

# **New discovery by SolGold - High grade copper and gold sampling results returned from the Machos -Florida -Santa Cruz- La Hueca Project, Southern Ecuador**

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Bishopsgate, London (FSCwire) - The Board of SolGold (TIDM: SOLG) is pleased to provide an update on its 100% owned Machos - Florida Santa Cruz- La Hueca Project ("the Project") in Southern Ecuador.

HIGHLIGHTS:

- Rock chip samples collected from the Project have returned high grade copper and gold mineralisation from extensive outcropping porphyry copper gold mineralisation over a broad 5km x 1km zone over an extensive area. Best results to date include:
  - o 13.82% Cu in sample R02000263
  - o 8.37% Cu in sample R02000310
  - o 4.08% Cu in sample R02000259
  - o 2.50% Cu in sample R02000307
  - o 1.80% Cu in sample R02000305
- o See Photographs herein.
  - 25km long porphyry trend identified.
  - Jurassic in age similar to Fruta del Norte, Mirador and the giant La Alumbra mine in Argentina (Glencore).
  - Samples were taken from an extensive zone of complex multiphase copper sulphide and magnetite mineralised quartz veining and hydrothermal alteration extending over an unclosed 5km long zone.
  - Stream sediment and panned concentrate sampling results have highlighted additional areas of strongly anomalous copper and gold mineralisation outside of the mineralised quartz vein zone, to be followed up with detailed prospecting and mapping.

References to figures and tables relate to the version of this release on the Company's website ([www.solgold.com.au](http://www.solgold.com.au)) in PDF format by clicking the link below:

[http://www.rns-pdf.londonstockexchange.com/rns/0751V\\_-2017-10-31.pdf](http://www.rns-pdf.londonstockexchange.com/rns/0751V_-2017-10-31.pdf)

Further Information:

SolGold is continuing to pursue its strategy to become a tier one copper company through the aggressive exploration of the Company's extensive tenement portfolio in Ecuador.

The Machos - La Hueca Project is located on the gold-rich northern section of the prolific Andean Copper belt which is one of the world's major copper producing regions. SolGold holds a 100% interest in the Project through its wholly owned Ecuadorean subsidiary company, Cruz del Sol S.A.

CEO Nick Mather commented:

*"Following the discovery of the Alpala copper gold porphyry in Northern Ecuador and the rapid progression by SolGold in the definition of the size, grade and extent of the exciting Alpala system, SolGold has developed a unique system and blueprint for the discovery of world class copper gold porphyry systems in Ecuador. This efficient blueprint, SolGold's status as the most active tenement holder in Ecuador, the highly endowed nature of the geological terrain and the recent recognition of SolGold's exploration achievements positions SolGold as the best entry to copper-gold growth globally for investors. I am confident that this discovery will further differentiate SolGold from its competitors in Ecuador over the coming year."*

*SolGold secured the first mover advantage in Ecuador three and a half years ago in 2014. Following the Cascabel discovery, the Company recognised the opportunity to secure and explore a geological terrain with the same broad geology and potential for similar copper endowment (plus gold benefits) along the Andean spine of Ecuador from the Peruvian to the Colombian borders.*

*The greater La Hueca zone is huge, covering a strike length of 25km of rocks of the same age as the giant and rich Alumbrera mine in Argentina across a corridor width of approximately 2km. The prevalence of rich gold with abundant magnetite, chalcopyrite, bornite and molybdenite assemblages suggests this system is rich, large and oxidised. A happy recipe, and its 100% owned by SolGold. We look forward to rapidly advancing this large and rich system."*

Approximately 14 of 22 copper gold porphyry targets have been secured. To date SolGold has identified outcropping copper gold porphyry systems on five (5) of these targets:

1. La Hueca Machos Florida Santa Cruz (as detailed in this announcement);
2. Machos;
3. Porvenir;
4. Timbarra; and
5. Sharug.

Several others also show surface mineralisation including San Antonio and Agustin.

#### Exploration Activities & Results

SolGold has had field teams on the ground conducting reconnaissance sampling, mapping and prospecting at the La Hueca Project for several months. The summary table below details the total number of samples collected at the La Hueca Project to date. A strike length of 25km of prospective copper gold porphyry targets has been developed on the basis of outcropping mineralisation, strong stream sediment anomalism for copper and gold, and strong panned gold and magnetite concentrate results.

By comparison, the Alpala system was evident in a 50m channel in Alpala creek only, and the total tenement size at the La Hueca, Florida, Santa Cruz and Machos tenements is approximately three times the size of Cascabel.

