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ASX: SOC

ASX Release
22 November 2016

Halls Peak Drilling Update – Strong Visible Zinc and Copper Mineralisation

- **Two holes (total approx. 250 meters) have been drilled at the highly prospective Halls Peak – Gibson Project (EL4474).**
- **Both holes have intersected strong visual mineralisation**
- **Hole SG01 drilling completed at 140.6 metres, cores have been logged and 53 samples interval cuts have been sent to ALS for analysis. Hole SG02 was completed completed at 110.7 metres with 84 samples cut, logged and sent to ALS for analysis.**
- **These samples are being analysed for Gold by ALS method Au- AA-25 and Silver, Copper, Lead and Zinc are being analysed by method OG-46 which has a high detection limit for these elements**
- **Drill hole SG03 has commenced and is set back 20 metres from hole SG02. An extremely important target in extending the known zone of mineralisation as there has not been a hole drilled this far back, with mineralised sections visible in outcrop between this hole and SG02.**
- **Previous results Including 37.2 metres at an average grade of 8.7% zinc, 3.0% lead, 1.4% copper and 85 g/t (2.8 oz/t) silver, over 4 bands and 10.5 metres at an average grade of 9.81% zinc, 5.63% lead, 2.67% copper and 196 g/t (6.3 oz/t) silver (DDH HP 026)**
- **A local contractor should commence re-building access track in early December following recent severe weather in preparation for the Diamond Drill program at Mt Adrah**

Sovereign Gold Company Limited (ASX: SOC) (**Sovereign** or the **Company**) is pleased to provide an exploration update on the current 1000m Halls Peak Diamond drilling program designed to test the high-grade extensions of Zinc, Copper, Silver and lead.

SOC can confirm strong visual mineralisation has been intersected in both holes SG01 and SG02, with sample intervals being cut and sent to ALS for analysis. Hole SG03 has commenced and will be on the same location as SG04 on the initial plan which is 20 metres back from new hole SG02.

This hole will be an important hole in extending the known zone of mineralisation as there has not been a hole drilled this far back and there are mineralised sections visible in outcrop between this hole and SG02. SG04 and SG05 will be on the dry tunnel level and SG06 will be a planned hole to intersect and prove up the Turam anomaly.

All cores from SG01 and SG02 have been logged with 136 samples intervals cut and sent for analysis to ALS Brisbane on Sample Submittal No 32441. These samples are being analysed for gold by ALS method Au- AA-25 and silver, copper, lead and zinc are being analysed by method OG-46 which has a high detection limit for these elements. The reason for only analysing for these metal elements is because this hole almost twins PMRDDH026.

