



SOVEREIGN GOLD
COMPANY LIMITED

ACN 145 184 667

**Interim Financial Report
for the half-year ended 30 June 2015**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2014 and any public announcements made by Sovereign Gold Company Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Corporate Directory

Sovereign Gold Company Limited

ACN 145 184 667
ABN 12 145 184 667

Registered and Corporate Office

Level 2
Hudson House
131 Macquarie Street
Sydney NSW 2000
Telephone: +61 2 9251 7177
Fax: +61 2 9251 7500
Website: www.sovereigngold.com.au

Auditors

K.S. Black & Co
Level 6
350 Kent Street
Sydney NSW 2000
Telephone: +61 2 8839 3000

Lawyers

Piper Alderman
Level 23, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000
Telephone: +61 2 9253 9999

Bankers

Australia & New Zealand Banking Group Limited
Level 16,
20 Martin Place
Sydney NSW 2000
Telephone: +61 2 9227 1818

Directors

John S Dawkins AO (Non-Executive Chairman)
Simon Bird (Managing Director)
Michael Leu
Charles Thomas
Rocco Tassone

Joint Company Secretaries

Henry Kinstlinger
Julian Rockett

Share Registry

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
Australia
Telephone: 1300 850 505

ASX Code – SOC

Sovereign Gold Company Limited shares are listed on the Australian Securities Exchange.

This financial report covers the Consolidated Entity consisting of Sovereign Gold Company Limited and its controlled entities.

Sovereign Gold Company Limited is a company limited by shares, incorporated and domiciled in Australia.

Review of Operations

Corporate

In February 2015 the Company issued 47.3 million new shares pursuant to the Bergen Opportunity Fund II LLC convertible note.

On 23 February 2015 Simon Bird was appointed Managing Director.

In April 2015 the Company issued 91.6 million new shares under a share purchase plan raising over \$146,000.

Also in April 2015, the Company, following the reinstatement of Precious Metal Resources Limited (renamed Frontier Capital Group Ltd) (ASX: FCG) to the ASX, agreed to sell 5.5 million FCG shares held by the Company and its subsidiary, Mount Adrah Gold Limited to raise \$1.1 million payable in 4 tranches commencing no later than 21 April 2015. The first payment of \$275,000 was received.

In May 2015 the Company entered into a \$2 million funding agreement to progress the exploration of EL 6372 (Mount Adrah Gold Project) with a Chinese investment consortium.

On 8 July 2015 the Company closed its underwritten non-renounceable rights issue and placement, raising in excess of \$1.12 million before costs.

On 14 July 2015 Mr Rocco Tassone and Mr Charles Thomas were appointed non-executive directors of the Company as nominees for GTT Ventures Pty Ltd, the underwriter for the non-renounceable rights issue. Bruce Dennis and Rado Jacob Rebek resigned as directors but Mr Rebek remains as a consulting geologist.

On 14 July 2015 the Company repaid the outstanding debt to Bergen Global Opportunity Fund II LLC under the 2013 convertible securities agreement. A further \$200,000 was used by the Company to partially repay a related entity

Operations

During the 2015 half year, exploration activity was focused on planning multiple drill programs at the Rocky River-Uralla Gold Project, Mount Adrah Gold Project and the Halls Peak, Zinc Project:

Rocky River-Uralla Gold Project

A fully funded diamond drilling program at the Rocky River (EL 6483) Intrusion-Related Gold System (IRGS) commenced to test the historical Hudsons-McCrossins workings that have not been previously been drilled. The Hudsons-McCrossins workings consist of a series of pits and shallow shafts that extend for 360m on a north-east trend. They have been developed on a sheeted vein system in altered country rock and are associated with altered sulphide-bearing felsic dykes similar to the mineralised gold-bearing dyke drilled at Martins Shaft.

In addition to the above, the Rocky River IRGS Cooperative Drilling Program is funded by a \$65,000 grant by the NSW Government with the balance to be funded by the Company's Chinese partners, SUGEC. The Cooperative Drilling funding grant is to test a potential gold-bearing concealed circular pluton and associated structures indicated by the Company's airborne geophysical survey.