#### Summary Sample Table

PROJECT TYPE		# SAMPLES
Machos	Rock chips	185
Machos	Stream Sediment	79
La Hueca	Rock chips	288
La Hueca	Stream Sediment	101
Total		653

Results from initial stream sediment and pan concentrate sampling in the La Hueca tenement area have

identified several areas of interest known as the El Cerro Florida Naquipa and Eduardo prospects from north to south. Streams over a 6km x 4km zone draining the area of interest were ubiquitously rich in gold and magnetite indicating the prevalence of the copper gold mineralised porphyries in the area. The first stream anomaly followed up was recognised as exhibiting significant potassic and propylitic alteration and mineralisation indicative of the presence of a large porphyry system. Detailed mapping and rock chip sampling was carried out to determine the extent of the alteration system. The results are detailed in Table 1 outlined below.

A northeast - southwest striking quartz stockwork was identified and mapped over a 5km length that remains open along strike northwest and southeast, and lies within an altered corridor several kilometres wide comprising mostly diorite host rocks. The most significant zone mapped so far within this diorite hosted quartz stockwork corridor displays very strong alteration and mineralisation over an area 700m long by 450m wide, characterised by with a multidirectional quartz vein network containing diagnostic copper gold porphyry minerals including notably chalcopyrite, bornite, molybdenite and magnetite associated with chlorite, sericite and epidote alteration. This zone has returned the highest grade copper and gold results.

Strong molybdenum mineralisation evident as molybdenite is ubiquitous in the La Hueca system and SolGold's technical advisors have opined that this indicates a substantial porphyry system sourcing mineralisation from a deep seated and strongly metal endowed batholith. SolGold believes that this is a favourable indicator for the ultimate size and grade of the system being explored at La Hueca.

Detailed mapping and sampling of the stockwork corridor continues with several new areas of strong alteration and mineralisation recently reported by the field teams to the northeast, southwest and west. In addition, several large geochemical stream anomalies outside of the stockwork corridor have been identified at the La Hueca Project that are yet to be investigated by SolGold's field teams.

SolGold will continue to provide updates on its regional exploration program and the results of its continuing field activities.

Qualified Person:

Information in this report relating to the exploration results is based on data reviewed by Mr Nicholas Mather (B.Sc. Hons Geol.), the Chief Executive Officer of the Company. Mr Mather is a Fellow of the Australasian Institute of Mining and Metallurgy who has in excess of 25 years' experience in mineral exploration and is a Qualified Person. Mr Mather consents to the inclusion of the information in the form and context in which it appears.

By order of the Board

Karl Schlobohm

Company Secretary

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

## CONTACTS

Mr Nicholas Tel: +61 (0) 7 3303 0665

[SolGold plc](#) (Executive Director) +61 (0) 417 880 448

[nmather@solgold.com.au](mailto:nmather@solgold.com.au)

Mr Karl SchlobohmTel:

+61 (0) 7 3303 0661

[SolGold plc](#) (Company Secretary)

[kschlobohm@solgold.com.au](mailto:kschlobohm@solgold.com.au)

Mr Ewan Leggat / Mr Richard MorrisonTel:

+44 (0) 20 3470 0470

SP Angel Corporate Finance LLP (Broker)

[ewan.leggat@spangel.co.uk](mailto:ewan.leggat@spangel.co.uk)

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## NOTES TO EDITORS

SolGold is a Brisbane, Australia based, dual LSE and TSX â–listed (SOLG on both exchanges) copper gold exploration and future development company with assets in Ecuador, Solomon Islands and Australia. SolGold's primary objective is to discover and define world â–class copper â–gold deposits. The Board and Management Team have substantial vested interests in the success of the Company as shareholders as well as strong track records in the areas of exploration, mine appraisal and development, investment, finance and law. SolGold's experience is augmented by state of the art geophysical and modelling techniques and the guidance of porphyry copper and gold expert Dr Steve Garwin.

In October 2017, at the Mines and Money Americas Conference in Toronto, SolGold's Nicholas Mather won the award for the CEO of the Year - Latin America. SolGold won the Exploration Award for Latin America, and Ecuador won the Country Award for Latin America.

The Company announced USD54m in capital raisings in September 2016 involving Maxit Capital LP, Newcrest International Ltd and DGR Global Ltd, and a USD41.2m raising in June of 2017 largely from Newcrest International with USD1.2m raised from Ecuadorean investors. All of these raisings were undertaken at substantial premiums to previous raisings, and SolGold currently has circa USD60m in available cash to continue the exploration and development of its flagship Cascabel Project.

