



SOVEREIGN GOLD COMPANY LIMITED

Sovereign Gold Company Limited
ACN 145 184 667

Level 2, 131 Macquarie Street
Sydney NSW 2000
Tel: +61 2 9251 7177
Fax: +61 2 9251 7500

Contact

Rocco Tassone MD

email: corporate@sovereigngold.com.au

Latest News

www.sovereigngold.com.au

Directors / Officers

Charles Thomas
Executive Chairman

Rocco Tassone
Managing Director

Patrick Glovac
Non-Executive Director

ASX Symbol: 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.

Quarterly Activities Report – June 2016

This quarterly operations report for Sovereign Gold Company Limited (**Sovereign Gold or Company**) (**ASX: SOC**) is dated 29 July 2016 and is for the three months ending 30 June 2016.

Commentary

The Company ended the quarter in a strong position, with approximately \$2.45M in cash and four quality projects exposing shareholders to Lithium, Gold and Zinc. Sovereign Gold has entered a new era, with the recent oversubscribed rights issue providing financial certainty and the reduction in commodity risk via the introduction of Lithium.

The geological team headed by Michael Leu is buoyed at the potential of the Company's asset portfolio. Since resigning from the Sovereign Gold board Michael Leu has been able to dedicate all his time towards his geological duties, which has significantly assisted the company during the review process.

The Company is finally in a position to advance forward and whilst some headwinds and noise have been experienced in getting the Company to its current position, directors and management acknowledge the support and encouragement shareholders have provided. The Company recognises that the hard work is just beginning and the directors and staff welcome the challenge.

The Company has spent considerable resources and money during this and past quarters entertaining the constant demands and requests of a single shareholder. The legal expenditure from engaging this shareholder are evident in the cashflow statement (Administration) and going forward, in the interests of protecting shareholders and freeing up time for Company officers to focus solely on generating shareholder wealth, the Company has appointed legal counsel to liaise directly with this shareholder where appropriate.

In the interests of protecting shareholders and the Company, legal representation has been engaged to pursue an injurious falsehood action on behalf of the Company. Those proceedings will be against persons who have disseminated defamatory, false and misleading information about the Company.

Unfortunately for the Company, given past and forecast legal expenditure, the Directors and geological team must prioritise assets and the allocation of exploration funds. Having legal expenditure effectively eat into exploration funds is disappointing although the Company is excited at the potential of unlocking the value of some of its assets.

Corporate

On 24 May 2016 the Company closed a 2 for 5 non-renounceable rights issue oversubscribed raising \$1.18 million for additional working capital.

On 31 May 2016 the Company held its 2016 Annual General meeting, one motion was withdrawn, 17 motions were carried on a poll and one motion to appoint a Brennan Westworth as director was not carried by the poll.

On 9 June 2016 the Takeovers Panel received an application from Mr Brennan Westworth in relation to the affairs of Sovereign Gold Company Limited (**Application**). On 11 July 2016 the Takeovers Panel made a declaration of unacceptable circumstances in relation to the Application. Whilst the finding does not directly affect the Company itself, the Takeovers Panel have made orders requiring the divestiture of 22,901,234 shares, representing 1.6% of the total shares on issue, held by the three directors of the Company together with ASX listed Applabs Technologies Limited (a company with the same directors as the Company).

Operations

ASX: 30 June 2016 Canadian Geological team appointed

Mercator Geological Services Ltd were appointed to the Crescent Lake Lithium project to manage site due diligence including field evaluation, mapping, channel sampling and diamond drilling.

ASX: 22 June 2016 Canadian Lithium deposits acquired

The Company announced that it had secured a 150 day exclusive option from Stockport Exploration Inc. to acquire 28 unpatented mining claims within the Crescent Lakes Lithium prospects in Ontario Canada subject to due diligence. Upon executing the option, the Company must pay an initial \$C100,000 fee and 2 further amounts of \$C75,000 during the 150 day option period and subject proceeding to an exercise of the option, issue 43.5 million shares at \$0.006 per share representing \$C250,000 and two further deferred payments of \$C400,000 cash over an eight quarter period and a further \$C500,000 in cash or shares at Stockport's election.

The Company agreed to issue 12,333,333 shares at \$0.006 each as an advisory fee.

ASX: 10 June 2016 and 20 May 2016: US Lithium option agreement

The Company advised that it exercised an option on revised terms with Nevlith Pty Ltd to acquire 100% of the highly prospective 111 Clayton Valley Lithium claims in Nevada USA consideration being:

- i) 12.5 million Sovereign Gold shares;
- ii) 12.5 million unlisted options exercisable at \$0.006 per share prior to three years after the share issue;
- iii) \$US 100,000 cash; and
- iv) a further 35 million Sovereign Gold shares if a JORC compliant inferred lithium carbonate resource above 300,000 tonnes is declared.

ASX: 12 May 2016 Gold Direction

Cadre Geology and Mining P/L was appointed independent consultants in association with the Company's geologist to review the prospectivity, scrutinise potential mining operations, review drill hole data and undertake resource development planning for the Mount Adrah gold project within the current quarter.

ASX: July 2016

The Company has released a number of exploration updates subsequent to the reporting period. These are available on the Company's and the ASX websites.

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

Tenements

Tenement information required under LR 5.3.3

Tenement No.	Location
New South Wales	
EL 6483**	Armidale NSW
EL 6372*	Adelong
EL 7844*	Gundagai
EL 8127*	Adelong
EL 7491**	Armidale
EL 5339	Halls Peak
EL 4474	Halls Peak
EL 7679**	Halls Peak
Nevada Lithium Project (111 Mining Claims NMC 1125134 - NMC 1125244)	Clayton Valley, Nevada, USA

Notes:

During the quarter, the Company acquired 111 New Mining Claims in Clayton Valley Nevada USA (ASX: 10 June 2016); EL 7768 was disposed.

During the quarter; there has been no change in beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter.

* Sovereign holds a 99.5% interest in Mount Adrah Gold Limited, the holder of the licences

** Subject to Farm-in