructive effect it can have on equity value. A total of 142,311,592 shares were issued to DGR and Tenstar in 2016 for settlement of debts.

In addition, SolGold has established an unusual loan plan in order to provide financial assistance to employees in exercising stock options. The plan essentially allows certain insiders of SolGold to pay for the exercise of options using an interest-free loan from SolGold. On October 29, 2018, SolGold enabled certain insiders to exercise 19,950,000 options through an interest-free loan. However, these employee benefits were not disclosed to the SolGold shareholders or the market until February 13, 2019 – over 108 days after the loans were made. Further, independent shareholders of SolGold were not asked to approve these loans, including an extension of the maturity of these loans for another 12 months to October 29, 2021. As at March 31, 2020 there have been no repayments against the loans provided in 2018. As the

⁷ 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.

⁸ Peter Ker, "BHP, Newcrest bypass SolGold fundraising," The Australian Financial Review (June 5, 2020).

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same concessions were not available to SolGold's other securityholders, the loans demonstrate how SolGold's board and management ignore the views of non-related SolGold shareholders and divert benefits to insiders at the expense of those shareholders.

SolGold's disclosure with respect to its additional exploration concessions is misleading

SolGold cites its additional non-Cascabel early-stage exploration projects in Ecuador as additional upside to which Cornerstone Shareholders would gain exposure. The additional projects, most of which were acquired in 2017 through public bidding processes, are subject to work expenditure commitments over an initial four-year period that in total exceed US\$500 million, a sum similar to SolGold's market capitalization. It is highly unlikely that SolGold will be able to fund these massive commitments which could result in not only losing the concessions but also harming SolGold's credibility with the Ecuadorian government and other important stakeholders.

6. SOLGOLD HAS A SIGNIFICANT INFORMATIONAL ADVANTAGE AS A RESULT OF ITS POSITION AS OPERATOR OF THE CASCABEL PROJECT

SolGold is, in substance and effect, an insider of Cornerstone through its long-term relationship as a joint venture participant in, and co-owner of, ENSA and as operator of the Cascabel Project. This relationship provides SolGold a significant informational advantage over Shareholders and unfairly deprives Cornerstone and its Shareholders of important information about the Cascabel Project that is not reflected in the Hostile Bid.

As operator of the Cascabel Project, SolGold manages the exploration and development of the project and controls the flow of information. By the very nature of its role as operator, SolGold has detailed knowledge of every element of the Cascabel Project and is thus fully aware of its value. SolGold has withheld this information from Cornerstone in direct breach of its contractual and fiduciary obligations, as described further below. Additionally, SolGold appears to have intentionally timed its Hostile Bid to exploit its inside knowledge of the Cascabel Project prior to the release of a Pre-Feasibility Study and before material information is appropriately disseminated to the public.

SolGold has failed to satisfy its fiduciary obligations as operator of the Cascabel Project and is actively denying Cornerstone information in respect of the project

Shareholders should be aware that the public statements made by SolGold and repeated in the SolGold Circular regarding the joint venture relationship between Cornerstone and SolGold in respect of the Cascabel Project are misleading.

In July of 2012, Cornerstone and SolGold entered into an Earn-in Agreement in respect of the Cascabel Project which was amended by a Term Sheet in 2014. Pursuant to the amended Earn-in Agreement, Cornerstone and SolGold are in a joint venture on the terms set out in the amended Earn-in Agreement until a definitive replacement shareholders agreement is negotiated between the parties.

Despite its public denials, SolGold, as operator of the Cascabel Project, has fiduciary obligations to Cornerstone as its joint venture partner, including its obligation to provide detailed reporting and information requested by Cornerstone in respect of the project and allowing Cornerstone access to the project site. SolGold has also failed to form a management committee

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(which must include one representative from Cornerstone) and, as operator, has failed to submit annual work programs, all as is required by the amended Earn-in Agreement.

SolGold has repeatedly breached its fiduciary duty to Cornerstone as a joint venture partner. During Cornerstone's time as operator of the Cascabel Project, it provided detailed reporting and access to SolGold. After becoming operator, SolGold maintained this practice for some time before it stopped providing Cornerstone with the detailed reporting information in respect of the Cascabel Project that Cornerstone is entitled to receive. Despite repeated requests by Cornerstone for information in respect of the Cascabel Project, SolGold has failed to satisfy its fiduciary obligations and refuses to provide such information. SolGold has gone so far as to even deny Cornerstone access to the site. As one critical example, SolGold fails to provide basic technical information and has never provided an appropriate accounting of expenditures – a portion of which Cornerstone will satisfy from Cornerstone's proceeds from Cascabel – and have denied Cornerstone proper access to the Cascabel Project in breach of its fiduciary duty to Cornerstone as SolGold's joint venture partner.

SolGold has also breached the provisions of the amended Earn-in Agreement and its fiduciary obligation by acquiring adjacent properties through its wholly owned subsidiary and subsequently attempting to exclude Cornerstone from these properties, including Nieves and Blanca.

Cornerstone believes that SolGold is intentionally withholding information regarding the Cascabel Project in order to impede Cornerstone's ability to respond effectively to the Hostile Bid, which is a clear violation of Canadian securities laws.

7. THE HOSTILE BID DOES NOT COMPLY WITH IMPORTANT CANADIAN SECURITIES LAWS INTENDED TO PROTECT SHAREHOLDERS AND WHICH REQUIRE SOLGOLD TO OBTAIN AN INDEPENDENT FORMAL VALUATION

The securities regulatory authorities in each of Alberta, Manitoba, New Brunswick, Ontario and Quebec have adopted Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). MI 61-101 establishes a framework to mitigate risks to minority shareholders in material conflict of interest transactions, including bids made by “insiders” with superior access to information. Specifically, MI 61-101 requires an insider to provide enhanced disclosure in its take-over bid circular and unless an exemption is available, to obtain, at the insider's own expense, an independent formal valuation of the securities subject to the bid and any non-cash consideration being offered under the bid. The formal valuation must be prepared under the supervision of an independent committee of the board of directors of the target company, and the independent formal valuation must either be summarized or included in its entirety in the insider's take-over bid circular. The enhanced disclosure and formal valuation requirements exist to address the asymmetry of information between insiders and other shareholders and are designed to enable shareholders to make an informed decision about whether to tender to an insider bid.

SolGold is an insider of Cornerstone and, as such, has a material and direct conflict of interest with Shareholders (other than SolGold and its affiliates). To mitigate this significant conflict of interest, SolGold was legally required to obtain and provide to Shareholders a formal valuation of the Cornerstone Shares subject to the Hostile Bid. SolGold failed to do so. The

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importance of a formal valuation is particularly critical given that SolGold, in its capacity as operator and manager of the Cascabel Project, has access to and control over all of the information in respect of the Cascabel Project and is intentionally withholding information regarding the project from Cornerstone.

The SolGold Circular fails to acknowledge both SolGold's position as an insider of Cornerstone and the fact that the Hostile Bid constitutes an insider bid under MI 61-101. SolGold's failure to obtain a formal valuation in accordance with MI 61-101 and otherwise comply with its obligations as an insider of Cornerstone is a clear breach of Canadian securities laws intended to protect minority shareholders.

Cornerstone believes that an independent formal valuation, prepared using all of the relevant information available to SolGold and in accordance with all applicable legal requirements, will demonstrate that the fair value of the Cornerstone Shares is significantly in excess of consideration being offered by SolGold under the Hostile Bid.

SolGold is abusing its position as operator of the Cascabel Project

Instead of properly disclosing all material non-public information to the market and Cornerstone, SolGold boasts about its insider status by noting in the SolGold Circular that "the prospects of Cornerstone are inextricably linked to those of SolGold" and Cornerstone has a "lack of data room access" and does not "maintain any influence in the [Cascabel] project decision making."

SolGold's disregard for Canadian securities laws will not go unchallenged by Cornerstone. In that regard, Cornerstone's counsel will submit a letter to the Alberta Securities Commission and Ontario Securities Commission describing SolGold's non-compliance with securities laws.

SolGold's conduct leading up to the Hostile Bid, including the nearly seventeen month delay between its announcement to commence the Hostile Bid and formally commencing it, has misled capital markets participants and is abusive of Cornerstone Shareholders

On January 31, 2019, SolGold issued a press release announcing its intention to make a Hostile Bid for Cornerstone. Nearly seventeen months have passed between SolGold's initial announcement on January 31, 2019 and the formal commencement of the Hostile Bid by SolGold on June 30, 2020. Following SolGold's January 31 announcement (and subsequent misleading announcements in February, March and August of 2019 implying that the formal commencement of the Hostile Bid was imminent), Cornerstone's Board and management have devoted significant time and attention, and incurred significant expense, in responding to SolGold – time, attention and capital that could have been more productively spent pursuing Cornerstone's business plans for the benefit of all Shareholders.

Given the lengthy period of time that has elapsed since the date on which SolGold first publicly announced (and thereafter repeatedly affirmed) its intention to commence the Hostile Bid, it is clear that SolGold has been actively engaging in a disruptive campaign intended to harm Cornerstone and its Shareholders by sowing confusion in the market, and is intending to capitalize on such harm and confusion by formally commencing its Hostile Bid at a highly suspect and opportunistic time.

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The fact that its conduct in this matter is abusive cannot be lost on SolGold. Both the United Kingdom, where SolGold is incorporated, and Australia, where SolGold is headquartered, have adopted strict rules relating to the public announcement and timing of take-over bids which were specifically designed to address the very behaviour SolGold has engaged in.

SolGold and a number of its Joint Actors have failed to disclose their relationship and ownership of Cornerstone Securities

SolGold has disclosed that it beneficially owns or controls, directly or indirectly, 1,557,655 Cornerstone Shares and 500,000 Warrants, representing approximately 4.8% of the total issued and outstanding Cornerstone Shares and 5.5% on a fully-diluted basis. In addition to this direct share ownership in Cornerstone, SolGold and its Chief Executive Officer, Mr. Mather, are intimately tied to a number of individuals and entities having a clear relationship history and direct or indirect nexus to Cornerstone and ownership of Cornerstone Securities. These individuals and entities include:

- DGR, an insider of SolGold, whose board of directors includes Mr. Mather, Mr. Moller (also the Chairman of the board of SolGold), and Ben Cleary;
- Tenstar, a security holder of Cornerstone as well as an investor in SolGold and numerous entities related to SolGold and Mr. Mather. Tenstar is an 18.9% shareholder of DGR and is therefore an insider of DGR;
- Mr. Cleary, a director of DGR and an insider of SolGold alongside Mr. Mather and Mr. Moller. Mr. Cleary is also the co-portfolio manager of Tribeca Global Natural Resources (“**Tribeca**”), a security holder of Cornerstone and DGR; and
- Lachlan Gold Ltd. (“**Lachlan**”), a security holder of Cornerstone that has been an investor in entities related to SolGold and Mr. Mather.

The facts outlined above and in the section entitled “*Cornerstone Shareholders would be exposed to SolGold’s suspect corporate governance and self-dealing practices*” demonstrate a web of relationships and connections between entities that centre around Mr. Mather and SolGold. Mr. Mather is a shareholder, director and in certain instances an officer of DGR, SolGold, Aus Tin Mining, IronRidge Resources, Dark Horse Resources Limited and numerous other companies. In almost all of the companies that Mr. Mather has or had a role of which Cornerstone is aware, DGR, Tenstar, Lachlan, Mr. Cleary/Tribeca and/or Mr. Moller have been involved. DGR, Mr. Mather, Mr. Moller and Mr. Cleary/Tribeca are insiders of SolGold and Tenstar is, or has been, an insider of DGR.

This pattern of relationships spans decades and intimately ties these parties together. Cornerstone believes that Mr. Mather, Mr. Moller, DGR, Tenstar, Lachlan, and Mr. Cleary/Tribeca, and potentially other individuals or entities connected to Mr. Mather and SolGold, are acting jointly and in concert with SolGold in respect of their ownership interest in Cornerstone.

Based on the foregoing, Cornerstone believes that SolGold and its joint actors have not complied, and are not complying, with the early warning requirements under National Instrument 62-103 – *The Early Warning System and Related Take-Over Bid and Insider Reporting Issues*

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and National Instrument 62-104 – *Take-Over Bids and Issuer Bids* (“**NI 62-104**”). In addition, SolGold’s press releases do not disclose that SolGold is acting in concert with any joint actors or that a significant number of Cornerstone Shares are held by joint actors. Such disclosure should include the holdings of Tenstar, Lachlan and Mr. Cleary/Tribeca. SolGold’s failure to make this disclosure is misleading to Cornerstone’s Shareholders who are directly prejudiced as a result.