Mr Craig Jones joined the SolGold Board on 3 March 2017, nominated to the Board of SolGold by Newcrest Mining, now a 14.54% shareholder in SolGold. Mr Jones is a Mechanical Engineer and is currently the Executive General Manager Wafi-Golpu (Newcrest-Harmony MMJV). He has held various senior management and executive roles within the Newcrest Group, including General Manager Projects, General Manager Cadia Valley Operations, Executive General Manager Projects and Asset Management, Executive General Manager Australian and Indonesian Operations, Executive General Manager Australian Operations and Projects, and Executive General Manager Cadia and Morobe Mining Joint Venture. Prior to joining Newcrest, Mr Jones worked for Rio Tinto.

Cascabel, SolGold's 85% owned "World Class" (Refer [www.solgold.com.au/cautionary-notice/](http://www.solgold.com.au/cautionary-notice/)) flagship copper â–gold porphyry project, is located in northern Ecuador on the under â–explored northern section of the richly endowed Andean Copper Belt. SolGold owns 85% of Exploraciones Novomining S.A. ("ENSA") and approximately 5% of TSX â–V â–listed Cornerstone Capital Resources ("Cornerstone"), which holds the remaining 15% of ENSA, the Ecuadorian registered company which holds 100% of the Cascabel concession. Subject to the terms of existing agreements, Cornerstone is debt financed by SolGold for its share of costs to completion of a Feasibility Study ("Financing Option").

In terms of repayment, SolGold shall receive 90% of Cornerstone's share of earnings or dividends from

ENSA or the Tenement to which Cornerstone would otherwise be entitled until such time as the amounts so received equal the aggregate amount of expenditures incurred by SolGold that, but for the Financing Option, would have been payable by Cornerstone, plus interest thereon from the dates such expenditures were incurred at a rate per annum equal to LIBOR plus 2 per cent until such time as SolGold is fully reimbursed.

The investments by Newcrest for 14.54% of SolGold endorses Ecuador as an exploration and mining destination, the management team at SolGold, the dimension, size and scale of the growing Alpala deposit, and the prospectivity of Cascabel and its multiple targets. The gold endowment, location, infrastructure, logistics are important competitive advantages offered by the project.

To date SolGold has completed geological mapping, soil sampling, rock saw channel sampling, geochemical and spectral alteration mapping over 25km<sup>2</sup>, along with an additional 9km<sup>2</sup> of Induced Polarisation and 14km<sup>2</sup> Magnetotelluric "Orion" surveys over the Alpala cluster and Aguinaga targets.

SolGold has completed over 53,500m of drilling and expended over USD50M on the program, which includes corporate costs and investments into Cornerstone. This has been accomplished with a workforce of up to 260 Ecuadorean workers and geoscientists, and 6 expatriate Australian geoscientists. The results of 39 holes drilled (including re-drilled holes) and assayed to date have produced some of the greatest drill hole intercepts in porphyry copper-gold exploration history, as indicated by Hole 12 (CSD-16-012) returning 1560m grading 0.59% copper and 0.54 g/t gold including, 1044m grading 0.74% copper and 0.54 g/t gold.

The average grade of all metres drilled to date on the project currently stands at 0.31% copper and 0.26 g/t gold. Intensive diamond drilling is planned for the next 12 months with 12 drill rigs expected to be operational by early 2018, targeting 126,000m of drilling in 2018.

Cascabel is characterised by fifteen (15) identified targets, "World Class" drilling intersections over 1km in length at potentially economic grades, and high copper and gold grades in richer sections, as well as logistic advantages in location, elevation, water supply, proximity to roads, port and power services; and a progressive legislative approach to resource development in Ecuador.

To date, SolGold has drill tested 4 of the 15 targets, being Alpala Northwest, Alpala Central, Hematite Hill, and Alpala Southeast. Currently drill testing of Alpala Northwest, Alpala Central and Alpala Southeast targets is underway, with drill testing of the other priority targets to be considered following the publication of the Company's maiden resource estimate for Alpala, and the finalisation of further IP surveying and modelling work currently underway.

The Alpala deposit is open in multiple directions and the mineralised corridor marked for drill testing of the greater Alpala cluster occurs over a 2.2km strike length from Trivinio in the northwest to Cristal in the southeast. The mineralised corridor is known to be prospective over approximately 700m width.

High priority targets within the Alpala cluster, at Moran approximately 700m to the north, and at Aguinaga approximately 2.3km north east, are closely modelled by 3D MVI magnetic signatures that currently encompass over 10Bt of magnetic rock. Based on a strong spatial and genetic relationship between copper sulphides and magnetite, this body of magnetic rock is considered to be highly prospective for significant copper and gold mineralisation, and requires drill testing.

