SOVEREIGN GOLD COMPANY LIMITED

**Sovereign Gold Company Limited**
ACN 145 184 667

Level 2, 131 Macquarie Street
Sydney NSW 2000
Tel: +61 2 9251 7177
Fax: +61 2 9251 7500

**Contact**
Michael Leu CEO

email: mleu@sovereigngold.com.au

**Latest News**
www.sovereigngold.com.au

**Directors / Officers**
John Dawkins AO
Michael Leu
Peter Meers
Jacob Rebek

**ASX Symbol: 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 a director 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.

**References to Mines** refer to historical mines and geographical names, no inference should be made that Sovereign Gold is operating any mines at this stage of its development.

**Downhole length** – True width not known. All drill intersections are stated as downhole lengths, true width not yet determined.

**ASX Release**
22 July 2014

# Mount Adrah Gold Update

**Highlights**

- **Castor Reef - nugget effect confirmed. Significant grade increase, over 0.7m interval, from 1.96g/t to 9.18 g/t gold.**
- **High grade reef potential of historic Southern Cross Reef Mine confirmed - 3.0m @ 7.22g/t gold, including 2.0m @ 9.81g/t gold**
- **Sovereign secures 99.5% of Mount Adrah Gold Limited**

Sovereign Gold Company Limited (ASX: SOC) (**Sovereign Gold**) is pleased to provide the following update on Mount Adrah Gold Limited (**Mount Adrah**).

**Castor Reef – Nugget effect confirmed**

Seventeen assays were conducted over selected intervals on the balance of the split core from the Castor Reef wedge holes (ASX: 27/06/14). This was in response to visible gold being observed in a portion of the remaining half core not sent for initial assay.

In four of the seventeen samples assayed the nugget effect was demonstrated. The most striking example was over a 0.7m interval where the grade increased from 1.96 g/t to 9.18 g/t gold. Visible gold was observed over this interval and reflected in the latter grade.

**Southern Cross Reef Mine – confirming and expanding regional high-grade reef potential**

At the historic Southern Cross Reef Mine an underground mapping and sampling program was recently undertaken to define the potential for remnant gold mineralisation and more clearly outline the geological and structural setting. Results from this program will be utilised to define the next steps to be undertaken in the exploration process, including drilling underneath the high-grade structure.

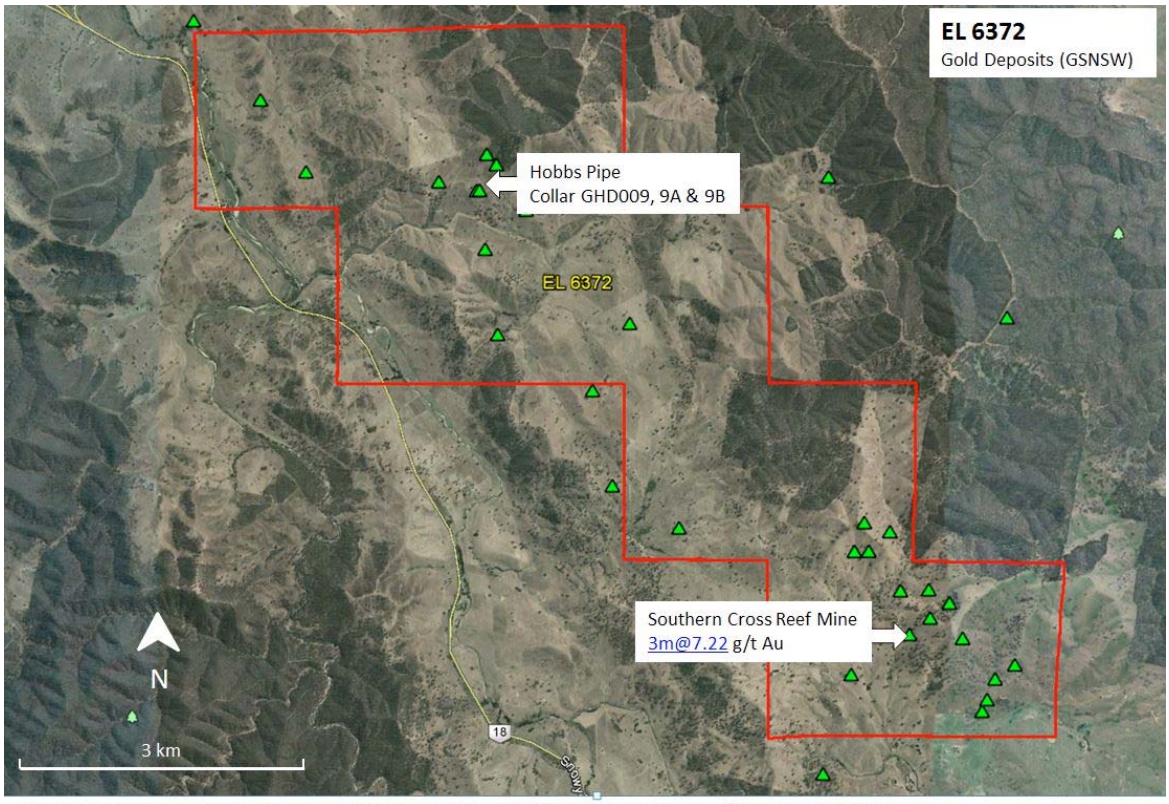
Encouragingly, initial results have confirmed the high-grade reef potential within the historical workings. A 3.0m composite channel sample at SW end of the historic crosscut returned 3.0m at 7.22 g/t, including 2.0m at 9.81 g/t (Figures 1 and 2).

