



SOVEREIGN GOLD COMPANY LIMITED

Sovereign Gold Company Limited
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Latest News

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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.

Quarterly Activities Report – June 2014

This quarterly operations report is dated 31 July 2014 and is for the three months ending 30 June 2014.

Corporate

On 28 May 2014 Sovereign Gold Company Limited (**Sovereign Gold**) held its annual general meeting. All resolutions put to the meeting were passed on a show of hands.

Mount Adrah share acquisition (ASX: 4 July 2014, 8 July 2014)

Following withdrawal of the Mount Adrah IPO (ASX: 16 June 2014), Sovereign Gold acquired additional Mount Adrah Gold Limited (**Mount Adrah**) shares and announced an offer to acquire the remaining Mount Adrah shares valued at 19.2 cents per share subject to the usual regulatory approvals. Consideration of the offer is four Sovereign Gold shares for each Mount Adrah share. Sovereign Gold currently holds 99.5% ownership of Mount Adrah.

Share purchase plan (ASX: 17 June 2014 and 19 June 2014)

Sovereign Gold implemented a Share Purchase Plan (**SPP**) to eligible shareholders allowing them to purchase shares at the lower of 4 cents or 10% discount to the volume-weighted average price of Sovereign Gold shares traded on the ASX over the five trading days up to 23 July 2014. Hudson Investment Group Limited agreed to underwrite the first \$1 million of the share purchase plan. The SPP closed on 23 July 2014. \$177,800 was raised with the shortfall of \$822,200 contributed by the underwriters.

Bergen converts Note to Equity (ASX: 1 May 2014)

On 1 May 2014 Sovereign Gold issued 3,472,222 fully paid ordinary shares to Bergen Global Opportunity Fund V, LLC under the convertible securities agreement entered into in late 2013.

Corporate Restructure (ASX 9 April 2014)

Sovereign Gold advised a proposed corporate restructure with Precious Metal Resources Limited (**PMR**).

Both Sovereign Gold and PMR have separately entered into Joint Venture agreements and Memoranda of Understanding (**MOU**) with Jiangsu Geology and Engineering Co. Ltd. (**SUGEC**) of Nanjing, China whereby SUGEC is to provide up to \$21.5 million funding across the SUGEC Project Tenements.

	Joint Venture	MoU
Sovereign Gold	\$4.5 million	\$7 million
PMR	\$2 million	\$8 million
	\$6.5 million	\$15 million

The proposals to be considered by shareholders on 18 August 2014 are to transfer PMR's tenements EL4474, EL5339 and EL7679 which form the **PMR SUGEC Tenements** to Sovereign Gold. The proposals are to rationalise the corporate structure and facilitate effective management time and focus on the various exploration project areas held by PMR and Sovereign Gold:

1. Sovereign Gold to acquire the PMR SUGEC Tenements;
2. Sovereign Gold to relinquish control of PMR;

3. PMR would conduct a selective reduction of capital, whereby 64,000,000 shares in PMR, held by Sovereign Gold would be cancelled;
4. Sovereign Gold would then acquire the PMR SUGEC Tenements for consideration of 1 million Sovereign Gold Shares (in satisfaction of Listing Rule 10.7).

At the conclusion of the transactions, PMR will have 23 million shares on issue (currently 87 million) with Sovereign Gold reducing its holding in PMR from 67,570,938 shares (78.00%) to 3,570,938 shares (15.53%) allowing PMR to develop independently of Sovereign Gold.

The directors of both Sovereign Gold and PMR are of the view that the proposed Corporate Restructure will provide a simpler, more efficient structure that eliminates unnecessary corporate overhead in managing the SUGEC relationship, which is currently being borne by both companies. Full details, including independent assessment of the fairness and reasonableness of the transactions, have been provided in the respective Notices of Meeting.

Sovereign Gold Post Restructure

Following completion of the transaction, Sovereign Gold's joint key focus would be the development of the **SUGEC Project Tenements** (EL4474, EL5339, EL7491, EL7679, EL7700, EL7701, EL7766, EL7768, EL7769, EL7770 and recently vended in EL6483) and the Mount Adrah tenements. Sovereign Gold will continue to hold ~3.6 million shares in PMR.

