



SOVEREIGN GOLD COMPANY LIMITED

Sovereign Gold Company Limited
ACN 145 184 667

Suite 7,
234 Churchill Avenue ,
Subiaco, WA, 6008, Australia

Phone: +61 8 6500 6872

Contact
Rocco Tassone MD

email: corporate@sovereigngold.com.au

Latest News
www.sovereigngold.com.au

Directors / Officers
Charles Thomas
Executive Chairman
Rocco Tassone
Managing Director
Patrick Glover
Non-Executive Director

ASX Symbol: SOC

Mount Adrah Mineral Resource estimate:

770,000 oz of gold, at various cut-off grades:
Indicated: 440,000 oz
from 12.1 Mt at 1.1 g/t gold and Inferred:
330,000 oz from 8.4 Mt at
1.1 g/t gold*

* The information regarding the Mineral Resource is extracted from the report entitled "Hobbs Pipe Mineral Resource Update Additional Information" created 27th December 2013 and is available to view on sovereigngold.com.au/investors.htm. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Quarterly Activities Report – September 2016

This quarterly operations report for Sovereign Gold Company Limited (**Sovereign Gold or Company**) (**ASX: SOC**) is dated 27 October 2016 and is for the three months ending 30 September 2016.

Corporate

On 26 July 2016 the Directors released Director Interest Notices reflecting their interests subsequent to the findings of the Takeovers Panel.

On 9 August 2016 the Company released updated AGM results following a recount reflecting the exclusion of parties determined to be associated by the Takeovers Panel. The outcome of the AGM did not change as a result of the recount.

On 23 August 2016 the Company advised that it had relocated its principal place of business to Perth WA (the address is located in the side panel).

On 13 September 2016 the Company released its Interim Financial report for the half-year ended 30 June 2016.

Operations

Summary

- Company expects to complete 4 different drill programs across Lithium (2), Gold and Zinc/Silver projects by years end

Crescent Lake Lithium – Canada (Ontario)

- Drill program was extended to 800m as additional pegmatites were discovered and encouraged by visual strong presence of Lithium
- Maiden Canadian Lithium drilling Program has now been completed with assays pending and will be released shortly

Clayton Valley Lithium – USA (Nevada)

- Experienced Lithium Consulting Geologist Mr Jerry Aiken will visit the Clayton Valley Lithium Project in Nevada this week to formalise the drill program to test for eastward lateral extensions of aquifers discovered by Pure Energy Minerals in their adjacent Claims
- Drilling program expected to commence in December 2016

Mt Adrah Gold – Australia (NSW)

- Mt Adrah Gold Project approval granted to conduct over 1,200 metre Diamond drilling program intended to derive an Inferred Resource with a focus of moving towards early cashflow via shallow/high-grade operations
- Drilling will also focus on high priority Hobbs Pipe look-a-like targets. 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 from surface)
- Drilling to commence as soon as weather permits, expected to be during November 2016.

Halls Peak Zinc Projects – Australia (NSW)

- Approval obtained to conduct over 1,000m Diamond drilling. Drilling will target potential Direct Shipping Ore (DSO) High Grade Zinc and Silver
- Diamond drill rigs should be mobilised soon and drilling expected to commence in November 2016

Crescent Lake Lithium – Canada (Ontario)

Due diligence drilling conducted during the reporting period intersected a continuous 50 metres of mineralised pegmatite from surface with down dip drill hole ending in mineralisation. Visual Lithium-bearing ~20% Spodumene was present throughout hole which has been cased to extend drilling.

Cores have been sent to Actlabs in Thunder Bay for Assay. Cross-cut holes show widening at depth and additional drilling will be conducted to obtain true width.

Lithium-bearing pegmatites traced northeast for over 2km of strike length

A second field crew is exploring along strike from Ardden's (ASX:ADV) adjoining claims, North Aubry and Pye pegmatite swarms, located close to SOC's property line. Lithium-bearing pegmatites have been traced northeast for over 2km of strike length. Diamond drilling targeted lithium-bearing pegmatites in the north-east portion of SOC claims, Chappais Lake, Dempster L61, L40 and L28 (Figure 1).

Drilling was completed to a total of 800 metres and assay results are expected to be released in October.