Mount Adrah Gold Project

Due diligence was conducted on EL 6372 by the Chinese investment consortium that can earn up to 45% through funding an initial \$1,500,000 drilling program and a further 5% by funding a further \$500,000. A principal objective of the drilling program is to more accurately constrain the tonnage, grade and contained ounces of gold from surface to a depth of 150 metres to support the scoping study on the project economics of developing an open cut gold mine to a depth of 150 metres.

Drill programs have also been designed to test the grade, width, lateral and vertical extent of known narrow vein high grade gold structures (near Hobbs pipe and in the Bangadang area) to confirm the potential for high grade narrow vein mining operations. Further drill targets have been identified that may potentially host repetitions of Hobbs-like pipes.

An Exploration Planning Committee consisting of both the Company's and the JV partner's Geologists was formed to design an aggressive drill campaign.

Some grab samples from historic mines in the Bangadang area returned high grade results from recent assay results announced by the Company. A diamond drilling program is expected to commence in October 2015.

Halls Peak, Zinc Project

Three Exploration Licences in north-eastern NSW covering all identified areas of polymetallic (Zn, Pb, Cu and Ag) mineralisation.

Recent exploration and data interpretation has identified potential larger tonnage targets in two types of inferred mineralised settings.

- steeply dipping, deep tapping structurally controlled Cobar-style
- VTEM anomalies (1,221 line kilometres heliborne survey flown) with potential sulphide responses including large flat lying conductors in relatively undisturbed sedimentary basins, Target – potential large zinc/lead deposits - eg. HYC (MacArthur River)

The first drill hole will test the nature and metal content of the deep, lower conductor detected by the VTEM survey. Drilling will also include the Gibsons Mine area to test the down dip extensions of the previous high grade mineralisation reported in 2014 and to test the volcanic pile for new mineralisation. The project has been awarded \$90,500 grant funds pursuant to the NSW Government New Frontiers Cooperative Drilling program to fast track exploration drilling programs. A fully funded drilling campaign is expected to commence in September 2015.

Key Assets

Mount Adrah Intrusion-Related Gold System	Rocky River Intrusion-Related Gold System	Halls Peak Base Metal deposits
<ul style="list-style-type: none"> ➤ Mount Adrah Hobbs Gold Deposit ➤ 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* ➤ High Grade Gold Reefs 	<ul style="list-style-type: none"> ➤ Discovered Large Gold System at Rocky River-Uralla Goldfield ➤ Fully Funded by JV Partner ➤ SOC 55% post-expenditure ➤ \$65,000 NSW Gov. Drilling Grant 	<ul style="list-style-type: none"> ➤ High Grade ➤ Direct Ship Ore ➤ Zinc, Lead, Silver, Copper ➤ \$90,500 NSW Gov. Drilling Grant

Mount Adrah Gold Project

Hobbs Pipe 1	High Grade, Narrow Vein Reefs	Hobbs Pipe Look-a-Likes
<ul style="list-style-type: none"> ➤ 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* 	<ul style="list-style-type: none"> ➤ Near Hobbs Pipe 1 <ul style="list-style-type: none"> • Castor Reef 10m @ 17.7 g/t Au** • White Deer 1.2m @ 58.6 g/t Au*** • Several historical surface mines ➤ Other Areas <ul style="list-style-type: none"> • Southern Cross Reef Mine 3m @ 7.22 g/t**** 	<ul style="list-style-type: none"> ➤ Near Hobbs Pipe 1 <ul style="list-style-type: none"> • IP Anomalies • Hobbs SE ➤ Other Potential Areas <ul style="list-style-type: none"> • Nacki Nacki Elluvial • Geochemical and geophysical anomalies

**ASX: 28 October 2013

***ASX: 21 November 2013

****ASX: 22 July 2014

Director's Report

Your directors present their report together with the financial statements on the parent entity and the consolidated entity (referred to hereafter as the **Group**) consisting of Sovereign Gold Company Limited (the **Company**) and the entities it controlled at the end of or during the period ended 30 June 2015 and the Auditor's Review Report thereon.