Exploration

Peripheral Quartz Reefs at Mount Adrah Continue to Impress (ASX: 27 June 2014)

- Three scout holes and two wedge holes completed at the Mount Adrah Gold Project
- Scout holes confirm additional gold-bearing quartz reefs peripheral to Hobbs Pipe, Arcadia & Crown Reef and add to project potential
- Wedge holes from GHD009 intersect three Castor reef structures and confirm orientation of structure

Recent drilling at the Mount Adrah Gold Project (**MAGP**), in southern NSW, tested peripheral high-grade gold reefs, both proximal and distal, to the main Hobbs Pipe resource (Figure 1). The initial program, using the Company's own Mac200 scout rig, comprised three short holes drilled at the Hobbs SE, Arcadia and Crown Reef prospects.

This was followed by a two-hole wedge drilling program to ascertain the geometry and extent of high-grade gold reef style mineralisation in close proximity to the Hobbs Pipe gold deposit with a Mineral Resource of 770,000 oz of gold at various cut-off grades with 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.

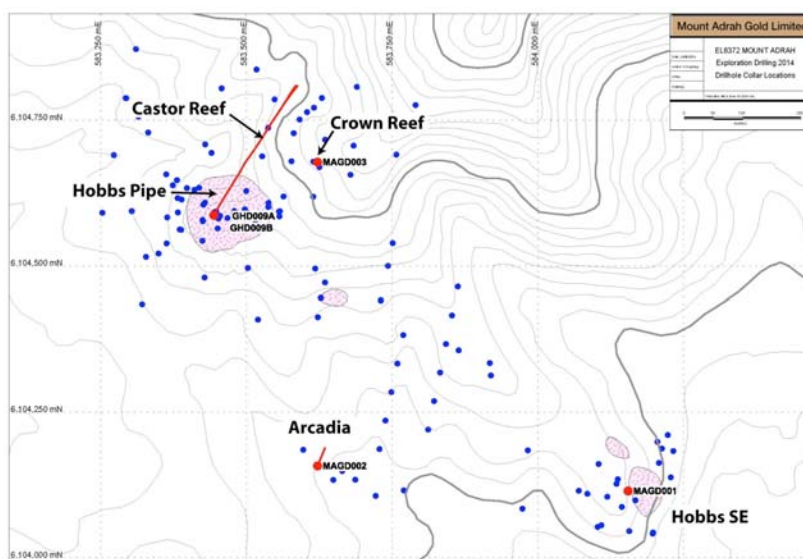


Figure 1. Collar locations are shown in red, including drill traces of non-vertical holes. Previous collar locations are shown in blue. The red-hatched areas represent known monzodiorite outcrop. Contour line spacing is 10m.

Prospect	Hole ID	Easting MGA94 Zone 55	Northing MGA94 Zone 55	RL (m)	Dip (degrees)	Azimuth (degrees)	Total Depth
Hobbs SE	MAGD001	584155	6104115	332	90	0	42.5
Arcadia	MAGD002	583622	6104158	300	60	22.5	66
Crown Reef	MAGD003	583622	6104678	408	90	0	57
Castor Reef	GHD009A	583444	6104587	387	60	29.5	524.3
Castor Reef	GHD009B	583444	6104587	387	60	29.5	522.6

Table 1 – Collar locations and drill hole parameters for exploration holes

Exploration Drilling (MAGD001-3)

Hobbs Southeast (MAGD001)

- Hobbs Southeast prospect is located 800m SE of the Hobbs Pipe deposit
- The prospect is on a rounded knoll with extensive but irregular outcropping monzodiorite lithologically similar to Hobbs Pipe, also carrying some gold values
- A breccia of unaltered monzodiorite and hornfels was intersected, with minor sections of silica and sericite alteration similar to the Hobbs Pipe style
- 1m @ 2.6 g/t Au** from 14m was the peak value recorded, corresponding with the most altered section of the core
- Results indicate potential for an underlying auriferous monzodiorite pipe