This result not only supports historic records but also highlights the presence of remnant ore at the mine. The amount of historic work conducted and the significant underground development already in place, combined with the presence of remnant mineralisation, makes this area particularly attractive for further investigation.

The Southern Cross Reef Mine is situated 7.5km SW of the Castor Reef (adjacent to the Hobbs Pipe) and considerably expands the potential regional footprint for these high grade gold-bearing reefs.

**Mount Adrah Gold Limited Acquisition**

Sovereign Gold has secured 99.5% of Mount Adrah following its offer to acquire all the Mount Adrah shares on 4 July 2014.




Map showing gold locations discussed herein and further historical gold occurrences (△) recorded by GSNSW

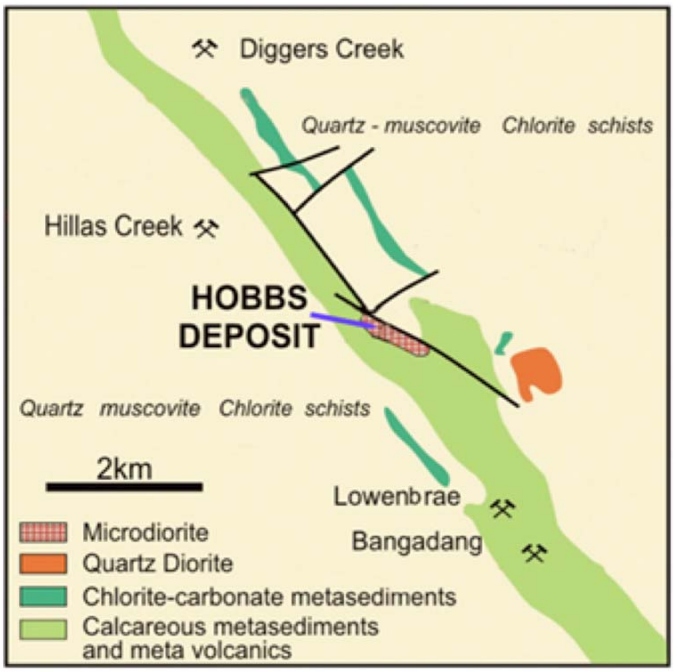
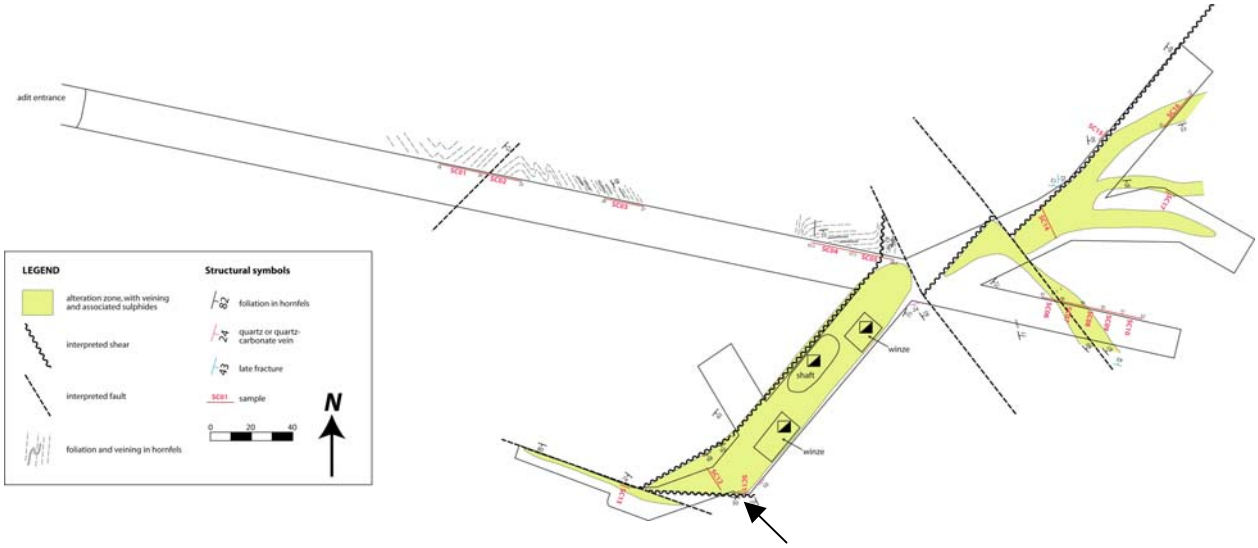


