



SOVEREIGN GOLD COMPANY LIMITED

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Latest News

www.sovereigngold.com.au

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Rocco Tassone (MD)
Patrick Glovac

ASX: SOC

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.

ASX Release
11 October 2016

50m Lithium Bearing Pegmatite Continuous From Surface – Crescent Lake

- Due diligence drilling intersects a continuous 50 metres of mineralised pegmatite from surface with down dip drill hole ending in mineralisation
- Visual Lithium-bearing ~20% Spodumene present throughout hole which has been cased to extend drilling
- Cores have been sent to Actlabs in Thunder Bay for Assay with results expected in October
- 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
- Second field crew on site exploring along strike from Ardiden's (ASX:ADV) adjoining claims, North Aubry and Pye pegmatite swarms, located close to SOC's property line

Sovereign Gold Company Limited (ASX: SOC) (**Sovereign** or the **Company**) advises the in-country geological team has completed three diamond drill holes in lithium-bearing pegmatites at Dempster L61.

Two of the holes crosscut the pegmatites and confirmed the existence of two pegmatites L61W(West) and L61E(East). A third diamond hole was drilled on a steeper down dip angle of -65 degrees and the team stated "we successfully intersected a full 50 metres of mineralized pegmatite in a down dip hole at L61. Our geologist reports a visual estimate of from 15-20% spodumene throughout the hole."

Cross-cut hole CL-16-04 intersected the western pegmatite over 4.5m downhole from 5.0m to 9.5m and the eastern pegmatite over 8.4m downhole from 28.7 to 37.1m. Diamond drill hole CL-16-5B intersected the western pegmatite over 7.8m downhole from 7.2m to 15m showing that it is widening down dip. The drill core has been sampled and dispatched for assaying.

Lithium-bearing pegmatites have been traced northeast for over 2km of strike length. Diamond drilling is targeting lithium-bearing pegmatites in the north-east portion of SOC claims, Chappais Lake, Dempster L61, L40 and L28 (Figures 2 and 3).

Managing Director Rocco Tassone stated, "We are excited the drilling program has confirmed the presence of what has the potential to be a significant lithium discovery, located in a region of outcropping Spodumene-bearing pegmatite structures. Determination as to the potential of defining a JORC Compliant Lithium resource will be assessed upon confirmation of the pending assay results. I believe we have just scratched the surface of this massive 5,072 hectares and with continued drilling and field work we will discover additional bearing pegmatites".

