SOVEREIGN GOLD COMPANY LIMITED

Sovereign Gold Company Limited
Tel: +61 8 6500 6872

Contact
Rocco Tassone, Managing Director

e: corporate@sovereigngold.com.au

Latest News
www.sovereigngold.com.au

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
6 October 2016

Methodology Prioritises Hobbs Pipe Look-a-like Drill Targets

- **Exploration method developed to refine and prioritise targets that have a high probability of discovering new Hobbs Pipe style mineralisation**
- **Methodology to be applied to several recently announced Priority 1 targets which are located in close proximity to Hobbs Pipe**
- **First deep drill hole into Hobbs Pipe produced an intersection of 886 metres @ 1.2 g/t Au (including 400 meters @ 1.4 g/t Au from surface)**
- **This ground magnetic method is a low cost assessment that has been shown to have a characteristic response over the Hobbs Pipe and should assist in locating additional potential Hobbs Pipe targets for drilling**
- **Drill rigs are on standby and these new targets will be drilled in conjunction with White Deer as soon as weather permits**

In ASX Release of 27/9/2016 Sovereign Gold Company Limited (ASX: SOC) (**Sovereign** or the **Company**) confirmed that reprocessing of airborne geophysical data identified magnetic responses of Hobbs Pipe Look-a-like Gold Targets. This data set was too wide spaced to enable precise ranking of targets for drilling.

Recent processing of previously collected ground magnetic data over Hobbs Pipe has established this method can discriminate the Hobbs Pipe from surrounding highly magnetic rocks. Sovereign now has developed a method to short list the airborne Hobbs Look-a-Like target for drilling priority and to locate new targets not detected in the wide spaced airborne survey. Closed spaced ground magnetic data will be collected and processed through some new data processing methods developed by Eureka Consulting. The highly specialised user-developed and proprietary filters and processing techniques will be designed to uniquely suit the ground magnetic dataset.

The ground magnetic method has been shown to have a characteristic response over the Hobbs Pipe. It is accurately mapping the surface mapped and drilled location of the intrusive and indicates a relatively low magnetic response when compared to the elevated responses of the surrounding lithologies. This strong contrast in magnetic response can be used to identify Hobbs Pipe-style targets on the high magnetic response ridges associated historic gold mines along the Gilmore Suture within Sovereign's Exploration Licences.

Managing Director Rocco Tassone commented, "Sovereign's R&D has developed a relatively fast and cheap method to locate potential repetitions of Hobbs Pipe. A closed-spaced ground magnetic survey will be undertaken along all identified targets but especially in close proximity to Hobbs Pipe (Figure 1). Geophysical modelling will provide more precise information on the geometry and vertical depth of the magnetic source and be used as the basis to shortlist targets for drilling. We are delighted to have so many targets to test and shortlist prior to quick assessment by RC drilling."

Research by Eureka Consulting has confirmed "there appears little doubt that the ground magnetic method is a valid exploration approach to apply to suspected additional intrusive/pipe targets - using the targeting by the airborne magnetics, specifically looking for magnetic low zones,

especially with associated faulting and response disruption and then using the ground magnetic surveying approach to detail the feature. This is a relatively cheap, cost effective and accurate approach to exploration of additional pipe occurrences."

