



## SOVEREIGN GOLD COMPANY LIMITED

Sovereign Gold Company Limited  
ACN 145 184 667

Suite 7, 234 Churchill Avenue  
SUBIACO WA 6008  
Tel: +61 8 6500 6872

### Contact

Rocco Tassone, Managing Director

e: [corporate@sovereigngold.com.au](mailto:corporate@sovereigngold.com.au)

### Latest News

[www.sovereigngold.com.au](http://www.sovereigngold.com.au)

### Directors / Officers

Charles Thomas (Chairman)  
Rocco Tassone (MD)  
Patrick Glovac

### ASX: SOC

### Mount Adrah Mineral Resource estimate:

770,000 oz of gold, at various cut-off  
grades: Indicated: 440,000 oz  
from 12.1 Mt at 1.1 g/t gold and Inferred:  
330,000 oz from 8.4 Mt at  
1.1 g/t gold\*

\* The information regarding the Mineral Resource is extracted from the report entitled "Hobbs Pipe Mineral Resource Update Additional Information" created 27<sup>th</sup> December 2013 and is available to view on [sovereigngold.com.au/investors.htm](http://sovereigngold.com.au/investors.htm). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

ASX Release  
15 September 2016

## Drilling Targets High-Grade Gold Early Cashflow Potential

- Over 1,200 metre targeted drilling plan finalised to test for extensions of high-grade reef structures in coming weeks
- Drilling program was designed following 3D modelling of gold-bearing planar structures
- Drill program intended to derive an Inferred Resource with a focus of moving towards early cashflow via near-surface / high-grade operations
- Potential for a high margin operation focussing on the discrete quartz reefs that exist proximal to and sometimes within the main pipe
- Drilling contractor expected to mobilise within weeks
- Further updates regarding Halls Peak high-grade Zinc drilling program to be released shortly

Cadre Geology and Mining (**Cadre**) has designed a drilling program following 3D modelling of gold-bearing planar structures identified in drill hole data. The drill program is designed to test grade, width, lateral and vertical extents of known high-grade gold and predicted reef structures with the intention to derive an Inferred Resource with a focus of moving towards early cashflow. Previous high-grade intervals intersected by diamond drilling include in GHD009, Castor Reef, 2m @ 28.4 g/t Au from 506m and 2m @ 50.8 g/t Au from 514m (ASX Release 28th October 2013).

One of the principal targets to be tested is the White Deer Reef that has been projected from depth to surface. Drill collars have been located to test the continuity of the Reef along strike over a range of vertical depths. The previous intersection of the White Deer Reef in GHD011 was 2m @ 20.8 g/t Au from 624m including 1.2m @ 58.6 g/t (ASX Release 21st November 2013). When Cadre's modelling projected this reef up dip, it coincided at surface with existing historic workings, indicating good potential for high-grade resources near surface.



Figure 1, Diamond drill collar locations



Diamond Hole Id	Northing	Easting	Elevation M	Depth M	Dip	Azimuth	Target
MAGDDH001	6104880	583789	488	90	-60	270	White Deer
MAGDDH002	6104840	583787	478	30	-60	90	White Deer
MAGDDH003	6104800	583785	469	110	-60	90	White Deer
MAGDDH004	6104689	583519	382	500	-70	30	Reef Continuity
MAGDDH005	6104486	583671	369	150	-50	25	RAB target
MAGDDH006	6104679	583577	405	400	-50	50	White Deer Deeps
<b>Total Metres</b>				<b>1280</b>			

**Table 1: Diamond Drill Collars locations, parameters and objectives of proposed holes (D1 – D6, Figure 1)**

All drill collars are located on existing tracks to ensure a low impact environmental footprint. The Review of Environmental Effects (REE) has been completed and the Application to Conduct Exploration Activities (Form ESF4) has been prepared and will be lodged this week with the Division of Resources and Energy (DRE). The DRE has new Service of Delivery Standards that targets approval for drilling activity within the current month due to previous drilling activity in the area. Accordingly drilling tenders have been assessed and a drilling contractor confirmed it is also expected to mobilise in the coming weeks.

Diamond drill holes MAGDDH001 – MAGDDH003 are designed to test reef structures exposed at surface in historical workings. Initial mapping indicates these gold mineralised structures have strike lengths of over 250 metres. Drill holes will test the gold grade, width and vertical extent of these long gold-bearing structures.

This initial drill program is for 1,280 metres of diamond core but naturally if results are positive the program will be expanded to test structures along strike and down dip with the aim to build a JORC resource inventory.

In addition to the holes testing high-grade reef structures, a 250 metre vertical hole (D7, Figure 1) is planned for the Hobbs Pipe with the principal objectives:

- Test gold grades in a portion of Hobbs Pipe not previously sampled by diamond drilling
- Provide core for metallurgical test work to advance open cut mine scoping study

Cadre Geology and Mining was commissioned by the directors of Sovereign Gold Ltd (SOC), to review the data package for the Mt Adrah gold project located in the Lachlan Fold Belt, New South Wales, Australia. A total Mineral Resource of some 770koz exists within the monzodiorite hosted Hobbs Pipe intrusive body, at grades of around 1.1g/t Au (see side bar, page 1).

Where previous operators have concentrated on the large, low grade, capital intensive opportunity based around the Hobbs Pipe mineralisation, Cadre sees potential for a high margin operation focussing on the discrete quartz reefs that exist proximal to and sometimes within the main pipe. These reefs represent a free milling mineralisation type within the overall Hobbs mineralised system which translates to lower capital and operating costs with respect to ore processing.

Delineating high-grade ore sources near to surface that are amenable to conventional metallurgical processes could unlock a new avenue for gold production at Mt Adrah and could be used as a stepping stone to fund a large, high capital, low margin exploitation of the Hobbs Pipe should that option become feasible.

Sovereign Gold's ongoing R & D into defining diagnostic characteristics of Intrusion-Related Gold Systems (IRGS) is researching these Hobbs-Pipe juxtaposed gold-bearing mineralised reefs. The NSW Geological Survey has conducted fieldwork in area and has collected core samples from Castor Reef, White Deer Reef and Hobbs Pipe with the aim to age date the reefs and pipe to determine their relationship in time. They are also investigating their "geochemical fingerprints" to determine if the reefs are derived from magmatic or orogenic systems.



Managing Director Rocco Tassone stated, "The Board is excited by the fact Sovereign Gold will be diamond coring at Mt Adrah for extensions of high-grade reef structures within weeks. Proof of the existence of deep tapping, laterally extensive high-grade reefs will transform the project economics of the Mt Adrah Gold Project. The intention of the board is to undertake the work necessary to assess the early cash flow potential of the Mt Adrah project with a strong focus on shallow high-grade deposits.



Gold workings on this historically mined reef structure show it has a NW strike length of over 250 metres. Diamond drill holes will test gold grades and widths of this structure down dip and along strike.

#### **Qualifying Statements**

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

Mr Leu is a qualified geologist and is the Chief Geologist of Sovereign Gold Company Limited.

Mr Leu 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 Leu consents to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

**For further information please contact:**

**Rocco Tassone,  
Managing Director  
Sovereign Gold Company Limited**

**Telephone: +61 8 6500 6872**