Furthermore, SolGold’s joint actor Tribeca, under the portfolio management of SolGold insider Mr. Cleary, acquired a significant number of Cornerstone Shares in March 2019. This acquisition was made over a month after SolGold had announced its intention to make the Hostile Bid and mere days prior to SolGold’s press release publicly affirming its intention to commence the Hostile Bid. SolGold and its joint actors are expressly prohibited from acquiring beneficial ownership of Cornerstone Shares, other than under the Hostile Bid (or following formal commencement of the Hostile Bid if certain conditions are met), from and after SolGold’s announcement of the Hostile Bid on January 31, 2019. The purchases by Tribeca appear to be in clear violation of the restriction set out in NI 62-104, which is further evidence of the apparent disregard SolGold has for Canadian securities laws and of SolGold’s abuse of Cornerstone’s Shareholders and the capital markets.

SolGold’s Hostile Bid also fails to comply with other fundamental take-over bid rules

SolGold must offer all Cornerstone Shareholders identical consideration or an identical choice of consideration. The Hostile Bid fails to comply with this basic and fundamental requirement by expressly limiting the right to receive Exchangeable Shares to only certain Shareholders.

8. 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

Paradigm has delivered a written opinion to the Independent Committee and the Board of Directors to the effect that, as of the date thereof and based upon and subject to the assumptions, limitations and qualifications set forth therein and such other matters as Paradigm considered relevant, the consideration of either: (i) 11 SolGold Shares for each Cornerstone Share; or (ii) at the election of certain Shareholders subject to tax in Canada, 11 Exchangeable Shares of ExchangeCo for each Cornerstone Share, offered pursuant to the Hostile Bid is inadequate, from a financial point of view, to Shareholders (other than SolGold and its affiliates).

A copy of the written opinion delivered by Paradigm is attached as Schedule B to this Directors’ Circular. The written opinion delivered by Paradigm was addressed to the Independent Committee and provided for the information and assistance of the Independent Committee and the Board of Directors for their exclusive use in connection with their consideration of the Hostile Bid. The description of such written opinion in this Directors’ Circular and the written opinion itself do not constitute a recommendation to the Shareholders as to whether or not they should tender their Cornerstone Shares to the Hostile Bid. The Board of Directors strongly recommends that Shareholders read the written opinion delivered by Paradigm carefully and in its entirety for a description of the procedures followed, matters considered, and limitations on the review undertaken.

<p style="text-align: center;">REJECT SOLGOLD’S HOSTILE BID TAKE NO ACTION – DO NOT TENDER YOUR CORNERSTONE SHARES If you have already tendered your Cornerstone Shares to SolGold’s Hostile Bid, you can withdraw your Cornerstone Shares by contacting your broker or D.F. King Canada toll-free in North America at 1-800-294-4817 or via e-mail at inquiries@dfking.com</p>

9. CORNERSTONE HAS A UNIQUE POSITION THAT MAKES IT VERY ATTRACTIVE FOR THOSE LOOKING TO ACQUIRE CONTROL OF, OR A DIRECT INTEREST IN, CASCABEL

Cornerstone's combined direct and indirect 21.4% interest in the Cascabel Project is unique, as it provides an attractive opportunity for a potential acquirer to secure a strategic position in the Cascabel Project. The Board believes that this, in part, may be why many of Cornerstone's Shareholders have advised Cornerstone that they do not support the Hostile Bid.

The Board believes it is entirely reasonable for parties other than SolGold to consider a possible acquisition transaction of Cornerstone appealing, as interested third parties have an opportunity to secure a position in Cascabel that is superior to any other SolGold shareholder given the significant value of Cornerstone's carried interest. In that regard, sophisticated mineral resource companies could leverage Cornerstone's strategic position to acquire an even larger interest in the Cascabel Concession.

The Board does not consider an acquisition of Cornerstone to only be attractive to those looking to acquire a controlling interest in Cascabel. Maintaining both a direct and indirect stake in SolGold creates competitive pressure that would not exist if the Cascabel Project was consolidated under one company. In the Board's view, Cornerstone's combined direct and indirect interest in the Cascabel Project also significantly increases the buyer universe for Cornerstone, making it attractive to royalty companies and private equity participants in addition to mining companies.

No one has a right of first refusal on a change of control of Cornerstone.

10. THE HOSTILE BID IS HIGHLY CONDITIONAL AND HAS SUBSTANTIAL COMPLETION RISK

The Hostile Bid is subject to a number of conditions, which must be satisfied or, where permitted, waived at 5:00 p.m. (Toronto time) on Wednesday October 14, 2020 or such earlier or later time during which Cornerstone Shares may be deposited under the Hostile Bid, excluding the mandatory 10-day extension period or any extension thereafter, which include, among others:

- (a) there having been validly deposited under the Hostile Bid and not withdrawn that number of Cornerstone Shares representing more than 50% of the outstanding Cornerstone Shares, excluding any Cornerstone Shares beneficially owned, or over which control or direction is exercised by SolGold and its affiliates or any Person acting jointly or in concert with SolGold, which is a non-waivable condition;
- (b) there having been validly deposited under the Hostile Bid and not withdrawn that number of Cornerstone Shares representing more than 66 $\frac{2}{3}$ % of the outstanding Cornerstone Shares (calculated on a fully-diluted basis), excluding any Cornerstone Shares beneficially owned, or over which control or direction is exercised by SolGold and its affiliates or any Person acting jointly or in concert with SolGold;

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- (c) SolGold having determined, in its sole judgment, that there does not exist and there shall not have occurred or been publicly disclosed since the date of the Hostile Bid, any event, change, circumstance, development or occurrence that constitutes a Material Adverse Effect or could give rise to a Material Adverse Effect, including, but not limited to any adverse claims, rights, interests, limitations, or other restrictions of any kind whatsoever not publicly disclosed by Cornerstone in respect of any of Cornerstone's property or assets;
- (d) certain regulatory approvals having been obtained and/or waiting periods expired, as described in the SolGold Circular; and
- (e) SolGold having determined, in its sole judgment, that neither Cornerstone nor any of its affiliates, subsidiaries or any third party has taken any action or has failed to take any action, or disclosed a previously undisclosed action or event which might reduce the expected economic value to SolGold of the acquisition of Cornerstone or make it inadvisable for SolGold to proceed with the Hostile Bid and/or with the taking-up and paying for deposited Cornerstone Shares under the Hostile Bid and/or the completion of any Compulsory Acquisition or Subsequent Acquisition Transaction or reduce the expected economic value of Cornerstone's assets.

The Board of Directors is concerned that the Hostile Bid is highly conditional to the benefit of SolGold at the expense of Cornerstone and its Shareholders. The Hostile Bid contains numerous conditions, some containing extensive sub-conditions, which must be satisfied or waived before SolGold is obligated to take up and pay for any Cornerstone Shares tendered to the Hostile Bid. Many of the conditions are not subject to materiality thresholds or any other objective criteria, but rather provide SolGold with broad latitude to decline to proceed with the Hostile Bid in its sole judgment. As a result, tendering Cornerstone Shares to the Hostile Bid would, in effect, constitute the grant to SolGold of an option to acquire Cornerstone Shares at a price that the Board of Directors, officers of Cornerstone, significant Shareholders and various other market participants view as inadequate.

In addition, if SolGold does not complete the acquisition of Cornerstone Shares tendered to the Hostile Bid because one of the numerous discretionary conditions imposed is not fulfilled or waived, SolGold could adversely affect the public's perception of Cornerstone and its business. For this and other reasons, it is the Board of Director's view that the preferred transaction for Cornerstone and its Shareholders would be a negotiated consensual transaction offering full and fair value for all Cornerstone Shares with minimal risk of non-completion. The Independent Committee is currently assessing whether such a transaction is available to Cornerstone.

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CONCLUSION AND RECOMMENDATION

For the reasons outlined above, the Board of Directors unanimously believes that the Hostile Bid is wholly inadequate, falls well short of recognizing the full and fair value of Cornerstone, and is an attempt by SolGold to acquire all of the Cornerstone Shares without offering adequate consideration to the Shareholders.

The Board of Directors unanimously recommends that Shareholders REJECT the Hostile Bid and NOT TENDER their Cornerstone Shares thereto. Any Shareholder who has tendered its Cornerstone Shares to the Hostile Bid should WITHDRAW those Cornerstone Shares.

The foregoing summary of the information and factors considered by the Board of Directors is not intended to be exhaustive of the information, factors and analysis considered by the Board of Directors in reaching its conclusions and recommending that Shareholders reject the Hostile Bid, not tender their Cornerstone Shares thereto and withdraw any previously tendered Cornerstone Shares, but includes the material information, factors and analysis considered by the Board of Directors in reaching its conclusions and recommendations. The members of the Board of Directors evaluated various factors summarized above in light of their own knowledge of the business, financial condition and prospects of Cornerstone, and based upon the advice of Cornerstone's financial and legal advisors and the recommendations of the Independent Committee. Given the numerous factors considered in connection with its evaluation of the Hostile Bid, the Board of Directors did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weight to specific factors in reaching its conclusion and recommendation. In addition, individual members of the Board of Directors may have given different weight to different factors. The conclusion and unanimous recommendation of the Board of Directors was made after considering all of the information and factors involved. Shareholders should consider the terms of the Hostile Bid carefully and come to their own decision as to whether to accept or reject the Hostile Bid.

INTENTIONS WITH RESPECT TO THE HOSTILE BID

Each of the Directors and officers of Cornerstone has indicated that he or she has not, and does not intend to, accept the Hostile Bid. To the knowledge of the Directors and officers of Cornerstone, after reasonable enquiry, no insider of Cornerstone (other than SolGold and its affiliates), no associate or affiliate of any Director, officer or other insider of Cornerstone (other than SolGold and its affiliates), no associate or affiliate of Cornerstone nor any Person acting jointly or in concert with Cornerstone has accepted or indicated an intention to accept the Hostile Bid.

Shareholders who hold or exercise control or direction over approximately 65% (including members of the Board and management) of the outstanding Cornerstone Shares (63% of the Cornerstone Shares on a fully-diluted basis) have advised Cornerstone of their intention **NOT** to tender their Cornerstone Shares to the Hostile Bid.

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BACKGROUND TO THE HOSTILE BID AND RESPONSE OF CORNERSTONE

In the normal course of business, Cornerstone regularly evaluates possible strategic alternatives with the objective of maximizing shareholder value in a manner consistent with the best interests of Cornerstone. Over the years, this has led Cornerstone to participate in numerous discussions with other industry members and financial buyers to discuss potential value-enhancing alternatives. Cornerstone has had several early-stage discussions with SolGold in order to evaluate the merits and potential terms of a potential business combination. However, those discussions have never led to a credible proposal from SolGold nor have they ever meaningfully advanced.

In late 2018, the Board and management of Cornerstone were concerned that the trading price of the Cornerstone Shares did not adequately reflect the value of Cornerstone and its direct and indirect interest in the Cascabel Project and believed that one or more third parties, including SolGold, could seek to acquire the Cornerstone in a transaction that did not maximize value for all Shareholders. In response to this concern, Cornerstone engaged with its external financial advisor, Maxit Capital LP (“**Maxit**”), and its external legal counsel, Davies Ward Phillips & Vineberg LLP (“**Davies**”), to proactively undertake planning and analysis in respect of such a possibility. Following on the financial analysis undertaken by Maxit and the legal analysis undertaken by Davies, on January 11, 2019 the Board approved, and Cornerstone adopted, a Shareholder Rights Plan. The Shareholder Rights Plan was designed to prevent “creeping bids” (whereby one or more third parties, acting jointly, seek to acquire more than 20% of the outstanding Shares without payment of a suitable control premium), and to ensure, to the extent possible, that all Shareholders are treated fairly in connection with any unsolicited take-over bid or other acquisition of control of Cornerstone.

On January 30, 2019 the Board met with representatives of Maxit and Davies in attendance. The Board discussed with its financial and legal advisors the possibility that it may soon become the subject of a hostile or friendly proposal to acquire Cornerstone and the planning and analysis that had been undertaken in preparation for such a possibility. The Board also received legal advice from Davies with regard to the Board’s fiduciary duties in that context.

The Hostile Bid

At approximately 2:40 a.m. (Eastern Time) on January 31, 2019, SolGold issued a press release announcing its intention to make a Hostile Bid for Cornerstone. Shortly following this announcement, Cornerstone and Maxit were in contact with Shareholders that collectively owned over 50% of the outstanding Shares, all of whom advised that they would not support the terms of the SolGold proposal. The members of the Board, with the benefit of financial advice from Maxit, considered the SolGold proposal and the overwhelmingly negative response from Shareholders. At approximately 9:50 a.m. (Eastern Time) Cornerstone issued a press release acknowledging SolGold’s announcement and informing the market of the substantial Shareholder opposition to the SolGold proposal.

