SOVEREIGN GOLD
COMPANY LIMITED

ACN 145 184 667
Level 2, 131 Macquarie Street Sydney NSW 2000
T +612 9251 7177 F +612 9251 7500

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Hobbs Pipe 1 update

Mt Adrah Hobbs Pipe 1 Project Economics Review

Scoping study underway for the Hobbs Pipe 1 deposit, with guidance from a team of highly respected consultants and mine developers. Initially, this work is focussing on the metallurgical; caveability and sulphide concentrate transport costs and potential revenue generation for the project.

Metallurgy

Whilst the mineralisation is regarded as refractory, two separate metallurgical laboratories have confirmed high recoveries in flotation concentrates.

- 9-10% free gold (ALS Metallurgy Burnie 26 July 2013)
- 95% recovery of remainder in sulphide flotation concentrate (ALS Metallurgy Burnie 26 July 2013). Confirms independent metallurgical testing in 1996 of 94% recovery of gold to flotation concentrate (*Independent Metallurgical Report Mount Adrah Project, NSW, 1996*. B. E. Enterprises)
- B.E. Enterprises also reported "Preliminary bacterial oxidation testwork resulted in a recovery of 91.9% gold after bacterial oxidation" from sulphide concentrate.

Preference is for Sale of Concentrate

- Significant reduction in Capex and regulatory hurdles
- Basic mill technology: crushing, milling, gravity, flotation
- Expedite approvals for mine and cash flow development
- Discussions underway with potential off take buyers in China

Milling Costs

- Intrusion-hosted Intrusion-Related Gold System Mineralisation typically has lower milling energy costs per tonne relative to porphyry Cu-Au mineralisation.
- A Bond Ball Mill Work Index (**BBMWI**) test is a standard test for determining the BBMWI of a sample of ore. The BBMWI is a measure of the resistance of the material to crushing and grinding. It can be used to determine the grinding power required for a given throughput of material under ball mill grinding conditions.
- The BBMWI for Donlin Creek 'Intrusive' type of ores (similar/identical to Mount Adrah) range from 13.9-15.1 kWh/t. As a comparison, Cadia Hill, Ridgeway and Cadia East are 17.5, 18.7 and 20.3 kWh/t, respectively. Northparkes diorite-hosted ore is 15kWh/t.

Homogenous mineralisation with no 'nugget' effect supports low cost potential for:

- Resource drill-out
- Reliable grade control
- Constant uniform feed to plant
- Meeting production schedules

Mining Methods

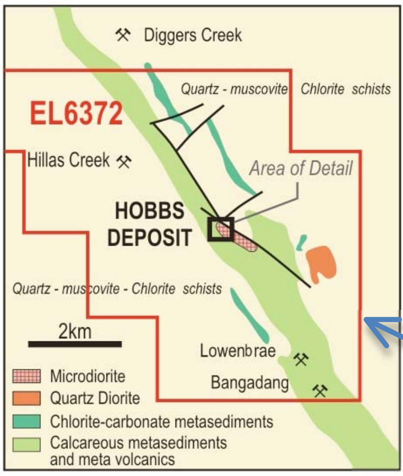
- Highly regarded JKTech Pty Ltd have been engaged "to provide a high level study to evaluate the Mount Adrah orebody caveability and assess the potential for block or sublevel caving methods based on geological and geotechnical criteria".

Excellent Logistics for Potential Gold Mine Development

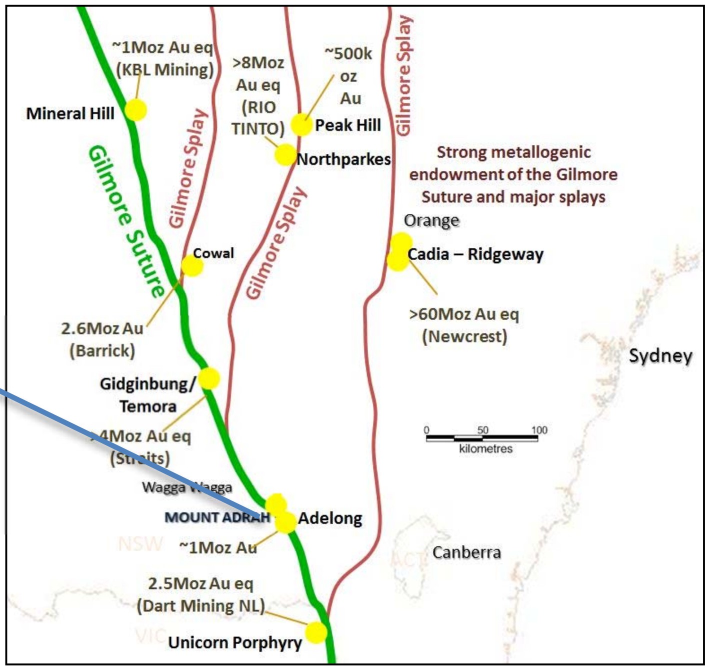
- Mt. Adrah is located approximately 400km south west of Sydney in Southern NSW
- Supportive community
- Close to power, water, major highways, labour, engineering and other key services (vs high cost, remote, fly-in/fly-out operations)
- 17km northwest Adelong township and gold mining centre
- Easily accessible - predominately Freehold grazing country

For further information please contact:
Michael Leu, CEO
Telephone: +61 2 9251 7177
mleu@sovereigngold.com.au

Media enquiries:
Rebecca Lawson, Mercury Consulting
Mobile: +61 432 398 122
Rebecca.lawson@mercuryconsulting.com.au



Location map and geological setting, EL 6372



Location of Mount Adrah relative to several world- class gold deposits situated on the Gilmour Suture and associated splays.

Qualifying Statements

The information in this report that relates to Exploration Information is based on information compiled by Michael Leu a Member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists together with Dr Andrew White, a Fellow of the Australian Institute of Geoscientists and Jacob Rebek and Dr Kris Butera, Members of the Australian Institute of Geoscientists.

Mr Leu and Jacob Rebek are qualified geologists and are directors of Sovereign Gold Company Limited; Dr White is a director of Gossan Hill Gold Limited; and Dr Kris Butera is CEO and director Gossan Hill Gold Limited.

Mr Leu, Jacob Rebek, Dr White and Dr Butera have sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity, which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources. Mr Leu, Jacob Rebek, Dr White and Dr Butera consent to the inclusion in this report of the Exploration Information in the form and context in which it appears.

References:

Metallurgy: ALS Metallurgy, Burnie Tasmania 2 July 2013; *Independent Metallurgical Report Mount Adrah Project, NSW, 1996*. B. E. Enterprises

Milling: Dr. Kris Butera, open file research; Donlin Creek; NovaGold Resources Inc. 14-1, Donlin Creek Gold Project Preliminary Assessment, SRK Consulting (US), Inc. September 20, 2006. Donlin Creek.Preliminary Assessment.2CN018.00.KG.Final.doc