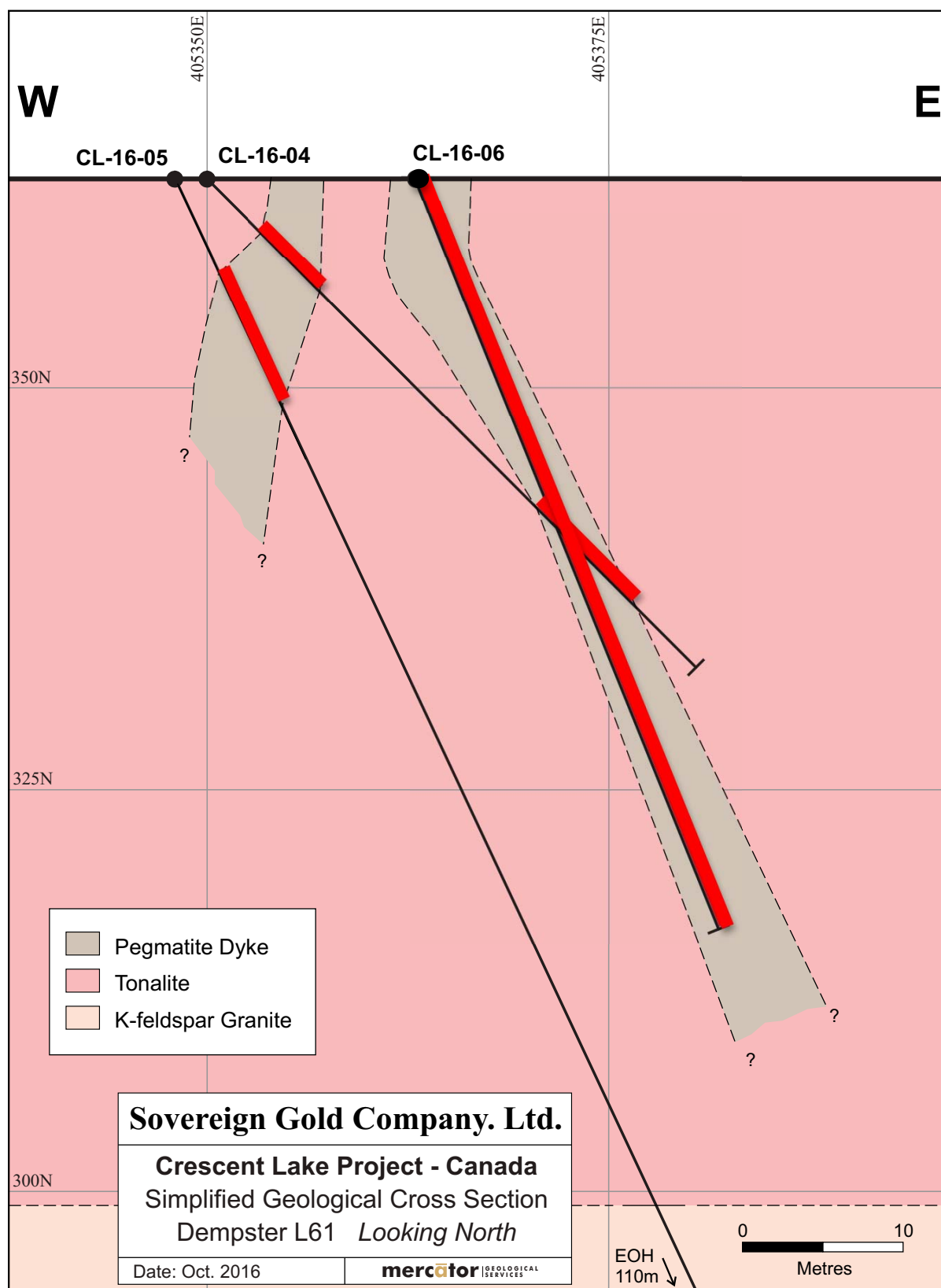


Figure 1: Diamond drilling, Lithium-bearing pegmatites Dempster L61W and L61E. Drill sections looking north, diamond drill holes CL-16-04, CL-16-05B and CL-16-06C

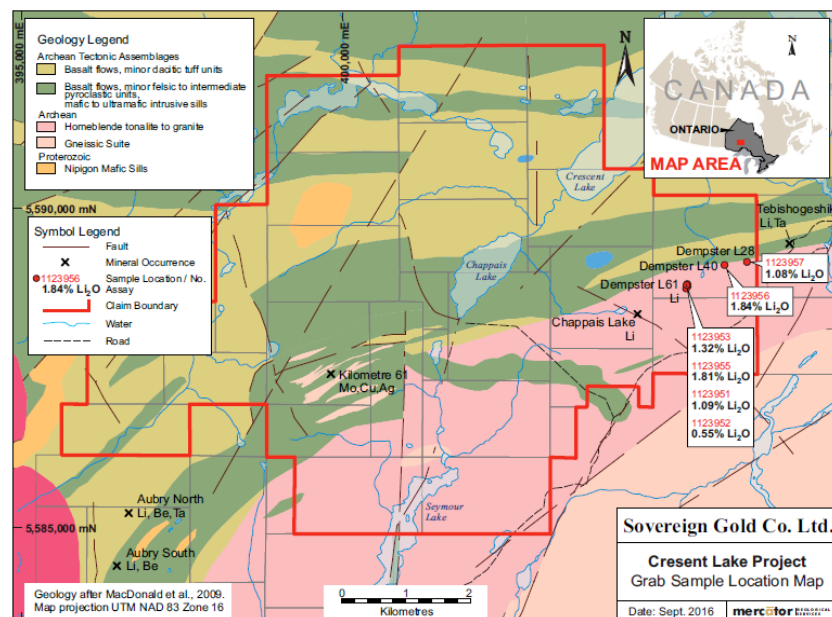


Figure 2: Lithium Oxide assay results from pegmatites Dempster: L61, L40 and L28.

