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**ASX Release**  
5<sup>th</sup> August 2013

## **SUGEC IRGS Joint Venture Update**

### **Rocky River–Uralla mineralisation deepening and widening**

- Multiple dyke swarms mapped cut by north-east trending mineralised structures
- Fully funded 2,500m drilling program continues – mineralisation deepening and widening
- 1.55km Mineralised Structure – Hole ZK0001 completed (113.7m) under SGRDD036
  - Gold-bearing mineralisation and alteration over 21m from 77m – 98m including
    - 0.9 g/t Au over 2m from 79.5–81.5m
    - 1.1 g/t Au over 8m from 90.0–98.0m including
      - 3.95 g/t Au over 0.5m from 93.0–93.5m
- SGRDD036 intersected 2.72g/t Au over 5m from 7-12 metres downhole including
  - 7.8g/t Au over 1m and 12.35g/t Au over 0.5m
- ZK0003 intercepts mineralised zone from 101.0–106.7 meters deep, mineralisation continues
- High precision GPS (using Continuously Operating Reference Station – CORS signal) geological mapping at 1:2000 scale for detailed comparison with Donlin Creek analogue underway
- Fully funded by Joint Venture partner, SUGEC, funding \$2m exploration program on EL7491 to March 2014
- Testing large scale Intrusion-Related Gold Systems (IRGS)
- Deep drilling designed to assess full potential of 1.55km long identified gold-bearing structure
- The campaign is expected to be completed in the September quarter– regular updates will be provided to the market
- Dual drill rigs operating simultaneously

#### **Diamond Drilling EL 6483 and EL 7491**

EL 6483 is contiguous to EL 7491 – the large Intrusion-Related Gold System (IRGS) of the Rocky-River Uralla Goldfield extends across both ELs.

Following detailed geological mapping and geochemical and geophysical surveys a series of close-spaced northeast dominant mineralised structures and subsidiary semi-orthogonal structures that cut north-west trending felsic dykes have been discovered.

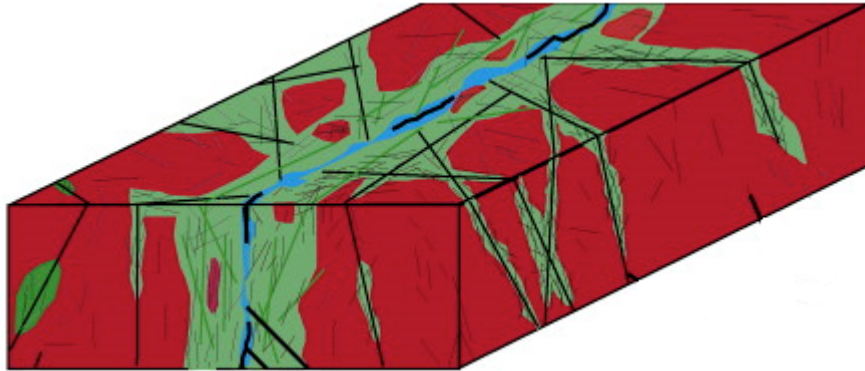
One of the mineralised shear zones has been traced for 1.55km and is the current focus of drilling.