Arcadia (MAGD002)

- Arcadia prospect is located 400m south of the Hobbs Pipe deposit
- Targeted a sheared quartz vein hosted in hornfels
- 1m @ 14.7 g/t Au** from 6m, associated with shear-hosted quartz veins
- Result illustrates additional potential for higher grade peripheral reefs to contribute to resources

Crown Reef (MAGD003)

- Crown Reef prospect is located 100m northeast of the Hobbs Pipe on Mount Adrah
- The prospect is characterised by brecciated quartz reefs in quartz-muscovite schist
- 7m @ 1.0 g/t Au** from 21m, in veined and altered hornfels
- 2m @ 1.1 g/t Au** from 33m, in hornfels-hosted quartz reefs
- 6m @ 0.9 g/t Au** from 43.1m, in hornfels-hosted quartz reefs
- Represents mineralization within the 'waste rock' volume modelled in open cut mining scenarios considered for the upper section of the Hobbs Pipe Resource

Prospect	Hole ID	Depth from (m)	Depth to (m)	Interval (m)	Grade (g/t Au)
Hobbs SE	MAGD001	14	15	1	2.6
Arcadia	MAGD002	6	7	1	14.7
Crown Reef	MAGD003	21	28	7	1.0
Crown Reef	MAGD003	33	35	2	1.1
Crown Reef	MAGD003	43	49	6	0.9

Table 2 – Summary of assay results from Exploration Drilling

Wedge Drilling - Castor and Procyon Reefs

Previous drilling by Mount Adrah intersected three reefs in two zones of high-grade gold mineralisation peripheral to (and north of) the main Hobbs Pipe Resource. Table 3 lists the high-grade intersections and depths for Mount Adrah diamond hole GHD009. The Company recently completed two wedge holes from the parent hole GHD009 wedged from 450m downhole, to determine the orientation and continuity of these reefs.

- Wedge holes successfully intersected three reefs within a downhole distance of 56m; one Procyon Reef and two Castor Reefs
- Strong nugget effect observed, with visible gold in GHD009B at Procyon Reef
- Orientation of the three reefs now determined from drill hole correlation and structural analysis
- New orientation allows for plausible correlation of gold mineralisation in adjacent drill holes

Second half of the core has been assayed (screen fire), over the visually mineralised intervals, to get a better statistical determination of the likely grade of the reefs (ASX: 22 July 2014).

Reef	Hole ID	Depth from	Depth to	Interval (m)	Grade (g/t Au)
Procyon	GHD009	472	474	2	6.3
	GHD009A	472.5	474.5	2	1.5 including 3.2 over 0.5m from 473.1-473.6m
	GHD009B	472.7	474.6	1.9	1.0*
Castor 1	GHD009	506	508	2	28.4
	GHD009A	507.5	509.5	2	1.1 including 3.3 over 0.5m from 508.4-508.9m
	GHD009B	504	506	2	0.02*
	GHD009B	510	511	1	0.95
Castor 2	GHD009	514	516	2	59.4
	GHD009A	516	518	2	0.1*
	GHD009B	512.8	516.1	3.3	2.3 including 4.1 over 0.6m from 515.0-515.6m

Table 3 – Summary of screen fire assay results from wedge drilling – Castor and Procyon Reefs

*The nuggetty nature of gold within these reef systems has proved problematic for sampling. For example, the sample of Procyon Reef from GHD009B (473.4 – 474.1m) that was sent for assay returned a value of 1.96 g/t Au. However the grade is potentially much higher as visible gold was observed in the half core that was retained in the core trays.