Principal activities	The principal continuing activities of the Group during the reporting period were conducting gold and base metals exploration and development programs.
Review of operations	Information on the operations and financial position of the Group and its business strategies and prospects are set out in the Review of Operations on pages 4 to 5 of this report.
Financial performance	The net consolidated operating loss of the Group for the six months ended 30 June 2015 was \$817,671 (2014: operating loss \$1,757,744). Net assets of the Group at 30 June 2015 were \$8.4 million.
Dividends	The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

Directors

The following persons were directors of Sovereign up to the date of this report, unless otherwise stated:

Hon. John S Dawkins AO	Non-Executive Chairman	
Simon Bird	Managing Director	Appointed 23 February 2015
Michael Leu	Executive Director	
Rocco Tassone	Non-Executive Director	Appointed 14 July 2015
Charles Thomas	Non Executive Director	Appointed 14 July 2015
Rado Jacob Rebek	Non-Executive Director	Retired 14 July 2015
Bruce Dennis	Non-Executive Director	Retired 14 July 2015

Subsequent Events

In early July the non-renounceable rights issue and placement was closed with \$1,122k raised before costs.

On 14th July 2015, the Convertible Note balance of \$300k was repaid in full and related party loan reduced by \$200k.

There are no other matters or circumstances which have arisen since 30 June 2015 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2015, of the Group;
- the results of those operations; or
- the state of affairs, in financial half-year subsequent to 30 June 2015, of the Group.

Environmental Regulations

The Group is subject to significant environmental regulation in respect of its exploration activities as follows:

- The Company's operations in the State of New South Wales involve exploration activities. These operations are governed by *the Environment Planning and Assessment Act 1979*.
- The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers. The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment. To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

Directors' Report (continued)

Sovereign Gold Environmental Code of Practice for Mineral Exploration

The Company is committed to conducting its exploration programs by following industry best practice in accordance with published government guidelines and codes.

The following policy is specific to gold exploration on Sovereign's exploration projects.

Access to Land

Prior to the commencement of any work, the Company makes contact with landholders/leaseholders and discusses the general aims and types of work likely to be conducted.

Discussion with landowners, leaseholders and Native Title Claimants is ongoing. It commences prior to any work being conducted and continues throughout the program and beyond the cessation of exploration work.

The Company establishes conditions of access with landholders and where practicable, signs a written access agreement that sets out conditions and includes a schedule of agreed compensation payments.

The Company endeavours to provide landholders with ample warning prior to commencing any work and landholders are kept informed upon commencement, during and upon completion of an exploration program.

The Company has good relationships with the principal landowners where exploration activities are currently being undertaken. To-date, the Company has not been denied access for exploration purposes. However, some paddocks will become out of bounds during the lambing season which extends from early September to late October. This period is not expected to impinge on the current exploration program.

Should there ever be friction; the Company will attempt to settle the matter without a need to begin the arbitration process.

Type of Land

The type of land is determined and its inhabitants are assessed to identify areas of particular environmental concern including identification of sensitive areas or areas prone to erosion, water catchment, heritage sites, and areas home to vulnerable and endangered species.

Land use is taken into consideration and land under cultivation is not disturbed without the express consent of the landholder.

Qualifying Statements

The information in the release 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 a director of Sovereign Gold Company Limited.

The information relating to Exploration Information released prior to July 2013 as prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information relating to Exploration Information released subsequent to July 2013 was prepared under the JORC Code 2012.

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 2004 and 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.

Directors' Report (continued)

JORC Code Compliant Public Reports

The Company advises that this Half-Yearly Report contains summaries of Exploration Results and Mineral Resources as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code").

The following table references the location of the Code-compliant Public Reports or Public Reporting on which the summaries are based. These references can be viewed on the ASX website and Sovereign will provide these reports, free of charge, to any person who requests it:

Issue Date	Title of notice as Lodged with ASX
30/01/2015	Quarterly Activities Report
05/03/2015	Soil samples assayed prior to drilling campaign
30/04/2015	Quarterly Activities Report
15/06/2015	June Market Update

Tenement List

Tenement No.	Location
New South Wales	
EL 6483**	Armidale
EL 8375^	Weabonga
EL 6372*	Adelong
EL 7844*	Gundagai
EL 8127*	Adelong
EL 8219*	Gundagai
EL 7491**	Armidale
EL 7768**	Armidale
EL 5339	Halls Peak
EL 4474	Halls Peak
EL 7679**	Halls Peak

Auditor's Independence Declaration

A copy of the independence declaration by the auditor K. S. Black & Co under section 307C is included on page 9 of this half year financial report.