SolGold is focussing on extending the dimensions of the Alpala deposit including Alpala Northwest, Hematite Hill, Alpala South East, Cristal, Trivinio, Alpala West, Alpala East, Carmen, Parambas and Alpala South before completing a Maiden Resource Estimate and then drill testing the other key targets within the Cascabel concession at Aguinaga, Tandayama-America, Moran, and Chinambicito.

The Company is currently planning further metallurgical testing and completion of an independent Pre-Feasibility Study at Cascabel. SolGold is investigating both high tonnage open cut and underground block caving operations, as well as a high grade / low tonnage initial underground development towards the economic development of the copper gold deposit/s at Cascabel.

Drill hole intercepts have been updated to reflect current commodity prices, using a data aggregation

method, defined by copper equivalent cut-off grades and reported with up to 10m internal dilution, excluding bridging to a single sample. Copper equivalent grades are calculated using a gold conversion factor of 0.63, determined using an updated copper price of USD3.00/pound and an updated gold price of USD1300/ounce. True widths of down hole intersections are estimated to be approximately 25-50%.

Following a comprehensive review of the geology and prospectivity of Ecuador, SolGold and its subsidiaries have also applied for additional exploration licences in Ecuador over a number of promising porphyry copper gold targets throughout the Country. To date 59 such concessions have been granted and announced. SolGold is negotiating external funding options which will provide the Company with the ability to have some of these projects fully funded by a third party while focussing on Cascabel.

In Queensland, Australia the Company is evaluating the future exploration plans for the Mt Perry, Rannes and Normanby projects, with drill testing of the Normanby project planned for the coming quarter. Joint venture agreements are being investigated for a joint venture partner to commit funds and carry out exploration to earn an interest in the tenements.

SolGold retains interests in its original theatre of operations, Solomon Islands in the South West Pacific, where the 100% owned, but as yet undrilled, Kuma prospect on the island of Guadalcanal exhibits surface lithocap characteristics which are traditionally indicative of a large metal rich copper gold intrusive porphyry system. SolGold intends in the future to apply intellectual property and experience developed in Ecuador to target additional "World Class" copper gold porphyries at Kuma and other targets in Ecuador and the Solomon Islands.

SolGold is based in Brisbane, Queensland, Australia. The Company is listed on the LSE and TSX, with both exchanges using the ticker code: SOLG, and currently has on issue a total of 1,516,245,686 fully-paid ordinary shares, 31,795,884 share options exercisable at 28p; 9,795,884 share options exercisable at 14p and 46,762,000 share options exercisable at 60p.

## CAUTIONARY NOTICE

News releases, presentations and public commentary made by [SolGold plc](#) (the "Company") and its Officers may contain certain statements and expressions of belief, expectation or opinion which are forward looking statements, and which relate, inter alia, to interpretations of exploration results to date and the Company's proposed strategy, plans and objectives or to the expectations or intentions of the Company's Directors. Such forward-looking and interpretative statements involve known and unknown risks, uncertainties and other important factors beyond the control of the Company that could cause the actual performance or achievements of the Company to be materially different from such interpretations and forward-looking statements. Accordingly, the reader should not rely on any interpretations or forward-looking statements; and save as required by the exchange rules of the TSX and LSE or by applicable laws, the Company does not accept any obligation to disseminate any updates or revisions to such interpretations or forward-looking statements. The Company may reinterpret results to date as the status of its assets and projects changes with time expenditure, metals prices and other affecting circumstances.

The Company and its officers do not endorse, or reject or otherwise comment on the conclusions, interpretations or views expressed in press articles or third-party analysis, and where possible aims to circulate all available material on its website.

The Company recognises that the term "World Class" is subjective and for the purpose of the Company's projects the Company considers the drilling results at the growing Alpala Porphyry Copper Gold Deposit at its Cascabel Project to represent intersections of a "World Class" deposit on the basis of comparisons with other drilling intersections from "World Class" deposits tabulated in Table 1, some of which have become, or are becoming, producing mines and on the basis of available independent opinions which may be referenced to define the term "World Class" (or "Tier 1").

The Company considers that "World Class" deposits are rare, very large, long life, low cost, and are responsible for approximately half of total global metals production. "World Class" deposits are generally accepted as deposits of a size and quality that create multiple expansion opportunities, and have or are likely to demonstrate robust economics that ensure development irrespective of position within the global commodity cycles, or whether or not the deposit has been fully drilled out, or a feasibility study completed.