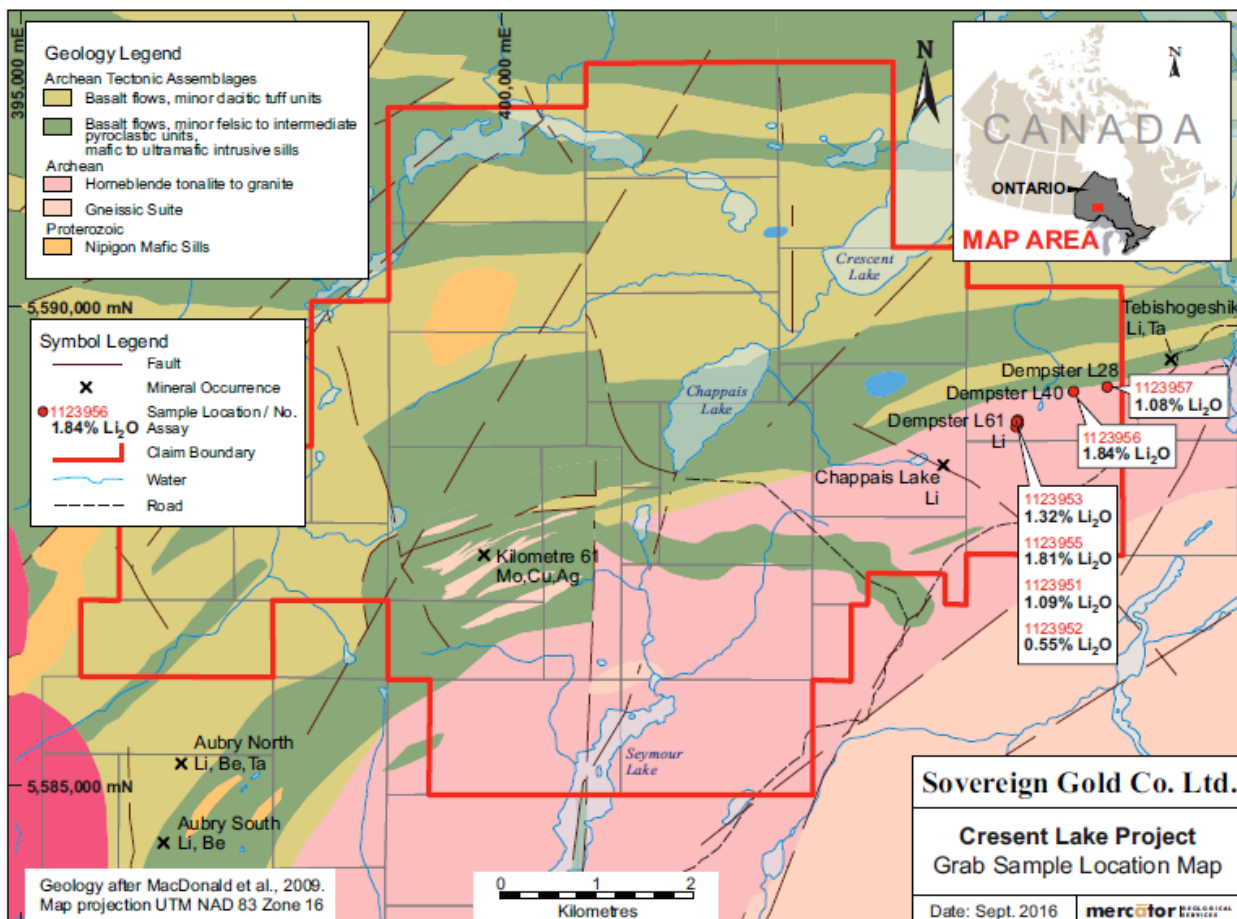


Figure 1: Lithium Oxide assay results from pegmatites Dempster: L61, L40 and L28.

Clayton Valley Lithium – USA (Nevada)

In-country Lithium specialist, Consulting Geologist Jerry Aiken, will this week commence designing a drill program to test for eastward lateral extensions of aquifers discovered by Pure Energy in their adjacent Claims and also to the north where Matica's (McGee) Claims represent a very promising first order target for lithium brine.

Potential exists for the lithium-bearing aquifers beneath the 111 Claims and based on Pure Energy's drilling results to date, it is apparent the 111 Claims are favourably situated for the potential existence of ash unit hosted lithium brines.

The drill program design is expected to be completed during November with expectations of drilling to commence during December.