Signed in accordance with a resolution of the Directors:



Michael Leu
Director



Simon Bird
Managing Director

Sydney
8 September 2015

Level 6, 350 Kent Street
Sydney NSW 2000

87- 89 Lyons Road
Drummoyne NSW 2047

KS Black & Co

Chartered Accountants

ABN: 57 446 398 808

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
Parramatta NSW 1750

**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF SOVEREIGN GOLD COMPANY LIMITED**

**A.C.N 145 184 667
AND CONTROLLED ENTITIES**

I declare that, to the best of our knowledge and belief, during the half year ended 30 June 2015, there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporation Act 2001* in relation to the review; and
- ii. any applicable code of professional conduct in relation to the review.

**K.S. Black & Co
Chartered Accountants**



**Phillip Miller
Partner**

8 September 2015

Level 6, 350 Kent Street
Sydney NSW 2000

87- 89 Lyons Road
Drummoyne NSW 2047

KS Black & Co

Chartered Accountants

ABN: 57 446 398 808

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
Parramatta NSW 1750

**Independent Auditor's Review Report to the Members of
Sovereign Gold Company Limited
A.C.N. 145 184 667
And Controlled Entities**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Sovereign Gold Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flow for the half-year ended 30 June 2015, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of Sovereign Gold Company Limited (the company) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Audit of the Entity*, in order to state whether, on the basis of procedures described, we have become aware of any matter that makes us believe that the half-year report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Sovereign Gold Company Limited's financial position as at 30 June 2015 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *corporations Regulations 2001*. As the auditor of Sovereign Gold Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Matters Relating to the Electronic Presentation of the Audited Financial Report

This review report relates to the financial report of the consolidated entity for the half-year ended 30 June 2015 included on the website of Sovereign Gold Company Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on its integrity. This review report refers only to the half-year financial report identified above and it does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on the company's website.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act, provided to the directors of Sovereign Gold Company Limited and controlled entities on 8 September 2015, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sovereign Gold Company Limited is not in accordance with the *corporations Act 2001*, including:

- i. giving a true and fair view of Sovereign Gold Company Limited's financial position as at 30 June 2015 and of its performance for the half year ended on that date; and
- ii. complying with AASB 134: *Interim financial reporting* and the *corporations regulations 2001*.

K.S. Black & Co
Chartered Accountants



Philip Miller
Partner

8 September 2015

Declaration by Directors

The Directors of the Company declare that:

1. The financial statements and notes, set out on pages 13 to 26, are in accordance with the *Corporations Act 2001*, and:
 - i give a true and fair view of the financial position of the consolidated entity as at 30 June 2015 and of its performance for the half-year ended on that date; and
 - ii comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Michael Leu
Director



Simon Bird
Managing Director

Sydney
8 September, 2015

Consolidated Statement of Profit or Loss and other Comprehensive Income

for the Half-Year Ended 30 June 2015

		Consolidated	
	Notes	Half-year ended 30 Jun 2015 \$	Half-year ended 30 Jun 2014 \$
REVENUE	3	66,896	458,842
Administration and exploration expenses	3	(791,425)	(2,005,030)
Finance expenses		(91,995)	(482,566)
PROFIT/(LOSS) FROM OPERATIONS BEFORE INCOME TAX EXPENSE		(816,524)	(2,028,754)
Income tax expense		-	-
NET PROFIT/(LOSS) AFTER TAX FOR THE PERIOD		(816,524)	(2,028,754)
Other Comprehensive Income			
Other comprehensive income before income tax		-	-
Income tax expense		-	-
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(816,524)	(2,028,754)
Comprehensive income attributable to non-controlling interests		(1,147)	271,010
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO MEMBERS OF PARENT ENTITY		(817,671)	(1,757,744)
EARNINGS PER SHARE		Cents	Cents
Basic earnings/(losses) per share (cents per share)		(0.26)	(1.14)
Diluted earnings/(losses) per share (cents per share)		(0.21)	(1.01)

This Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the notes to the financial report.

