



SOVEREIGN GOLD COMPANY LIMITED

Sovereign Gold Company Limited
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Latest News

www.sovereigngold.com.au

Directors / Officers

John Dawkins AO
Michael Leu
Peter Meers
Jacob Rebek
Julian Malnic

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.

Quarterly Activities Report – March 2014

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

Corporate

Director appointment (ASX: 18 February 2014)

During the quarter Julian Malnic was appointed a director of Sovereign Gold and Chief Executive Officer of Mount Adrah Gold Limited (**Mount Adrah**) (formerly called Gossan Hill Gold Limited).

Spin out Mount Adrah through ASX IPO (ASX: 31 March 2014)

Sovereign Gold announced the spin out of Mount Adrah to be listed on the ASX in the second quarter 2014. Sovereign Gold's existing shareholders are eligible to apply for shares in a priority offer. Funds raised by the listing will be used to locate a major gold deposit with the principal focus on the Mount Adrah gold project where the JORC compliant resource is 770,000 oz. of gold (440,000 oz. Indicated, 330,000 oz. Inferred) within a total Mineral Resource estimate of 20.5 Mt at 1.1 g/t gold at various cut-off grades.¹

Mount Adrah prospectus lodged (ASX: 4 April 2014)

Sovereign Gold announced the lodgement of a prospectus with ASIC for the initial public offering of Mount Adrah to raise between \$2 million and up to \$3 million. Sovereign Gold shareholders as at 10 April 2014 can participate in a priority offer with guaranteed allocation. Listing on the Australian Securities Exchange anticipated for June 2014.

A Supplementary Prospectus was lodged by Mount Adrah on 15 April 2014.

Corporate Restructure (ASX 9 April 2014)

Sovereign Gold and Precious Metal Resources Limited (**PMR**) have reached agreement on a proposed corporate restructuring to rationalise and simplify the structure and assets of each company (**Corporate Restructure**).

Sovereign Gold and PMR currently hold exploration tenements in the New England district of New South Wales targeting gold, silver and base metals.

Both Sovereign Gold and PMR have separately entered into Joint venture agreements and memoranda of understanding 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 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.

¹ The information is extracted from the report entitled "Hobbs Pipe – Mineral Resource Update Additional Information" created 27th December 2013 and is available to view on www.sovereigngold.com.au/investors.htm. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Proposed Corporate Restructure

The following steps are proposed in order to rationalise the structure and facilitate effective management time and focus on the various exploration project areas held by Sovereign Gold and PMR:

1. Sovereign Gold to acquire EL4474, EL5339 and EL7679 (**PMR SUGEC Tenements**);
2. Sovereign 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 LR 10.7).

At the conclusion of the transactions, Sovereign Gold would reduce 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.

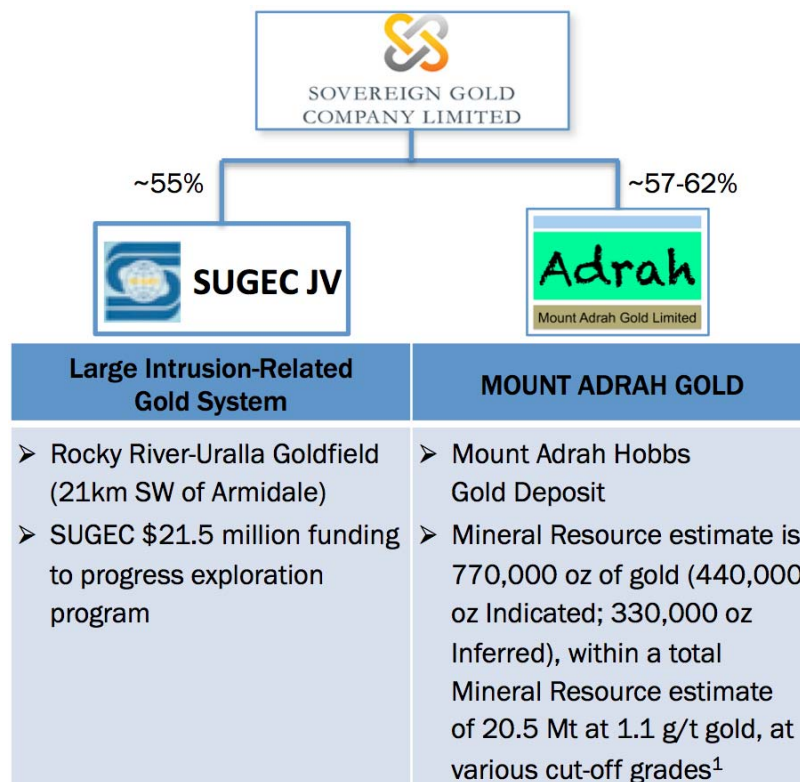
The transactions are conditional to obtaining the approval of both Sovereign Gold and PMR shareholders and any other statutory or regulatory approvals or exemptions that may be necessary.

Full details, including independent assessment of the fairness and reasonableness of the transactions, will be provided in the respective Notices of Meeting.

Sovereign Gold Post Restructure

Following completion of the transaction (and assuming completion of the recently announced spin-out of Mount Adrah via the IPO), Sovereign Gold's 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).

Sovereign Gold Asset Portfolio Post Restructure

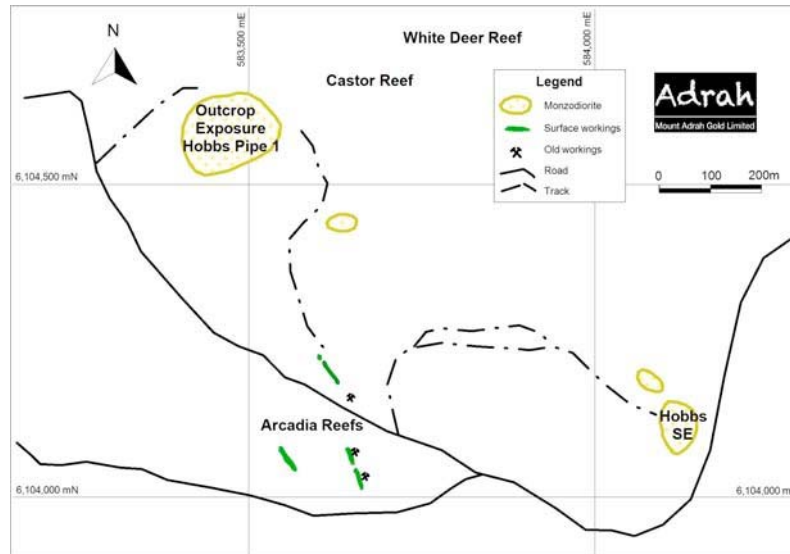


Sovereign Gold will continue to hold ~3.6 million shares in PMR.

Exploration

Mount Adrah drilling to target high-grade mineralisation (ASX: 27 February 2014)

Mount Adrah recommenced drilling to target shallow high-grade narrow vein mineralisation identified in old workings and previous shallow drilling. Initial drilling is targeting shallow high-grade narrow vein mineralisation identified in old workings and previous shallow drilling at Arcadia Reefs.



The current program includes:

- Infill drilling of Hobbs Pipe 1 to advance conceptual open pit studies
- Testing for additional Hobbs Pipe 1 type mineralisation, including the Hobbs SE target, exposed at surface and located 800m from Hobbs Pipe 1

Samples have not been submitted for testing, pending completion of the Mount Adrah IPO.

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 72% interest in Mount Adrah Gold Limited, the holder of the licences

** Subject to Farm-in.

^ Exploration Licence Applications 4868 (Part A) and (Part B) granted and converted to EL 8218 and EL 8219