Qualifying Statements

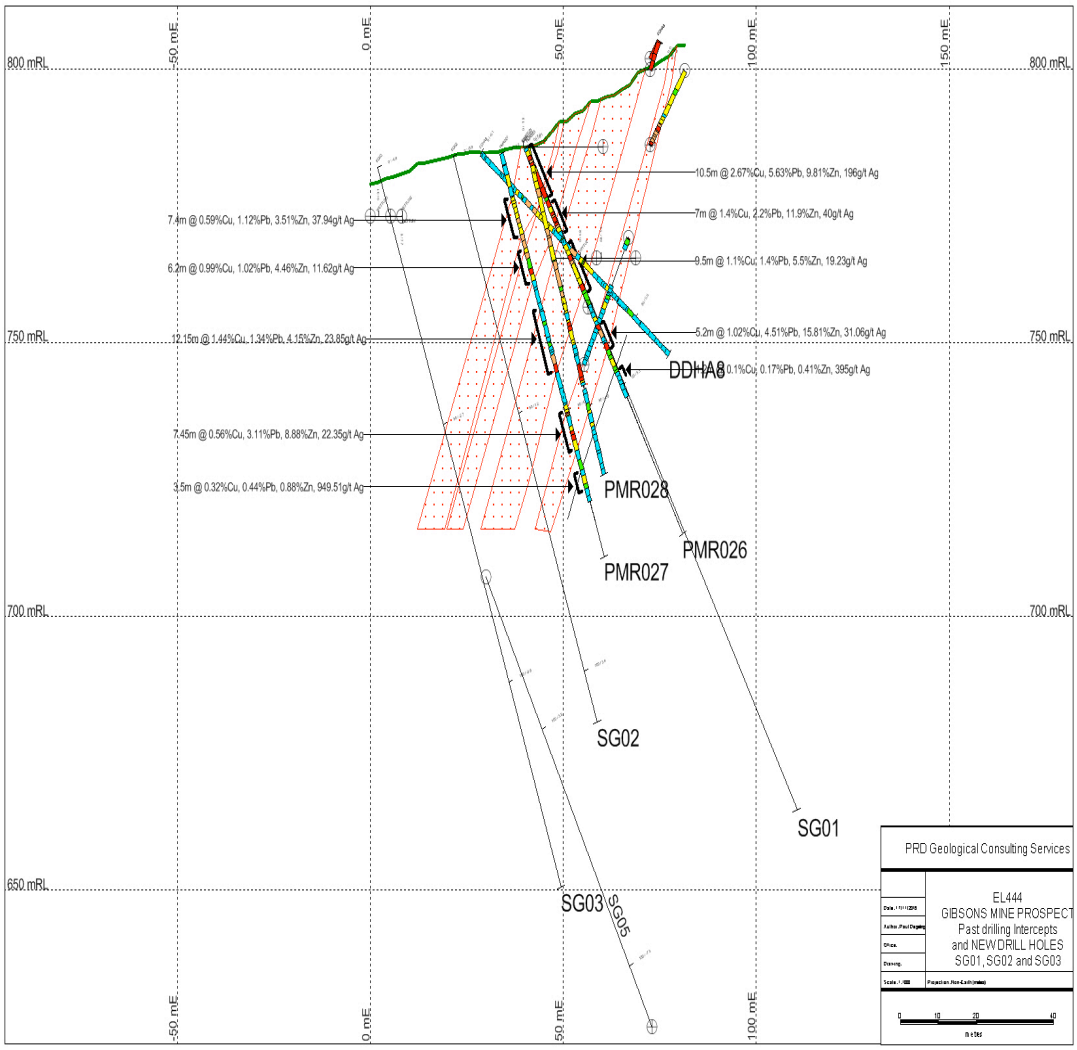
The information in this Report that relates to Exploration Information is based on information compiled by Richard Robertson who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

Mr Robertson is a qualified geologist and is a contractor of Sovereign Gold Company Limited.

Mr Robertson has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources. Mr Robertson consents to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

The multi-element method ME-MS61 has a maximum detection limit of 10,000ppm and we know there are higher-grade values that will be intersected from this hole which would mean the OG46 or OG62 method would be also be used to report the higher grade values. It will be possible to correlate the results from this hole to PMRDDH026 and thus save on repetitive analysis results, with the elements of economic interest the main concern.

Please note the numbering of the holes has altered from the ASX announcement diagram released on 14 October 2016 and is now numbered sequentially from the first hole drilled to the second and so on.



The Halls Peak Tenements are located 80km SE of Armidale N.S.W.

Managing Director Mr Rocco Tassone commented “We are pleased with the early indications of the first two holes showing strong visual massive chalcopyrite (Copper sulphide) and vein infill with poly metallic sulphides (Zinc and Lead). We are confident the third hole in the program SG03 will confirm the high grade extension of the known zone of mineralisation as there has not been a hole drilled this far back, with mineralised sections visible in outcrop between this hole and the second hole. Further Halls Peak drilling updates will be released when available. Additionally, contractors have been appointed at SOC’s Mt Adrah Gold project to re-build the access tracks in preparation for the 1280 metre Diamond drill program due to commence at the completion of this Halls Peak drilling campaign”.