After completion of the drilling of the northeast pegmatites the drill rig will proceed southwest to test targets along strike from Ardiden's (ASX:ADV) adjacent claims that hosts the North Aubry and Pye lithium-bearing pegmatites

Sovereign has secured an exclusive option to acquire 100% of 28 unpatented mining claims (317 Claim Units, 5,072 hectares, 50.72km²) (Sovereign Claims) within the Crescent Lake Lithium Prospects in Ontario, Canada. SOC's claims extend northeast 11.5kms from its contact with the north-western boundary of Ardiden Ltd.'s (ASX:ADV) Seymour Lake Lithium Project to Argonaut Resources Ltd.'s (ASX:ARE) Zigzag claims (Crescent Lake area) that contain lithium-bearing pegmatites.

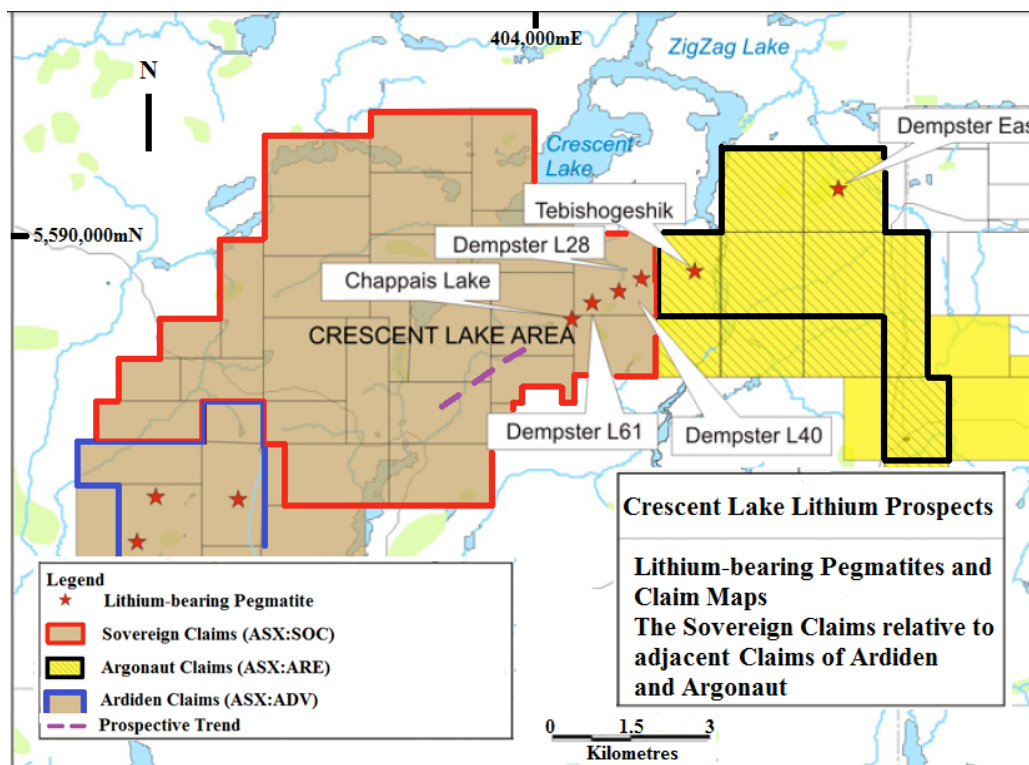


Figure 3: Lithium-bearing Pegmatites and claim map. The Sovereign Claims relative to the adjacent claims of Ardiden and Argonaut. Drilling program underway for Chappais Lake, Dempster L61, Dempster L40 and Dempster L28. The Sovereign Claims are underexplored and the geological team will also explore along a highly prospective north-east trend of volcano-sedimentary host rocks that parallels an adjacent intrusive contact. They will especially focus on the area trending north-east from Ardiden's Claims as this may result in discovery of new pegmatites.

Table 1 – Drill hole information (UTM NAD 83 Zone 16, true width not determined)

Hole	Location		Collar			
	East	North	Elev	Dip	Azimuth	Length
CL16-04	405350	5588800		45	90	43
CL16-05	405348	5588800		65	90	110
CL-16-06	405363	5588792		68	90	50



Dempster L61 East Pegmatite. The in-country geological team stated “we successfully intersected a full 50 metres of mineralized pegmatite in a down dip hole at L61. Our geologist reports a visual estimate of from 15-20% spodumene throughout the hole.”

