



SOVEREIGN GOLD COMPANY LIMITED

Sovereign Gold Company Limited
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Latest News

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 27th December 2013 and is available to view on 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
20 May 2016

Lithium Option Agreement – Nevada

- Clayton Valley project area covers approximately 3,000 acres and currently comprises two Lithium Target Horizons contained within beds and brines
- Located within 10 kilometres and contains the same geological formation as the largest Lithium Producer in the USA, producing since 1967, Albemarle Corp (NYSE: ALB) Market Cap US\$8.55bn
- 400 kilometres (3.5 hour drive) from the Tesla Mega-Factory (world's largest Lithium based battery manufacturer). Tesla has publicly stated that they wish to source as many raw materials as possible from North America to build a viable domestic supply chain and minimise transportation costs
- New modular technologies for processing will dramatically reduce footprint and the need for evaporation ponds also close to infrastructure (power, water, transport and labour)
- Other Clayton Valley land holders include Lithium X (TSX-V:LIX) Market Cap US\$80M and Pure Energy Minerals (TSX-V:PE) Market Cap US\$25M
- Mt Adrah Gold Project and Halls Peak remains a strong focus for the company. Mt Adrah technical report expected this quarter
- Rights Issue closes 5:00 pm Sydney time **TODAY**

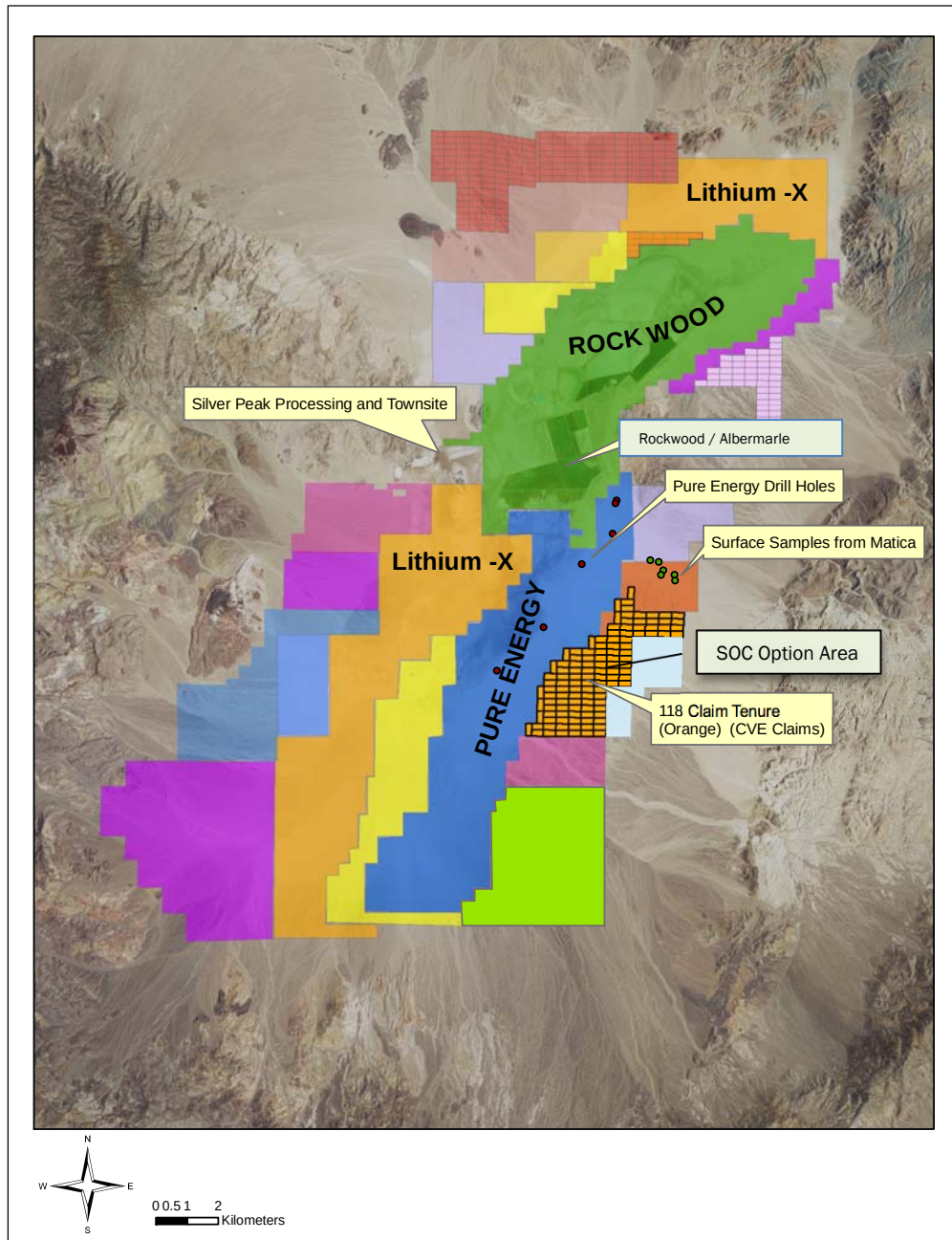
Sovereign Gold Company Ltd (**Sovereign Gold or the Company**) (**ASX Code: SOC**) advises it has entered into an option agreement with Nevliith Pty Ltd to acquire 100% of the highly prospective 118 Clayton Valley Lithium claims in Nevada, USA (**Clayton Valley Option**).

