SOVEREIGN GOLD COMPANY LIMITED

Sovereign Gold Company Limited
ACN 145 184 667

Suite 7, 234 Churchill Avenue
SUBIACO WA 6008
Tel: +61 8 6500 6872

Contact
Rocco Tassone, Managing Director

e: corporate@sovereigngold.com.au

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
27 September 2016

Geophysics Identifies Hobbs Pipe Look-a-like Gold Targets

- **Hobbs Pipe magnetic response look-a-like target identified in an airborne geophysical data set**
- **First deep drill hole into Hobbs Pipe produced an intersection of 886 metres @ 1.2 g/t Au (including 400 metres @ 1.4 g/t Au from from surface)**
- **Eureka Consulting completes Geophysical Review and 5,400 line kilometre Airborne Survey Interpretation Report, Mt Adrah Project**
- **The Geophysical Interpretation Report has identified 31 priority Geophysical Targets with potential to host gold mineralisation**
- **Total Mineral Resource of 770koz exists within the Hobbs Pipe at grades of around 1.1 g/t Au (see side bar)**
- **Priority 1 Targets are those identified to have a minor magnetic low anomaly which potentially could be an intrusive pipe similar to Hobbs Pipe**
- **Most of the Priority 1 Targets are on the Gilmore Suture and four are clustered just south of Hobbs Pipe**
- **Additional targets will be subject to detailed ground analyses with the objective of shortlisting drill targets**

Sovereign Gold Company Limited (ASX: SOC) (**Sovereign** or the **Company**) is excited to announce Peter Gidley, Consultant Geophysicist, Eureka Consulting Pty Ltd (**Eureka**) has just completed a major report "Geophysical Review and Airborne Survey Interpretation Report, Mt Adrah Project, ELs 6372 and 7844". The main focus of this review has been to provide a number of findings plus a wide range of targets that may host gold mineralisation have been identified. These targets are based on various approaches, largely using the geophysical data as observed over the Hobbs Pipe as a guide.

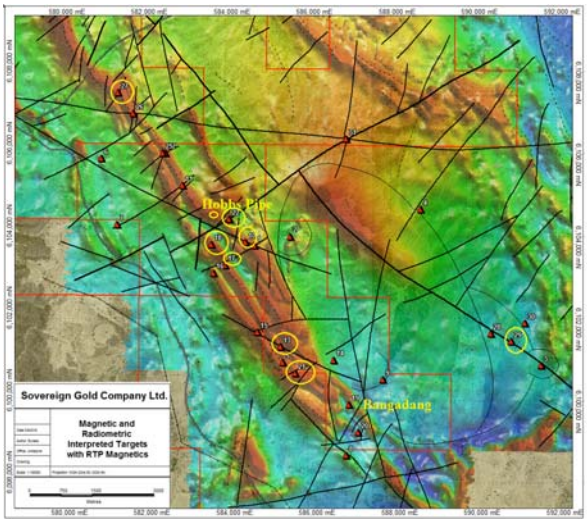

Figure 1: Location of exploration targets over satellite imagery overlain by magnetics. Hobbs Pipe and Priority 1 Targets circled in yellow.

A Hobbs magnetic response look-a-like target has been identified in an airborne geophysical data set (Priority 1 Target 27 is a minor magnetic low anomaly similar to that observed over Hobbs, Figure 1, Table 1 Below).

The Geophysical Interpretation Report identified 31 geophysical targets that may host gold mineralisation. The targets are ranked from Priority 1 to Priority 3. The Priority 1 Targets are "Interpreted to have the highest recommended anomaly ranking with the combination of structure, geophysical anomalism and association to known mineralisation regarded as requiring definite field follow-up." The 8 Priority 1 Targets identified are numbered 10, 13, 17, 18, 21, 22, 27 and 29 in Figure 1. Note most of the Priority 1 Targets are on the Gilmore Suture and four are clustered just south of Hobbs Pipe.

The magnetics over the Hobbs Pipe intrusive is magnetically low. In fact the recorded profile low occurs as a magnetic depression on the flank of the broader Mt Adrah metabasalt trend response.

Priority 1, Target 27 is a minor magnetic low anomaly similar to that observed over Hobbs. This is a magnetic response similar to that observed over Hobbs Pipe and potentially could be an intrusive pipe similar to Hobbs.

Priority 1, Targets 10, 13, and 18 are magnetic lows along the main Mt Adrah magnetic high ridgeline. Some of these may be produced by magnetite mineral destruction associated with the magmatic intrusions.