Drill Hole Information (Map Zone 56J)

Hole	Location		Collar				
	East	North	Elev m	Dip	Azimuth	Intercept Width m	Hole Length m
SG01	407650.3	6597952.9	785	60°	177°	13.1 - 13.7 22.40 - 25.90 29.40 - 32.10 45.6 - 46.1	140.6
SG02	407655.71	6597972.44	784	70°	177°	14.8 – 17.9 18.9 – 20.4 26.70 – 27.8 32.7 – 43.20 50.40 – 52.60 63.1 – 70.20	110.7

About Halls Peak

- Right geological setting, Halls Peak base metal province located in an area (4 x 5km) of historic high grade massive sulphide mines
- Several shallow, small high grade massive sulphide bodies are known to be present from this company's previous drilling results in 2013
- Halls Peak has potential to host a large base metal deposit
- A Flat lying VTEM conductor around the old Sunnyside where the company has an access agreement with a plan to investigate this anomaly. Consultant Geophysicists interpret this conductor to host sulphides
- Confidence exists that the VTEM survey has potentially located sulphide deposition but economic grades and tonnage yet to be proven
- Long term Zinc outlook positive, declining production levels and the lack of genuine development opportunities

Halls Peak is inferred as a volcanic centre for extensive small but high grade Volcanic Massive Sulphide (VMS) deposits rich in copper, lead, zinc and silver. From logging of the core it appears that the style of mineralisation has characteristics of Kuroko-type massive sulphide mineralisation. Current exploration aims to distinguish the right depositional environment to host a large scale, high-grade base metal deposit. Several geochemical and geophysical anomalies are also present that identify further high grade, near-surface sulphides.

Additional to the VMS prospectivity, there are indications for the presence of gold from breccia floaters and small pods of Au–rich quartz to the north east of Gibsons.

For further information please contact:

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The following table provides explanations required under JORC 2012

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	• *Core logging with accurate mineral identification prior to geochemical analysis*
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• *Measurement of core using tape measure, core recovery on each run to identify and confirm 100% core recovery*
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*	• *Not applicable as geochemical analysis has not been performed on core samples as yet*
	• *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• *HQ Diamond drilling was used to obtain core samples which have been visually logged and recorded*
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• *HQ diamond drill core using triple tube with core orientation on measurable lengths of core and downhole surveys conducted every 30 metres*
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• *Logging core in note book and then transferring into an MS Excel file with analytical results entered when analysis finalised*

Criteria	JORC Code explanation	Commentary
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• *Full recovery of diamond drill core with a minimum loss of core by using triple tube*
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• *Where full recovery of core has occurred there is a direct relationship between recovery and grade*
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• *Core has been geologically logged. RQD,SG and metallurgical studies to be completed at the end of the drilling program*
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.*	• *Logging of is qualitative. Quantitative nature of the core will be determined after geochemical analysis*
	• *The total length and percentage of the relevant intersections logged.*	• *For SG01 the total length of core = 140.6m with 50.75m (36.10%) of the core sent for analysis. For SG02 the total length of core = 110.7m with 100% of the core sent for analysis. For SG03 drilling is incomplete and final percentage of core to be analysed not calculated at present* •
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• *Half core samples sawn in half sent to ALS for geochemical analysis*
	• *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*	• *Not applicable*
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• *For all samples analysis of the nature, quality (high detection limit and the appropriateness of the sample preparation techniques is appropriate for the type of deposit being explored.*
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• *Minimum standard of 2kg samples sent for analysis which is then pulverised to -75micron maximises the representivity of all samples*
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• *With supply of 2kg samples sufficient sample which is 2 way-split after pulverisation and the balance returned for use of representative duplicates for reanalysis*

Criteria	JORC Code explanation	Commentary
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• *The sample size is appropriate for the grain size of the material being sampled for the type of deposit being sampled*
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• *The nature, quality and appropriateness of the assay method and laboratory procedures has been carefully selected and is considered total for the core being analysed*
	• *For geophysical tools, spectrometres, handheld XRF instruments, etc., the parametres used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• *Not applicable*
	• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• *Quality control includes blanks and duplicates as per ALS laboratory standards that result in an acceptable level of accuracy as determined by NATA and the ISO.*
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• *The verification of significant intersections has been identified with a consultant with over 30 years' experience with the Halls Peak mineralisation*
	• *The use of twinned holes.*	• *SG01 drill hole is a twin of previous drill hole PMRDDH026 and will be used to verify sampling and assaying plus extension of mineralisation down dip*
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• *Documentation of primary data both physically by photocopying field notes electronically by having backup copies are standard protocol for all data collected*
	• *Discuss any adjustment to assay data.*	• *Not applicable*
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• *Differential GPS locations to be determined by qualified surveyor on completion of drilling program*
	• *Specification of the grid system used.*	• *GDA94*

