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ASX Symbol: SOC

ASX Release
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Activity Update – Mount Adrah Gold

Peripheral Quartz Reefs Continue to Impress

- **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 add to project potential**
- **Wedge holes from GHD009 intersect three Castor reef structures and confirm orientation of structure**

Sovereign Gold Company Limited (ASX: SOC) is pleased to provide shareholders with an update on the current activities of Mount Adrah Gold Limited (**Mount Adrah**).

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.

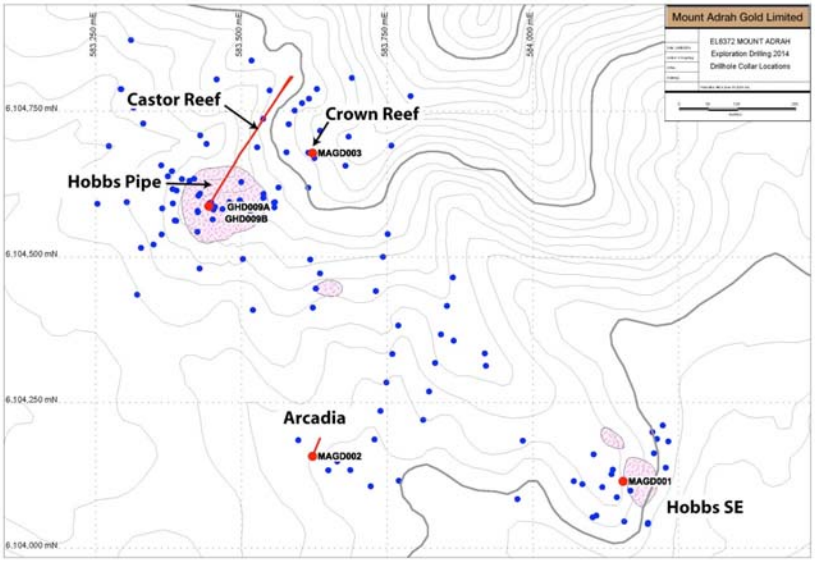

Figure 1. Collar locations are shown in red, including drill traces of non-vertical holes. Previous collar locations are shown in blue. The red-hatched areas represent known monzodiorite outcrop. Contour line spacing is 10m.

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.

Downhole length

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

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 is currently being re-assayed (screen fire), over the visually mineralised intervals, to get a better statistical determination of the likely grade of the reefs.

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.

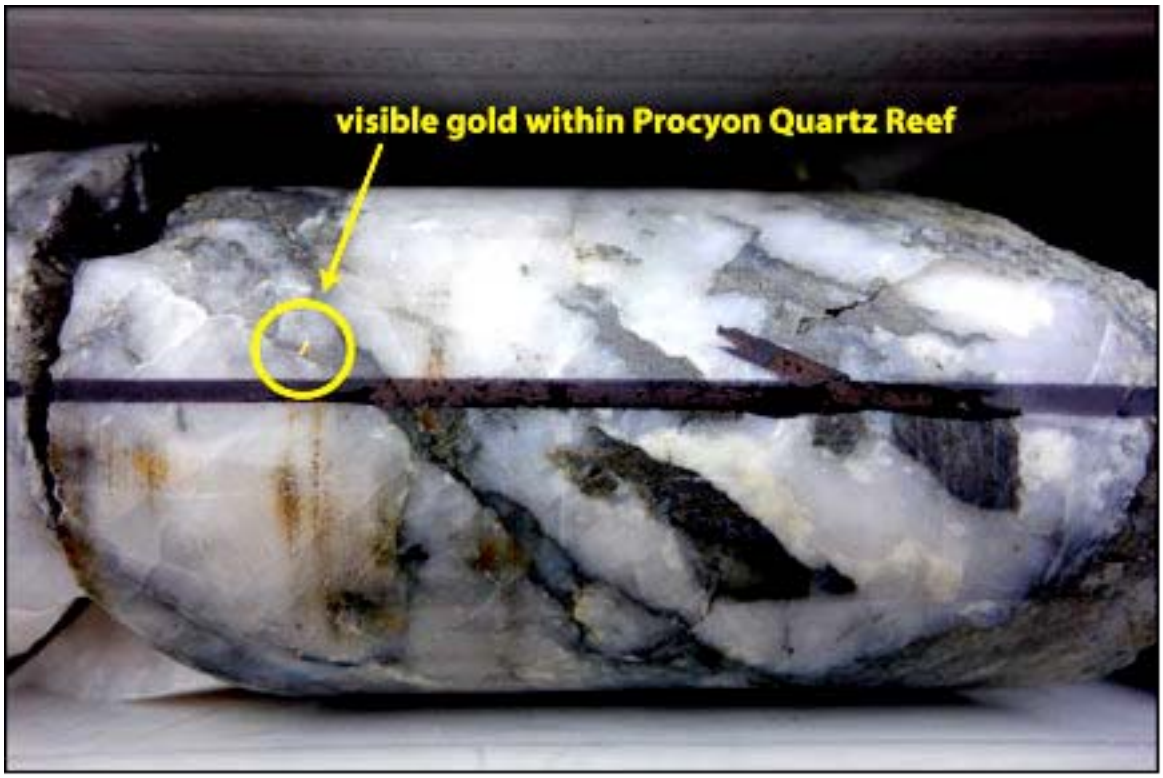

Figure 2 – Photo of NQ core from GHD009B at 473.5m showing visible gold within massive quartz vein (Procyon Reef).