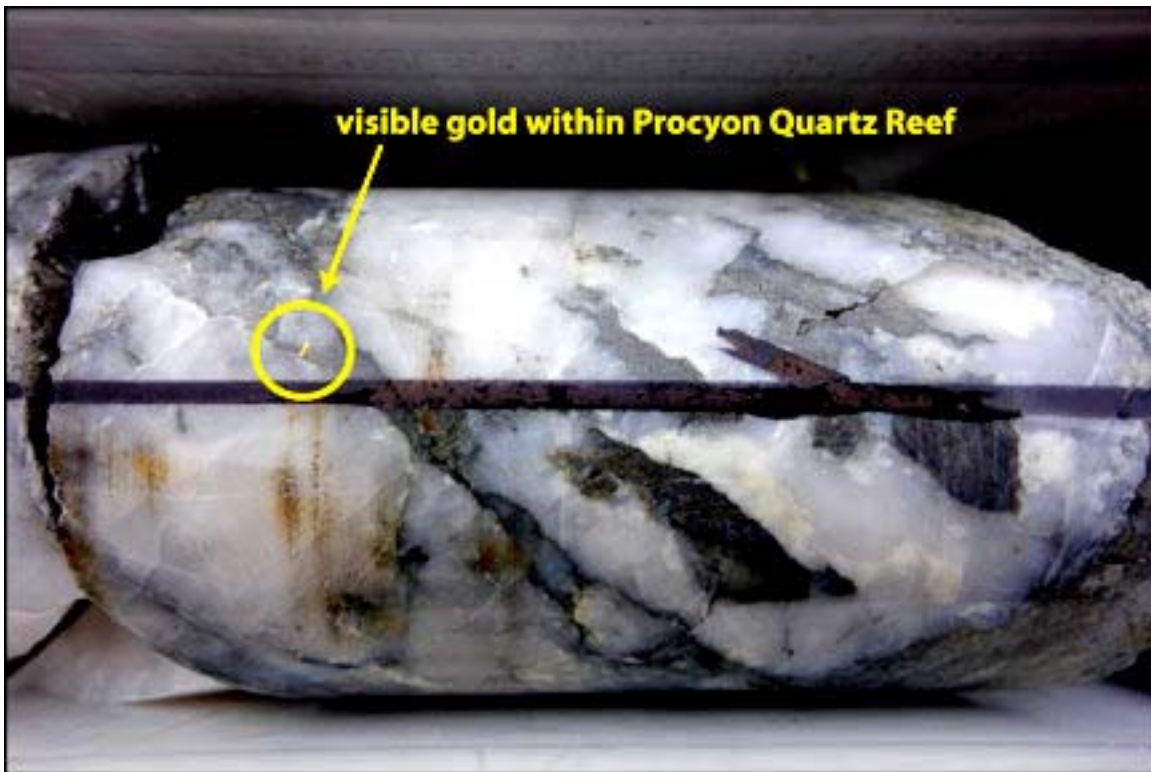


Figure 2 – Photo of NQ core from GHD009B at 473.5m showing visible gold within massive quartz vein (Procyon Reef).



Figure 3 – The surface extent of the Hobbs Pipe in outcrop shown by red dots. View to south.

Gold is present in visible grains in some of these and therefore it is anticipated that the nugget effect will have a significant influence on assays and thereby requiring more sample volume to be taken to obtain representative grade averages. The high density of holes in the proposed wedge drilling is also intended to establish control over sampling methodology.



High-grade intersection of 10m @ 17.7g/t Au from 506m including 2m @ 59.4g/t Au from 514m were returned in hole GHD009, at the Castor Reef

