



SOVEREIGN GOLD COMPANY LIMITED

Sovereign Gold Company Limited
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Directors / Officers

Charles Thomas (Chairman)
Rocco Tassone (MD)
Patrick Glovac

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Chairman's Address – AGM 31 May 2016

Ladies and Gentlemen, I welcome you to the Sovereign Gold Company Limited Annual General Meeting.

I am Charles Thomas the Chairman of your Company. I know most of you are all busy so your attendance and support of your Company is much appreciated.

In what could generally be described as difficult market conditions for junior resource companies. The past financial year has marked a watershed for Sovereign Gold Company thanks to the strengthening of the Company's balance sheet, this now leaves our Company in a strong position to actively pursue future growth opportunities.

Since their appointment, your new directors have identified a number of issues and have spent much time and effort addressing them. These issues have included shareholder concern as to the effect convertible notes that were issued by the Company in December 2014 have had on the Company's share price and the considerable spend by the Company on limited exploration assets.

Most importantly they identified the need to recapitalise the Company's balance sheet. This included the imperative of eliminating all debt and preventing the continued dilution to shareholders caused by the regular conversion of the outstanding convertible notes without any meaningful additional funds coming to the Company.

Your board is of the view that the settling of the convertible notes along with the elimination of all other debts leaves Sovereign Gold in a great position. As at today the Company has \$2.5m in cash and no debt.

Capital raisings over the last year have raised in excess of \$2 million and I would like to thank our loyal shareholders and brokers for their support.

Prior to the current members of the board joining, the Company was trading at .2 of a cent (\$0.002).

It was critical that the Company pay out the convertible notes and remove the overhang these notes were having on the stock.

Prior to the involvement of the new directors the Company conducted a Share Purchase Plan in April 2015 with the objective of paying out the convertible notes and retiring debt. The Share Purchase Plan did not raise sufficient funds to meet that objective.

Shareholders were then invited to participate in a Rights Issue in May 2015, which was supplemented by a placement of shares to sophisticated and professional investors. As a result of this the Company was able to pay out the convertible notes and retire all debt.

Your board supported the continued pursuit of Research & Development tax incentive refunds, which culminated in the receipt by the Company of over \$1.5 million. It is appropriate to recognise

the tireless efforts of Michael Leu, who retired from the board in February this year but remains the Company's chief geologist, for his conviction and perseverance in securing the R&D outcome.

In April this year the Company reached out to shareholders to participate in a Rights Issue, which was overwhelmingly supported by shareholders and \$828,685 was raised with an additional \$352,157 raised through the Shortfall Facility. The fact that this issue was massively oversubscribed validates the board's vision for the Company and I wish to thank all shareholders that participated for their support and shared future vision for the Company. The directors were prevented under the Listing Rules from participating in the Shortfall Facility, and would otherwise have done so.

The Corporate activity conducted has recapitalised the balance sheet and left our Company in great shape for the coming year, which was the objective of your new board

With regard to exploration, the Company has previously spent in excess of \$3.5 million in exploration of its Mount Adrah Project and further significant funds will need to be spent to adequately assess its potential.

The Company has appointed independent consultants Cadre Geology and Mining Pty Ltd to work with Sovereign's chief geologist Michael Leu to review all data on Mt Adrah. Mt Adrah remains a strong focus for the Company. After many years of waiting we can hopefully unlock the true potential of this great project.

The NSW Government committed to a collaborative drilling programme at our Halls Peak Project, subject to access arrangements being finalised with the government landowner. Unfortunately these arrangements were not concluded before the collaborative drilling program expired. Access arrangements have now been agreed and we will look at restarting exploration efforts on Halls Peak later this year.

Exploration efforts continued at the Rocky River – Uralla Gold Project with our Chinese joint venture partners fully funding a drilling programme in accord with the 2012 agreements.

The Company is investigating a number of additional gold and lithium projects, which have the potential to add significant shareholder value.

Market sentiment remained subdued throughout most of the 2015 with the gold price ending the year down 10% at US\$1,060 an ounce. Your board is encouraged by the recent recovery in the gold price, recently reaching \$1,290 an ounce.

It would be remiss of me not to touch on a very small minority of shareholders who continue to waste shareholders funds and managements time with what I believe to be continual frivolous and vexatious claims against the officers of the Company. The MD and Company Secretary have spent considerable time and effort responding to concerns and queries raised by these shareholders and I believe we also need to advise that should these actions continue the Company will have no choice but to appoint a dedicated investor relations officer and legal professional to deal directly with this in order to enable the board and management to fulfil their normal duties.

The board believes this is a considerable waste of shareholder funds and resources which would be better off spent on exploration and acquisitions, and as a major shareholder in Sovereign Gold Company Ltd, it angers me greatly this Company is forced to waste time, money and resources entertaining one person in particular at the expense of ALL Sovereign Gold shareholders.

I would like to thank our shareholders for their patience and support while the board and management have worked to turnaround the fortunes of Sovereign Gold. I would also like to thank our directors, employees, contractors and of course our great supporters – Brokers and Advisors.

In closing, my message is simple. We have a Company now in fantastic shape, fully funded with potential world-class projects. We look forward to providing updates on our exciting exploration campaigns and further developments and potential acquisitions throughout this coming year.

For further information please contact:

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