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

For further information please contact:

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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.* • *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.*	• Diamond core NQ3 and minor BQ (end of MAGD003) with ½ core samples. • 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 • 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. Fire Assay Gold where gold is predominantly held in sulphides within disseminated sericite-sulphide alteration. Analyses by Australian Laboratory Services Pty. Ltd. (ALS). • ½ core NQ3 and BQ was sent to ALS laboratories on a 0.4m-1.0m sample length basis 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). Fire Assay Gold, Method Au-AA25, Multi-element Analysis – Method ME-MS61. • Historic reverse circulation (RC) air track (percussion) drilling was undertaken. There are no records of sampling methods in the available reports. Assay was by fire assay and Aqua Regia.
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 and BQ • Historic drilling includes RC, diamond and air track (RAB equivalent).
Drill sample	• *Method of recording and assessing core and chip sample*	• Core is drilled by NQ or BQ triple tube (NQ3) to maximise recovery.

Criteria	Criteria	Commentary
recovery	*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 and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Recovery is approximately 99% based on 155 measured intervals. • There is no relationship between recovery and grade in diamond drill holes, correlation coefficient is -0.03. • There is no record of sample recovery for the historic drillholes.
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 studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Core has been logged for lithology and structural data, including recovery. • Core trays photographed. • All core is logged, all core logged to the same standard. • Historic holes have been logged for lithology and weathering / oxidation.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• ½ Core cut with a core saw. • Sample preparation by accredited laboratory. High quality and appropriate preparation technique for assay methods in use. • Sampling of core at 0.4m-1.0m intervals, this is appropriate given observed mineralisation and to maintain tight controls on mineralisation. • At this time no field duplicates have been submitted, half or quarter core in storage if required for future analysis. • Sample sizes are appropriate to the grain size of the material being sampled. • Details of the historic RC sampling programme are not available.
Quality of assay	• *The nature, quality and appropriateness of the assaying and*	• For diamond core Screen Fire assay for gold and ICP-AES and ICP-MS for

Criteria	Criteria	Commentary
data and laboratory tests	*laboratory procedures used and whether the technique is considered partial or total.* • *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.* • *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.*	multi-element analysis orFire Assay Gold, Method Au-AA25, Multi-element Analysis – Method ME-MS61.Techniques considered total for the type of mineralization sampled. • 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. • Historic holes were assayed by a combination of Aqua Regia, Fire Assay and unspecified AAS. • There is very little QA/QC available for the historic samples.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• No twinned holes have been drilled. Historic RC drill data supports the grade ranges from new diamond drill holes. • 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. • There are no samples of the historic drill holes of sufficient size for re assay submission. Some sample remnants are in some chip trays at the Londonderry Core library. • At this time there are no processes or procedures guiding data collection, collation, verification and storage. Implementation and development of procedures and documentation are currently being planned. • 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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Current drilling sited using hand held Garmin GPSMAP® 62sc. • Digital survey tool used for down hole surveying • DGPS Collar location and RL data will be undertaken going forward. • All recently drilled holes will where possible be re surveyed using DGPS at the completion of the next drilling programme. • All current data is in MGA94 (Zone 55).

Criteria	Criteria	Commentary
		• Historic data has been converted to in MGA94 (Zone 55). • 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. • 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.* • *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.* • *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. • 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. • 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.* • *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. • Significant orientated structural data on geological and structure features have been collected. • Given the style and nature of the mineralization observed, drill angle relative to structure or vein orientation is considered relevant at this stage with respect to sample bias. Current interpretation show the drilling orientation piercing the mineralisation against the dip of the mineralised structure, achieving a truer representative width of the structure.
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.* • *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:* 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*	• 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. **Mount Adrah Wedge Drilling – Completed Holes**

<table>
<tr><th>Criteria</th><th>JORC Code explanation</th><th>Commentary</th></tr>
<tr><td></td><td>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>
<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).
<table>
<tr><th>Prospect</th><th>Hole ID</th><th>Easting MGA94 Zone 55</th><th>Northing MGA94 Zone 55</th><th>RL (m)</th><th>Dip (degrees)</th><th>Azimuth (degrees)</th><th>Total Depth</th></tr>
<tr><td>Hobbs SE</td><td>MAGD001</td><td>584155</td><td>6104115</td><td>332</td><td>90</td><td>0</td><td>42.5</td></tr>
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<tr><td>Crown Reef</td><td>MAGD003</td><td>583622</td><td>6104678</td><td>408</td><td>90</td><td>0</td><td>57</td></tr>
</table>
</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.
• 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.</td><td>• Representative sample lengths ranged from 0.4 m-1.0m 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.
• 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,</td><td>• True width is unknown at this time. Down hole lengths of 0.5m for the Procyon reef, and a 10m zone for the Castor reef system (including 0.1m for Castor Reef #1 and 0.2m for Castor Reef #2) are considered accurate at this time.</td></tr>
</table>

Criteria	JORC Code explanation	Commentary
	there should be a clear statement to this effect (eg 'down hole length, true width not known').	
Diagrams	• *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.*	• Included in attached announcement
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.*	• Only main gold intersections have been reported with respect to high-grade reefs as these require further investigation and would be mined independently of Hobbs Pipe where all results have been considered in estimating the Mineral Resource.
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.*	• No further exploration data is considered meaningful or material other than as reported in the Original Prospectus.
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.