Figure 1: Southern Cross Reef Mine SW end of crosscut, Bangadang field. Composite intersection of 3m @ 7.22g/t Au; horizontal width taken across strike of mineralised structure.




Position of composite channel samples of 3m @ 7.22g/t Au (assuming 0.4m of nil between the two channel samples).

Figure 2: Southern Cross Reef Mine, Channel sample locations at SW end of cross-cut, Bangadang field (mapping and figure: HDGeoservices)

**Sovereign Gold Company Limited**

**Mount Adrah Gold Limited (SOC secures 99.5%)**

- Current Mineral Resource estimate is 770,000 oz of gold at various cut-off grades:
  Indicated – 440,000 oz, from 12.1 Mt at 1.1 g/t gold
  Inferred – 330,000 oz from 8.4 Mt at 1.1 g/t*
- Immediate focus on a cost effective exploration and mine development program.
- Multiple additional targets have already been identified at the Hobbs Gold Project for further evaluation.

**SUGEC/SOC JV (SOC - 55% post proposed restructure)**

- SUGEC: $6.5 million balance currently under JV agreements; $15 million under MoU to earn 30% in the Joint Venture (JV) areas. Advanced discussions are underway to convert MoUs to JVs.
- Results to date have uncovered extensive zones of mineralisation for additional follow-up.

**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 www.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.*

**For further information please contact:**

Henry Kinstlinger,
Investor Relations
Telephone: +61 2 9251 7177

**Table 1 for reporting in accordance with the JORC Code**

References to the Original Prospectus refer to the Mount Adrah Gold Prospectus dated 4 April 2014.

## Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

| Criteria | Criteria | Commentary |
|---|---|---|
| Sampling techniques | 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.<br>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.<br>Aspects of the determination of mineralisation that are Material to the Public Report.<br>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. | • Diamond core NQ3 with ½ core samples for wedge drill holes. Channel samples - rock chips cut with hammer and chisel.<br>• Diamond core NQ3: Consistent cut distance 1 cm to the right of the orientation or mark-up line to reduce potential of bias, and to leave the orientation line in the tray. Channel sample: clean surface; hardness of sample surface resulted in irregular depth and width of channel.<br>• Screen Fire Assay Gold where gold being tested for is predominantly free, coarse, and held in quartz veins. Gold is occasionally visible in quartz veins.<br>• Rock chip channel samples and ½ core NQ3 (0.4m-0.7m sample length basis) was sent to ALS laboratories and was pulverised. Pulverised material above 75 microns is fired to extinction, while material below 75 microns is fired in duplicate at 30g charges, both for Screen Fire assay (Au-SCR22AA), and 4 acid digestion for 48 element ICP-AES and ICP-MS analysis (ME-MS61). |
| Drilling techniques | 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). | • Diamond core, oriented NQ3 |
| Drill sample recovery | Method of recording and assessing core and chip sample recoveries and results assessed.<br>Measures taken to maximise sample recovery and ensure representative nature of the samples.<br>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. | • Core is drilled by NQ triple tube (NQ3) to maximise recovery.<br>• Recovery is approximately 99% based on measured intervals.<br>• There is no relationship between recovery and grade in diamond drill holes, correlation coefficient is -0.03. |
| Logging | 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 | • Core has been logged for lithology and structural data, including recovery. |

| Criteria | Criteria | Commentary |
|---|---|---|
| | studies.<br>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.<br>The total length and percentage of the relevant intersections logged. | • Core trays photographed.<br>• All core is logged, all core logged to the same standard. Channel sample locations photographed, mapped and samples logged.<br>• |
| Sub-sampling techniques and sample preparation | If core, whether cut or sawn and whether quarter, half or all core taken.<br>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.<br>For all sample types, the nature, quality and appropriateness of the sample preparation technique.<br>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.<br>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.<br>Whether sample sizes are appropriate to the grain size of the material being sampled. | • ½ Core cut with a core saw.<br>• Sample preparation by accredited laboratory. High quality and appropriate preparation technique for assay methods in use.<br>• Sampling of core at 0.4m-07 intervals, this is appropriate given observed mineralisation and to maintain tight controls on mineralisation.<br>• At this time no field duplicates have been submitted, half or quarter core in storage if required for future analysis.<br>• Sample sizes are appropriate to the grain size of the material being sampled. |
| Quality of assay data and laboratory tests | The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.<br>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.<br>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. | • For diamond core and rock chip channel samples - Screen Fire assay for gold and ICP-AES and ICP-MS for multi-element analysis, Multi-element Analysis – Method ME-MS61.Techniques considered total for the type of mineralization sampled.<br>• At this time no blanks, standards, field, course reject or pulp duplicates have been submitted to the laboratory for testing. A QA/QC programme is planned for submission of the above at a rate of 1:20 for all new holes. A blind repeat programme will be established for existing assayed intervals. |
| Verification of sampling and assaying | The verification of significant intersections by either independent or alternative company personnel.<br>The use of twinned holes.<br>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.<br>Discuss any adjustment to assay data. | • More than one competent geologist verifies sampling procedures and intersections by in field observations.<br>• No twinned holes have been drilled.<br>• Review of the grade distribution between the diamond and the historic RC holes indicates that it is possible the RC holes are bias low compared to the diamond drill holes. This is in the process of being reviewed.<br>• Primary data is entered and stored electronically according to prescribed company |