In the period between February 1 and February 6, 2019 a series of discussions were held among various members of the Board and its financial and legal advisors with respect to the SolGold proposal. On February 7, 2019 the Board formally met with representatives of Davies and Maxit in attendance. The Board received a financial presentation from Maxit and legal advice

REJECT SOLGOLD’S HOSTILE BID

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from Davies and further deliberated on the inadequacy of the SolGold proposal, potential alternatives to the SolGold proposal (including maintaining the status quo as an independent public company), the desirability of forming a committee of independent Directors when appropriate, the mandate of such a committee and the potential members thereof.

On February 8, 2019, SolGold issued a press release reaffirming its intention to make a Hostile Bid for Cornerstone. On that same day Cornerstone issued a press release noting that the SolGold proposal significantly undervalues Cornerstone and the continued significant Shareholder opposition to the SolGold proposal.

On February 15, 2019, the Board met to further discuss the SolGold proposal and to discuss with representatives of Davies and Maxit their legal and financial analysis. Representatives of Maxit reviewed a number of alternative scenarios with the Board. Representatives of Davies discussed legal matters related to the SolGold proposal with the Board. After discussion among the Board and the legal and financial advisors, the Board determined that it would be appropriate to form a committee of independent Directors (comprised of Colin McKenzie (Chair), John Clarke and Beverley Evans) to oversee the response to the SolGold proposal. Immediately following the Board meeting the Independent Committee met with representatives of Davies and management to discuss, among other things, certain legal matters.

In the period between February 16 and March 6, 2019 a series of discussions were held among various members of the Board and its financial and legal advisors with respect to the SolGold proposal and the growing confusion and uncertainty in the market resulting from SolGold's failure to commence their Hostile Bid with over a month having passed since its initial announcement.

On March 7, 2019, after significant financial and legal analysis, the Independent Committee met to consider and discuss the SolGold proposal. Representatives of Davies and Maxit and other members of the Board were also in attendance. Representatives of Maxit provided the Independent Committee with an update of their analysis. The Independent Committee then met *in camera* with representatives of Davies and following careful deliberation unanimously determined to recommend to the Board that (i) a letter be sent to SolGold rejecting the SolGold proposal and inviting SolGold to participate in a formal auction for 100% of the Cascabel Project to maximize shareholder value for both companies, and (ii) that a press release be issued to inform Shareholders of the rejection and certain factors that had been considered in coming to such conclusion. Subsequently on that day the Board met with representatives of Davies and Maxit in attendance. At that meeting, having received the unanimous recommendation of the Independent Committee and the advice of its legal and financial advisors, the Board unanimously concluded that the SolGold proposal significantly undervalued Cornerstone in several respects, was incapable of completion in light of significant Shareholder opposition and was not in the best interests of Shareholders. Later that night, a letter was sent to SolGold proposing a joint auction for 100% of the Cascabel Project and a press release was issued to inform Shareholders of the rejection and certain factors that had been considered in coming to such conclusion.

On March 26, 2019, SolGold acknowledged Cornerstone's March 8, 2019 press release and announced that formal documentation for the Hostile Bid was pending upon completion of translation into French as required by applicable law.

REJECT SOLGOLD'S HOSTILE BID

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During the nearly fifteen month period that followed, despite SolGold's numerous misleading public statements suggesting the formal commencement of the Hostile Bid was imminent, no bid was tabled and SolGold failed to publicly withdraw its bid.

In the morning of June 30, 2020, SolGold issued a press release indicating that it formally commenced the Hostile Bid and filed the SolGold Circular with applicable Canadian Securities Administrators.

After market close on the same day, Cornerstone issued a press release acknowledging SolGold's formal commencement of the Hostile Bid and advised Shareholders not to take any action in connection with the Hostile Bid until the Board made a formal recommendation to Shareholders. The press release referenced the Board's reasons outlined in Cornerstone's March 8, 2019 press release for rejecting the Hostile Bid prior to its formal commencement, and informed the market of continued Shareholder opposition to the SolGold proposal from Shareholders holding in excess of 50% of the total issued and outstanding Cornerstone Shares.

Following the formal commencement of the Hostile Bid, the Independent Committee convened four meetings with its legal and financial advisors, each of which included an *in camera* session with counsel. On July 7, 2020, the Independent Committee met with representatives of Davies and Maxit to discuss the Hostile Bid and various matters arising from the Hostile Bid, including, among other things, the consideration of alternatives in response to the Hostile Bid, the significant informational advantage that SolGold, as operator of the Cascabel Project, has over Cornerstone and the Shareholders in respect of the project and the application of the requirements of MI 61-101 to the Hostile Bid (including the requirement that SolGold procure an independent formal valuation). The Independent Committee also discussed registering a complaint with Canadian securities regulators in respect of SolGold's breach of Canadian securities laws, including MI 61-101. In addition, the Independent Committee, having previously considered suitable candidates to serve as independent financial advisor, determined to engage Paradigm as its independent financial advisor.

On July 8, 2020, the Independent Committee formally retained Paradigm as independent financial advisor to provide an opinion as to the fairness, from a financial point of view, of the consideration offered under the Hostile Bid to Shareholders (excluding SolGold and its affiliates).

On July 10, 2020, the Independent Committee and Board met with Davies, Maxit and Paradigm. At this meeting, Paradigm provided an update regarding its work to date on its preparation of a fairness opinion. In addition, the Independent Committee continued its review of the Hostile Bid and the SolGold Circular and considered the recommendation with respect to the Hostile Bid and reasons therefor. The Independent Committee also discussed the steps available to Cornerstone, as a shareholder of SolGold, under U.K. law to address SolGold's mismanagement and suspect corporate governance practices.

On July 13, 2020, the Independent Committee met with Davies, Maxit and Paradigm at which Paradigm gave a presentation as to its financial analysis. The Independent Committee also continued its review of the Hostile Bid, alternatives in response thereto, its recommendation regarding the Hostile Bid and reasons therefor.

REJECT SOLGOLD'S HOSTILE BID

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On July 14, 2020, the Independent Committee and Board met with Davies, Maxit and Paradigm to continue its review of the Hostile Bid, the recommendation to be made to Shareholders with respect thereto, and alternatives in response to the Hostile Bid, as well as other relevant matters, including matters discussed elsewhere in this Directors' Circular. The Independent Committee then met *in camera* at which time Paradigm also delivered its verbal opinion that, as of the date thereof and based upon and subject to the assumptions, limitations and qualifications set forth therein and such other matters as Paradigm considered relevant, the consideration offered to Shareholders pursuant to the Hostile Bid is inadequate, from a financial point of view, to Shareholders other than SolGold and its affiliates. Following further discussions *in camera* amongst the members of the Independent Committee, and after giving careful consideration to the opinion delivered by Paradigm and the other factors identified under the section of this Directors' Circular entitled "*Compelling Reasons for Rejecting SolGold's Hostile Bid*", the Independent Committee unanimously determined (i) that the Hostile Bid is not in the best interests of Cornerstone or its Shareholders, and (ii) to recommend that the Board recommend that Shareholders reject the Hostile Bid and not tender their Cornerstone Shares to the Hostile Bid.

Following this meeting, the Board met with Davies and Maxit to review the terms of the Hostile Bid and to receive the unanimous recommendation of the Independent Committee. Based on the unanimous recommendation of the Independent Committee, the opinion of Paradigm and for a number of reasons more fully described under "*Compelling Reasons for Rejecting SolGold's Hostile Bid*" in this Directors' Circular, the Board concluded the Hostile Bid significantly undervalues the Cornerstone Shares and is not in the best interests of Cornerstone or the Shareholders. As such, the Board unanimously resolved to recommend to the Shareholders that they **reject** the Hostile Bid, take **no action** and **not tender** their Shares thereto. The Board approved the sending of this Directors' Circular and the issuance of a press release in respect of this Directors' Circular and its recommendation to reject the Hostile Bid.

OPINION OF PARADIGM

Paradigm was formally engaged by Cornerstone to act as independent financial advisor to the Independent Committee on July 8, 2020. Pursuant to the engagement agreement it entered into with Cornerstone (the "**Engagement Agreement**"), Paradigm agreed to provide an opinion with respect to the fairness or inadequacy of the consideration offered under the Hostile Bid.

Neither Paradigm nor any of its affiliates or associates is an insider, associate or affiliate (as such terms are defined in the *Securities Act* (Alberta)) or holds any securities of Cornerstone or SolGold or any of their respective subsidiaries, associates or affiliates. Other than acting as independent financial advisor to the Independent Committee pursuant to the Engagement Agreement, Paradigm has not been engaged to provide any financial advisory services or had a material financial interest in any transaction involving Cornerstone or SolGold within the past two years. There are no understandings or agreements between Paradigm and Cornerstone with respect to any current or future business dealings that are material to the written opinion of Paradigm.

Paradigm has delivered a written opinion to the Independent Committee and the Board of Directors to the effect that, as of the date thereof and based upon and subject to the assumptions, limitations and qualifications set forth therein and such other matters as Paradigm considered

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relevant, the consideration of either: (i) 11 SolGold Shares for each Cornerstone Share; or (ii) at the election of certain Shareholders subject to tax in Canada, 11 Exchangeable Shares of ExchangeCo for each Cornerstone Share, offered pursuant to the Hostile Bid is inadequate, from a financial point of view, to Shareholders other than SolGold and its affiliates.

A copy of the written opinion delivered by Paradigm, including the assumptions made and the review undertaken in connection with its preparation, is attached as Schedule B to this Directors' Circular. All summaries and references to the written opinion delivered by Paradigm in this Directors' Circular are qualified in their entirety by reference to the full text of such written opinion. The Board of Directors strongly recommends that Shareholders read the written opinion delivered by Paradigm carefully and in its entirety for a description of the procedures followed, matters considered, and limitations on the review undertaken. Paradigm's opinion addresses only the adequacy of the consideration offered pursuant to the Hostile Bid to the Shareholders, other than SolGold and its affiliates, from a financial point of view. The written opinion delivered by Paradigm was addressed to the Independent Committee and provided for the information and assistance of the Independent Committee and the Board of Directors for their exclusive use in connection with their consideration of the Hostile Bid. The description of such written opinion in this Directors' Circular and the written opinion itself do not constitute a recommendation to the Shareholders as to whether or not they should tender their Cornerstone Shares to the Hostile Bid. The written opinion delivered by Paradigm was only one of several factors taken into consideration by the Board of Directors in its unanimous determination that the Hostile Bid is inadequate, fails to recognize the value of Cornerstone and its business, and is an attempt by SolGold to acquire all of the Cornerstone Shares without offering adequate consideration to the Shareholders.

Pursuant to the terms of the Engagement Agreement, Cornerstone has agreed to pay certain fees to Paradigm, including a fixed-fee for the delivery of its written opinion. No fees are or were payable to Paradigm under the Engagement Agreement that are contingent upon the conclusion reached by Paradigm in the written opinion or the successful completion of any transaction involving Cornerstone. In addition, Cornerstone has agreed to reimburse Paradigm for reasonable out-of-pocket expenses incurred in respect of its engagement under the Engagement Agreement (including the reasonable fees and disbursements of its legal counsel) and to indemnify Paradigm and its affiliates and its and their respective directors, officers, partners, employees, agents, advisors and shareholders against certain potential liabilities arising out of its engagement.

SHAREHOLDER RIGHTS PLAN

The following summary of the Shareholder Rights Plan set out herein does not contain all of the material terms and conditions of the Shareholder Rights Plan. The summary is qualified by and is subject to the full terms and conditions of the Shareholder Rights Plan. The full text of the Shareholder Rights Plan is contained in an agreement dated January 11, 2019, between Cornerstone Capital Resources Inc. and Computershare Trust Company of Canada, as rights agent, which is available on Cornerstone's issuer profile on SEDAR at www.sedar.com.

The purpose of the Shareholder Rights Plan is to encourage the fair treatment of Shareholders in connection with any take-over bid for Cornerstone, and was not adopted in response to the Hostile Bid or any specific proposal to acquire control of Cornerstone. The

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Shareholder Rights Plan seeks to provide Shareholders with adequate time to properly assess a take-over bid without undue pressure. It is also intended to provide the Board with sufficient time to fully consider an unsolicited take-over bid and, if considered appropriate, to identify, solicit, develop and negotiate other value-enhancing alternatives. The Shareholder Rights Plan encourages a potential acquirer to proceed either by way of a Permitted Bid (as defined herein), which requires the take-over bid to satisfy certain minimum standards designed to promote fairness, or with the concurrence of the Board. The Shareholder Rights Plan generally provides that if a bidder acquires or announces an intention to acquire more than 20% of the voting shares of Cornerstone, other than by way of a Permitted Bid or with the approval of the Board, the share capital of Cornerstone would be considerably diluted if the bidder proceeds with its bid, thereby making its bid prohibitively expensive.