As reported on 12 May 2016, the Company was seeking Lithium opportunities and projects near well-known lithium discoveries and production operations which the Clayton Valley Option satisfies. The American Institute of Mining estimates the Lithium resources of the Clayton Valley to be 750,000,000 kilograms and this project is located near to the world's largest Lithium producers Albemarle Corp's Silver Peak Operations, which has been in operation since 1967.

118 Clayton Valley Lithium Claims Project

The Clayton Valley Option project area covers approximately 3,000 acres and is located in the same geological formation as Albemarle's mining operation (**see map below**). The Company's claims are managed under the Bureau of Land Management administration and require annual ongoing fees estimated around US\$25,000.

Map: 118 Claim Tenures (Orange – CVE Claims)



To minimise footprint and to negate the need for evaporation ponds a recent mobile and modular technology has been sourced which will give the ability to produce without the need for expansive evaporation ponds. The modular nature of the system will also allow for scalability from proof of concept test modules to full production over time. Technology partners will be contacted during the Due Diligence period, along with a US based land Manager and Field operations company capable of assisting with fieldwork, logistics and US protocols on the claims being acquired under the option agreement.

In regards to infrastructure, sources of power and water are available less than 10km from the claims with labour and supplies available at Tonopah, Las Vegas or Reno, which are local and regional mining and supply centers.



Acquisition Terms

The Company has entered into a binding option agreement to acquire 100% of the issued capital of Nevliith Pty Ltd. A non-refundable option fee of \$5,000 has been paid and the option may be exercised at any time from the date of execution up to and including 30 May 2016 (**Option Period**).

The consideration for the acquisition of the Project is:

- the allotment and issue of 25 million fully paid ordinary shares in the Company. (**Consideration Shares**) at completion of the acquisition;
- the allotment and issue of 25 million options at an exercise price \$0.006 on or before the date that is three years from their date of allotment and issue (**Consideration Options**) at completion of the acquisition;
- a payment in cash of US\$100,000 at completion of the acquisition (**Cash Consideration**); and;
- the allotment and issue of a further 25 million fully paid ordinary shares (**Deferred Consideration Shares**) upon confirmation of a JORC-complaint inferred lithium carbonate resource of at least 300,000 tonnes from the ground comprising the claims.

The securities will be issued following shareholder approval or through any share placement facility available to the Company under Listing Rules 7.1 and 7.1A (if approved at the forthcoming AGM).

Further Opportunities and Existing Assets

Sovereign Gold will continue to assess domestic and international gold and lithium opportunities with a focus of acquiring projects near known well documented Gold and Lithium discoveries and production areas.

The Board will provide an update to the market regarding Mt Adrah and Halls Peak in due course. Both these assets remain a strong focus of the Company, with no debt and a healthy balance sheet, the Directors are excited to finally unlock the projects' potential and deliver additional upside to shareholders.

Rights Issue

In light of the execution of this option agreement the board will be accepting all valid applications for the recently announced non-renounceable rights issue to Eligible Shareholders that include a proof of BPay receipt dated 20 May 2016 (today). Applications can be made via BPay (before the bank's cutoff time for BPay or by cheque, which can be lodged at any Computershare office before 2:00pm today (or 5:00 pm at the Melbourne office).

Computershare locations can be found in the table below.

Confirmation of payment should also be emailed to the company at corporate@sovereigngold.com.au before 5pm Sydney time on 20 May 2016.



Please refer to the Rights Issue Offer Document and the Company's announcement dated 12 May 2016 for more information on the rights issue terms and timetable.

Computershare locations

Sydney - City Level 4, 60 Carrington Street, Sydney, NSW, 2000	Melbourne - Yarra Falls Yarra Falls, 452 Johnston Street, Abbotsford, VIC, 3067
Adelaide - City Level 5, 115 Grenfell Street, Adelaide, SA, 5000	Brisbane - West End 117 Victoria Street, West End, QLD, 4101
Perth - City Level 11, 172 St Georges Terrace, Perth, WA, 6000	

For further information please contact:

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