



SOVEREIGN GOLD COMPANY LIMITED

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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
3rd July 2014

Activity Update Mount Adrah Gold identifies additional targets

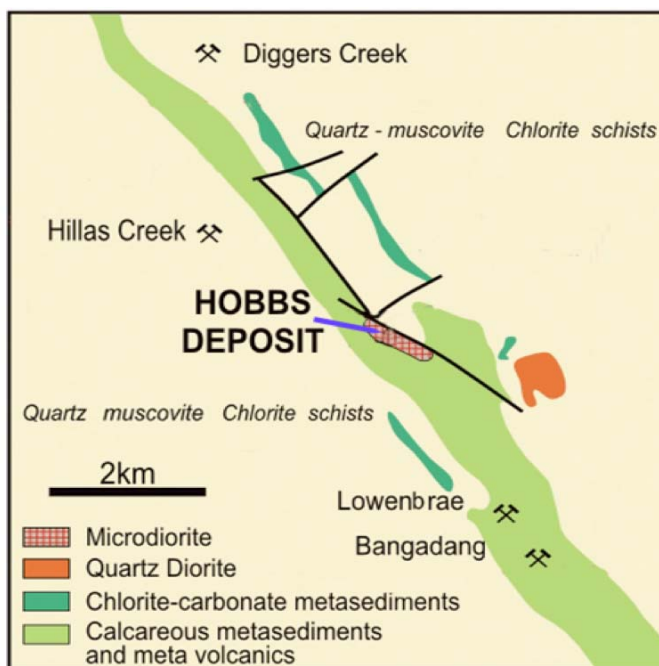
- **Southern Cross Reef Mine** – Production to date 21.5 kg (690 oz Au)
- **Nacki Nacki Eluvial Field** – Scree surface sample assayed at 77 g/t Au

Sovereign Gold Company Limited (ASX: SOC) (**Sovereign Gold**) provides an update on the current activities of its subsidiary company Mount Adrah Gold Limited (**Mount Adrah**) in relation to its activities outside of the Hobbs area.

Exploration

Exploration in areas of Mount Adrah's significant tenure outside the Mount Adrah Gold Project (Hobbs deposit) focus area is advancing.

Two new key greenfield targets have been identified. These are at the historical **Southern Cross Reef Mine**, and nearby **Nacki Nacki Eluvial Field** in the Bangadang area (EL 6372).



Southern Cross Reef Mine

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 define the next steps to be undertaken in the exploration process.

Overview

- Sheared breccia pipe hosted in altered schists
- Quartz reef style mineralisation
- 690 oz Au historical production (see mine data sheet)
- A recent underground mapping and channel sampling program was undertaken



- Mapping has identified significant structural complexity. The interaction between multiple generations of brittle-ductile structures and the remobilisation of mineralisation in a number of orientations was evidenced
- Channel samples are currently with ALS (assay laboratories) for screen fire assay. Results are pending
- A drilling program is proposed to test beneath the old workings for evidence of a high-grade quartz reef target

Nacki Nacki Eluvial Field

A new target has been identified at Nacki Nacki based on anomalous gold and base metal mineralisation from surface sampling and geophysical interpretation. Early indications suggest a geological setting similar to that found at the Hobbs deposit.

Overview

- 220 x 290m zone of shallow eluvial (in situ) gold workings
- Quartz rocks contain sulphide
- One of four rock grab samples returned a gold assay of 77g/t Au (BANG001); taken from scree at surface, likely sourced from underlying geology
- Mapping has revealed a concentric zonation to workings and gold occurrences
- The prospect is interpreted as a weathered cap and alteration halo sitting above a Hobbs-style intrusive pipe
- A drilling program is proposed to test for blind, pipe-hosted mineralization similar to Hobbs