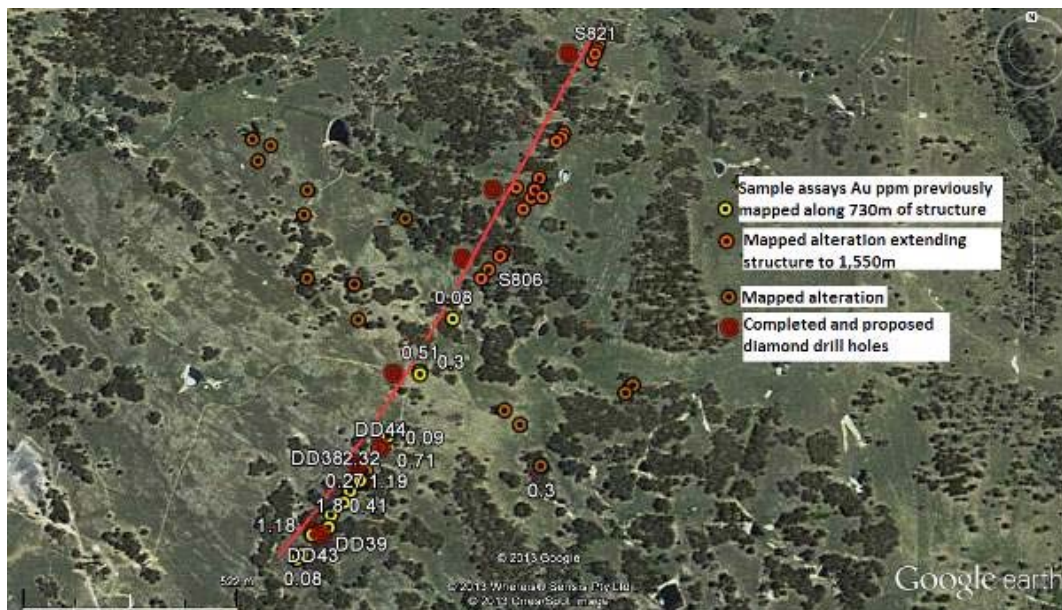
Martins Shaft-style mineralisation has been intersected in the felsic dykes.

Drilling has revealed brecciation and silica-sulphide flooding accompanied by tongues of mineralised felsic dykes in mineralised metasediments along the 1.55km long structure.

This extensive mineralised shear zone-fault system may represent a high level fracture fluid plumbing system developed above a potential IRGS Hobbs-style pipe.



**Conceptual Target.** 1.55km long northeast trending shear structure (main fault zone shown in blue) surrounded by altered fractured zone (green). The main fault structure is associated with and cut by oblique faults. Geochemical and rock chip mapping has located nearby (within 500m) parallel alteration structures with similar mineralisation. The structures are flooded with quartz-sulphides and 'tongues' of felsic dykes that may be derived from a small pipe-like pluton at depth. The current target being drilled and the parallel and oblique structures occur from surface and have potential for an open-cut gold resource.



### Northeast trending 1.55km long gold-bearing structure

Sovereign Gold previously drilled seven shallow holes along this structure. The holes have shown both high grade (up to 12.35g/t Au) and wide (12 metres downhole) gold mineralisation at shallow depths potentially suitable for open-cut.

Results included 2.72g/t Au over 5m from 7-12m downhole including 7.8g/t Au over 1m and 12.35g/t Au over 0.5m in diamond drill hole SGRDD036 and 1.07g/t Au over 12m from 3-15m downhole including 4.93g/t over 0.6m in SGRDD037. This gold mineralisation occurs within the same large felsic dyke system hosting Martins Shaft.



The SUGEC supplied drill rig completed diamond drill hole ZK0001 to a depth of 113.7m and is well underway with second hole ZK003 that has encountered mineralisation at 101m and is still in mineralisation at 106.7m, deepest point at time of reporting.

#### Diamond Drill Hole ZK0001 and ZK0003

Diamond Drill Hole ZK0001 was drilled under SGRDD036 and ZK0003 is being drilled under ZK0001.

ZK0001 established a significant increase of width with depth, as SGRDD036 was a shallow hole that intersected 2.72g/t Au over 5m from 7-12 metres downhole including 7.8g/t Au over 1m and 12.35g/t Au over 0.5m.