Tenement information required under LR 5.3.3

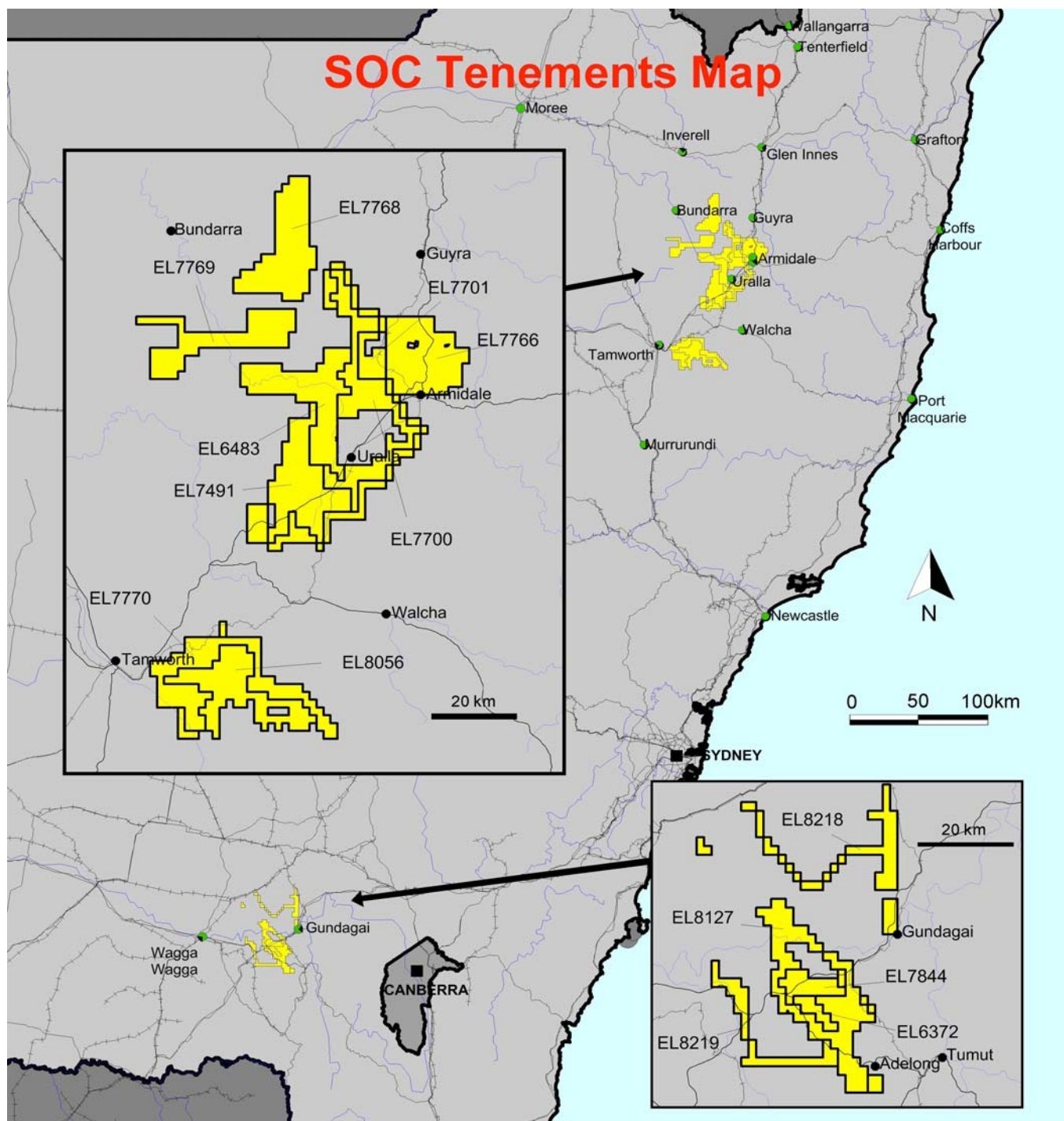
Tenement No.	Location
New South Wales	
EL 6483**	Armidale
EL 7700	Armidale-Uralla
EL 7701	Armidale-Uralla
EL 7766	Armidale
EL 7769	Armidale
EL 7770	Tamworth
EL 8056	Weabonga
EL 6372*	Adelong
EL 7844*	Gundagai
EL 8127*	Adelong
EL 8218*	Adelong
EL 8219*	Gundagai
EL 7491**	Armidale
EL 7768**	Armidale

Notes:

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.



Sovereign Gold tenements July 2014 (including PMR SUGEC Tenements)

Schedule Appendix A – Precious Metal Resources Limited (ASX: PMR) (76.5%)

Halls Peak – Completed drill holes continue to impress with further high grades

During the quarter, results were received from the final four diamond drill holes of the six-hole program conducted at Gibsons Mine at the Halls Peak base metal field, in northern NSW. A detailed study of drill cores and assay results of diamond drill holes in the historic Gibsons zinc-lead-copper-silver mine area was completed.