Consolidated Statement of Financial Position

as at 30 June 2015

		Consolidated	
	Notes	As at 30 Jun 2015 \$	As at 31 Dec 2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	4,114	11,857
Trade and other receivables	5	1,035,035	342,719
Financial assets		16,267	1,277,453
Other current assets		7,796	57,893
Total current assets		<u>1,063,212</u>	<u>1,689,922</u>
Non-current assets			
Mining tenements	6	8,773,130	8,801,638
Plant and equipment		16,305	22,409
Total non-current assets		<u>8,789,435</u>	<u>8,824,047</u>
Total Assets		<u>9,852,647</u>	<u>10,513,969</u>
LIABILITIES			
Current liabilities			
Trade and other payables	7	1,426,328	1,612,878
Total current liabilities		<u>1,426,328</u>	<u>1,612,878</u>
Non-current liabilities			
Trade and other payable	7	20,000	20,670
Total non-current liabilities		<u>20,000</u>	<u>20,670</u>
Total Liabilities		<u>1,446,328</u>	<u>1,633,548</u>
Net Assets		<u>8,406,319</u>	<u>8,880,421</u>
EQUITY			
Issued capital	8	27,209,826	26,867,404
Reserves	9	2,901,694	2,901,694
Accumulated losses		(21,943,389)	(21,125,718)
		<u>8,168,131</u>	<u>8,643,380</u>
Non-Controlling interest		238,188	237,041
Total Equity		<u>8,406,319</u>	<u>8,880,421</u>

This Statement of Financial Position is to be read in conjunction with the notes to the financial report.

Consolidated Statement of Changes in Equity

for the Half-Year Ended 30 June 2015

Consolidated		Issued Capital	Reserve	Accumulate d Losses	Non- controlling Interest	Total Equity
	Notes	\$	\$	\$	\$	\$
Balance at 31 Dec 2013		23,683,142	359,765	(4,062,620)	672,394	20,652,681
Shares issued		200,000	-	-	-	200,000
Share issuing cost		(180,832)	-	-	-	(180,832)
Business Combination		-	-	-	367,404	367,404
Loss for the period		-	-	(1,757,744)	-	(1,757,744)
Balance at 30 Jun 2014		<u>23,702,310</u>	<u>359,765</u>	<u>(5,820,364)</u>	<u>1,039,798</u>	<u>19,281,509</u>
Balance at 30 Jun 2014		23,702,310	359,765	(5,820,364)	1,039,798	19,281,509
Shares issued		3,080,400	-	-	-	3,080,400
Shares issuing cost		84,694	-	-	-	84,694
Movement for the period		-	2,541,929	-	(802,757)	1,739,172
Loss for the period		-	-	(15,305,354)	-	(15,305,354)
Balance at 31 Dec 2014	8	<u>26,867,404</u>	<u>2,901,694</u>	<u>(21,125,718)</u>	<u>237,041</u>	<u>8,880,421</u>
Balance at 31 Dec 2014		26,867,404	2,901,694	(21,125,718)	237,041	8,880,421
Shares issued		346,528	-	-	-	346,528
Share issuing cost		(4,106)	-	-	-	(4,106)
Business Combination		-	-	-	1,147	1,147
Loss for the period		-	-	(817,671)	-	(817,671)
Balance at 30 Jun 2015	8	<u>27,209,826</u>	<u>2,901,694</u>	<u>(21,943,389)</u>	<u>238,188</u>	<u>8,406,319</u>

This Statement of Changes in Equity is to be read in conjunction with the notes to the financial report.