Diamond Drill Hole ZK0001 demonstrated gold-bearing mineralisation and alteration over 21m downhole from 77m – 98m that included 0.9g/t Au over 2m from 79.5m – 81.5m and 1.1g/t Au over 8m from 90m-98m including 3.95g/t Au over 0.5m from 93-93.5m

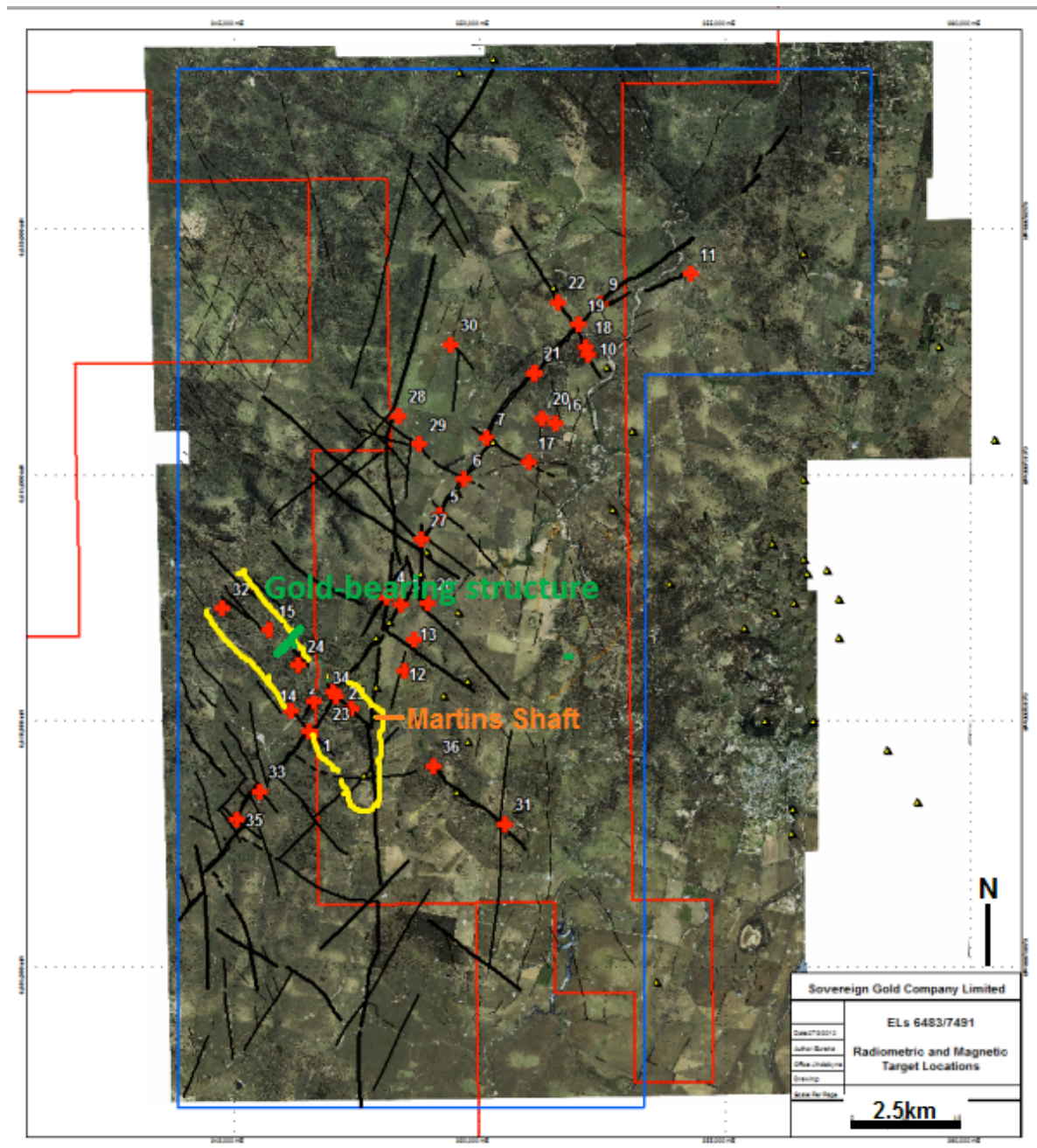
#### Assay Tables ZK0001

ZK0001, 113.7m E.O.H.				Au-AA25 Au
Sample No.	From (metres)	To (metres)	Interval	ppm
ZK-177A	77	77.5	0.5	0.36
ZK-177B	77.5	78	0.5	0.03
ZK-178	78	79	1	0.19
ZK-179A	79	79.5	0.5	0.24
ZK-179B	79.5	80	0.5	1.18
ZK-180	80	81	1	0.72
ZK-181A	81	81.5	0.5	0.97
ZK-181B	81.5	82	0.5	0.21
ZK-182	82	83	1	0.45
ZK-190	90	91	1	0.47
ZK-191A	91	91.5	0.5	2.06
ZK-191B	91.5	92	0.5	1.81
ZK-192	92	93	1	1.94
ZK-193A	93	93.5	0.5	1.56
ZK-193B	93.5	94	0.5	3.95
ZK-194	94	95	1	0.55
ZK-195	95	96	1	0.61
ZK-196	96	97	1	0.13
ZK-197	97	98	1	0.56

ZK0001, total depth 113.7 metres: Diamond Drill Hole ZK0001 demonstrated gold-bearing mineralisation and alteration over 21m downhole from 77m – 98m that included 0.9g/t Au over 2m from 79.5m – 81.5m and 1.1g/t Au over 8m from 90m-98m including 3.95g/t Au over 0.5m from 93-93.5m (ALS Certificate of Analysis BR13102581).

Exclusion of results which are below the likely economic cut off grade, does not detract from the understanding of this report.