Gibsons Mine at Halls Peak is located in EL 4474 which subject to shareholders approval, will be transferred to SOC (ASX: 9 April 2014)

The mineralised intervals reported from diamond drill holes DDH HP 026, 027 (ASX Releases 3 and 15 January 2014) and 028 and 029 are shallow and have the potential as a direct shipping ore to smelters.

DDH HP 028 intersected the four base metal zones identified in HP026 and HP027, providing useful information about their configuration and copper, lead, zinc and silver grades.

DDH HP 029 was collared near the portal of the “Dry Tunnel” to attempt an intersection of Barker’s Lode. Barker’s Lode was intersected at shallow depth with high Ag, Cu, Pb and Zn grades.

DDH HP 028

- 1.8 metres (from 1.60 – 3.40m downhole) at 12.76% Zn, 7.06% Pb, 7.13% Cu, 224.3g/t Ag
- 1.5 metres (from 33.9 – 35.4m downhole) at 28% Zn, 9.6% Pb, 2.6% Cu, 62.9g/t Ag
- 3.2 metres (from 42.0 – 45.2 m downhole) at 19.7% Zn, 6.7% Pb, 1.57% Cu, 40.4g/t Ag

DDH HP 029

- 1.8 metres (from 8.60 – 10.40m downhole) at 19.98% Zn, 10.69% Pb, 0.9% Cu, 41.4g/t Ag

DDH HP 030

- 0.4 metres (from 40.60 – 40.80m downhole) at 6.47% Cu, 0.22% Zn, 30.3g/t Ag

Previously reported drill hole results

Following are some results from holes reported earlier.

DDH HP 026

- 1.48 metres (from 1.62 to 3.1 m downhole at an average grade of 19.2% Zn, 10.7% Pb, 5.66% Cu and 509 g/t Ag
- 1.0 metre (from 37.3 to 38.3m downhole) at 32.8% Zn, 6.7% Pb, 2.5% Cu and 48 g/t Ag
- 1.3 metres (from 41.2 to 42.5 m downhole) at 34.5% Zn, 11.3% Pb, 1.98% Cu and 68 g/t Ag

DDH HP 027

- 1.9 metres (from 53.80 – 55.70 downhole) at 27.1% Zn, 8.7% Pb, 1.5% Cu, 59.0g/t Ag
- 1.55 metres (from 40.9 to 42.45 m downhole) at average grade of 23.2% Zn, 6.7% Pb, 6.9% Cu and 120 g/ t Ag

New targets for drill testing in Panama Hat Goldfield near Broken Hill

Gold contents up to 4.5 grams/tonne were obtained in samples collected by the company geologist from mullock heaps from old gold mining shafts.

The best results were obtained from samples representing gossanous (= limonitic) rocks. Gossanous rocks are result of weathering and oxidation of sulphide rich mineralised rocks.

Assays of up to 0.1% Cu and 3.7ppm Ag indicate potential for copper and silver associated with gold in sulphide zone at depth.

Mining was undertaken on the Panama Hat Goldfield from about 1945 to 1950. Gold values reportedly averaged 11 g/t to 12 g/t, with reports of some samples returning up to 180 g/t. Mining probably stopped because of lack of water and low gold price.

Field work, including sampling and assaying of mineralised rocks from mullock heaps from old mine shafts, led the company’s geologist to conclusion that there is potential for large volumes of weathered and oxidised mineralised rocks which warrant drill testing.

JORC Code Compliant Public Reports

The information in this 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 summaries are made in, or based on, statements made in previous geological reports, which are publicly available (with or without payment of a fee) from a government department, authority or agency of an Australian State or Territory of the Commonwealth; or the ASX.

Copies of the Code-compliant Public Reports or Public Reporting on which the summaries are based will be provided free of charge, to any person who requests it.

In addition, further information that relates to mineral exploration is based on information compiled by Peter John Kennewell, who is a member of the Australasian Institute of Mining and Metallurgy. Peter John Kennewell is a director of Precious Metal Resources Limited, and 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, Identified Mineral Resources, and Ore Reserves". Peter John Kennewell consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.