Priority 1, Target 17 is a magnetic low along the main Mt Adrah magnetic high ridgeline with associated potassium and Priority 1 Target 22 is an anomalous potassium high with magnetic low over Mt. Adrah metabasalt. The magnetics over the Hobbs Pipe intrusive is magnetically low and potassium alteration is commonly associated with intrusion-related gold mineralisation.

The high Priority Targets will be subject to detailed ground geophysical and geochemical surveys and rock chip analyses with the objective of shortlisting drill targets.

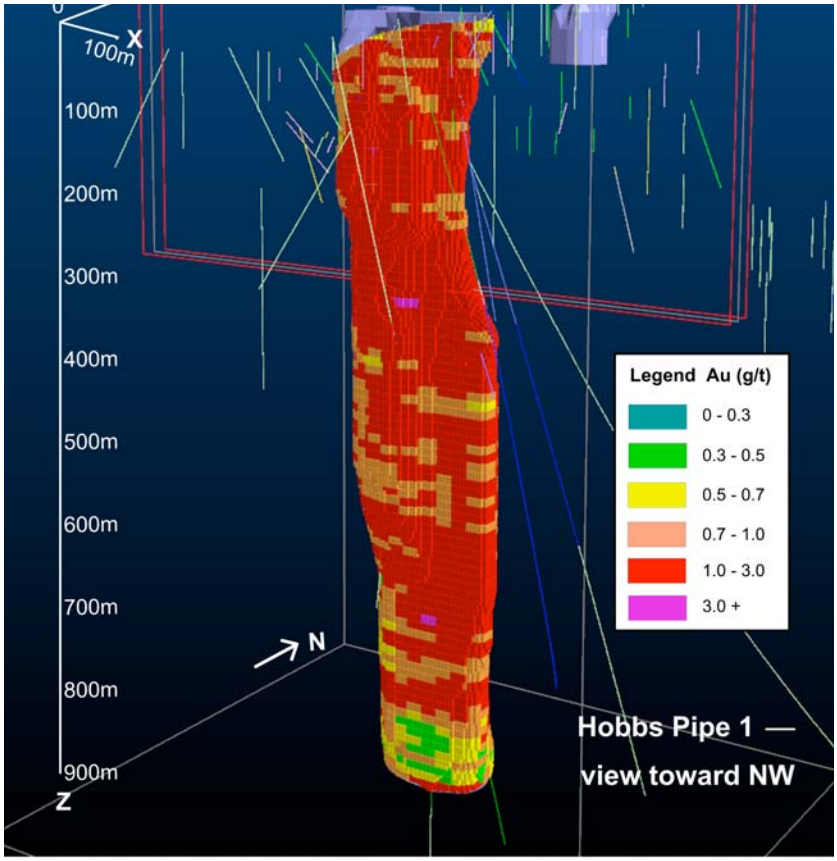

Figure 2: Drill Hole GHD001: Results provide a clear picture of the grade of mineralisation to 886m @ 1.2g/t Au from surface

Style and grade of mineralisation observed was highly homogenous

Pipe subcircular and 160m in diameter at surface; 500m below surface approximately 180m x 160m

ID	Description
1	Structural intersection of faults overlying Mt Adrah trend
2	Flank of magnetic circular feature and potassium anomaly zone
3	SE margin of potassium and magnetic low zone with circular intrusive featu
4	Structural anomaly adjacent fault with isolated radiometric feature
5	Mt Adrah trend with structural control and offset
6	Intersection of structural features and adjacent possible metabasalt splay.
7	Structural target with potassium anomaly but west of the Mt Ardah trend
8	Possible metabasalt exteension in south with structural control
9	Adjacent Bangadang with small and discrete potassium anomaly
10	Magnetic low along main Mt Adrah magnetic high ridgeline
11	Magnetic low along main Mt Adrah magnetic high ridgeline
12	Magnetic low along magnetic high ridgeline
13	Magnetic low along main Mt Adrah magnetic high ridgeline
14	Magnetic low along magnetic high ridgeline
15	Magnetic low at ridgeline junction
16	Magnetic low along magnetic high ridgeline
17	Magnetic low along magnetic high ridgeline with potassium anomaly
18	Magnetic low along magnetic high ridgeline
19	Potassium prediction anomaly with structural control on Mt Adrah metabasa
20	Potassium prediction anomaly with structural control on Mt Adrah metabasa
21	Potassium prediction anomaly over central Mt Adrah metabasalt
22	Anomalous potassium high with magnetic low over Mt Adrah metabasalt.
23	Anomalous potassium low but no magnetic anomalism.
24	Offset and cross-cutting fault with moderate magnetic low
25	Metabasalt trend lithologies and with a block shift caused by faulting
26	Fault crossings over the Mt Adrah trend
27	Minor m agnetic low anomaly similar to that observed over Hobbs plus struc
28	Localised potassium high on interpreted fault
29	Localised potassium high stradding interpreted fault
30	Localised potassium high on interpreted fault
31	Intersection of major and minor faults within central zone over intrusive mas