Second hole ZK0003 has encountered mineralisation at 101m and is still in mineralisation at 106.7m.



Location of SUGEC drill target and the Martins Shaft Gold lode within the large NW trending dyke (yellow outline). The green line shows location of the 1.55km long gold-bearing structure currently being drilled. Also shown are the locations of 36 geophysical targets ( + ) over satellite image in EL 6483 and EL 7491. Major interpreted structures (potential gold-bearing fluid conduits) are indicated by black lines; historical gold mines/prospects are designated by yellow triangles ( ▲ ).



### Previous Drilling

Sovereign Gold has previously drilled seven shallow diamond holes along the 1.55km structure (SGRDD036, 037, 038, 039, 043, 044 and 045).

**SGRDD036:** encountered 2.72 g/t Au over 5m from 7-12 metres downhole including 7.8 g/t Au over 1m and 12.35 g/t Au over 0.5m.

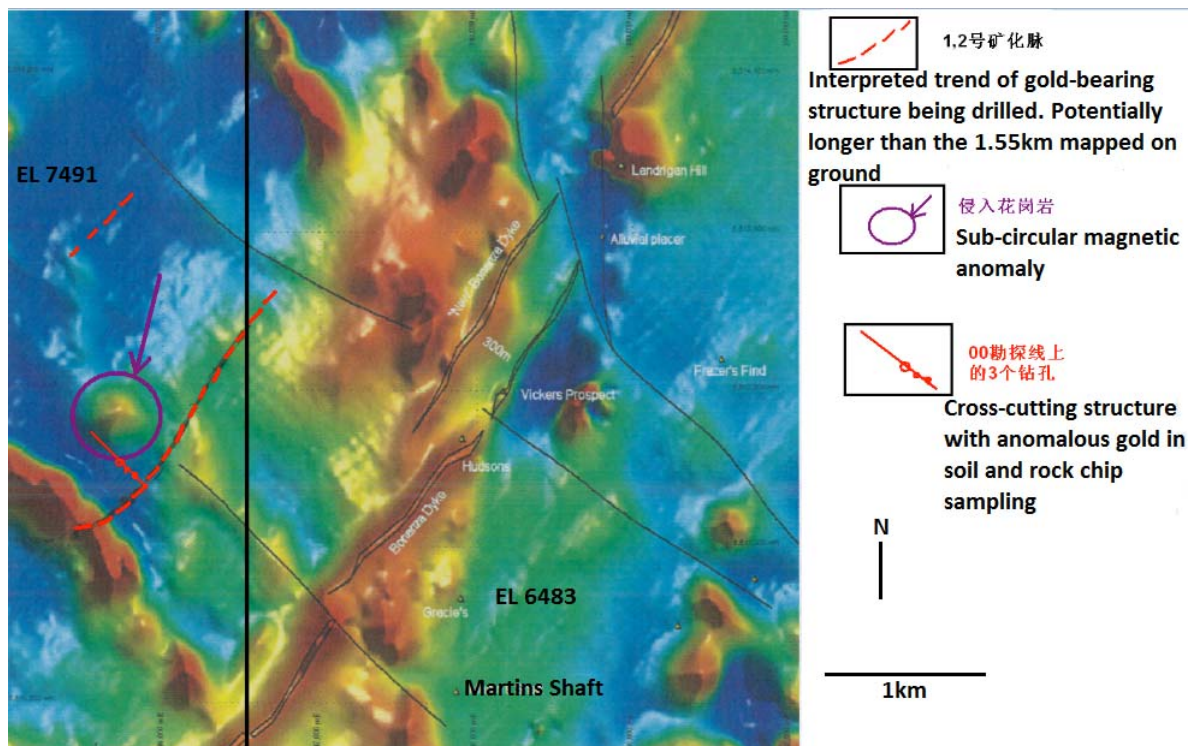
**SGRDD037:** encountered anomalous gold mineralisation. Multi-element analyses showed that this hole penetrated the outer alteration halo of the main gold mineralisation. It indicates that the bulk of the gold mineralised system is still potentially persevered.