Standards drawn from industry experts (1Singer and Menzie, 2010; 2Schodde, 2006; 3Schodde and Hronsky, 2006; 4Singer, 1995; 5Laznicka, 2010) have characterised "World Class" deposits at prevailing commodity prices. The relevant criteria for "World Class" deposits, adjusted to current long run commodity prices, are considered to be those holding or likely to hold more than 5 million tonnes of copper and/or more than 6 million ounces of gold with a modelled net present value of greater than USD 1 Billion.

The Company cautions that the Cascabel Project remains an early exploration stage project at this time. Despite the relatively high copper and gold grades over long intersections and broad areas, and widespread surface mineralization discovered at the Cascabel Project to date, much of which has still not yet been drill tested, the Company has yet to prepare an initial mineral resource estimate at the Cascabel Project and any development or mining potential for the project remains speculative. There is inherent uncertainty relating to any project at an exploration stage, prior to the determination of a mineral resource estimate, preliminary economic assessment, pre-feasibility study and/or feasibility study. There is no certainty that future results will yield the results seen to date or that the project will continue to be considered to contain a "World Class" deposit. Accordingly, past exploration results may not be predictive of future exploration results.

From the drilling results at the growing Alpala Porphyry Copper Gold Deposit (only) within the Cascabel Project, the Company considers the deposit to have significant resource potential and the data gathered has provided the basis for the estimation of an exploration target over the area drilled to date. Initial 3D modelling and grade shell interpolants have outlined an approximate exploration target at Alpala that ranges from 729Mt at 1.06% copper equivalent, using a cut-off grade of 0.4% copper equivalent, to 969Mt at 0.92% copper equivalent, using a cut-off grade of 0.3% copper equivalent. These estimates equate to an endowment of between 7.7-8.9Mt of contained copper equivalent (Figure A).

Copper equivalent grades used are calculated using a gold conversion factor of 0.63, determined using a copper price of USD 3.00/pound and a gold price of USD 1300/ounce. Drill hole intercepts are calculated using a data aggregation method, defined by copper equivalent cut-off grades and reported with up to 10m internal dilution, excluding bridging to a single sample. True widths of down hole intersections are estimated to be approximately 25-50%.

The Company cautions that the potential quantity and grade ranges (exploration target) disclosed above for the Alpala Porphyry Copper Gold Deposit within the Cascabel Project is conceptual in nature, and there has been insufficient exploration to define a mineral resource, and the Company is uncertain if further exploration will result in the exploration target being delineated within a mineral resource estimate.

On this basis, the reference to the Cascabel Project as "World Class" (or "Tier 1") is considered to be appropriate. Examples of global copper and gold discoveries since 2006 that are generally considered to be "World Class" are summarised in Table 2.

References cited in the text:

1. Singer, D.A. and Menzie, W.D., 2010. *Quantitative Mineral Resource Assessments: An Integrated Approach*. Oxford University Press Inc.
2. Schodde, R., 2006. *What do we mean by a world class deposit? And why are they special*. Presentation. AMEC Conference, Perth.
3. Schodde, R and Hronsky, J.M.A, 2006. *The Role of World-Class Mines in Wealth Creation*. Special Publications of the Society of Economic Geologists Volume 12.
4. Singer, D.A., 1995, *World-class base and precious metal deposits-a quantitative analysis*: Economic Geology, v. 90, no.1, p. 88-104.
5. Laznicka, P., 2010. *Giant Metallic Deposits: Future Sources of Industrial Metal, Second Edition*. Springer-Verlag Heidelberg.



Table 1: Globally significant drilling results for copper and gold deposits. This table has been reviewed by Mr James Gilbertson of SRK Exploration Services Ltd., the Company's independent consultant and "Qualified Person", and does not purport to be exhaustive.

Figure A: Exploration target over the area drilled to date. Initial 3D modelling and grade shell interpolants have outlined an approximate exploration target at Alpala that ranges from 729Mt at 1.06% copper equivalent, using a cut-off grade of 0.4% copper equivalent, to 969Mt at 0.92% copper equivalent, using a cut-off grade of 0.3% copper equivalent. These estimates equate to an endowment of between 7.7-8.9Mt of contained copper equivalent. Low-tonnage, very high-grade Exploration Targets also exist at elevated cut-off grades of 0.7% and 1.0% copper equivalent (Lower Insets).

Table 2: Tier 1 global copper and gold discoveries since 2006. This table does not purport to be exhaustive exclusive or definitive.

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