Table 1: The Geophysical Interpretation Report identified 31 potential geophysical targets Ranked from Priority 1 to Priority 3.

The research included a geological overview and review of both public domain and company exploration datasets including the geophysical survey datasets collected by the government bureaus to assist with exploration (Refer to JORC 2012 Table 1).

Sovereign Gold recognised the potential of an historically flown geophysical survey with 5,400 heliborne line kilometres of geophysical data (magnetic and radiometrics). The acquired historic geophysical and regional data have been reduced, processed and integrated with other available exploration material to create a substantial database covering geology, geochemistry, drilling, mapping and geophysics. All relevant datasets have been loaded into a GIS created to permit a thorough interpretation to be undertaken with the focus on the detailed airborne survey data and especially within a zone extending between the Mt Adrah and Bangadang gold prospects. This zone forms a lineament lying along the trend mapped by geology and geophysics and defines a small portion of the extensive Gilmore Suture, a structurally important lineament lying within the Lachlan Fold Belt of NSW. Along the Gilmore Suture or on associated splays, are a large number of known mineral occurrences, mines and established mineral deposits.

The report presents an interpretation of data acquired from the airborne geophysical survey undertaken by GeoInstruments Pty. Ltd. over the “Gundagai” project during 1997. The survey covers significant portions of the Mt Adrah Project tenements (EL 6372, EL 7844 and ELA 5334) held by Sovereign Gold Company. The interpretation included newly processed datasets and concepts which are applicable along the Mt Adrah to Bangadang extrusive/intrusive trend. Sovereign Gold’s ongoing R & D into defining diagnostic characteristics of Intrusion-Related Gold Systems (IRGS) is focusing on proof of concept at the Mt Adrah Gold Project. Sovereign has reprocessed a substantial portion of this data through its ongoing development of some new processing methods, using various modified computational procedures that have been effective in defining a suite of identifiable geophysical

characteristics of IRGS systems. User-developed and proprietary filters and processing techniques are being developed to uniquely suit the specific dataset to generate new knowledge on IRGS, including defining structures, alteration mineral species, scale, fluid pathways and magma fractionation suites

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

For further information please contact:

Rocco Tassone,
Managing Director
Sovereign Gold Company Limited

Telephone: +61 8 6500 6872

Table 1 for reporting in accordance with the JORC Code

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	Criteria
Sampling techniques	A geophysical re-interpretation of high resolution airborne geophysical data was completed by Eureka Consulting Pty Ltd on behalf of Sovereign Gold Company Limited. This survey acquired data in 1997 and was examined with a focus on the NSW Mt Adrah-Bangadang metabasic trend. Particular attention was made to the possibility of the region hosting an Intrusion Related Gold System (IRGS). The Hobbs Pipe mineralised discovery on this trend represents an example of such an intrusion. • The geophysical study analysed the helicopter-borne survey which was undertaken by GeoInstruments Pty Ltd and collected aeromagnetics and radiometrics data along east-west flight lines. A total of 5,400 line kilometres of data was acquired with regional 100 metre line separation and along the Mt Adrah zone using 50 metre spacing. The helicopter system specifications are summarised below. Mean helicopter elevation: 40 m above terrain Magnetic Time Interval: 0.1 sec (approx 3.5 over ground) Spectrometer Time Interval: 1.00 sec (approx. 35 metres over ground) Magnetometer Sensitivity: 0.01 nT Magnetic Noise Envelope: 0.25 nT Magnetometer: Geometrics G822A optically pumped sensor Spectrometer: NaI (Ti) crystal detector 16.8 litres The airborne survey data was supplemented by a GIS integration (Geographic Information System) using additional data from: - NSW Department of Mineral Resources (Area Q) Wagga Wagga aeromagnetics and radiometrics. - NSW Department of Mineral Resources and Geoscience Australia geological mapping at both 1:250,000 and 1:100,000 scales plus government and company reporting of the area. - NSW Department of Mineral Resources and Geoscience Australia gravity data including recently (2014) acquired Wagga Wagga gravity coverage. - Local (Hobbs Pipe) detailed ground magnetics (acquired in 1988) • Other details of sampling techniques are not applicable
Drilling techniques	• Existing Hobbs Pipe drilling results (as provided in ASX releases of 2015 and 2016)
Drill sample recovery	• No drill samples collected during this study
Logging	• Airborne (helicopter) aeromagnetics and radiometrics plus supplemental data used in this re-interpretation hence no logging undertaken.
Sub-sampling techniques and sample preparation	• For the 1997 airborne survey forming the primary dataset analysed, a real-time GPS onboard system utilizing the NovaTel Model 951 ten channel tracking GPS receiver was used and provided in-flight navigation control. This system determines