**SGRDD038:** encountered 1.16 g/t over 3.0 metres from 39-42m downhole including 1.93 g/t over 1.0m. SGRDD038 was drilled under SGRDD037, established gold mineralisation widening at depth.

**SGRDD039:** encountered 1.07 g/t over 12 metres from 3-15m downhole including 4.93 g/t over 0.6m. Also 129.6 g/t Ag (silver) over 0.72m from 13.60-14.32 metres downhole including 453 g/t Ag (14.6 ounces) and 0.14% Sb (antimony) over 0.2m.

**SGRDD043:** encountered 1.02g/t over 6 metres downhole from 28-34 metres including 2.01g/t Au over 2.5m from 30.5-33metres, including 3.93g/t Au over 1m from 31-32 metres.

**SGRDD044 and SGRDD045:** encountered shallow anomalous gold over 15.1 metres and 8.2 metres from 6.9-22 metres and 7.9-16 metres respectively.



Reduction to Pole Magnetic image showing trace on gold-bearing structure being drilled and parallel structure (red dashed lines). A sub-circular magnetic high (enclosed by purple circle) may represent the hornfelsed carapace ('cooked' metasediments with disseminated sulphides) above a blind pipe-like pluton. SUGEC is currently designing geophysical surveys to locate such a target with the aim of deep drilling.



Core of ZK0001–Brecciated metasediments flooded with sulphide-bearing felsic intrusive and quartz veining from 78-79 metres (NQ Core 47.6 mm diameter).



Core of ZK0001–Metasediments with disseminated sulphides and fingers of sulphide-bearing felsic intrusive from 79-80 metres (NQ Core 47.6 mm diameter).



Core of ZK0001–Metasediments with disseminated sulphides and sheeted quartz-sulphide veins from 79-80 metres (NQ Core 47.6 mm diameter).



Core of ZK0003–Brecciated metasediments with quartz-sulphide flooding from 105-106 metres (NQ Core 47.6 mm diameter).



Core of ZK0003–Black Metasediments with sulphide-bearing fingers of grey felsic dykes from 106-107 metres (NQ Core 47.6 mm diameter).



Left ZK0001 – White, phyllic altered (quartz-sericite) felsic dyke in altered metasediments from 93.38-93.52 metres. This dyke exhibits total biotite destruction and sericite-sulphide alteration similar to the mineralisation at Martins Shaft - RHS SGRDD002 – 19-20m downhole.



ZK0001 – Quartz sulphide flooded brecciated metasediments from 90.50–90.73 meters (NQ Core 47.6 mm diameter).