Consolidated Statement of Cash Flows

for the Half-Year Ended 30 June 2015

	Notes	Consolidated Half-year ended 30 Jun 2015 \$	Half-year ended 30 Jun 2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		26	20,992
Payment for exploration and evaluation expenditures		(238,480)	(851,649)
Payments for administration expenses		(379,921)	(1,222,840)
Interest paid		-	(6,906)
NET CASH FLOWS (USED IN) OPERATING ACTIVITIES		(618,375)	(2,060,403)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceed from disposal of investment		1,100,000	-
Advance to other parties		(825,000)	-
Advance / Repayment from other parties		393,210	1,714,573
NET CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		668,210	1,714,573
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issues/placements		146,528	-
Share issuing costs		(4,106)	(180,832)
Redemption of convertible note		(200,000)	-
NET CASH FLOWS (USED IN)/PROVIDED BY FINANCING ACTIVITIES		(57,578)	(180,832)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(7,743)	(526,662)
Cash and cash equivalents at the beginning of the reporting period		11,857	596,311
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	4	4,114	69,649

This Statement of Cash Flow is to be read in conjunction with the notes to the financial report.

Notes to the Financial Statements

for the Half-Year Ended 30 June 2015

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

Reporting Entity

Sovereign Gold Company Limited (**the Company**) is a company domiciled in Australia. The consolidated financial report of the Company as at and for the six months ended 30 June 2015 comprises the Company and its controlled entities (together referred to as the **consolidated entity**).

Statement of Compliance

The consolidated financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated financial report was approved by the Board of Directors.

Estimates

The preparation of the financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Going Concern

This financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

The directors believe the Company will be able to pay its debts as and when they fall due and to fund near term anticipated activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of preparation

Statement of compliance

This general purpose financial report has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*.

Historical cost convention

These financial statements have been prepared under the historical cost convention except for where noted in these accounting policies.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sovereign Gold Company Limited ("parent entity") as at reporting date and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the parent entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the parent entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the parent entity. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Notes to the Financial Statements (continued)

for the Half-Year Ended 30 June 2015

Business Combination

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or business under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included, subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- i. The consideration transferred;
- ii. Any non-controlling interest; and
- iii. The acquisition date fair value of any previously held equity for a business combination plus the acquisition date fair value of any previously held equity holdings shall form the cost of the investment in the separate financial statements.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity holdings shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holding are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The purchase method of accounting is used to account for the acquisitions of subsidiaries by the Group.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of

associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposal of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Notes to the Financial Statements (continued)

for the Half-Year Ended 30 June 2015

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environment.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Interest revenue

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

Other income

Income from other sources is recognised when the fee in respect of other products or service provided is receivable.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS continued
for the Half-Year Ended 30 June 2015**(f) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(g) Cash and cash equivalents

For the purpose of the Statement of Cash Flow, cash includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than three months.

(h) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the consolidated entity will not be able to collect all amounts due according to the original terms receivables.

(i) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

(j) Tenement exploration, evaluation and development costs

Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Expenses failing to meet at least one of the aforementioned conditions are written off as incurred.

NOTES TO THE FINANCIAL STATEMENTS continued
for the Half-Year Ended 30 June 2015

Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are amortized from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit.

Costs associated with the development of resources are expensed as incurred if their recoverability is unlikely or unable to be determined.

(k) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Restoration and rehabilitation provisions

Both for close down and restoration and for environmental clean-up costs from exploration programs, if any, a provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

(n) Employee benefits*(i) Wages, salaries and annual leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

NOTES TO THE FINANCIAL STATEMENTS continued
for the Half-Year Ended 30 June 2015**(o) Share based payments**

Ownership-based remuneration is provided to employees via an employee share option plan.

Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(p) Earnings per share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS continued

for the Half-Year Ended 30 June 2015

3. REVENUE AND EXPENSES

Specific Items

Profit/(loss) before income tax expense/(benefit) includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the consolidated entity:

	Consolidated	
	Half-year ended 30 Jun 2015	Half-year ended 30 Jun 2014
	\$	\$
Revenue		
Interest income	26	21,412
Other income		
Waiver on payable	200,046	-
Profit / (loss) on disposal of investment	(161,186)	310,950
Others	28,010	126,480
	66,896	458,842
Administrative and exploration expenses		
Consulting and staff costs	168,095	844,620
Exploration expenditure not capitalised	289,073	351,851
Other administrative expenses	334,257	808,559
	791,425	2,005,030

