



SOVEREIGN GOLD  
COMPANY LIMITED

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2 December 2015

Kimberley Brown  
Senior Advisor  
Listings Compliance (Sydney)  
ASX Compliance Pty Limited  
20 Bridge Street  
Sydney NSW 2000

By email: Kimberley.Brown@asx.com.au

Dear Kimberley,

**ASX aware query**

Thank you for your letter of 30 November 2015 with respect to the Trading Halt requested on 26 November 2015.

We provide the following response to your numbered questions.

Question	Response
1 Does the Entity consider the information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?	<p>In isolation no. However in the context of the general meeting called for 7 December 2015, yes.</p> <p>The materiality of the funds to be received was in the context of the general meeting.</p>
2 If the answer to question 1 is "no", please advise the basis for that view, particularly in light of the Trading Activity.	<p>The market was aware of the R&amp;D claim.</p> <p>The Company has made a number of references to the R&amp;D claim, the most recent being on 23 July 2015, where it stated "Lodgement of R&amp;D Tax Incentive claim has the potential to return \$1.235M spent on R&amp;D to Sovereign Gold."</p> <p>The Company did not request the Trading Halt on the basis of anomalous trading.</p> <p>On review the Company does not consider there to have been any anomalous trading prior to the request for the Trading Halt. The trading price appears consistent between 0.2 and 0.25 cents in the two weeks prior to the Trading Halt.</p> <p>Our analysis of trading in the Company shows:</p>



Date	Volume	Price Range (Hi – Low) (cents)
11 Nov 15	2,710,024	0.2 – 0.25
12 Nov 15	2,933,333	0.2 – 0.2
13 Nov 15	6,003,959	0.2 – 0.25
16 Nov 15	6,285,182	0.2 – 0.25
17 Nov 15	7,324,958	0.2 – 0.25
18 Nov 15	4,200,000	0.2 – 0.3
20 Nov 15	6,538,058	0.2 – 0.3
23 Nov 15	12,767,701	0.2 – 0.25
24 Nov 15	1,686,884	0.2 – 0.25
25 Nov 15	3,600,000	0.2 – 0.2
26 Nov 15	10,200,000	0.2 – 0.25
26 Nov 15 10:45 Trading Halt applied		
27 Nov 15	134,297,603	0.2 – 0.35
30 Nov 15	36,510,474	0.3 – 0.35

- 3 If the answer to question 1 is “yes”, when did the Entity first become aware of the information?

Information regarding the R&D Refund was received by a director at 5:55 pm on 25 November 2015 and was considered in the context of the general meeting at a board meeting held on 26 November 2015 at 1:00pm.

It is the Company's view that the trading following the lifting of the Trading Halt was a result of the cancellation of the general meeting and not the advice of the R&D refund.

As stated in the letter to shareholders, released concurrently with the R&D release, “the general meeting was called primarily for shareholders to consider and approve a number of resolutions to enable the Company to raise funds to meet the working capital needs of the Company.”

Further, “the Refund is expected in early 2016 and will meet the working capital needs of the Company” and, “due to the approval of the R&D Tax Incentive Offset Refund, the Company does not need to refresh its placement capacity at this point in time; the immediate funding needs are satisfied and there is no immediate requirement to raise additional funds” and “The Company is pleased to be able to meet its current funding requirements without diluting current shareholders interests.”

This advice was included in the R&D release, “the Directors of Sovereign Gold have determined that the proposed capital raising is no longer necessary to fund the Company's exploration activities and to cancel the General Meeting scheduled for 7 December 2015”.



- 4 If the answer to question 1 is “yes” and the Entity first became aware of the information before the relevant date, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay. When answering this question, please comment on why the Entity did not request a trading halt in its securities prior to trading commencing on Thursday 26 November 2015.

Question 4 is a multi-faceted question and is parsed below for clarity:

*Did the Entity make any announcement prior to the relevant date, which disclosed the information?*

The market was advised of the potentiality of the R&D refund 23 July 2015. The Company was not aware until 5:55 pm on 25 November 2015 that the Company had received the necessary certification for it to qualify for the R&D refund.

At the time of receiving the advice, that actual refund amount was not known (it is still be correlated).

*Please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A*

As the amount of the refund was not known, the R&D refund was not considered sufficiently market sensitive to require immediate disclosure.

The information in isolation did not warrant a Trading Halt.

Once the amount of the R&D refund was known and a decision to cancel the general meeting was made by directors the Company was obliged to release the information under Listing Rules 3.1 and 3.1A.