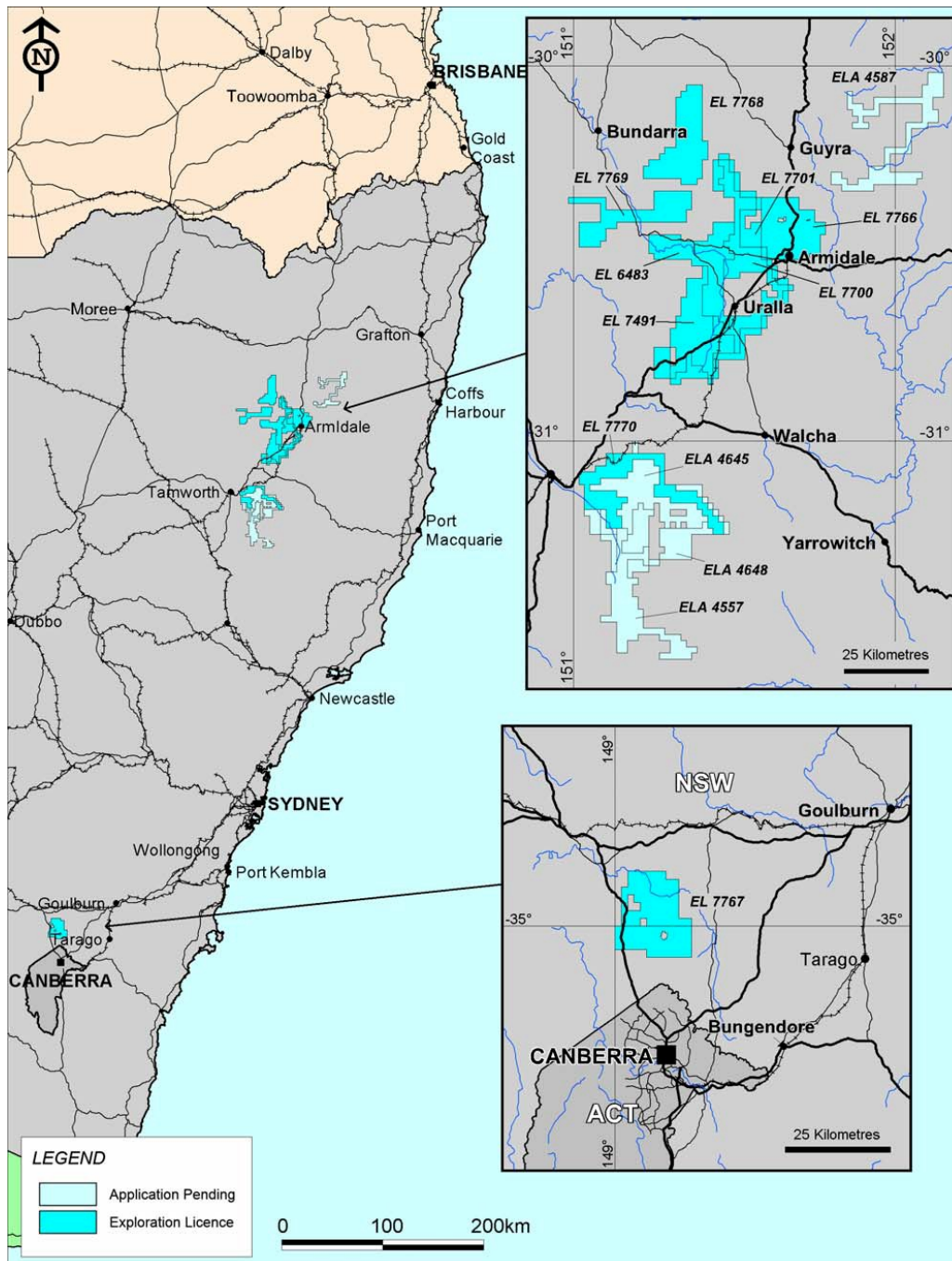
Closed spaced ground magnetic and IP surveys are planned to locate conceptual deep drilling, pipe-like target that may have generated the extensive fracture system flooded with sulphide mineralisation and stringers of felsic dykes.

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### Sovereign Gold Tenement Portfolio

#### 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 a director 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 2004 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.