(Drill Hole CL-16-06, from 0 – 9 metres downhole, scale NQ Diamond Core 47.5mm diameter)



Dempster L61 West Pegmatite. Diamond drill core prior to cutting and dispatch for assay. Light green to pale cream lithium-bearing spodumene present in the five core rows. (Drill Hole CL-16-04, 2nd row top between 32 – 33 metres downhole, scale NQ Diamond Core 47.5mm diameter)



Dempster L61 East Pegmatite. Note light green lithium-bearing spodumene. Spodumene is the main lithium mineral found in pegmatites ($\text{Li}_2\text{O} \cdot \text{Al}_2\text{O}_3 \cdot 4\text{SiO}_2$, theoretical Li_2O content of 8.03%). (Drill Hole CL-16-06, around 38 – 39 metres downhole, scale NQ Diamond Core 47.5mm diameter)

For further information please contact:

Rocco Tassone,
Managing Director
Sovereign Gold Company Limited

Telephone: +61 8 6500 6872



Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. 	<ul style="list-style-type: none"> Not applicable
	<ul style="list-style-type: none"> Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. 	<ul style="list-style-type: none"> Consistent cut distance relative to mark up or orientation line along core and visible in photographs
	<ul style="list-style-type: none"> Aspects of the determination of mineralisation that are Material to the Public Report. 	<ul style="list-style-type: none"> Visual estimate of spodumene percentage reported.
	<ul style="list-style-type: none"> In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Not applicable. No assayed samples reported.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> Diamond, oriented NQ and BQ core
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. 	<ul style="list-style-type: none"> Lithological and geotechnical logging, photography
	<ul style="list-style-type: none"> Measures taken to maximise sample recovery and ensure representative nature of the samples. 	<ul style="list-style-type: none"> NQ and BQ core with overall recovery of >90%



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> NQ and BQ core with overall recovery of >90% – no relationship has been observed between core recovery and grade with the data currently available
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 	<ul style="list-style-type: none"> Yes core has been logged geologically geotechnically to a level of detail to support appropriate visual estimates
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. 	<ul style="list-style-type: none"> Yes, NQ and BQ core logged and photographed
	<ul style="list-style-type: none"> The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> 100%
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. 	<ul style="list-style-type: none"> Not applicable. No sampling reported.
	<ul style="list-style-type: none"> If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. 	<ul style="list-style-type: none"> Not applicable at this stage of the program
	<ul style="list-style-type: none"> For all sample types, the nature, quality and appropriateness of the sample preparation technique. 	<ul style="list-style-type: none"> Not applicable. No sampling reported.
	<ul style="list-style-type: none"> Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. 	<ul style="list-style-type: none"> Not applicable. No sampling reported. Information recorded by both drill logs and photographs
	<ul style="list-style-type: none"> Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. 	<ul style="list-style-type: none"> Not applicable. No sampling reported.
	<ul style="list-style-type: none"> Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Not applicable. No sampling reported.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. 	<ul style="list-style-type: none"> Not applicable. No assays being reported.



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> For geophysical tools, spectrometres, handheld XRF instruments, etc, the parametres used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. 	<ul style="list-style-type: none"> Not relevant at this stage of the program
	<ul style="list-style-type: none"> Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Not applicable.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. 	<ul style="list-style-type: none"> Not relevant at this stage of the program
	<ul style="list-style-type: none"> The use of twinned holes. 	<ul style="list-style-type: none"> Not relevant at this stage of the program
	<ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. 	<ul style="list-style-type: none"> NQ and BQ core measured, photographed and logged by professional geologists. Digitally recorded plus back-up records.
	<ul style="list-style-type: none"> Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> There is no adjustment to assay data
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. 	<ul style="list-style-type: none"> Drill collars recorded with handheld GPS that has an accuracy 1m for location. Digital survey tool will be used for down-hole surveying.
	<ul style="list-style-type: none"> Specification of the grid system used. 	<ul style="list-style-type: none"> UTM NAD 83 Zone 16
	<ul style="list-style-type: none"> Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Handheld GPS to 0.25m
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. 	<ul style="list-style-type: none"> Not relevant to current drilling.
	<ul style="list-style-type: none"> Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. 	<ul style="list-style-type: none"> Not relevant to current drilling.
	<ul style="list-style-type: none"> Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Not applicable