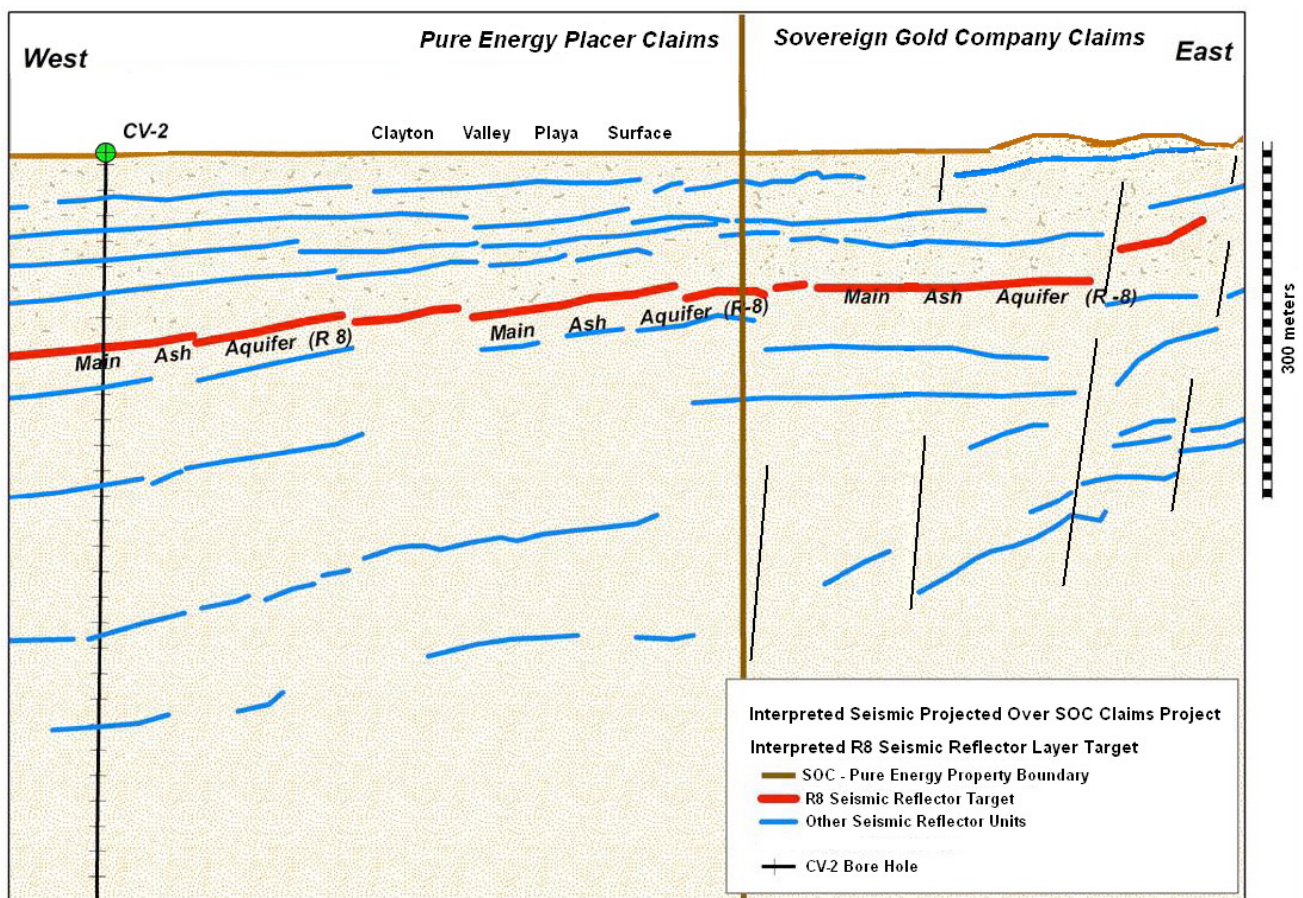


Figure 2: Seismic interpretation projected to western portion of SOC Claims project (after Cypress Dev. Corp., 2016). Pure Energy Minerals report 816,000 tonnes of lithium carbonate equivalent, Inferred Resource NI43-101 July 2015, next to North Americas only producing lithium mine, Albermarle's Silver Peak Mine, Clayton Valley

Mt Adrah Gold – Australia (NSW)

The NSW Government Division of Resources and Energy (DRE) has granted approval for the Company to commence drilling at Mt Adrah Hobbs Pipe – White Deer Project.