Grey-cream quartz floater with secondary iron oxide staining



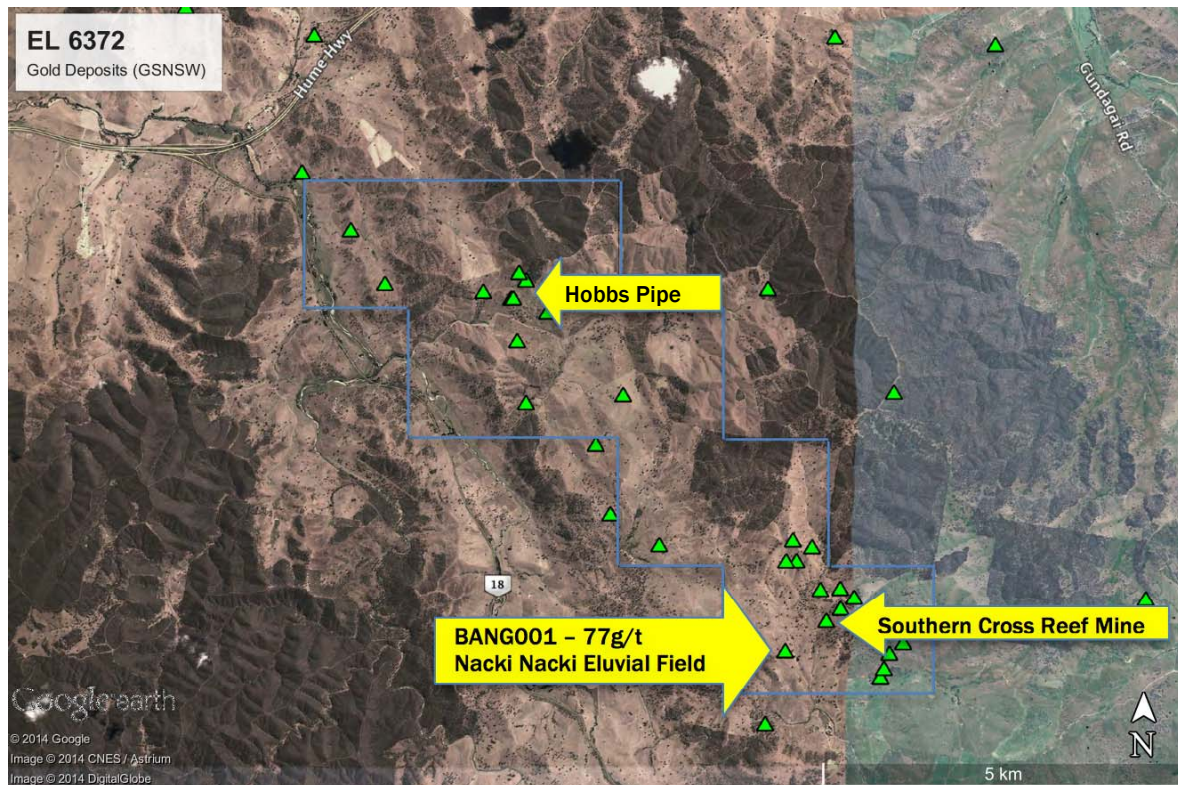
Southern Cross Reef Mine produced 690 oz Au



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Location Map showing gold deposits (GSNSW)