Permitted Take-Over Bids

Under the Shareholder Rights Plan, a “**Permitted Bid**” is a take-over bid that, among other things:

- is made in compliance with the Canadian take-over bid regime;
- is made by way of a take-over bid circular;
- is made to all holders of voting shares of Cornerstone as registered on Cornerstone’s books, other than the offeror;
- is outstanding for at least 105 days (or such shorter period as is permitted under the Canadian take-over bid regime regime);
- provides that voting shares of Cornerstone and any securities that are convertible, exercisable or exchangeable into voting shares of Cornerstone may be deposited under the take-over bid any time between the date of the bid and the date voting shares are taken up and paid for, and any voting shares or convertible securities deposited under the take-over bid may be withdrawn until taken up and paid for;
- provides that no voting shares and/or convertible securities of Cornerstone tendered pursuant to the take-over bid will be taken up unless 50% of the voting shares of Cornerstone held by Shareholders, other than the bidder, its associates, affiliates and Persons acting jointly or in concert and certain other Persons (the “**Independent Shareholders**”), have been tendered to the take-over bid and not withdrawn;
- provides that voting shares and/or convertible securities of Cornerstone may be deposited under the take-over bid any time between the date of the bid and the date voting shares are taken up and paid for, and any voting shares or convertible securities deposited under the take-over bid may be withdrawn until taken up and paid for; and
- provides that if, on the date on which voting shares and/or convertible securities of Cornerstone may be taken up and paid for by the bidder, more than 50% of the voting shares and/or convertible securities held by Independent Shareholders shall have been tendered to the take-over bid, the bidder must make a public announcement to that effect and keep the take-over bid open for at least ten more business days from the date of such public announcement.

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The Hostile Bid, as currently structured and disclosed in SolGold's Circular, is a Permitted Bid under the SRP.

Share Purchase Rights

The rights to acquire Cornerstone Shares under the Shareholder Rights Plan ("**SRP Rights**") are not exercisable initially. The SRP Rights will separate from the Cornerstone Shares and become exercisable at the close of business on the tenth Trading Day after the earlier of (i) the first public announcement of facts indicating that a Person (the "**Acquiring Person**") has acquired beneficial ownership of 20% or more of the outstanding voting shares of Cornerstone, (ii) the commencement of, or the first public announcement of, the intent of any Person to commence a take-over bid (other than a Permitted Bid or a competing Permitted Bid) which would result in such Person beneficially owning 20% or more of the outstanding voting shares of Cornerstone, or (iii) the date upon which a Permitted Bid or competing Permitted Bid ceases to be such, or such later time as the Cornerstone Board may determine in good faith (in any such case, the "**Separation Time**"). After the Separation Time, but prior to the occurrence of a Flip-in Event (as defined below), each SRP Right may be exercised to purchase one Cornerstone Share at the Exercise Price (as defined in the Shareholder Rights Plan), subject to adjustment in accordance with the plan (the "**Exercise Price**").

The acquisition by an Acquiring Person of 20% or more of the outstanding voting shares of Cornerstone, other than by way of a Permitted Bid or a competing Permitted Bid, is referred to as a "**Flip-in Event**". Upon the occurrence of a Flip-in Event and following ten Trading Days after the first public announcement of facts indicating that a Person has become an Acquiring Person, each SRP Right, other than an SRP Right beneficially owned by an Acquiring Person, its affiliates and associates, their respective joint actors and certain transferees, may be exercised to purchase that number of voting shares of Cornerstone having an aggregate market price on the date of the Flip-in Event equal to twice the Exercise Price for an amount in cash equal to the Exercise Price. SRP Rights beneficially owned by an Acquiring Person, its affiliates and associates, their respective joint actors and certain transferees will be void.

Following the acquisition of 20% or more of the voting shares of Cornerstone by any Person, each SRP Right held by a Person other than the Acquiring Person (and its affiliates, associates and joint actors) would, upon exercise, entitle the holder to purchase Cornerstone Shares at a substantial discount to their then prevailing market price.

The Shareholder Rights Plan is subject to the jurisdiction of the TSX-V and will terminate on the earlier of: (i) the termination of the third annual meeting of Shareholders occurring after the date of ratification of the Shareholder Rights Plan on June 25, 2019; and (ii) the date that SRP Rights are redeemed under the Shareholder Rights Plan.

PRIOR VALUATIONS

MI 61-101 requires that every prior valuation (as defined in MI 61-101) in respect of a company that has been made in the twenty-four months before the date of an insider bid, the existence of which is known, after reasonable inquiry, to the company or any director or senior officer of the company, be disclosed in the directors' circular. To the knowledge of Cornerstone and its Directors and senior officers, after reasonable inquiry, other than the CCC Reports (as

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defined below), there have been no prior valuations (as defined in MI 61-101) prepared in respect of Cornerstone, the Cornerstone Shares or any material assets of Cornerstone during the 24 months prior to the date of the Hostile Bid. Cornerstone has obtained, for the sole purpose of complying with financial reporting requirements under IFRS in the preparation of its financial statements, certain estimates of value of its interest in the Cascabel Project conducted as of June 30, 2018, December 31, 2018, September 30, 2019, and December 31, 2019 by CCC Investment Banking (“**CCC**”) (collectively the “**CCC Reports**”).

The full texts of the CCC Reports describe the assumptions made, procedures followed, matters considered and limitations on the review undertaken by CCC in preparing the CCC Reports. The summaries of the CCC Reports described in this Directors’ Circular are qualified in their entirety by reference to the full texts of the CCC Reports and Shareholders are advised to read such CCC Reports in their entirety. Copies of the CCC Reports will be filed concurrently with the filing of this Directors’ Circular with the Canadian securities regulatory authorities and will be available for review on SEDAR at www.sedar.com. In addition, the full text of such CCC Reports may be viewed at Cornerstone’s principal office at Suite 800, 1730 St. Laurent Blvd., Ottawa, Ontario, Canada K1G 3Y7 and copies of such CCC Reports will be sent to any Shareholder upon request subject to a nominal charge to cover printing and mailing costs upon a request to Cornerstone’s investor relations department at ir@cornerstoneresources.ca.

CCC Reports

Cornerstone retained CCC to provide, from time to time, an estimate of the fair value (as defined in accordance with IFRS) of Cornerstone’s interest in the Cascabel Project. The CCC Reports were prepared solely for Cornerstone and solely in connection with its determination of fair value for financial reporting purposes and may not be relied upon by any other Person or for any other purpose. The CCC Reports do not constitute a recommendation to any Person to sell or purchase securities of Cornerstone or how to vote or act on any matter relating to the Hostile Bid or any other matter.

In a report delivered on June 30, 2018, CCC concluded that the estimated fair market value for financial reporting purposes of Cornerstone’s interest in the Cascabel Project as at June 30, 2018, was approximately \$17.6 million to \$23.7 million. In a report delivered in April 2019, CCC concluded that the estimated fair market value for financial reporting purposes of Cornerstone’s interest in the Cascabel Project as at December 31, 2018, was approximately \$76.3 million to \$103.6 million. In a report delivered in November 2019, CCC concluded that the estimated fair market value for financial reporting purposes of Cornerstone’s interest in the Cascabel Project as at September 30, 2019, was approximately \$57.9 million to \$69.7 million. In a report delivered in April 2020, CCC concluded that the estimated fair market value for financial reporting purposes of Cornerstone’s interest in the Cascabel Project as at December 31, 2019, was approximately \$65.9 million to \$78.8 million. The CCC Reports were focused solely on the Cascabel Project for the purposes of financial reporting in accordance with IFRS based on a limited scope of review and do not constitute a comprehensive conclusion as to fair market value. In particular, and without limiting the foregoing, the CCC reports are based solely on public information and do not take into account non-public information that is available only to SolGold as operator of the Cascabel Project.

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The CCC Reports did not provide any valuation or any opinion or analysis with respect to the value of the Cornerstone Shares, as the CCC Reports were prepared solely for the purpose expressly set out above. In addition, while the CCC Reports took into account the terms of SolGold's unsolicited proposal at the time of the CCC Reports, CCC advised that the proposal was not used in determining the estimates in value of the CCC Reports.

PRIOR OFFERS

To the knowledge of Cornerstone, there have been no *bona fide* offers that relate to the Cornerstone Shares or that are otherwise relevant to the Hostile Bid that were received by Cornerstone during the 24 months before the Hostile Bid was publicly announced.

HOW TO WITHDRAW YOUR DEPOSITED CORNERSTONE SHARES

To reject the Hostile Bid, **YOU SHOULD DO NOTHING**. Shareholders who have already tendered their Cornerstone Shares to the Hostile Bid can withdraw them at any time before they have been taken up by SolGold pursuant to the Hostile Bid. Please note that brokers or nominees may have earlier deadlines to receive withdrawal instructions.

Shareholders who hold Cornerstone Shares through a brokerage firm or other nominee should contact their broker or nominee to withdraw their Cornerstone Shares on their behalf. If the Cornerstone Shares have been deposited pursuant to the procedures for book-entry transfer, as set out in Section 3 of the SolGold Circular under the heading "*Manner of Acceptance – Acceptance by Book-Entry Transfer*", any notice of withdrawal must specify the name and number of the account at CDS, to be credited with the withdrawn Cornerstone Shares and otherwise comply with the procedures of CDS.

Shareholders who would like assistance in withdrawing their Cornerstone Shares should contact D.F. King Canada, the Information Agent retained by Cornerstone, by North American toll-free phone call to 1-800-294-4817 or by email at inquiries@dfking.com.

CORNERSTONE CAPITAL RESOURCES INC.

Cornerstone was incorporated as a private company by Certificate of Incorporation pursuant to the ABCA on July 21, 1999. The Articles of Cornerstone were amended by a Certificate of Amendment issued on September 3, 1999 to remove the private company provisions and the restrictions on transfer. Cornerstone's principal office is located at 1730 St. Laurent Blvd., Suite 800, Ottawa, ON K1G 3Y7. Cornerstone, through its wholly-owned subsidiaries, and its 15% equity interest in ENSA, is engaged in the evaluation, acquisition and exploration of mineral properties in Ecuador and Chile. Cornerstone is a prospect generator following the joint venture model, and normally brings the properties to the drill-ready stage and then secures a funding partner to fund drilling and economic evaluation through farm-in arrangements, retaining a minority interest that can later be sold to the funding partner or a third party. Cornerstone has not determined whether these properties contain mineral reserves that are economically recoverable, and Cornerstone is considered to be in the exploration stage.

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CAPITAL STRUCTURE

Cornerstone's authorized capital consists of an unlimited number of Cornerstone Shares and first and second preferred shares issuable in series. As of the date of this Directors' Circular, 32,415,661 Cornerstone Shares and nil preferred shares are issued and outstanding. In addition, as of the date of this Directors' Circular, 2,388,125 Options entitling their holders to acquire one Cornerstone Share per Option (including 166,667 unvested Options) and 2,641,576 Warrants entitling their holders to acquire one Cornerstone Share per Warrant are issued and outstanding.

OWNERSHIP OF SECURITIES OF CORNERSTONE

The following table sets forth the names and positions of each Director and officer of Cornerstone and the number and percentage of Cornerstone Shares, Options and Warrants beneficially owned, or over which control or direction is exercised by each such Person as of the date of this Directors' Circular.

Name and Position ⁽¹⁾	Number of Cornerstone Shares Beneficially Owned or Controlled (Percentage of Cornerstone Shares Outstanding) ⁽²⁾	Number of Options (Percentage of Options Outstanding) ⁽³⁾	Number of Warrants (Percentage of Warrants Outstanding) ⁽⁴⁾
Greg Chamandy <i>Chairman</i>	3,500,000 10.80%	450,000 18.84%	nil
Brooke Macdonald <i>President, Chief Executive Officer and Director</i>	180,267 0.56%	436,250 18.27%	50,000 1.89%
David Loveys <i>Chief Financial Officer and Director</i>	36,053 0.11%	200,000 8.37%	nil
John Clarke <i>Director</i>	47,433 0.15%	190,000 7.96%	5,000 0.19%
Colin McKenzie <i>Director</i>	5,417 0.02%	190,000 7.96%	nil
Beverley Evans <i>Director</i>	10,556 0.03%	192,000 8.04%	nil
Yvan Crepeau <i>Vice-President, Exploration and President of CESA, other wholly owned Ecuadorian subsidiaries, & Minera Cornerstone Chile Ltda.</i>	113,149 0.35%	253,750 10.63%	45,000 1.70%

(1) The information as to securities beneficially owned, directly or indirectly, or over which control or direction is exercised, is provided to the best of Cornerstone's knowledge based on publicly available information, as of the date of this Directors' Circular.

(2) As of the date of this Directors' Circular, there were 32,415,661 Cornerstone Shares outstanding.

(3) As of the date of this Directors' Circular, there were Options to acquire up to 2,388,125 Cornerstone Shares outstanding. For more information regarding Cornerstone's Stock Option Plan, see "Arrangements between Cornerstone and its Directors and Officers".