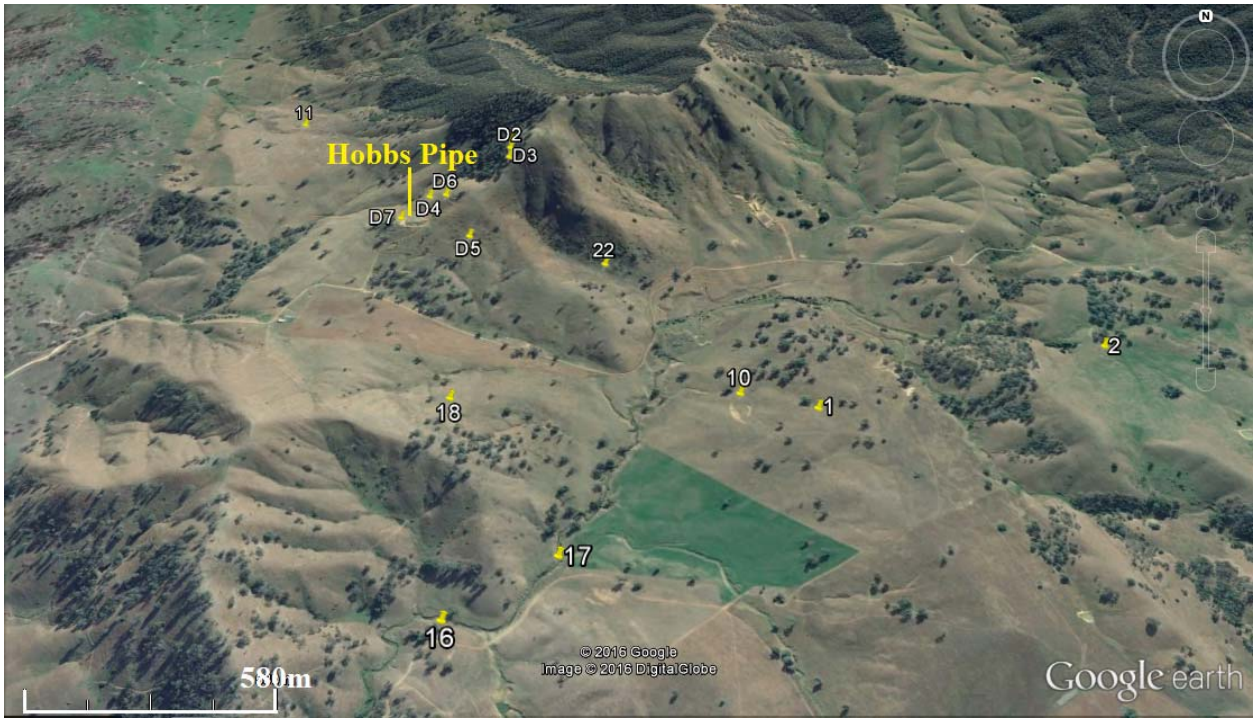

Figure 1: Priority targets (1, 2, 10, 11, 16, 17, 18, 22) identified from geophysical data in the vicinity of Hobbs Pipe and diamond drill collar positions (D1-D7) for upcoming drilling campaign to test high grade reefs.

Figure 2: Three Priority 1 geophysical targets (10, 18, 22) situated close to Hobbs Pipe

Priority Hobbs Pipe Look-a-Like Magnetic Geophysical Targets 10, 16, 17 & 18 are in Close Proximity to the Hobbs Pipe (Figure 3)

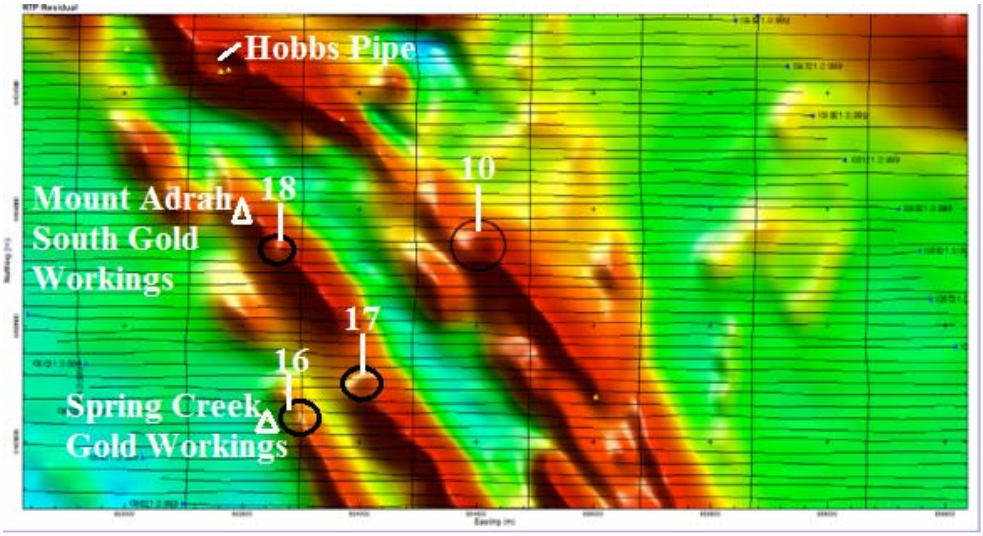

Figure 3: Priority Magnetic Geophysical Targets relative to Hobbs Pipe, the Gilmore Fault Zone and historic gold workings. Ground magnetic surveys will be used to located magnetic lows similar to that of the Hobbs Pipe along the north-west trending magnetic high (red) structures.

Priority 1 Geophysical Target 10

Similar style and size to the Hobbs Pipe signature, located on the main trend to the SE but with smaller magnetic amplitude low (about 30 nT).

Priority 2 Geophysical Target No: 16

Adjacent to the Spring Creek Historic hard rock gold workings, is a magnetic low on the western trend magnetic ridgeline.

Priority 1 Geophysical Target No: 17

East of Priority Target No. 16 is an anomaly located on an adjacent metabasalt lithology. This is another magnetic low anomaly that is approximately the same size as the Hobbs Pipe low.

Priority 1 Geophysical Target No: 18

A small magnetic low adjacent to the Mt Adrah South gold workings has a small magnetic depression associated with a potassium high.

Priority Hobbs Pipe Look-a-Like Magnetic Geophysical Target 27

Located ~3.5km northwest of the Hobbs Pipe on Minor magnetic low anomalies similar to that observed over Hobbs Pipe, but along a faulted offset of the central Mt Adrah lithology.