4. CASH AND CASH EQUIVALENTS

	Consolidated	
	As at 30 Jun 2015	As at 31 Dec 2014
	\$	\$
Cash at bank and In hand	4,114	11,857
Cash held in trust-tenement guarantee and deposit	-	-
	4,114	11,857

5. TRADE AND OTHER RECEIVABLES

	Consolidated	
	As at 30 Jun 2015	As at 31 Dec 2014
	\$	\$
Current		
Receivables – share proceed on deferred settlement	825,000	-
Receivable – other	26,855	113,111
Receivable – tenement deposit	170,000	200,000
Receivables – GST	13,180	29,608
	1,035,035	342,719

6. MINING TENEMENTS

Capitalised exploration expenditure	8,773,130	8,801,638
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The ultimate recoupment of costs carried forward for exploration and evaluation assets is dependent on the successful development and commercial exploration or sale of the respective areas.

NOTES TO THE FINANCIAL STATEMENTS continued

for the Half-Year Ended 30 June 2015

Application No	Licence No	Project	Holder	Tenement total value \$
Biakil Holdings Pty Ltd				
	EL 6483	Rocky River-Uralla Goldfield	Biakil Holdings Pty Ltd	2,198,555
	sub-total			2,198,555
SOC1 Pty Ltd				
	EL4474	Halls Peak	SOC1 Pty Ltd	555,997
	EL5339	Halls Peak	SOC1 Pty Ltd	342,015
	sub-total			898,012
SUGEC Resources Limited				
	EL7679	Halls Peak	SUGEC Resources Limited	430,812
	EL 7768	Bundarra	SUGEC Resources Limited	627,670
	EL7491	Uralla	SUGEC Resources Limited	1,101,840
	sub-total			2,160,322
Mt Adrah Gold Ltd			Holder	
	EL 6372	Mt Adrah	Tasman Goldfields NSW Pty Ltd	2,906,592
	EL 7844	Mt Adrah-Extended	Mount Adrah Gold Ltd	382,722
	EL 8127	Mt Adrah-Extended 2	Mount Adrah Gold Ltd	182,556
	EL 8219	Mt Adrah-Extended 3(South)	Mount Adrah Gold Ltd	44,371
	sub-total			3,516,241
Total				8,773,130

EL 7491, EL 7768, EL 7679

Under JV with Sugec Mining Pty. Ltd., who after lengthy Due Diligence are spending \$2M to earn 30% of each EL.

EL 6483

Under JV with Sugec Mining Pty. Ltd, who after lengthy Due Diligence are spending \$1.5M to earn 30% of the EL.

EL 4474, EL 5339

Valued by the Exploration Expenditure Method. Only includes current exploration expenditure during Sovereign Gold/PMR's tenure. Does not include Productivity Enhanced Multiples (PEM) for past exploration expenditure pre Sovereign Gold/PMR.

EL 8375

Valued by the Exploration Expenditure Method. Only includes current exploration expenditure during Sovereign Gold's 100%. Does not include Productivity Enhanced Multiples (PEM) for past exploration expenditure pre Sovereign Gold.

EL 6372 EL 7844, EL 8217, EL 8219

Valued by the Exploration Expenditure Method. Only includes current exploration expenditure during Sovereign Gold's 99.5% ownership of Mount Adrah Gold Limited. Does not include Productivity Enhanced Multiples (PEM) for past exploration expenditure pre Sovereign Gold. Note EL 6372 contains a JORC Resources of 770,000 ounces gold (indicated and inferred).