(4) As of the date of this Directors' Circular, there were 2,641,576 Warrants outstanding. For more information regarding Cornerstone's Warrants, see "Arrangements between Cornerstone and its Directors and Officers".

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PRINCIPAL HOLDERS OF SECURITIES OF CORNERSTONE

To the knowledge of the Directors and executive officers of Cornerstone, after reasonable inquiry, as at the date of this Directors' Circular, no Person acting jointly or in concert with Cornerstone owned any securities of Cornerstone and no Person owned, directly or indirectly, or exercised control or direction over 10% or more of any class of securities of Cornerstone, except as set out in the table below. Other than as disclosed in this section or under "*Ownership of Securities of Cornerstone*", no other insider of Cornerstone, no associate or affiliate of any insider of Cornerstone and no associate or affiliate of Cornerstone owned any securities of Cornerstone.

Name (Province/State and Country of Residence)	Number of Cornerstone Shares Beneficially Owned or Controlled	Percentage of Cornerstone Shares Outstanding ⁽¹⁾
Dmyant Sangha ⁽²⁾ (Ontario, Canada)	6,274,993	19.36%
Greg Chamandy ⁽³⁾ (London, England)	3,500,000	10.80%
Rosseau Asset Management Ltd. ⁽⁴⁾ (Ontario, Canada)	3,404,524	10.50%

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- (1) As of the date of this Directors' Circular, there were 32,415,661 Cornerstone Shares outstanding on a non-diluted basis.
- (2) Includes 5,502,050 Cornerstone Shares held by Maxit, who is acting jointly or in concert with Mr. Sangha in respect of the Cornerstone Shares. In addition, Mr. Sangha holds 200,000 Options. Accordingly, on a partially-diluted basis, based on the Cornerstone Securities outstanding as of the date hereof, Mr. Sangha holds 6,474,993 Cornerstone Shares, or 19.9% of the Cornerstone Shares.
- (3) Includes an aggregate of 1,222,185 Cornerstone Shares held by Greg and Chantal Chamandy. In addition, Mr. Chamandy holds 450,000 Options. Accordingly, on a partially-diluted basis, based on the Cornerstone Securities outstanding as of the date hereof, Mr. Chamandy holds 3,950,000 Cornerstone Shares, or 12.0% of the Cornerstone Shares.
- (4) Cornerstone Shares are held directly by funds managed by Rosseau Asset Management Ltd. The managed accounts include Rosseau Limited Partnership, G10 Rosseau Special Situations Master Fund and the Rosseau Managed Accounts.

In June and July 2017, Cornerstone closed a series of share exchanges with shareholders of SolGold (the "**Share Exchange Parties**") pursuant to which such Share Exchange Parties exchanged SolGold Shares for newly issued Cornerstone Shares. In connection with the share exchanges, certain Share Exchange Parties, including Mr. Sangha (together with Maxit), Rosseau Asset Management Ltd. and Mr. Chamandy, who collectively hold approximately 40.66% of the issued and outstanding Cornerstone Shares as of the date of this Directors' Circular, agreed to not: (a) transfer, in one transaction or a series of transactions, in aggregate 2.5% or more of the issued and outstanding Cornerstone Shares to any one transferee or group of transferees, other than sales of Cornerstone Shares on the open market that are not pre-arranged; or (b) enter into, with respect to 2.5% or more of the issued and outstanding Cornerstone Shares, any agreement, commitment or understanding to deposit or tender such Cornerstone Shares to a take-over bid, tender offer or exchange offer or to vote such Cornerstone Shares in favour of any resolution or transaction. As of the date of this Circular, none of the Share Exchange Parties subject to the foregoing transfer restrictions has requested a waiver of such restrictions and each has in fact confirmed to Cornerstone that it intends to reject the Hostile Bid.

REJECT SOLGOLD'S HOSTILE BID

TAKE NO ACTION – DO NOT TENDER YOUR CORNERSTONE SHARES

If you have already tendered your Cornerstone Shares to SolGold's Hostile Bid, you can withdraw your Cornerstone Shares by contacting your broker or D.F. King Canada toll-free in North America at 1-800-294-4817 or via e-mail at inquiries@dfking.com

TRADING IN SECURITIES OF CORNERSTONE

Except as set out in the table below, during the six months preceding the date of this Directors' Circular, neither Cornerstone nor any Director or officer of Cornerstone and, to the knowledge of the Directors and officers of Cornerstone, after reasonable enquiry, no other insider of Cornerstone, no associate or affiliate of any Director, officer or other insider of Cornerstone, no associate or affiliate of Cornerstone nor any Person acting jointly or in concert with Cornerstone has traded any securities or rights to acquire securities of Cornerstone:

Name	Date of Purchase/Sale	Nature of Transaction	Number of Securities	Issue/Exercise Price per Cornerstone Share (\$)
Beverley Evans <i>Director</i>	2020/01/22	Exercise of Options	10,000	\$2.00
	2020/01/22	Private Disposition	-10,000	\$2.80
Brooke Macdonald <i>President, Chief Executive Officer and Director</i>	2020/01/22	Exercise of Options	10,000	\$2.00
	2020/01/22	Private Disposition	-10,000	\$2.80
Colin McKenzie <i>Director</i>	2020/01/23	Exercise of Options	5,000	\$2.00
	2020/01/23	Market Disposition	-5,000	\$3.10
Dmyant Sangha <i>>10% owner of Cornerstone</i>	2020/01/22	Private Acquisition	69,675	\$2.80
	2020/01/22	Private Acquisition	142,000	\$2.37
	2020/02/27	Private Acquisition	834,818	\$2.50
	2020/04/01	Market Acquisition	228,500	\$1.80
Greg Chamandy <i>Chairman</i>	2020/02/27	Private Acquisition	165,182	\$2.50
Rosseau Asset Management Ltd. <i>>10% owner of Cornerstone</i>	2020/02/27	Private Disposition	-1,000,000	\$2.50
	2020/06/12	Market Disposition	-3,000	\$3.65
	2020/06/18	Market Disposition	-2,000	\$3.28
	2020/06/22	Market Disposition	-1,400	\$3.28
	2020/06/23	Market Disposition	-3,600	\$3.32

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Name	Date of Purchase/Sale	Nature of Transaction	Number of Securities	Issue/Exercise Price per Cornerstone Share (\$)
Yvan Crepeau <i>Vice-President, Exploration and President of CESA, other wholly owned Ecuadorian subsidiaries, & Minera Cornerstone Chile Ltda.</i>	2020/01/22	Exercise of Options	15,000	\$2.00
	2020/01/22	Private Disposition	-15,000	\$2.80

ISSUANCES OF SECURITIES OF CORNERSTONE

Except as set out below, no Cornerstone Shares, Options, Warrants or other securities convertible into, or exercisable for, Cornerstone Shares have been issued to the current Directors, officers or other insiders of Cornerstone during the two years preceding the date hereof.

Name	Date of Issue/Grant	Nature of Issuance	Number of Securities	Issue/Exercise Price per Cornerstone Share (\$)
Dmyant Sangha <i>>10% owner of Cornerstone</i>	2019/08/05	Grant of Options	75,000 (Options)	\$4.00
	2018/09/12	Grant of Options	125,000 (Options)	\$4.30
Gregory Chamandy <i>Chairman and Director</i>	2019/08/05	Grant of Options	75,000 (Options)	\$4.00
	2018/09/12	Grant of Options	125,000 (Options)	\$4.30
Colin McKenzie <i>Director</i>	2020/01/21	Issuance of Cornerstone Shares (Exercise of Options)	5,000 (Cornerstone Shares)	\$2.00
	2019/08/05	Grant of Options	35,000 (Options)	\$4.00
	2019/01/07	Issuance of Cornerstone Shares (Exercise of Options)	10,000 (Cornerstone Shares)	\$3.70
	2018/09/21	Issuance of Cornerstone Shares (Exercise of Options)	5,000 (Cornerstone Shares)	\$2.00
	2018/09/12	Grant of Options	62,500 (Options)	\$4.30
Brooke Macdonald <i>Director</i>	2020/01/22	Issuance of Cornerstone Shares (Exercise of Options)	25,000 (Cornerstone Shares)	\$2.00

REJECT SOLGOLD'S HOSTILE BID

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Name	Date of Issue/Grant	Nature of Issuance	Number of Securities	Issue/Exercise Price per Cornerstone Share (\$)
	2019/08/05	Grant of Options	75,000 (Options)	\$4.00
	2018/09/12	Grant of Options	125,000 (Options)	\$4.30
David Loveys <i>Chief Financial Officer and Director</i>	2019/08/05	Grant of Options	45,000 (Options)	\$4.00
	2018/09/12	Grant of Options	62,500 (Options)	\$4.30
Beverley Evans <i>Director</i>	2020/01/22	Issuance of Cornerstone Shares (Exercise of Options)	10,000 (Cornerstone Shares)	\$2.00
	2019/08/05	Grant of Options	37,000 (Options)	\$4.00
	2018/09/12	Grant of Options	62,500 (Options)	\$4.30
Yvan Crepeau <i>Vice-President, Exploration</i>	2020/01/22	Issuance of Cornerstone Shares (Exercise of Options)	15,000 (Cornerstone Shares)	\$2.00
	2019/08/05	Grant of Options	55,000 (Options)	\$4.00
	2018/09/12	Grant of Options	62,500 (Options)	\$4.30
John Clarke <i>Director</i>	2019/08/05	Grant of Options	35,000 (Options)	\$4.00
	2018/09/12	Grant of Options	62,500 (Options)	\$4.30

OWNERSHIP OF SOLGOLD SECURITIES

Cornerstone owns 157,100,000 SolGold Shares, being approximately 7.6% of the outstanding SolGold Shares. In effect, Cornerstone has a combined direct and indirect 21.4% interest in the Cascabel Project. Dmyant Sangha, an insider of Cornerstone, indirectly exercises control over 19,591,768 SolGold Shares, being approximately 0.95% of the outstanding SolGold Shares. Other than as described above, none of the Directors or officers of Cornerstone or, to their knowledge after reasonable enquiry, any associate or affiliate of an insider of Cornerstone, any affiliate or associate of Cornerstone, any insider of Cornerstone who is not a Director or officer of Cornerstone or any Person acting jointly or in concert with Cornerstone, beneficially owns, or exercises control or direction over, any securities of the Offeror or SolGold plc.

AGREEMENTS WITH SOLGOLD

No agreement, commitment or understanding (including pursuant to which any payment or other benefit is to be made or given by way of compensation for loss of office or remaining or retiring from office if the Hostile Bid is successful) has been made or is proposed to be made between SolGold and any of the Directors or officers of Cornerstone.

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Other than Mr. Macdonald who is a director of ENSA, none of the Directors or officers of Cornerstone is a director or officer of SolGold or any subsidiary thereof. None of the Directors and officers of Cornerstone and, to the knowledge of the Directors and officers of Cornerstone after reasonable enquiry, none of their respective associates, has any interest in any material transaction to which SolGold is a party.

To the knowledge of the Directors and officers of Cornerstone after reasonable inquiry, no agreement, commitment or understanding has been made or is proposed to be made between SolGold and any Shareholder relating to the Hostile Bid.

ARRANGEMENTS BETWEEN CORNERSTONE AND ITS DIRECTORS AND OFFICERS

Except as set forth below, no agreement, commitment or understanding (including pursuant to which any payment or other benefit is to be made or given by way of compensation for loss of office or remaining in or retiring from office if the Hostile Bid is successful) has been made or is proposed to be made between Cornerstone and any of its Directors or officers. In the case of each agreement, commitment or understanding discussed below, as applicable, in which the term “change in control” applies, the consummation of the Hostile Bid would constitute a change in control.

Mr. Chamandy, the Chairman of the Board, is a Share Exchange Party and has entered into an agreement with Cornerstone pursuant to which the Cornerstone Shares held by Mr. Chamandy are subject to certain transfer restrictions, as more particularly described in the section above entitled “*Principal Holders of Securities of Cornerstone*”.

If the Directors and officers of Cornerstone were to tender any Cornerstone Shares to the Hostile Bid and such Cornerstone Shares were accepted for purchase and taken up and paid by SolGold, they would receive consideration of either: (i) 11 SolGold Shares for each Cornerstone Share; or (ii) at the election of certain Shareholders subject to tax in Canada, 11 Exchangeable Shares of ExchangeCo for each Cornerstone Share, on the same terms and conditions as other Shareholders. As of the date of this Directors’ Circular, the Directors and officers of Cornerstone owned, or exercised direction and control over, an aggregate of 3,892,875 Cornerstone Shares (excluding Cornerstone Shares underlying unexercised or unvested Options or unexercised Warrants), 1,912,000 Options and 100,000 Warrants. If the Directors and officers of Cornerstone were to tender all of their Cornerstone Shares (excluding the Cornerstone Shares underlying the Options and Warrants) to the Hostile Bid (which they have indicated that they **do not intend to do** as of the date of this Directors’ Circular) and such Cornerstone Shares were accepted for purchase and taken up and paid for by SolGold, the Directors and officers of Cornerstone would receive an aggregate consideration of 42,821,625 SolGold Shares (or 42,821,625 Exchangeable Shares in lieu of SolGold Shares) for their Cornerstone Shares. For charts detailing the ownership of Cornerstone Shares and other securities of Cornerstone held by the Directors and officers of Cornerstone, see the section of this Directors’ Circular entitled “*Ownership of Securities of Cornerstone*”.