Criteria	JORC Code explanation	Commentary
	• *Quality and adequacy of topographic control.*	• *Once a differential GPS survey is completed topographic quality is assured using MapInfo to produce high quality topographic control*
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.*	• *Data to be reported*
	• *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.*	• *Data spacing and distribution of drill holes at present are insufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource and Ore reserve estimation procedures and classifications to be applied*
	• *Whether sample compositing has been applied.*	• *Sample compositing has not been applied*
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• *With orientation of core of measurable length the relationship to the geological structure will be able to be determined. Where ground is severely broken this will not be possible*
	• *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• *Not determined at this point. This will necessitate structural analysis of all oriented core at the completion of the drilling program*
Sample security	• *The measures taken to ensure sample security.*	• *All samples sent for analysis are bagged, marked appropriately, sealed with zip tie and documented with a copy sent with the samples to ALS*
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• *Not applicable*

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• *Exploration Licence Tenement is EL4474 with an approval to conduct this exploration program from Mineral Resources NSW. A current access and compensation agreement with Crown Lands NSW is in place for this work to be performed*

Criteria	JORC Code explanation	Commentary
	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• *The security of tenure at the time of reporting for EL 4474 is valid until 12th January 2018 and there are no known impediments to obtaining a licence to operate in the area*
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• *Other parties who have explored and mined this area confirm and have reported the presence of mineralisation is this area*
Geology	• *Deposit type, geological setting and style of mineralisation.*	• *The deposit type is interpreted to be a Kuroko-type volcanic massive sulphide deposit set in an episodic submarine volcanic environmental setting with the style of mineralisation being a Massive Sulphide Deposit*
Drill hole Information	• *`A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.*	• **Hole No. SG01***:* • *56J 407650.3mE 6597952.9mN ± 5m* • *785m asl* • *Dip 60° Azimuth 177°* • *EOH =140.6m; Intercepts at 13.1m to 13.7m, 22.40m to 25.90m , from 29.40m to32.10m and from 45.6m to 46.1m* • **Hole No. SG02***:* • *56J 407655.71mE 6597972.44mN± 5m* • *784m asl* • *Dip 70° Azimuth 177°* • *E.O.H. = 110.7m; Intersects from 14.80m to 17.90m, from 18.90m to 20.40m and from 26.70m to 27.8m of disseminated sulphides. From 32.7m to 43.20m of sulphide mineralisation in a brecciated silicified lithology. From 50.40m to 52.60m as banded clots of sphalerite; from 63.1m to 70.20m as disseminated sphalerite and chalcopyrite.* • *Assays for all holes are pending which will establish the tenor of the intersected mineralisation described above.*

Criteria	JORC Code explanation	Commentary
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• *Not applicable*
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	• *Not applicable*
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• *Not applicable as this has not as yet been determined because geochemical results will determine the aggregation of intercepts.*
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• *Not applicable*
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.*	• *As complete widths and intercept lengths have been calculated by visual interpretation on the initial logging of core these relationships*
	• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	• *Not applicable*
	• *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• *Specific length of mineralisation and true widths known until structural analysis and geochemical results are completed*
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• *Diagram of drill hole cross-section provided. When geochemical results are known these cross-sections will graphically present appropriate sectional elemental values*

Criteria	JORC Code explanation	Commentary
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• *As reporting of comprehensive results are not practical the reporting of representative visible medium to high grade mineralisation from logging of the hole has been described*
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• *Not applicable*
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• *Not applicable until comprehensive results are known*
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• *Not applicable until comprehensive results are known.*