Criteria	Criteria
	accurate position of the helicopter in three dimensions (within error tolerances).
Quality of assay data and laboratory tests	• No assays carried out for this survey
Verification of sampling and assaying	• Not applicable for airborne geophysical surveying.
Location of data points	• The airborne survey was undertaken in the Mt Adrah region and was conducted along 5,400 kilometres with survey lines 50 and 100 metres apart, oriented East-West.
Data spacing and distribution	• The data between the flight lines is approximately 100 metres and along the lines, samples using the cycle rate of 0.1 magnetometer rate, represent a reading sampled to locations every 3.5 metres (dependent on topography and aircraft speed over terrain). • Over the SE-NW Mt Adrah to Bangadang trend, the helicopter acquired data using 50 metre line separations and the same along track interval sampling.
Orientation of data in relation to geological structure	• The flight path was oriented obliquely to the strike direction of the primary geological trends and formations around Mt Adrah. Data acquired is sufficient to locate discrete anomalies and structural controls.
Sample security	• Data was acquired, field checked and recorded by GeoInstruments Pty Ltd but processed and provided to the client by a subsidiary, Kevron Geophysics Pty Ltd.
Audits or reviews	• The data were initially checked after acquisition by GeoInstruments. The final, processed data was analysed and interpreted during 1997 by ArcTan Pty Ltd (geophysicist Steve Collins), and then subjected to re-interpretation by geophysicist Peter Gidley of Eureka Consulting Pty Ltd. This latest report is the outcome of this interpretation.

Section 2 Reporting of Exploration Results
(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation
Mineral tenement and land tenure status	• The Mt Adrah project lies within ELs 6372 and 7844 and is currently under exploration licence held by Sovereign Gold Company Limited.
Exploration done by other parties	• The licence area was historically explored by numerous previous explorers and companies.
Geology	• Mt Adrah lies approximately 17 kilometres northwest of Adelong NSW. Previous exploration work has detailed a metadiorite intrusive (the Hobbs Pipe) which hosts copper and gold at economic, assayed values. Current exploration aims to locate additional intrusive hosts and the right depositional environment for large scale, high-grade deposit reserves. • Several geochemical and geophysical anomalies are present that identify further high priority targets for follow-up exploration. • A range of known copper-gold deposits exist within the tenement with all deposits to date being discovered historically from

Criteria	JORC Code explanation
	outcrop.
Drill hole Information	• A number of existing drillholes have focussed on the area of the Hobbs Pipe with some historic gold workings within the tenement and these have yielded intersections of economic moderate copper with gold.
Data aggregation methods	• No data aggregation from geophysical survey.
Relationship between mineralisation widths and intercept lengths	• Interpretation of the geophysical data has provided a number of targets. In particular, analysis of targets along the Mt Adrah-Bangadang metabasic trend have indicated high priority targets for geophysical follow-up based on magnetics and possibly gravity surveying.
Balanced reporting	• No balanced reporting in relation to grades are applicable for airborne geophysical survey.
Other substantive exploration data	• The re-interpretation analysis of the data indicate several significant exploration and geological trends and anomalies plus a range of exploration targets. • A number of high priority targets were identified along the Mt Adrah to Bangadang trend and these are noted as a result of structural controls, magnetic anomaly responses and radiometric anomaly association.
Further work	• Testing of the indicated primary targets defined by the re-interpretation of the high resolution aeromagnetic survey (and supplemental data) are proposed to be tested by ground magnetics, possibly gravity and drilling.
Diagrams	• Targets of varying priority along with a fault identification are indicated below:

Criteria	JORC Code explanation