This initial drill program is for 1,280 metres of diamond core and naturally if results are positive the program will be expanded to test structures along strike and down dip with the aim to build a JORC resource inventory with a focus of moving towards early cash flow. The drilling will also focus on recently announced Hobbs Pipe Look-a-like targets.

The drilling program was designed following 3D modelling of gold-bearing planar structures. There is potential for a high margin mining operation focussing on such gold mineralised quartz reefs that exist proximal to and sometimes within the main pipe.

The 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).

The drill program is intended to derive an Inferred Resource with a focus of moving towards early cashflow via near-surface / high-grade operations.

Hobbs Pipe has been shown to have a characteristic magnetic signature. Ground magnetic surveys will be carried out to follow up several Priority 1 targets detected by airborne regional magnetic surveys, that are located in close proximity to Hobbs Pipe.

Drill rigs remain on standby and these targets will be drilled as soon as weather permits.

The drill program is intended to derive an Inferred Resource with a focus of moving towards early cashflow via near-surface / high-grade operations.

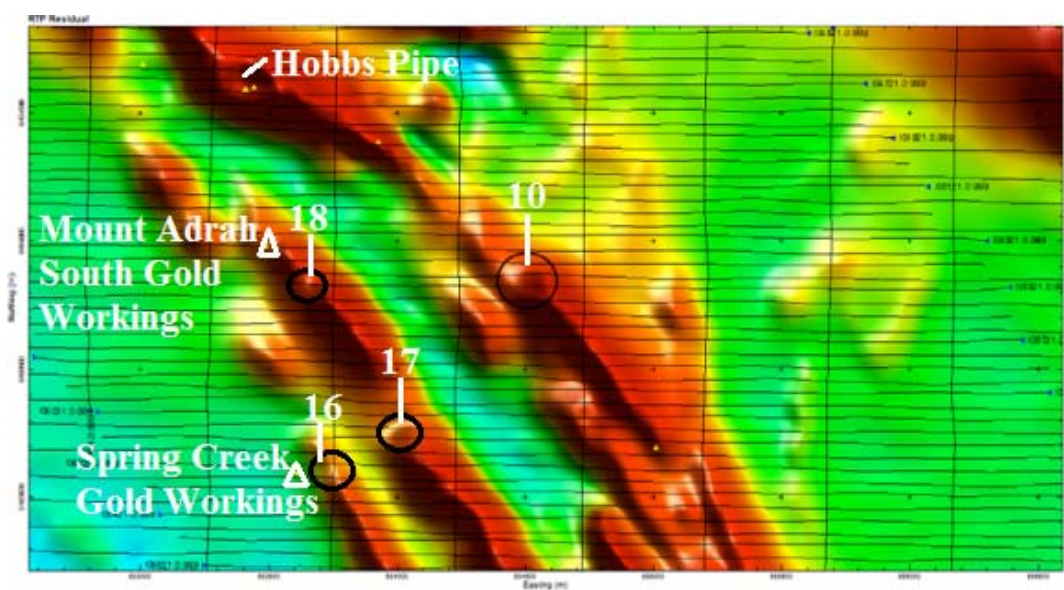


Figure 3: Priority Magnetic Geophysical Targets relative to Hobbs Pipe, the Gilmore Fault Zone and historic gold workings. Ground magnetic surveys will be used to located magnetic lows similar to that of the Hobbs Pipe along the north-west trending magnetic high (red) structures.

Drilling is expected to commence during November 2016.

Halls Peak Zinc Projects – Australia (NSW)

The NSW Government Division of Resources and Energy (DRE) has approved for drilling to commence at Halls Peak – Gibson Project.

Drilling will commence as soon as weather permits.

Sovereign Gold's initial drill program is planned for more than 1,000 metres of diamond core and if results are positive the program will be expanded.

Over 1,000m Diamond drilling has been finalised and will target potential Direct Shipping Ore (DSO) High Grade Zinc and Silver.

Previous results Including 1 metre from 37.3 metres @ 32.8% zinc, 6.7% lead, 2.5% copper and 48.2 g/t silver and 1.3 metres from 41.2 metres @ 34.5% zinc, 11.3% lead, 2% copper and 69.4 g/t silver (DDH HP 026).

