

Sovereign Gold Co Ltd.: Crescent Lake Lithium Deposits Acquisition - Canada

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Sydney - [Sovereign Gold Company Ltd.](#) (ASX:SOC) (Sovereign or the Company) has secured an exclusive option to acquire 100% of 28 unpatented mining claims (317 Claim Units) (Sovereign Claims) within the Crescent Lake Lithium Prospects in Ontario, Canada.

Highlights:

- Option secured over 317 Claim Units encompassing 5,072 hectares (50.72 km²)
- Sovereign Gold claims extend northeast 11.5 kms from its contact with the north-western boundary of [Ardiden Ltd.](#)'s (ASX:ADV) Seymour Lake Lithium Project to Argonaut Resources Ltd's (ASX:ARE) Zigzag claims (Crescent Lake area) that contain lithium-bearing pegmatites
- The mineral claims contain four deposits that comprise hard rock, lithium-bearing pegmatites
- Further underexplored holdings with potential to discover additional lithium-bearing deposits
- The known outcrop of lithium-bearing pegmatites will be evaluated and assessed for potential open-cut mining
- Significant geological reports and adjacent claim drilling data will be analysed and then released to the market
- Local geological team expected to be engaged shortly and discussion underway with local drilling operators
- Cash at bank currently ~ \$2.5m

The Company is buoyed by the strong geological indicators of a potentially large scale Lithium deposit with all of the northeast area pegmatite occurrences interpreted to be similar in setting to the Seymour Lake Li-Be-Ta pegmatites. However, in contrast to Seymour Lake, these pegmatites are described as being typically strike-parallel with the regional foliation and showing steep dip components of up to 90 degrees. Some steeply dipping pegmatites in the Seymour Lake area have been interpreted as dikes that join the multiple, shallowly dipping, sill-like pegmatites drilled (by other explorers) at that location to date. If similar conditions are present in the northeast area, the steeply dipping pegmatite dikes identified there could be indicative of undiscovered, shallowly dipping, stacked pegmatite similar to those at Seymour Lake (Report Mercator Geological Services for Stockport Exploration).

The options area contains potential north-east extensions of the lithium-bearing pegmatites in the [Ardiden Ltd.](#)'s (ASX:ADV) Seymour Lake ground. The Seymour Lake lithium-bearing pegmatite deposits are not yet fully delineated by drilling and opportunity exists to define extensions to the currently defined Li₂O bearing pegmatites that comprise the deposit. Good potential also exists for discovery of new lithium-bearing pegmatites on the five claims that are currently held under option by Ardiden. Deposit extension drilling is warranted at this location and the exploration potential for new pegmatites will be followed up through further field assessments leading to possible drill testing by local operators ASAP.

Potential Strike Extension

Ardiden reports its claims host spodumene (lithium aluminium inosilicate, LiAl(SiO₃)₂) -bearing pegmatite structures with widths up to 26.13m and grades of up to 2.386% Li₂O (ADV website). Drilling by Ardiden (ASX ADV Announcement 18 April 2016) reported highlights of "8m at 1.7% Li₂O from 23.4m down-hole, including 4m at 2.4% Li₂O and 1m at 3% Li₂O". Potential exists for these lithium-bearing pegmatite structures to continue into the adjoining Sovereign Claims.

Argonaut reports its Zigzag claims host lithium-bearing pegmatites including the Tebishogeshik occurrence that have been intercepted by drilling over a strike length of 670 metres. Drilling highlights include 6.1m at 1.08% Li₂O (ASX ARE Announcement 11 March 2016).

Significantly, Argonaut's lithium-bearing pegmatites are potentially a northeast continuation of the four

lithium-bearing pegmatites located (Figure 1) in the Sovereign Claims. These four lithium-bearing deposits discovered to date in the Sovereign Claims are spodumene-bearing pegmatites named: Chappais Lake, Dempster L61, Dempster L40 and Dempster L28. These northeast pegmatites are underexplored and are similar to the Seymour Lake deposit. They are located along a highly prospective trend of volcano-sedimentary host rocks that parallels an adjacent intrusive contact. A favourable pegmatite target trend is interpreted to extend along the full northeast extent of the Sovereign Claims.

This prospective lithium-bearing pegmatite trend does not appear to have yet been thoroughly explored. Based on review of available property exploration reporting, it is reasonable to assume that geological mapping and prospecting programs carried out along this trend, augmented by soil geochemistry and interpretation of airborne geophysical survey data, may result in discovery of new pegmatites.

Location and Infrastructure

The Sovereign Claims are located 235 km NE of Thunder Bay, north of Lake Superior in Ontario, Canada.

The project consists of 28 claims excluding the KM61 Mo-Cu-Ag deposit. These areas are accessible by road from Thunder Bay via Armstrong Station 42km from the Sovereign Claims. The rail line is class-one and interconnects with the US.

The Jackfish forestry road system provides access to the property and the port of Thunder Bay is a major facility that transports grain, coal, liquids and general cargo via the Great Lakes to the Atlantic Ocean.

Option Agreement to Acquire the Sovereign Claims

Sovereign entered into an option agreement with Canadian [Stockport Exploration Inc.](#) (Stockport) on 17 June 2016 (Option). The Option period is 150 days from the date of execution of the option agreement.

The principal terms of the Option are:

1. Stockport grants Sovereign an exclusive option to conduct a due diligence study on the Sovereign Claims.
2. In consideration of the Option, Sovereign must pay (subject to Sovereign electing to proceed):
 - C\$100,000 upon execution of the Option Agreement (Paid)
 - C\$75,000 within 75 days of execution of the Option Agreement
 - C\$75,000 within 150 days of execution of the Option Agreement
 - Issue of approximately 43,500,000 shares in the Company, representing C\$250,000
3. Upon exercise of the Option, Sovereign must pay Stockport:
 - C\$400,000 in eight quarterly instalments
 - C\$500,000 in cash or shares at Stockport's election
4. Any shares issued to Stockport will be issued at \$0.006, being the 20 day VWAP prior to execution of the Option Agreement.
5. Claims are subject to a 2% net smelter returns royalty.

The Company has issued 12,333,333 shares as an Advisory Fee. The shares were issued in consideration of A\$74,000 (12,333,333 shares at \$0.006, being the 20 day VWAP prior to execution of the Option Agreement).

An additional 8,333,333 shares will be issued upon signing the definitive agreement at the conclusion of the due diligence period.

The transaction may be subject to ASX approval. Shares will be issued from the Company's capacity under LR 7.1 and/or LR 7.1A or through the approval of shareholders.

To view tables and figures, please visit:
<http://abnnewswire.net/lnk/IU6B8FKY>

About Sovereign Gold Company Limited:

Sovereign Gold Co Ltd (ASX:SOC) is an Australian-based specialist gold exploration company. Sovereign Gold has a portfolio of quality tenements located in Eastern Australia where there is known potential for the occurrence of Intrusion-Related Gold Systems (IRGS). Sovereign Gold has a highly prospective tenement package covering the Rocky River-Uralla Goldfield, 21km southwest of Armidale, NSW, Australia. Sovereign owns the recent Mt Adrah Hobbs IRGS discovery south-east of Wagga Wagga, NSW.

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