Name of Mine: SOUTHERN CROSS REEF (BANGDADANG) No. of mine: 15		Distribution of Ore Minerals ☐ Massive ☐ Intermediate ☒ Disseminated ☐ Unknown		Ore Textures (hand specimen) ☐ Structureless ☐ Schistose ☐ Banded ☐ Nodular ☐ Cataclastic ☐ Breccia fill ☐ Other ☒ Unknown		Wallrock Alteration Assemblages		Mine No. 15 Gangue ☒ X: major ☐ x: minor ☐ Quartz ☐ Other silica ☐ Calcite ☐ Dolomite (and ankerite) ☐ Siderite ☐ Rhodochrosite ☐ Other Mn sil. ☐ Feldspar ☐ Garnet ☐ Muscovite ☐ Chlorite ☐ Clay minerals ☐ Fluorite ☐ Apatite ☐ Barite ☐ Gypsum ☐ Host rock ☐ Other ☐ Unknown	
Principal commodities: Au Recorder: P.R. Degeling		Date: 13-6-1974		Ore Grain Size ☐ Very fine ☐ Fine ☐ Medium ☐ Coarse ☐ Very coarse ☒ Unknown		Shape, Extent and Orientation of Deposit Workings on two lines striking N-S over a strike length of 200 m			
Sheet reference: SU 55-15, 8427 I Grid reference: 59606469		Nearest town: Adelong		Relation of Deposit to Host Rock (or Form) ☒ Vein ☐ Multiple veins or stockwork ☐ Pipe ☐ Occupying fault or shear zone ☐ Breccia-fill (exclusive of fault breccia) ☐ Stratobound - stratiform ☐ Stratobound - discordant ☐ Lenticular massive, relation to host uncertain ☐ Irregular massive mineralization ☐ Dissemination in host rock ☐ Intrusive contact ☐ Complex ☐ Placer ☐ Residual ☐ Not determined		Supergene Alteration ☒ Economically important ☐ Oxidation, depth: m ☐ Leaching, depth: m ☐ Supergene enrichment, depth: m ☐ Residual enrichment, depth: m			
Method of Working: ☒ Shafts ☐ Drives ☐ Crosscuts ☐ Winzes ☐ Stopping ☐ Adits ☐ Open cut ☐ Shallow pits, etc. ☐ Dredging and/or Sluicing		Extent of Workings: Depth 31 m Length 200 m Width 2 m		Exploration (company, period, type)		Microscopic Textures (with references)			
Producers and Periods of Production: O'Dwyer Bros 1903-1913; S. Leary 1910; Burn, Cole, Tyrone, and Cupitt, Ross and party, Barnard and party, Adelong Co. 1911; R. Fuller and party 1912		Total Production (recorded) Value (1967) \$ 21,544 Weights: 21.5 kg Au		Average grades: Vary between 300 g/t - 30 g/t Au		Reserves - specify values (with references) Size Classification ☐ < \$10,000 ☒ 10,000-1,000,000 ☐ 1,000,000-10,000,000 ☐ > 10,000,000			
Geological Setting: c a e b s d c p r j k c ₂ Unknown Age of host rocks: ☐ Early ☐ Middle ☐ Late ☐ Undiff.		Host Rocks (specify rock types) Intrusive: Diorite, granite (?) ☒ Regional ☐ Contact Volcanic: ☐ Diagenesis ☐ Albite-epidote hornfels ☐ Hornblende hornfels ☐ Pyroxene hornfels Sedimentary: ☐ Zeolite facies ☒ Greenschist ☐ Amphibolite ☐ Granulite ☐ Retrograde Metamorphic: Schist		Structures (spatially related to deposit) Unknown: ☐ Major fault or 'shear zone' ☐ Cleavage ☐ Syncline hinge or basin ☐ Anticline hinge or dome ☐ Limb area ☐ Fault intersection ☐ Joint(s) ☐ Joint intersection Orientation of structures (T or M)		Mineralization (listed in order of abundance) Major minerals: Primary: Arsenopyrite, pyrite (?) Secondary: Gold Minor minerals: Primary: Secondary:		Additional Remarks: These deposits occur on the northwesterly extension of a belt of intermediate to basic rocks situated between Adelong and Batlow. A prominent air photo lineament striking NW passes within 0.5 km of the workings. Small associated mines not located include; Dog Trap mine, Comedy King show. Ore Genesis (with references): Gold was precipitated from hydrothermal solutions. The hydrothermal system may have been related to regional metamorphism or to the intrusion of dioritic plutons.	

Mine Data Sheet, Southern Cross Reef Mine (GSNSW)



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	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. - Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. - Aspects of the determination of mineralisation that are Material to the Public Report. - 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.	- Four selectively chosen surface float samples of rock from the Nacki Nacki eluvial field. - Grab samples weight range 0.52-1.58kg. - All samples were routinely assayed for gold using the 30g Fire Assay Digest technique and Atomic Absorbtion Spectrometry (ALS code: Au-AA25). - All samples were also subject to multi-element analysis using ICP-AES techniques –ALS Method 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).	Not applicable – drilling results not reported.
Drill sample recovery	- Method of recording and assessing core and chip sample recoveries and results assessed. - Measures taken to maximise sample recovery and ensure representative nature of the samples. - Whether a relationship exists between sample recovery and grade	Not applicable – drilling results not reported.