| Criteria | Criteria | Commentary |
|---|---|---|
| | | protocol. Data is circulated to all relevant technical personal for verification.<br>• There are no adjustments to the assay data. |
| Location of data points | 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.<br>Specification of the grid system used.<br>Quality and adequacy of topographic control. | • Current drilling sited using hand held Garmin GPSMAP® 62sc.<br>• Digital survey tool used for down hole surveying<br>• DGPS Collar location and RL data will be undertaken going forward.<br>• Underground working portals sited with hand held GPS. Underground workings mapped with chain and compass and channel sample locations plotted on generated plan.<br>• All recently drilled holes will where possible be re surveyed using DGPS at the completion of the next drilling programme.<br>• All current data is in MGA94 (Zone 55).<br>• Historic data has been converted to in MGA94 (Zone 55).<br>• Historic data collar co-ordinates are yet to be confirmed. Where historic AGD format drill hole collars can be located, their position will be surveyed in the MGA 94 Zone 55 to assess how accurate the drill hole collar locations are after grid transformation.<br>• Digital topographic data is available from a detailed DTM survey undertaken in 1997. The accuracy of the data at a project scale is yet to be assessed but is assumed to be reasonable. |
| Data spacing and distribution | Data spacing for reporting of Exploration Results.<br>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.<br>Whether sample compositing has been applied. | • There is sufficient data and it is sufficiently closely spaced to establish a reasonable geological interpretation in the area of interest. The data available also provided continuity of mineralization and a local scale.<br>• A separation of 5m between 'parent' (GHD009) and respective 'daughter' (GHD009A, GHD009B) holes was sought to achieve proximity to the original target intervals with an aim towards accurate geological interpretation.<br>• Samples have not been composited. |
| Orientation of data in relation to geological structure | Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.<br>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. | • Current drilling has employed core orientation device for all holes.<br>• Significant orientated structural data on geological and structure features have been collected.<br>• Given the style and nature of the mineralization observed, drill angle relative to structure or vein orientation is considered relevant at this stage and is not considered to have |

| Criteria | Criteria | Commentary |
|---|---|---|
| | | introduced a sampling bias. Current interpretation show the drilling orientation piercing the mineralisation against the dip of the mineralised structure. True width not known. |
| Sample security | The measures taken to ensure sample security. | • Current core samples are securely stored at a private facility. |
| Audits or reviews | The results of any audits or reviews of sampling techniques and data. | • A high level review of data collection, collation, storage and procedures has been undertaken. The data has been found to be in good condition. The lack of documented procedures and QA/QC has been commented upon and plans are being generated to rectify outstanding issues going forward. Where practicable previous drilling and historic data will be validated as well. |

## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| Mineral tenement and land tenure status | 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.<br>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. | • Details can be found in the Legal Report in Section 8 of the Original Prospectus |
| Exploration done by other parties | Acknowledgment and appraisal of exploration by other parties. | • Historic work undertaken by Getty Oil, Cyprus Australis, Michelago and Golden Cross Resources have contributed to the current project development. Soils, airborne magnetics, rotary air blast (RAB), Airtrack, RC, diamond drilling, and some resource estimation work has been completed previously. Work was undertaken to a high standard, there was a lack of conceptualization and testing of geological models for deeper targets and targets with a better understanding of modern day economic geology deposit models. |
| Geology | Deposit type, geological setting and style of mineralisation. | • Mesozonal to Epizonal Intrusion-Related Gold System (IRGS) located along the Gilmore Suture on the edge of a buried pluton. |
| Drill hole Information | 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:<br>easting and northing of the drill hole collar<br>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar<br>dip and azimuth of the hole<br>down hole length and interception depth | • Material exploration results are reported in the Original Prospectus and can be found in Section 2 and in the Independent Geological and Technical Review in Section 7. |