Existing Agreements with Officers

Cornerstone has entered into employment or consulting agreements with each of Brooke Macdonald, David Loveys and Yvan Crepeau. Cornerstone has also entered into change of

REJECT SOLGOLD’S HOSTILE BID

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control agreements with each of Brooke Macdonald, its President; and Yvan Crepeau, its VP Exploration and President of Cornerstone's wholly-owned Ecuadorian subsidiary CESA & Minera Cornerstone Chile Ltda. Mr. Loveys has not entered into a change of control agreement with Cornerstone.

Employment and Consulting Agreements

Effective October 1, 2018, Cornerstone entered into an amended and restated consulting agreement with Mr. Macdonald and Macdonald Consulting LLC for a two-year term ending October 1, 2020, which has since been extended to October 1, 2022. Under Mr. Macdonald's consulting agreement, Cornerstone has agreed to pay a base consulting fee to Macdonald Consulting LLC of US\$21,000 per month (US\$252,000 per year), and a "Special Transaction Bonus" in cash equal to the greater of US\$500,000 or 0.5% of the aggregate value of the consideration received for all the securities and/or assets acquired under a Transaction (as defined in the consulting agreement) that is completed or substantially ready to be completed prior to the end of the two-year term.

Under Mr. Macdonald's consulting agreement, a "Transaction" includes any merger, amalgamation, plan of arrangement, reorganization, or similar transaction, as well as any acquisition by a Person or group of Persons acting jointly or in concert of 50.1% or more of the Cornerstone Shares or the acquisition by one or more third parties of all or substantially all of Cornerstone's assets, or any transaction pursuant to which the Shareholders of Cornerstone hold less than 50% of the outstanding shares of the enterprise immediately after giving effect to the transaction. In each case, such Transaction must be supported by the Board and, if required, approved by the Shareholders of Cornerstone.

At the discretion of the Board, Mr. Macdonald may be awarded a bonus with a value of up to 100% of his annual compensation (the "**Merit Bonus**"). If a Special Transaction Bonus is earned prior to the end of the two-year term, then any Merit Bonus paid within the 12-month period prior to the payment of the Special Transaction Bonus shall be deducted from the Special Transaction Bonus. Mr. Macdonald is also entitled to two times his annual base consulting fee if he is terminated without cause.

Effective June 30, 2020, Cornerstone entered into an amended and restated consulting services agreement with D.R. Loveys & Associates Inc., a company controlled by David Loveys, for an 18-month term ending December 31, 2021. Under Mr. Lovey's consulting agreement, Cornerstone agreed to pay a base consulting fee to D.R. Loveys & Associates of \$16,500 per month (\$198,000 per year) plus HST. The agreement may be renewed for an additional term, but is otherwise automatically renewable on a month to month basis unless terminated. Termination during any month to month period entitles Mr. Loveys to 30 days written notice or pay in lieu of notice. If Mr. Loveys is terminated without cause, he is entitled to a lump sum payment equal to the greater of: (i) the outstanding consulting fees for the remainder of the term or any fixed term renewal; or (ii) \$100,000.

Under the terms of a professional services contract dated May 2, 2017 between CESA and Mr. Crepeau, acting as an independent contractor, Mr. Crepeau invoices CESA and Cornerstone a total of US\$210,000 per year. The contract continues indefinitely unless terminated by either party on 15 days' notice.

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Change of Control Agreements

Cornerstone has entered into change of control agreements with Mr. Macdonald and Mr. Crepeau. Both agreements define a “Change of Control” as: (a) the acquisition, directly or indirectly, by any Person or group of Persons acting in concert, of Cornerstone Shares which, when added to all other Cornerstone Shares at the time held directly or indirectly by such Person or Persons acting in concert, totals for the first time more than 50% of the outstanding Cornerstone Shares; or (b) the removal, by extraordinary resolution of the Shareholders of Cornerstone, of more than 50% of the then incumbent Directors of Cornerstone, or the election of a majority of Directors to Cornerstone’s Board who were not nominees of Cornerstone’s incumbent Board at the time immediately preceding such election; or (c) consummation of a sale of all or substantially all of the assets of Cornerstone, or the consummation of a reorganization, merger or other transaction which has substantially the same effect, except where such sale or transaction is exclusively to an affiliate of Cornerstone; or (d) any transaction or series of related transactions which has substantially the same effect as (a) to (c) above.

On November 1, 2016, Cornerstone entered into an amended change of control agreement with Mr. Macdonald. The agreement contains a “double trigger”, whereby if a change of control occurs and is followed by a wrongful or constructive wrongful dismissal within 12 months after the change of control has occurred, Mr. Macdonald is entitled to a cash termination payment equal to the greater of (i) severance payable under his consulting agreement, and (ii) two (2) times the annual base consulting fee plus the target Merit Bonus under his consulting agreement.

On May 1, 2011, Cornerstone entered into a change of control agreement with Mr. Crepeau. The agreement contains a “double trigger”, whereby if a change of control occurs and is followed by a wrongful or constructive wrongful dismissal within 12 months after the change of control has occurred, Mr. Crepeau is entitled to a cash termination payment equal to one and a half (1.5) times his annual base consulting fee.

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Estimated Payments Following a Change of Control

The following table summarizes the estimated payments to which each executive officer would be entitled to following a change of control of Cornerstone (which includes the Hostile Bid, if successful) that would result in a termination of such executive's employment with Cornerstone without cause or a resignation for good reason by such executive in accordance with the terms of each such executive's employment or consulting agreement. The payments calculated in US\$ have been converted into Canadian dollars for the purpose of this table using the exchange rate of \$1.00 = US\$0.7371 in effect as of the close of business on July 13, 2020.

	Base salary (\$)	Bonus Payment (\$)	Options and Warrants ⁽¹⁾ (\$)	Total (\$)
Brooke Macdonald <i>President, Chief Executive Officer and Director</i>	\$683,777 ⁽²⁾	\$1,143,682 ⁽³⁾	\$556,283	\$2,383,742
David Loveys <i>Chief Financial Officer and Director</i>	\$231,000 ⁽⁴⁾	-	\$142,394	\$373,394
Yvan Crepeau <i>Vice-President, Exploration</i>	\$427,361	-	\$359,918	\$787,278

- (1) Option and warrant payout is based on the implied price of the Hostile Bid of \$4.33 per Cornerstone Share assuming exercise of securities by holders thereof.
- (2) Mr. Macdonald is entitled to US\$504,000 as a result of the early termination of his employment agreement.
- (3) Mr. Macdonald is entitled to a Special Transaction Bonus equal to the greater of US\$500,000 or 0.5% of the aggregate value of the consideration received for all the securities and/or assets acquired under a supported change of control transaction, less the amount of any Merit Bonus received in the last 12 months. Although the Board does not support the Hostile Bid, the amount of the Special Transaction Bonus included in this calculation reflects the amount that Mr. Macdonald would be paid assuming a Board supported transaction and is based on the implied price of the Hostile Bid of \$4.33 per Cornerstone Share, or total consideration for all of the outstanding Cornerstone Shares (including in-the-money Options and Warrants assuming exercise by holders thereof) of \$160,358,751.
- Mr. Macdonald is also entitled to the full amount of his Merit Bonus under his consulting agreement (being up to 100% of his annual compensation of US\$252,000).
- (4) Assuming Mr. Loveys is terminated at the end of October 2020, he will be entitled to approximately fourteen months of severance pay under his consulting agreement.

Stock Option Plan

Cornerstone has adopted a fixed stock option plan (the "Stock Option Plan") which was last approved by Shareholders at Cornerstone's annual general meeting held on June 25, 2019. The maximum number of shares reserved for issuance upon the exercise of all Options granted under the Stock Option Plan is 3,160,000 Cornerstone Shares, representing, on a post-consolidation basis, under 10% of the outstanding shares of Cornerstone as of June 25, 2019.

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The Directors and officers of Cornerstone currently hold 1,912,000 Options under the Stock Option Plan.

The purpose of the Stock Option Plan is to align the interests of Cornerstone's officers, Directors, consultants and employees (each, a "**Participant**") with those of Shareholders by providing a long-term incentive that rewards these individuals for their contribution to the creation of shareholder value. The Stock Option Plan is administered by the Board, which has full and final authority with respect to the granting of all Options thereunder subject to the requirements of the TSX-V.

Options may be granted under the Stock Option Plan to such Participants as the Board may from time to time designate. All of the Options are subject to the conditions, limitations, restrictions, Exercise Price, vesting and forfeiture provisions determined by the Board of Directors, in its sole discretion, subject to such limitations provided in the Stock Option Plan.

Subject to the provisions of the Stock Option Plan, the Board shall be authorized to interpret the Stock Option Plan and the grants made under the Stock Option Plan, to establish, amend and rescind any rules and regulations relating to the Stock Option Plan and to make all other determinations necessary or advisable for the administration of the Stock Option Plan. The Board may correct any defect, supply any omission and reconcile any inconsistency in the Stock Option Plan or in any Option in the manner and to the extent it shall be deemed desirable to carry it into effect. The determinations of the Board in the administration of the Stock Option Plan shall be final and conclusive.

In the event an offer to acquire all of the outstanding Cornerstone Shares is made by a third party or Cornerstone proposes to sell all or substantially all of its assets and undertakings or to merge, amalgamate or be absorbed by another entity (save and except for a subsidiary or subsidiaries of Cornerstone) under any circumstances which involve or may involve or require the liquidation of Cornerstone, a distribution of its assets among its shareholders or the termination of its corporate existence, then regardless of whether or not a vesting requirement is otherwise in place at such time, the Options granted under the Stock Option Plan may be exercised at any time up to and including (but not after) a date that is 30 days immediately following the date of the completion of such sale or prior to the close of business on the expiry date or (in the case of a merger, amalgamation or similar transaction) the effective date of such transaction, whichever is earlier. Cornerstone may require the acceleration of the time for the exercise of the Option and the time for the fulfillment of any conditions or restrictions on such exercise.

The foregoing is a summary of the relevant provisions of the Stock Option Plan in light of the Hostile Bid and is therefore not a comprehensive discussion of all of the terms and conditions of the Stock Option Plan. For additional details of the Stock Option Plan, please refer to Cornerstone's Management Information Circular dated May 21, 2019 available under Cornerstone's issuer profile on SEDAR at www.sedar.com under the heading "*Amendment of Stock Option Plan – Summary of the Fixed Option Plan*".

REJECT SOLGOLD'S HOSTILE BID

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Interests of Directors, Officers and Others in Material Transactions

As of the date of this Directors' Circular, no Director or officer of Cornerstone, and no associate of any of such Persons, has had any material interest, direct or indirect, in any transaction or in any proposed transaction which has materially affected or would materially affect Cornerstone or any of its subsidiaries, except as disclosed herein.

OTHER TRANSACTIONS

Except as disclosed in this Directors' Circular, Cornerstone has not entered into any transaction or agreement in principle, or signed any contract or passed any Directors' resolution in response to the Hostile Bid, nor are there any negotiations in response to the Hostile Bid, which would relate to or would result in: (a) an extraordinary transaction such as a merger or reorganization involving Cornerstone or any of its subsidiaries; (b) the purchase, sale or transfer of a material portion of assets by Cornerstone or any of its subsidiaries; (c) a competing take-over bid; (d) a bid by Cornerstone for the securities of another issuer; or (e) any material change in the present capitalization of Cornerstone.

Notwithstanding the foregoing, the Independent Committee and the Board of Directors may engage in negotiations that could have one or more of the effects specified in the preceding paragraph. In fulfilling its fiduciary duties, the Board of Directors has given the Independent Committee a broad mandate that includes the ability to oversee a strategic review process in order to identify any financially superior transactions to the Hostile Bid that might be available to Cornerstone. It is impossible to predict whether any transactions will emerge from these efforts. The Board of Directors and the Independent Committee have determined that disclosure with respect to the parties to, and the possible terms of, any strategic transactions or proposals of the type referred to in the preceding paragraph that may emerge might jeopardize any discussions or negotiations that Cornerstone may conduct. Accordingly, Cornerstone does not intend to disclose the possible terms of any such strategic transaction or proposal that might emerge until a definitive agreement relating thereto has been reached or as otherwise may be required by law or deemed appropriate.