NOTES TO THE FINANCIAL STATEMENTS continued
for the Half-Year Ended 30 June 2015

7. TRADE AND OTHER PAYABLES

	Consolidated	
	As at	As at
	30 Jun 2015	31 Dec 2014
Current		
Trade payables	264,668	273,912
Accrued payables	11,660	19,575
Advance from related entity	850,000	619,391
Convertible Note (Note a)	300,000	700,000
	1,426,328	1,612,878
Non-current		
Advance from other entity	20,000	20,670
	20,000	20,670

Note a: 2 years convertible note, mature in December 2015

8. ISSUED CAPITAL

Consolidated		Consolidated	
As at	As at	As at	As at
30 Jun 2015	31 Dec 2014	30 Jun 2015	31 Dec 2014
Number of Shares	Number of	\$	\$
Ordinary Shares	Shares		
396,845,499	257,984,445	27,209,826	26,867,404

(a) Movements during the period

Balance	257,984,445	153,109,851	26,867,404	23,683,142
Convertible note conversion	47,281,324	3,472,222	200,000	200,000
Share purchase plan	91,579,730	5,229,383	146,528	177,800
Share purchase plan	-	24,182,352	-	822,200
Convertible note conversion	-	7,490,637	-	200,000
Share placement	-	19,300,000	-	926,400
Share issued – acquire tenement	-	1,000,000	-	70,000
Share issued – acquire investment	-	44,200,000	-	884,000
Sharing issuing costs	-	-	(4,106)	(96,138)
Balance	396,845,499	257,984,445	27,209,826	26,867,404

(b) Options

There have been no options issued or granted over unissued shares during the reporting period.

(c) Terms and Conditions

Each ordinary share participates equally in the voting rights of the Company. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

NOTES TO THE FINANCIAL STATEMENTS continued
for the Half-Year Ended 30 June 2015

9. RESERVES

	Consolidated	
	As at 30 Jun 2015	As at 31 Dec 2014
Reserves	\$	\$
Capital profits reserve	2,541,929	2,541,929
Options reserve	359,765	359,765
	2,901,694	2,901,694
Movements in reserves		
<i>Capital profits reserve</i>		
Balance at start of the year	2,541,929	-
Business combination movement	-	2,541,929
Balance at the end of the year	2,541,929	2,541,929
<i>Options reserve</i>		
Balance at start of the year	359,765	359,765
Business combination movement	-	-
Balance at the end of the year	359,765	359,765

10. COMMITMENTS

Exploration expenditure commitments

	Consolidated	
	As at 30 Jun 2015	As at 31 Dec 2014
	\$	\$
Minimum tenement exploration expenditure	488,875	325,500
Tenement lease and rent payment	13,180	16,560
	502,055	342,060

The minimum exploration expenditure commitments and lease payments on the Company's exploration tenements total approximately \$0.5 million over remaining term of tenements.

Service Agreements

The Company has entered into a Corporate service agreement with Hudson Corporate Limited pursuant to which Hudson Corporate Limited has agreed to provide its office management, registered office, administrative, accounting, compliance and secretarial services.

The term of the Corporate Services Agreement is two years and the fee payable is that amount agreed between the parties from time to time. The terms of the Services Agreement provide that Hudson Corporate Limited shall act in accordance with the Directions of the Board.

The Company has entered into a geological services agreement with Michael Leu for a fixed remuneration per day.

There are no other material commitments as at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS continued
for the Half-Year Ended 30 June 2015**11. CONTINGENT LIABILITIES**

There are no other material contingent liabilities as at the date of this report.

12. SEGMENT REPORTING

The consolidated entity operates one business being the mining and exploration of gold, minerals and related development projects in Australia.

13. EVENTS SUBSEQUENT TO BALANCE DATE

In early July the non-renounceable rights issue and placement was closed with \$1,122k raised before costs.

On 14th July 2015, the Convertible Note balance of \$300k was repaid in full and related party loan reduced by \$200k.

Mount Adrah Gold Ltd (Mount Adrah), a 99.5% held subsidiary of Sovereign Gold is defending an action in the Singapore High Court in the amount of A\$100,000, brought by a former corporate finance advisor.

Mount Adrah has counterclaimed for breach of fiduciary duties to act in the best interest of its client and avoid conflict of interests.

Further to the advice provided to the ASX on 13 May 2015, the Singapore High Court action with Mount Adrah Gold Limited (a subsidiary of the Company) has been settled by consent. The settlement has no material impact to the Company.

There are no other matters or circumstances, other than noted above, which have arisen since 30 June 2015 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2015, of the consolidated entity;
- the results of those operations; or
- the state of affairs, in financial half-year subsequent to 30 June 2015, of the consolidated entity.