The prospect of the general meeting being varied or cancelled as result of the information was the primary concern, but no determination could be made until the meeting of directors at 1:00 pm on 26 November 2015.

That the directors were considering varying or cancelling the general meeting was not material until such time as a decision was made.

The R&D refund and its amount were the catalyst for the directors meeting to consider its impact on the matters to be considered by shareholders at the general meeting.

It was the view of the Company’s compliance officer that the Company had continuous disclosure obligations, as market was not informed of the R&D refund amount and its relevance to the general meeting to be held on 7 December 2015.

*Why the Entity did not request a trading halt in its securities prior to trading commencing on Thursday 26 November 2015?*

At Sovereign Gold the CEO or Chairman must authorise a Trading Halt. This authority was obtained at 10:15 am on 26 November 2015. Contact with the Company’s ASX advisor



was made at 10:35 am and the request for the Trading Halt was made.

The market was informed pre-open on 27 November 2015 and responded positively to the announcement.

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- 5 Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

The Company provided information from its share register pursuant to a Section 173 request under the Corporations Act.

Following the provision of the register, a number of shareholders have received communication directing them to a public Internet forum for information about the Company.

The Company is aware of its continuous disclosure obligations under the Listing Rules.

Shareholders should not rely on information provided by any source other than the Company through its disclosures to the ASX.

The Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Please let me know if I can be of any further assistance.

Yours sincerely

Henry Kinstlinger  
Company Secretary



30 November 2015

Mr Henry Kinstlinger  
Sovereign Gold Company Limited  
Level 2, Hudson House  
131 Macquarie Street  
Sydney NSW 2000

By Email:

Dear Henry,

**Sovereign Gold Company Limited (the "Entity"): ASX aware query**

ASX Limited ("ASX") refers to the following:

1. The Entity's request for a trading halt in its securities received by ASX at 10:34am AEDT on Thursday, 26 November 2015 (the "Trading Halt Request"), pending an announcement in relation to funds to be received by the Entity that are considered material to the Entity,. The Entity's securities were subsequently placed in trading halt session state by ASX.
2. The Entity's announcement entitled "*Sovereign Gold R&D Refund Confirmed*" lodged with ASX Market Announcements at 9:55am AEDT on Friday 27 November 2015, and released by ASX at 10:08am AEDT on Friday 27 November 2015 (the "Announcement"), which stated the following.

*"Sovereign Gold Company Ltd. advises that it received confirmation on 25 November 2015 regarding its Research and Development (R&D) program from the R&D Tax Integrity Assurance Unit of AusIndustry that its Core R&D Activity "Development of IRGS diagnostics mineralisation characteristics" and many of the supporting activities are eligible for the R&D Tax Incentive Offset Refund. Accordingly, certificates for this finding have been issued under Section 27J of the Industry Research and Development Act 1986. The R&D refund is for the period January-December 2012 and is expected to be in excess of \$500,000. It is expected within 30-60 days. The Company has also registered for the R&D Tax Incentive Offset Refund for each of 2013, 2014 and 2015 and anticipates similar outcomes as the R&D project is continuously advancing."*

3. The increase in the Entity's share price on the morning of Thursday 26 November 2015 prior to the Entity's securities being placed in trading halt session state, and the subsequent increase in the Entity's share price and increase in trading volume following lodgement of the Announcement on Friday 27 November 2015 ("Trading Activity").
4. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.



5. The definition of “aware” in Chapter 19 of the Listing Rules. This definition states that:

*“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.”*

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

6. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed.”*

5. ASX’s policy position on the concept of “confidentiality” which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “Listing Rule 3.1A.2 – the requirement for information to be confidential”*. In particular, the Guidance Note states that:

*“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”*

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:



1. Does the Entity consider the information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view, particularly in light of the Trading Activity.
3. If the answer to question 1 is “yes”, when did the Entity first become aware of the information?
4. If the answer to question 1 is “yes” and the Entity first became aware of the information before the relevant date, did the Entity make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the information was released promptly and without delay. When answering this question, please comment on why the Entity did not request a trading halt in its securities prior to trading commencing on Thursday 26 November 2015.
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

#### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (ie before 9.30 a.m. AEDT) on Thursday, 3 December 2015. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [Kimberley.brown@asx.com.au](mailto:Kimberley.brown@asx.com.au) or by facsimile to (02) 9241 7620. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

#### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A.



The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Kimberley Brown', with a stylized flourish at the end.

**Kimberley Brown**  
**Senior Adviser, Listings Compliance (Sydney)**