About Halls Peak

- Right geological setting, Halls Peak base metal province located in an area (4 x 5km) of historic high grade massive sulphide mines
- Several shallow, small high grade massive sulphide bodies already discovered
- Halls Peak has potential to host a large base metal deposit
- Flat lying VTEM conductor around the old Sunnyside Mine fits a typical SEDEX deposit model. Consultant Geophysicists interpret this conductor to host sulphides
- Confidence exists that the VTEM survey has potentially located sulphide deposition but economic grades and tonnage yet to be proven
- Long term Zinc outlook positive, declining production levels and the lack of genuine development opportunities

Halls Peak is the inferred volcanic centre for extensive small but high grade Volcanic Massive Sulphide (VMS) deposits rich in copper, lead, zinc and silver. Current exploration aims to locate the right depositional environment to host a large scale, high-grade base metal deposit. Several geochemical and geophysical anomalies are also present that identify further high grade, near-surface sulphides.

Additional to the VMS prospectivity, there are indications for the presence of orogenic gold from breccia floaters and small pods of Au-rich quartz.

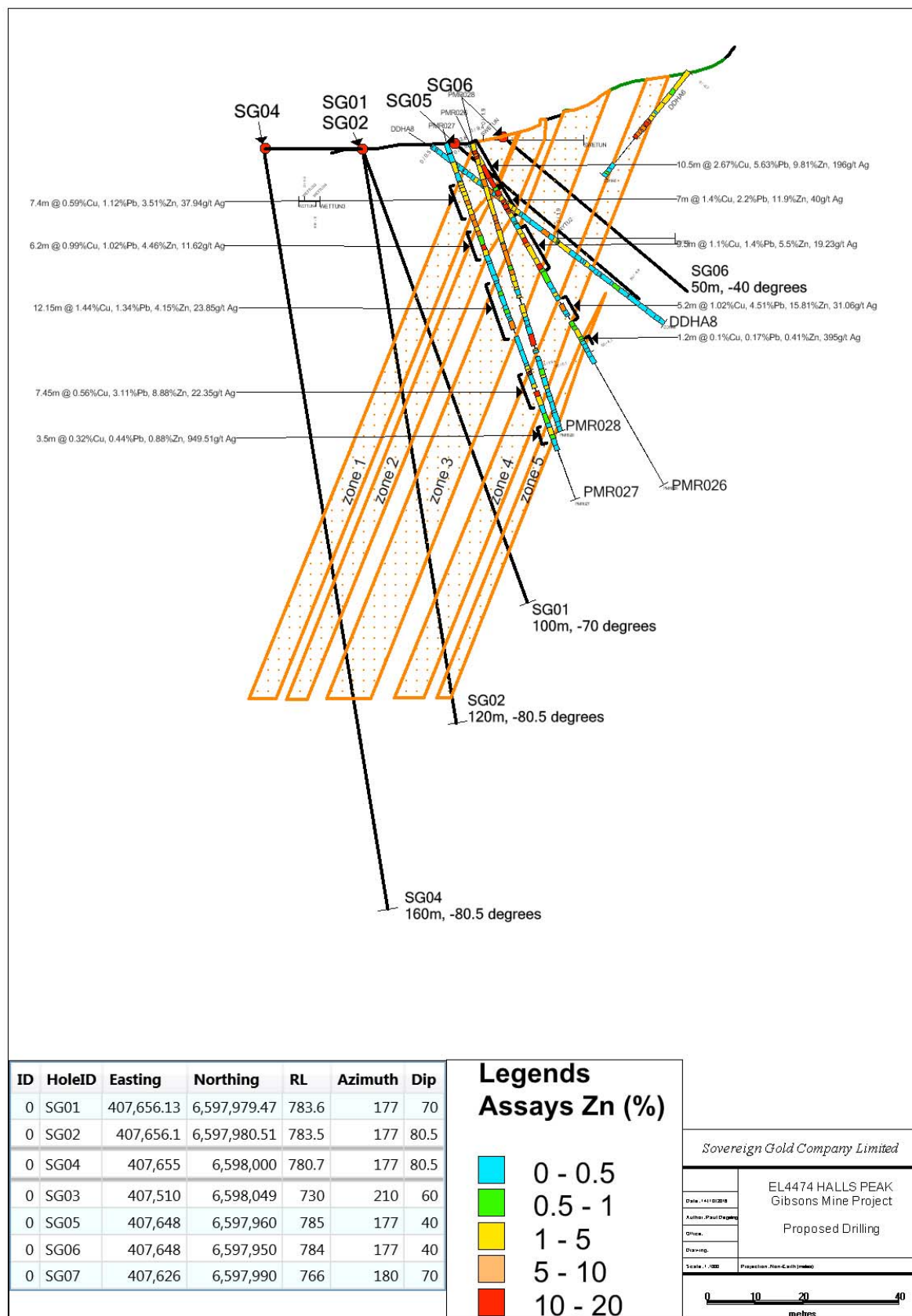


Figure 4: Previous drilling has delivered significant results

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
19/10/16	Four Project Drill Program Exploration Update October 2016
14/10/16	Halls Peak Drilling to target High Grade DSO Zinc and Silver
11/10/16	50m Lithium Bearing Pegmatite Continuous From Surface
6/10/16	Methodology Prioritises Hobbs Pipe Look-a-like Drill Targets
5/10/16	Approval Granted To Commence Gold Drilling at Mt Adrah
4/10/16	Lithium Drilling Over 2km Strike Expanded - Assays Pending
30/9/16	Leading Lithium Consultant For Clayton Valley Drill Program
28/9/16	Drilling Update - Crews Testing North Aubry Lithium Trend
27/9/16	Geophysics Identifies Hobbs Pipe Look-a-like Gold Targets
22/9/16	Chappais Lake Lithium Pegmatite Drill Rig To Mobilise
15/9/16	Drilling Targets High-Grade Gold Early Cashflow Potential
14/9/16	Crescent Lake - Lithium Oxide Grades up to 1.84%
5/9/16	Exploration Permit Granted Crescent Lake Lithium Project
1/9/16	Second Significant VTEM Anomaly for Drilling at Halls Peak
16/8/16	Exploration Status Report
12/8/16	Crescent Lake Lithium-bearing Pegmatites Exposed at Surface
9/8/16	Nevada Lithium Claims Acquisition Completed - App 3B
5/8/16	Geophysics Target Potential Additional Highgrade Gold Reefs
2/8/16	Lithium Recovery Technology - Clayton Valley
1/8/16	Crescent Lake Lithium Receives Access Approval
28/7/16	Clayton Valley Lithium - High Level Review
27/7/16	Mt Adrah Gold Project - Targets High Grade Vein Potential
14/7/16	Exploration Update
19/10/16	Four Project Drill Program Exploration Update October 2016
14/10/16	Halls Peak Drilling to target High Grade DSO Zinc and Silver

Qualifying Statements