Criteria	Criteria	Commentary
	<i>and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	
Logging	• <i>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.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i>	• All grab samples were geologically logged. Logging recorded lithology, textures and alteration.
Sub-sampling techniques and sample preparation	• <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>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.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	• Sub-sampling techniques not applicable – drilling results not reported. • Sample preparation included crushing of entire sample to 70% - 6mm (ALS code CRU-21) before being riffle split and pulverized to 85% passing 75 microns. • The above techniques are considered to be of high quality, and appropriate for the nature of mineralisation anticipated. The sample size is appropriate for the rock being sampled.
Quality of assay data and laboratory tests	• <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors</i>	• The primary assay method used is designed to measure total gold in the sample. The laboratory procedures are appropriate for the testing of gold at this project given its mineralisation style. The technique involves using a 30g sample charge with a lead flux which is decomposed in a furnace with the prill being totally digested by 2 acids (HCl and HNO3) before measurement of the gold content by an AA machine. This method is considered appropriate for assessing narrow, free milling, nuggetty gold vein style deposits that exist in



Criteria	Criteria	Commentary
	<i>applied and their derivation, etc.</i> <i>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.</i>	the area. - Quartz flushes were used after every sample. - No blanks, standards, course reject or pulp duplicates were submitted to the laboratory for testing. - Internal ALS Chemex Laboratoy QAQC is routinely done.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i>	- Alternative company geologists have inspected the sample data. - Not applicable –drilling results not reported. - Field note books and photos were used to record primary data in the field. Primary data was then entered digitally and is stored in Excel format and imported to an industry standard database by the database geologist using data entry procedures and database import tools. Data is visually checked and validated prior to import and additional validation is carried out upon entry to the database.
Location of data points	<i>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.</i> <i>Specification of the grid system used.</i> <i>Quality and adequacy of topographic control.</i>	- Current sample locations sited using hand-held Garmin GPSMAP® 62sc. - Grid co-ordinate system used is MGA94 (Zone 55). - Original hand-held GPS co-ordinates are maintained in the database. - This is considered appropriate at this early stage of exploration.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i> <i>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.</i> <i>Whether sample compositing has been applied.</i>	- Data spacing for samples are varied as samples were taken of scree float. This is considered sufficient for this early stage of exploration. - Not applicable. - No sample compositing has been applied.
Orientation of data in relation	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known,</i>	Not applicable, non-directional grab samples collected only.



Criteria	Criteria	Commentary
to geological structure	considering the deposit type. 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.	
Sample security	The measures taken to ensure sample security.	Bagged samples were securely stored at a private facility prior to being freighted door to door to analytical laboratory (ALS) and then subjected to the ALS chain of custody procedures.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	No audits or reviews have been undertaken.

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. - 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.	- Exploration conducted on EL 6372, 100% owned by Tasman Goldfields NSW Pty Ltd. - An access agreement with the current landholders in place. - No impediments to operate are known.
Exploration done by other parties	Acknowledgment and appraisal of exploration by other parties.	Previous exploration has been conducted by multiple companies but not specifically investigating the targets presented within this report.
Geology	Deposit type, geological setting and style of mineralisation.	Potential eluvial gold deposit developed above a blind pluton of the Intrusion-Related Gold System (IRGS) deposit style.
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:	Not applicable – drilling results not reported.



Criteria	JORC Code explanation	Commentary
	- o easting and northing of the drill hole collar - o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar - o dip and azimuth of the hole - o down hole length and interception depth - o hole length. • 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.	
Data aggregation methods	• 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. • 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. • The assumptions used for any reporting of metal equivalent values should be clearly stated.	• Not applicable – no weight averaging has been undertaken. • Not applicable – no metal equivalent has been reported.
Relationship between mineralisation widths and intercept lengths	• These relationships are particularly important in the reporting of Exploration Results. • If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. • 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’).	• Not applicable – no widths or intercepts reported.
Diagrams	• Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being	• Location plans and samples points of interest are contained within this report.



Criteria	JORC Code explanation	Commentary					
	<i>reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>						
Balanced reporting	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.	Sample	MGA94 mE	MGA94 mN	RL (m)	Au g/t	Description
		BANG001	587371	6099396	368	77	Grey-cream quartz floater with secondary iron oxide staining
		BANG002	587383	6099375	367	0.28	Grey-cream quartz floater
		BANG003	587382	6099368	367	0.03	Grey-cream quartz floater
		BANG007	587380	6099380	367	0.05	Unaltered schist with some silicification
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, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	- Geological and geophysical results have been summarized in order to put context around sample results. - Samples have been reported in the appropriate geological context.					
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.	Future exploration programs under development.					