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td>hole length.<br>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.</td><td>Mount Adrah Wedge Drilling – Completed Holes
<table>
<tr><th>Hole ID</th><th>Easting (m)</th><th>Northing (m)</th><th>RL (m)</th><th>Collar Azimuth</th><th>Collar Dip</th><th>Total Depth (m)</th></tr>
<tr><td>GHD009</td><td>583444</td><td>6104587</td><td>387</td><td>17.5</td><td>-60</td><td>1312.6</td></tr>
</table>
Wedge point installed at 446m downhole of GHD009, from which holes GHD009A and GHD009B were drilled. GHD009A was drilled from a 45 degree position off the parent hole to a depth of 524.3m (78.3m). GHD009B was drilled from a 315 degree position off the parent hole to a depth of 522.6m (76.6m).</td></tr>
<tr><td>Data aggregation methods</td><td>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.<br>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.<br>The assumptions used for any reporting of metal equivalent values should be clearly stated.</td><td>• Representative sample lengths ranged from 0.4 m-0.7m to ensure unbiased sampling between high and low grade zones.</td></tr>
<tr><td>Relationship between mineralisation widths and intercept lengths</td><td>These relationships are particularly important in the reporting of Exploration Results.<br>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.<br>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’).</td><td>• All intervals down hole lengths, true width is unknown at this stage.</td></tr>
<tr><td>Diagrams</td><td>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.</td><td>• Included in attached announcement</td></tr>
<tr><td>Balanced reporting</td><td>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.</td><td>• Comprehensive reporting of Au for both NQ3 core and channel samples in tables below.
<table>
<tr><th>Hole ID</th><th>Sample ID</th><th>From M</th><th>To M</th><th>Interval M</th><th>Au PPM</th><th>Au PPM</th><th>Sample ID</th></tr>
<tr><td>GHD009A</td><td>009A02</td><td>472.5</td><td>473.1</td><td>0.6</td><td>0.53</td><td>0.5</td><td>009A02R</td></tr>
<tr><td>GHD009A</td><td>009A03</td><td>473.1</td><td>473.6</td><td>0.5</td><td>3.2</td><td>3.46</td><td>009A03R</td></tr>
<tr><td>GHD009A</td><td>009A04</td><td>473.6</td><td>474</td><td>0.4</td><td>2.13</td><td>1.77</td><td>009A04R</td></tr>
<tr><td>GHD009A</td><td>009A11</td><td>507.9</td><td>508.4</td><td>0.5</td><td>0.73</td><td>3.2</td><td>009A11R</td></tr>
</table></td></tr>
</table>

| Criteria | JORC Code explanation | Commentary |
|---|---|---|

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| GHD009A | 009A12 | 508.4 | 508.9 | 0.5 | 3.27 | 0.08 | 009A12R |
| GHD009A | 009A25 | 517.5 | 518 | 0.5 | 0.02 | 0.25 | 009A25R |
| GHD009A | 009A26 | 518 | 518.5 | 0.5 | <0.01 | 0.01 | 009A26R |
| GHD009A | 009A27 | 518.5 | 519 | 0.5 | 0.01 | 0.01 | 009A27R |
| | | | | | | | |
| GHD009B | 009B06 | 472.7 | 473.4 | 0.7 | 0.54 | 0.35 | 009B06R |
| GHD009B | 009B07 | 473.4 | 474.1 | 0.7 | 1.96 | 9.18 | 009B07R |
| GHD009B | 009B08 | 474.1 | 474.6 | 0.5 | 0.42 | 0.69 | 009B08R |
| GHD009B | 009B20 | 504.5 | 505 | 0.5 | 0.01 | 0.01 | 009B20R |
| GHD009B | 009B21 | 505 | 505.5 | 0.5 | 0.03 | 0.6 | 009B21R |
| GHD009B | 009B22 | 505.5 | 506 | 0.5 | 0.02 | 0.02 | 009B22R |
| GHD009B | 009B38 | 515 | 515.6 | 0.6 | 4.14 | 3.77 | 009B38R |
| GHD009B | 009B39 | 515.6 | 516.1 | 0.5 | 1.75 | 0.64 | 009B39R |
| GHD009B | 009B40 | 516.1 | 516.6 | 0.5 | 0.02 | 0.02 | 009B40R |

All channel sample Au results reported and locations plotted in the Figure in the body of this announcement.

| **Sample** | SC01 | SC02 | SC03 | SC04 | SC05 | SC06 | SC07 | SC08 | SC09 |
|---|---|---|---|---|---|---|---|---|---|
| **Au g/t** | 0.01 | 0.01 | 0.03 | 0.08 | 0.06 | 0.08 | 0.03 | 0.02 | 0.02 |
| **Sample** | SC10 | SC11 | SC12 | SC13 | SC14 | SC15 | SC16 | SC17 | |
| **Au g/t** | 0.02 | 3.41 | 9.81 | 0.08 | 0.12 | 0.04 | 0.05 | 0.07 | |

* Southern Cross Reef Mine Coords -35.239992,147.966169 from NSW Government Geoscientific Data warehouse. Refer plan for channel sample locations within underground workings

| | | |
|---|---|---|
| Other substantive exploration data | 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, | • No further exploration data is considered meaningful or material other than as reported in the Original Prospectus. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | |
| Further work | The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | • See section 2.6 in the Original Prospectus. |