MATERIAL CHANGES IN THE AFFAIRS OF CORNERSTONE

Except as otherwise described or referred to in this Directors' Circular or as otherwise publicly disclosed, no other information is known to the Directors or officers of Cornerstone that indicates any material change in the affairs or prospects of Cornerstone since May 29, 2020, being the date of its last published financial statements.

OTHER INFORMATION

Except as disclosed in this Directors' Circular, there is no information that is known to the Directors and officers of Cornerstone that would reasonably be expected to affect the decision of the Shareholders to accept or reject the Hostile Bid.

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STATUTORY RIGHTS

Securities legislation in the provinces and territories of Canada provides securityholders of Cornerstone with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or a notice that is required to be delivered to those securityholders. However, such rights must be exercised within prescribed time limits. Securityholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult with a lawyer.

APPROVAL OF THE DIRECTORS' CIRCULAR

The contents of this Directors' Circular have been approved by the Board of Directors and the delivery of this Directors' Circular has been authorized by the Board of Directors.

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CERTIFICATE

DATED: July 14, 2020

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

On behalf of the Board of Directors

(signed) "Greg Chamandy"

(signed) "Colin McKenzie"

Greg Chamandy
Chairman of the Board

Colin McKenzie
Chair of the Independent Committee

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CONSENT OF PARADIGM CAPITAL INC.

TO: The Board of Directors of Cornerstone Capital Resources Inc.

We refer to our written opinion dated as of July 14, 2020 (the “**Opinion**”), addressed to the independent committee (the “**Independent Committee**”) of Cornerstone Capital Resources Inc. (“**Cornerstone**”), in connection with the Hostile Bid (as defined in the directors’ circular of Cornerstone dated July 14, 2020 (the “**Circular**”)).

We hereby consent to the inclusion of the Opinion as Schedule “B” to, and a summary of the Opinion and references to our firm name in, the Circular. The written Opinion delivered by Paradigm Capital Inc. was addressed to the Independent Committee and provided for the information and assistance of the Independent Committee and the Board of Directors of Cornerstone for their exclusive use in connection with their consideration of the Hostile Bid.

July 14, 2020

(signed) “*Paradigm Capital Inc.*”

REJECT SOLGOLD’S HOSTILE BID

TAKE NO ACTION – DO NOT TENDER YOUR CORNERSTONE SHARES

If you have already tendered your Cornerstone Shares to SolGold’s Hostile Bid, you can withdraw your Cornerstone Shares by contacting your broker or D.F. King Canada toll-free in North America at 1-800-294-4817 or via e-mail at inquiries@dfking.com

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SCHEDULE A GLOSSARY

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Directors' Circular. Words importing the singular include the plural and vice versa and words importing any gender include all genders.

“**ABCA**” means the *Business Corporations Act* (Alberta) as amended, and the regulations made thereunder.

“**Acquiring Person**” has the meaning ascribed to it under the Shareholder Rights Plan.

“**affiliate**” has the meaning ascribed thereto in the *Securities Act* (Alberta) and includes any Person that constitutes an affiliate under the applicable rules of National Instrument 62-104 – *Take-Over Bids and Issuer Bids*.

“**Alpala Deposit**” means the Alpala copper-gold deposit located within the Cascabel Concession in the Imbabura and Carchi Provinces of Ecuador.

“**associate**” has the meaning ascribed thereto in National Instrument 62-104 – *Take-Over Bids and Issuer Bids*.

“**BHP**” means BHP Group Limited (formerly BHP Billiton Holdings Limited), a corporation existing under the laws of Victoria, Australia or BHP Group Plc (formerly BHP Billiton Plc), a corporation existing under the laws of England and Wales.

“**Board**”, “**Board of Directors**” or “**Cornerstone Board**” means the board of Directors of Cornerstone.

“**Canadian Securities Administrators**” means the Canadian provincial and territorial securities regulatory authorities.

“**Cascabel Concession**” means the “Cascabel” concession, recorded under Code: 402288, duly granted by the Republic of Ecuador and registered with the Agencia de Regulación y Control Minero (ARCOM) of Ecuador.

“**Cascabel Project**” means the exploration and associated activities being undertaken in respect of the Cascabel Concession held by ENSA.

“**CDS**” means CDS Clearing and Depository Services Inc., or its nominee, which at the date hereof is CDS & CO.

“**CESA**” means Cornerstone’s wholly-owned Ecuadorian subsidiary Cornerstone Ecuador S.A., which holds Cornerstone’s interest in ENSA.

“**Compulsory Acquisition**” has the meaning ascribed to that term in the SolGold Circular.

“**Convertible Securities**” means Warrants, Options or any other rights to acquire Cornerstone Shares.

“**Cornerstone**” or the “**Company**” means Cornerstone Capital Resources Inc., a corporation existing under the ABCA.

“**Cornerstone Securities**” means Cornerstone Shares, Options and Warrants.

“**Cornerstone Shares**” means the common shares in the capital of Cornerstone.

“**Davies**” means Davies Ward Phillips & Vineberg LLP, Cornerstone’s external legal counsel.

“Definitive Feasibility Study” has the meaning ascribed to that term in the SolGold Circular.

“DGR” means DGR Global Limited, a public corporation formed under the laws of Australia.

“Directors” means the members of the Board of Directors being, as of the date of this Directors’ Circular, Greg Chamandy, Brooke Macdonald, David Loveys, Colin McKenzie, John Clarke and Beverley Evans.

“Directors’ Circular” means this directors’ circular and includes the schedules attached hereto.

“Earn-in Agreement” means the Cascabel earn-in agreement between SolGold, Cornerstone, CESA and ENSA dated July 2012, as amended by a term sheet between SolGold, Cornerstone CESA and ENSA dated February 24, 2014.

“ENAMI Strategic Exploration Alliance” means the strategic exploration alliance between CESA and ENAMI EP, Ecuador’s state mining company.

“Engagement Agreement” means the agreement entered into between Cornerstone and its independent financial advisor Paradigm.

“ENSA” means Exploraciones Novomining S.A., the Ecuadorian company owned by SolGold and Cornerstone which holds 100% of the Cascabel Concession.

“Exchangeable Share” means a share in the capital of ExchangeCo which is exchangeable for one SolGold Share.

“ExchangeCo” means SolGold Canadian ExchangeCo Corp., a corporation existing under the ABCA and a wholly-owned subsidiary of SolGold plc.

“Exercise Price” has the meaning ascribed to it under the Shareholder Rights Plan.

“Expiry Time” means 5:00 p.m. (Toronto time) on Wednesday October 14, 2020, unless the Hostile Bid is extended, accelerated or withdrawn by the Offeror in accordance with its terms.

“Flip-in Event” has the meaning ascribed to it under the Shareholder Rights Plan.

“forward-looking statements” has the meaning ascribed to that term in the section of this Directors’ Circular entitled “Forward-Looking Statements”.

“Hostile Bid” means the offer made by SolGold to acquire all of the outstanding Cornerstone Shares, including any Cornerstone Shares that may become issued and outstanding after the date of the Hostile Bid but prior to the Expiry Time upon the exercise of Options at consideration of either: (i) 11 SolGold Shares for each Cornerstone Share; or (ii) in the case of certain Shareholders who are subject to tax in Canada, at the election of each such Shareholder, 11 Exchangeable Shares of ExchangeCo for each Cornerstone Share.

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standards Board (or any successor institute) and as adopted by the Chartered Professional Accountants of Canada in Part I of The CPA Canada Handbook – Accounting.

“Independent Committee” means the committee of independent directors of the Board of Directors consisting of Colin McKenzie (Chair), John Clarke and Beverley Evans.

“Independent Shareholders” has the meaning ascribed to it under the Shareholder Rights Plan.

“Information Agent” means D.F. King Canada.

“insider” has the meaning ascribed thereto in MI 61-101.

“LIBOR” means the London Interbank Offered Rate.

“LSE” means the London Stock Exchange.

“Material Adverse Effect” has the meaning ascribed to that term in the SolGold Circular.

“Maxit” means Maxit Capital LP, Cornerstone’s external financial advisor.

“Merit Bonus” means the discretionary bonus awarded to Mr. Macdonald under his employment agreement.

“MI 61-101” means *Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions*.

“Newcrest” means Newcrest International Pty Limited, a corporation formed under the laws of Victoria, Australia and a subsidiary of Newcrest Mining Limited, a corporation formed under the laws of Victoria, Australia.

“NI 43-101” means *National Instrument 43-101 – Standards of Disclosure for Mineral Projects*.

“Offeror” means SolGold Canadian ExchangeCo Corp., a corporation existing under the ABCA and a wholly-owned subsidiary of SolGold plc.

“officer” has the meaning ascribed thereto in the *Securities Act (Alberta)*.

“Options” means the options to purchase Cornerstone Shares granted under the Stock Option Plan.

“Paradigm” means Paradigm Capital Inc., the independent financial advisor to the Independent Committee.

“Participant” has the meaning ascribed to it in the Stock Option Plan.

“Permitted Bid” has the meaning ascribed to it under the Shareholder Rights Plan.

“Person” includes an individual, a corporation, a partnership, trust, body corporate, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and an individual or other person in that person’s capacity as a trustee, executor, administrator or personal or other legal representative.

“Pre-Feasibility Study” has the meaning ascribed to that term in the SolGold Circular.

“RRSP” means a registered retirement savings plan, as defined under the *Income Tax Act (Canada)*.

“SEDAR” means the Systems for Electronic Document Analysis and Retrieval maintained by the Canadian Securities Administrators.

“Separation Time” has the meaning ascribed to it under the Shareholder Rights Plan.

“Shareholder Rights Plan” means the agreement dated January 11, 2019, between Cornerstone and Computershare Trust Company of Canada.

“Shareholders” or “Cornerstone Shareholders” means the holders of the Cornerstone Shares.

“SolGold” means, collectively, SolGold plc and the Offeror.

“SolGold Circular” means the Hostile Bid and accompanying take-over bid circular of SolGold dated June 30, 2020.

“SolGold plc” means SolGold plc, a company existing under the laws of England and Wales.

“SolGold Share” means an ordinary share in the capital of SolGold.

“Special Transaction Bonus” means the monetary bonus awarded to Mr. Macdonald under his employment agreement upon the occurrence of certain change of control transactions.

“SRP Rights” has the meaning ascribed to it under the Shareholder Rights Plan.

“Stock Option Plan” means the Cornerstone stock option plan which was last approved by Shareholders at Cornerstone’s annual general meeting held on June 25, 2019.

“Subsequent Acquisition Transaction” has the meaning ascribed to that term in the SolGold Circular.

“Tenstar” means Tenstar Trading Limited, a private corporation.

“Trading Day” has the meaning ascribed to it under the Shareholder Rights Plan.

“TSX” means the Toronto Stock Exchange.

“TSX-V” means the Toronto Venture Exchange.

“Warrants” mean the outstanding warrants to purchase Cornerstone Shares.

**SCHEDULE B
OPINION OF PARADIGM CAPITAL INC.**

See attached.

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July 14, 2020

The Independent Committee of the Board of Directors

Cornerstone Capital Resources Inc.

1730 St. Laurent Blvd., Suite 800
Ottawa, Ontario K1G 3Y7

To the Independent Committee:

Paradigm Capital Inc. ("**Paradigm Capital**") understands that SolGold plc ("**SolGold**", and together with its affiliates, the "**Interested Party**"), through its wholly-owned subsidiary, SolGold Canadian ExchangeCo Corp., has made an unsolicited offer (the "**SolGold Offer**") to acquire all of the issued and outstanding shares (the "**Cornerstone Shares**") of Cornerstone Capital Resources Inc. ("**Cornerstone**" or the "**Company**") which the Interested Party does not already own, for consideration of, for each Cornerstone Share, either: (i) 11 ordinary shares of SolGold (the "**SolGold Shares**"); or (ii) at the election of certain shareholders of Cornerstone who are subject to tax in Canada, 11 shares of SolGold Canadian ExchangeCo Corp., which are intended to be exchangeable for SolGold Shares on a one-for-one basis. The description above is summary in nature. The specific terms and conditions of the SolGold Offer are described in SolGold's take-over bid circular dated June 30, 2020 (the "**Take-Over Bid Circular**").

Paradigm Capital also understands that the board of directors of Cornerstone (the "**Board**") has established a committee (the "**Independent Committee**"), to consider and respond to the SolGold Offer, to review and pursue any other alternatives that may be in the best interests of Cornerstone shareholders and to make recommendations thereon to the Board.

As disclosed in the Take-Over Bid Circular, SolGold and its affiliates currently own or control, directly or indirectly, 1,557,655 Cornerstone Shares and warrants to purchase up to 500,000 Cornerstone Shares, representing approximately 4.8% of the issued and outstanding Cornerstone Shares. As of the date hereof, Cornerstone owns 157,100,000 SolGold Shares, accounting for 7.6% of the outstanding SolGold Shares.