The information in this Report that relates to Exploration Information is based on information compiled by Paul Degeling who is a fellow of The Australasian Institute of Mining and Metallurgy.

Mr Degeling is a qualified geologist and is a contractor to Sovereign Gold Company Limited.

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

Tenements

Tenement information required under LR 5.3.3

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

Notes:

During the quarter, the Company acquired 111 New Mining Claims in Clayton Valley Nevada USA (ASX: 10 June 2016); EL 8127 was disposed.

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

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

** Subject to Farm-in

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Sovereign Gold Company Limited

ABN

12 145 184 667

Quarter ended ("current quarter")

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(154)	(321)
(b) development	-	-
(c) production	-	-
(d) staff costs	(72)	(211)
(e) administration and corporate costs	(307)	(893)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	87
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	1,759
1.8 Other (provide details if material)	-	84
1.9 Net cash from / (used in) operating activities	(528)	421

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	(40)	(40)
(c) investments	-	(44)
(d) other non-current assets	(205)	(205)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	18	24
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(227)	(265)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	1,274
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(4)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	1,270

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,324	60
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(527)	505
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(227)	(265)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,270
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,570	1,570

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,570	111
5.2 Call deposits	-	2,337
5.3 Bank overdrafts (adjustment for bank deposit for Credit facility previous period) See section 8.2	-	(90)
5.4 Other (adjustment for unpresented cheques incorrectly included previous period)	-	(34)
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,570	2,324

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
72
-

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
8.1	Loan facilities		
8.2	Credit standby arrangements	90	14
8.3	Other (please specify)		
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	606
9.2	Development	
9.3	Production	
9.4	Staff costs	114
9.5	Administration and corporate costs	69
9.6	Other (provide details if material)	
9.7	Total estimated cash outflows	789

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	EL8127 Adelong	Exploration Licence	99.5%	Nil
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:
Company Secretary

Date: 27 October 2016

Print name: Henry Kinstlinger

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.