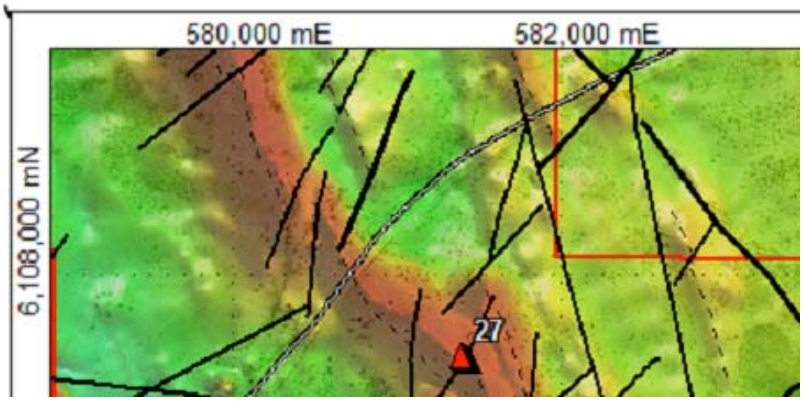

Figure 4: Priority Hobbs Pipe Look-a-Like Magnetic Geophysical Target 27

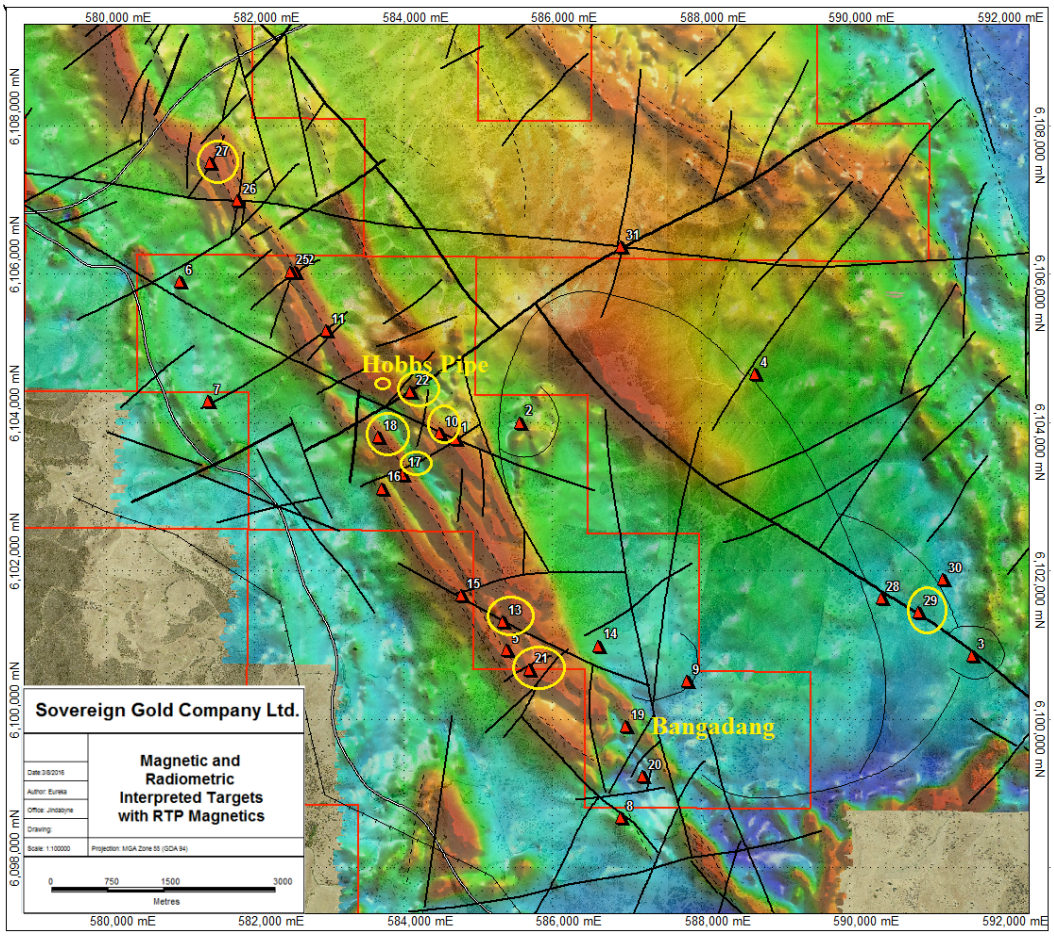

Figure 5: Location of exploration targets over satellite imagery overlain by magnetics. Hobbs Pipe and Priority 1 Targets circled in yellow.

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	• For the 1997 airborne survey forming the primary dataset analysed, a real-time GPS onboard system utilizing the NovaTel Model 951 ten

Criteria	Criteria
sample preparation	channel tracking GPS receiver was used and provided in-flight navigation control. This system determines 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 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