Engagement of Paradigm Capital

Paradigm Capital was approached by the Company on July 3, 2020 to determine its ability to act as financial advisor to the Independent Committee in connection with the SolGold Offer. Pursuant to an engagement letter (the "**Engagement Agreement**") dated July 8, 2020, Paradigm Capital was formally engaged as an independent financial advisor to the Independent Committee in connection with the SolGold Offer, and to prepare and deliver to the Independent Committee an opinion as to the fairness or inadequacy of the SolGold Offer, from a financial point of view, to the shareholders of Cornerstone other than the Interested Party (the "**Opinion**").

The Engagement Agreement provides for a fixed flat fee for providing the Opinion. An additional fixed fee is payable to Paradigm Capital for updating the Opinion from the date hereof. In addition, Paradigm Capital is to be reimbursed for its reasonable out-of-pocket expenses, including fees paid to its legal counsel in respect of advice rendered to Paradigm Capital in carrying out its obligations under the Engagement Agreement, and is to be indemnified by the Company in respect of certain liabilities that might arise out of Paradigm Capital's engagement.

Subject to the terms of the Engagement Agreement, Paradigm Capital understands that this Opinion may be filed publicly with securities commissions or similar regulatory authorities, and the Opinion may be included or referred to in press releases and/or other publicly filed documents, including Cornerstone's directors' circular regarding the SolGold Offer (the "**Directors' Circular**"). Paradigm Capital consents to the



inclusion of the Opinion in its entirety and a summary thereof, in a form acceptable to Paradigm Capital, in the Directors' Circular, and to the filing thereof, as necessary, by the Company with the securities commissions or similar regulatory authorities in the applicable provinces of Canada.

Credentials and Independence of Paradigm Capital

Paradigm Capital is an independent Canadian investment banking firm with a sales, trading, research and corporate finance focus, providing services for institutional investors and corporations. Paradigm Capital was founded in 1999 and is a member of the Toronto Stock Exchange, the TSX Venture Exchange and the Investment Industry Regulatory Organization of Canada ("IIROC"). Paradigm Capital has extensive advisory, valuation, merger & acquisition and corporate governance experience.

The Opinion has been prepared in accordance with the disclosure standards for fairness opinions of IIROC, but IIROC has not been involved in the preparation or review of this fairness opinion.

The Opinion expressed herein represents that of Paradigm Capital and the form and content hereof has been approved for release by a committee of directors and other professionals of Paradigm Capital, each of whom is experienced in mergers, acquisitions, business combinations, divestitures, valuation and fairness opinion matters.

None of Paradigm Capital, its associates or affiliates, is an insider, associate or affiliate (as those terms are defined in the *Securities Act* (Alberta)) of the Company or the Interested Party, or any of their respective subsidiaries, associates or affiliates. Paradigm Capital is not an advisor to any person or company other than to the Independent Committee pursuant to the Engagement Agreement.

Paradigm Capital and its affiliates have not been engaged to provide any financial advisory services involving the Company or the Interested Party, or had a material financial interest in any transaction involving the Company or the Interested Party during the 24 months preceding the date on which Paradigm Capital was first contacted in respect of the Opinion.

No understandings or agreements exist between Paradigm Capital and the Company or the Interested Party with respect to future financial advisory or investment banking business. Paradigm Capital may in the future, in the ordinary course of its business, perform financial advisory or investment banking services for Cornerstone or the Interested Party. Paradigm Capital has agreed that during the term of the Engagement Agreement, it will not enter into any agreements or understandings that would be inconsistent with Paradigm Capital remaining an independent valuator under Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* in connection with the SolGold Offer.

In the ordinary course of its business, Paradigm Capital may actively trade shares and other securities of the Company or the Interested Party for its own account and for its client accounts, and, accordingly, may at any time hold a long or short position in such securities. As an investment dealer, Paradigm Capital conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to the Company, the Interested Party or the SolGold Offer.

Scope of Review

In connection with rendering the Opinion, Paradigm Capital has reviewed and relied upon (without verifying or attempting to verify independently the accuracy or completeness thereof), or carried out, among other things, the following:

- Take-Over Bid Circular dated June 30, 2020;
- Drafts of the Directors' Circular;

- SolGold's annual information form dated September 16, 2019;
- The technical report titled "Cascabel Project, Northern Ecuador, Alpala Copper-Gold-Silver Deposit, NI 43-101 Technical Report on Preliminary Economic Assessment" with an effective date of March 25, 2019 and an amended date of November 6, 2019;
- The Company's audited annual consolidated financial statements and management's discussion and analysis for the years ended December 31, 2018 and 2019;
- SolGold's audited annual consolidated financial statements and management's discussion and analysis for the years ended June 30, 2018 and 2019;
- The Company's unaudited condensed interim consolidated financial statements and management's discussion and analysis for the three months ended March 31, 2020 and 2019;
- SolGold's unaudited interim condensed consolidated financial statements and management's discussion and analysis for the nine months ended March 31, 2020, the six months ended December 31, 2019 and the three months ended September 30, 2019;
- Press releases and material change reports issued by the Company and SolGold for the period from January 1, 2019 to July 12, 2020;
- Public investor documents issued by the Company and SolGold regarding their respective operations for the period from January 1, 2019 to July 12, 2020;
- Various independent and institutional equity research reports on the Company, SolGold and other publicly traded peer companies;
- Precedent transaction disclosure;
- Comparable company disclosure;
- Certain internal financial information and other non-public disclosure requested by Paradigm Capital provided by management of the Company and Maxit Capital LP, the Company's financial advisor ("**Maxit Capital**");
- Valuation reports of the Company's interest in Cascabel produced by CCC Investment Banking, dated June 30, 2018, December 31, 2018, September 30, 2019, and December 31, 2019 (collectively, the "**CCC Reports**");
- Discussions with the Company's management team
- Discussions with the Company's financial advisor, Maxit Capital; and
- The certificate of representation signed by the President and Chief Executive Officer and the Chief Financial Officer of the Company dated July 14, 2020 as to the completeness and accuracy of the Information (as defined below); and
- such other information, analyses, investigations and discussions as we considered necessary or appropriate in the circumstances.

Paradigm Capital has not, to the best of its knowledge, been denied access by the Company to any information under the Company's control requested by Paradigm Capital. Paradigm Capital did not meet with the auditors of the Company and has assumed the accuracy and fair presentation of the audited consolidated financial statements of the Company and the reports of the auditors thereon.

In connection with this Opinion, Paradigm Capital has performed a variety of financial and comparative analyses based on our experience and judgment, including those described below.

- Net asset value
- Comparable trading multiple analysis
- Precedent transaction analysis
- Comparable bid premiums



- Analyst target prices
- Historical share price trading analysis
- Relative contribution analysis

Assumptions and Limitations

Paradigm Capital has relied upon, without independent verification, all financial and other information that was obtained by us from public sources or that was provided to us by the Company and its affiliates, associates, advisors or otherwise. We have assumed that this information was complete and accurate as of the date thereof, and no necessary or material facts were omitted that may make the information misleading. In accordance with the terms of our engagement, but subject to the exercise of our professional judgment, we have not conducted any independent investigation to verify the completeness or accuracy of such information. The Opinion is conditional upon such completeness and accuracy.

Paradigm Capital has also assumed that (i) all the draft documents referred to under “Scope of Review” above are accurate versions, in all material respects, of the final form of such documents; and (ii) the draft documents referred to under “Scope of Review” describe all material terms of agreements that relate to the SolGold Offer that are to be drafted subsequently.

Senior officers of the Company have represented to Paradigm Capital in a certificate of representation dated July 14, 2020, among other things, that (i) the financial information and other information, data, advice, opinions and other materials provided to Paradigm Capital, directly or indirectly, orally or in writing, by the Company or any of its subsidiaries, associates, affiliates and advisors for purposes of the Engagement Letter, including in relation to the preparation of the Opinion (the “**Information**”), was, at the date the information was provided to Paradigm Capital, fairly and reasonably presented and complete, true and correct in all material respects, and did not, and does not, contain any untrue statement of a material fact in respect of the Company and its subsidiaries, associates, or affiliates or their respective securities or omit to state a material fact in respect of the Company and its subsidiaries, associates or affiliates or their respective securities necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided; (ii) since the dates on which the Information was provided to Paradigm Capital, there have not been any material changes or new material facts, financial or otherwise, relating to the business or affairs of the Company or any of its subsidiaries, associates or affiliates or any change in any material fact or in any material element of any of the Information or new material fact, which is of a nature as to render any portion of the Information untrue or misleading in any material respect, except for changes that have been updated by more current Information provided in writing to Paradigm Capital; (iii) other than the CCC Reports, which have been obtained by the Company for the sole purpose of complying with financial reporting requirements under IFRS in the preparation of the Company’s financial statements, there are no independent appraisals or valuations or material non-independent appraisals or valuations available to the Company relating to the Company or any of its subsidiaries, associates or affiliates or any of their respective material assets or liabilities which have been prepared as of a date within the two years preceding the date hereof and which have not been provided in writing to Paradigm Capital; (iv) since the dates on which the Information was provided to Paradigm Capital, no material transaction has been entered into by the Company or any of its subsidiaries, associates or affiliates; (v) other than as disclosed in the Information, to the best of their knowledge, information and belief after reasonable inquiry, the Company does not have any material contingent liabilities and there are no actions, suits, proceedings or inquiries pending or threatened in writing against or affecting the Company or any of its subsidiaries, associates or affiliates at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, bureau, board agency or instrumentality which may in any way materially adversely affect the Company and its subsidiaries, associates or affiliates taken as a whole; (vi) there are no agreements, undertakings, commitments or understandings (written or oral, formal or informal) relating to the SolGold Offer, except as have been disclosed in writing to Paradigm Capital; and (vii) the final form of the Directors’ Circular will not differ in any material respect from the draft that Paradigm Capital has examined.



The Opinion is based on the securities markets, economic, financial and general business conditions prevailing as of the date of the Opinion and the conditions and prospects, financial and otherwise, of the Company as they were reflected in the information reviewed by Paradigm Capital. In its analysis and in preparing the Opinion, Paradigm Capital has made a number of assumptions with respect to commodity prices, industry performance, general business and economic conditions, and other matters, many of which are beyond the control of Paradigm Capital, the Company and any other party involved in the SolGold Offer.

Paradigm Capital has also assumed that the disclosure provided or incorporated by reference in the Take-Over Bid Circular and draft Directors' Circular with respect to the Company, the Interested Party and the SolGold Offer is true, complete and correct in all material respects.

The Opinion is given as of the date hereof and Paradigm Capital disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to Paradigm Capital's attention after such date. The Opinion is limited to Paradigm Capital's understanding of the SolGold Offer as of the date hereof and Paradigm Capital assumes no obligation to update this Opinion to take into account any changes regarding the SolGold Offer after such date. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting an Opinion after the date hereof, Paradigm Capital reserves the right to change, modify or withdraw the Opinion.

The Opinion has been provided solely for the use of the Independent Committee and does not constitute a recommendation that Cornerstone shareholders tender or not tender their Cornerstone Shares to the SolGold Offer. The Opinion does not address the relative merits of the SolGold Offer as compared to other transactions or business strategies that might be available to Cornerstone. In considering adequacy, from a financial point of view, Paradigm Capital considered the SolGold Offer from the perspective of Cornerstone shareholders generally (other than the Interested Party) and did not consider the specific circumstances of any particular Cornerstone shareholder, including with regard to income tax considerations. Paradigm Capital has not undertaken an independent evaluation, appraisal, or physical inspection of any assets or liabilities of Cornerstone.

Except for the inclusion of the Opinion in its entirety and a summary thereof (in a form acceptable to us) in the Directors' Circular, the Opinion is not to be reproduced, disseminated, quoted from or referred to (in whole or in part) without Paradigm Capital's prior written consent.

Paradigm Capital is not a legal, tax, or accounting expert and expresses no opinion concerning any legal, tax, or accounting matters concerning the SolGold Offer or the sufficiency of the Opinion for the Independent Committee's purposes.

Opinion as to Fairness

Based upon and subject to the foregoing and such matters that Paradigm Capital considered relevant, Paradigm Capital is of the opinion, as of the date hereof, the consideration offered to the shareholders of Cornerstone pursuant to the SolGold Offer is inadequate, from a financial point of view, to the shareholders of Cornerstone other than the Interested Party.

Sincerely,

Paradigm Capital Inc.

PARADIGM CAPITAL INC.

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For questions, information or support please contact our Information Agent:



Toll-Free North America: (800) 294.4817

Call Direct: 416.682.3825

(Call collect outside of Canada and the United States)

Email: inquiries@dfking.com

North America Fax: 1.888.509.5908

Direct Fax: 647.351.3176