Criteria	JORC Code explanation	Commentary
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> 	<ul style="list-style-type: none"> Cross sectional and down dip drill holes. Sampling at nominally sample length from 0.5m to 2.0m.
	<ul style="list-style-type: none"> <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> 	<ul style="list-style-type: none"> Drill holes are designed to intersect mineralised structures normal to strike and are recorded as down-hole lengths. However, down dip drill holes have been utilized to test the dip extent of the mineralisation to a nominal depth of 50m. The drill hole azimuth and angle relative to the main mineralised structures intersected in cross sectional drill holes are not considered to have introduced sampling bias.
<i>Sample security</i>	<ul style="list-style-type: none"> <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> Core stored in a secure storage facility in Armstrong, Ontario. Sample movements and security documented by Mercator Geological Services and Actlabs Chain of Custody.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> Not undertaken at this stage

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> 	<ul style="list-style-type: none"> Exploration conducted in Crescent Lake area, Ontario Canada on Stockport Exploration Inc. claim 3016645, currently under option to Sovereign Gold.



Criteria	JORC Code explanation	Commentary																																			
	<ul style="list-style-type: none">The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	<ul style="list-style-type: none">Tenure is current and in good standing																																			
Exploration done by other parties	<ul style="list-style-type: none">Acknowledgment and appraisal of exploration by other parties.	<ul style="list-style-type: none">Previous exploration has been conducted and is available in public file records extracted from Ministry of Northern Development and Mines.																																			
Geology	<ul style="list-style-type: none">Deposit type, geological setting and style of mineralisation.	<ul style="list-style-type: none">Spodumene bearing pegmatites																																			
Drill hole Information	<div><div><ul style="list-style-type: none">A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:<ul style="list-style-type: none">easting and northing of the drill hole collarelevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collardip and azimuth of the holedown hole length and interception depthhole length.</div><table><thead><tr><th>Hole</th><th colspan="2">Location</th><th colspan="4">Collar</th></tr><tr><th></th><th>East</th><th>North</th><th>Elev</th><th>Dip</th><th>Azimuth</th><th>Length</th></tr></thead><tbody><tr><td>CL16-04</td><td>405350</td><td>5588800</td><td></td><td>45</td><td>90</td><td>43</td></tr><tr><td>CL16-05</td><td>405348</td><td>5588800</td><td></td><td>65</td><td>90</td><td>110</td></tr><tr><td>CL-16-06</td><td>405363</td><td>5588792</td><td></td><td>68</td><td>90</td><td>50</td></tr></tbody></table></div>	Hole	Location		Collar					East	North	Elev	Dip	Azimuth	Length	CL16-04	405350	5588800		45	90	43	CL16-05	405348	5588800		65	90	110	CL-16-06	405363	5588792		68	90	50	
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	<ul style="list-style-type: none">If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	<ul style="list-style-type: none">Not relevant																																			



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<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i> 	<ul style="list-style-type: none"> Not applicable
	<ul style="list-style-type: none"> <i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i> 	<ul style="list-style-type: none"> Not applicable
	<ul style="list-style-type: none"> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> None used
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> True width not currently known. All lengths are down-hole lengths and not true width.
	<ul style="list-style-type: none"> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> 	<ul style="list-style-type: none"> The precise geometry is not currently known but will be tested by planned drilling, with diamond drill hole azimuths designed to drill normal to the mineralised structure.



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (eg 'down-hole length, true width not known'). 	<ul style="list-style-type: none"> Down-hole length reported, true width not known
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Drill hole collar location map prepared.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Visuals estimates only no assay grades reported
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Not applicable.



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<i>Further work</i>	<ul style="list-style-type: none"><i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	<ul style="list-style-type: none">Assay of drill core samples and additional exploration drilling planned.
	<ul style="list-style-type: none"><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	<ul style="list-style-type: none">Diagrams are included in this report of strike of mineralised structures subject to further drilling.