



SOVEREIGN GOLD
COMPANY LIMITED

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Patrick Glovac

ASX: SOC

Mount Adrah Mineral Resource estimate:

770,000 oz of gold, at various cut-off grades: 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 gold*

* The information regarding the Mineral Resource is extracted from the report entitled "Hobbs Pipe Mineral Resource Update Additional Information" created 27th December 2013 and is available to view on 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.

Mt Adrah Gold Project

Targets High Grade Vein Potential

- Drilling program to follow review of high grade vein potential with targeted near surface drilling program to test for high grade reef structures
- Intersection of the White Deer Reef in GHD011 (2m @ 20.8g/t Au from 624m including 1.2m @ 58.6g/t, ASX Release 21st November 2013), when projected up dip, coincides with existing historic workings, indicating good potential for high grade resources near surface
- Follow-up drilling will include a focus on high grade intervals in GHD009 (Castor Reef, 2m @ 28.4 g/t Au from 506m and 2m @ 50.8g/t Au from 514m, ASX Release 28th October 2013)
- Figures showing general geochemical trends were noted and tend to show potential repetitions of mineralised pipes analogous to Hobbs Pipe
- Several Hobbs Pipe-style targets are evident in the regional data which could bolster global Mineral Resources

Cadre Geology and Mining (**Cadre**) was commissioned by the directors of Sovereign Gold Ltd (**Sovereign Gold**), to review the data package for the Mt Adrah gold project located in the Lachlan Fold Belt, New South Wales, Australia. This work included a site visit conducted by Cadre, accompanied by Sovereign company geologist Mr Michael Leu for three days from 18th to 20th July 2016. The visit focused on the Mt Adrah project, but also covered prospects between Mt Adrah and Adelong, some 14km to the east-south-east, such as Nacki Nacki and Southern Cross Reef Mine.

Cadre sees two main avenues for monetising the project:

- development of narrow, high grade reef mineralisation and
- exploitation of the higher grade, oxide portion of the Hobbs Pipe resource.

Cadre was provided geological data by way of a drill hole database and myriad of plans, sections and stock market releases. The database was imported into 3D modelling software. Occurrences of high gold grades and/or the presence of visible gold were located in the database and where possible, structures hosting these occurrences were modelled as planar features in 3D. A spatial picture was built, illustrating areas most prospective for locating these gold-bearing structures nearer to surface. Diagrams of the 3D model are being prepared and will be published once available.

Managing Director, Mr Rocco Tassone commented "It has taken some time but we have now found in Cadre, a team of quality geological experts to assist and complement our Chief Geologist Michael Leu. It is clear the previous work to date was not of the standard required to extract the maximum value for our shareholders out of Mt Adrah. We are confident our team led by Michael Leu will deliver the results we expect from this quality gold asset".



Figures showing general geochemical trends were noted and tend to show what appear to be potential additional occurrences of mineralised pipes analogous to Hobbs.

Modelling high-grade trends produced a good illustration of a fracture pattern present at Mt Adrah. Such fracture patterns are important in narrow vein, high-grade gold mineralisation settings as they directly control pathways and traps for mineralising fluids.

Interestingly, many drill hole intercepts lying in the plane of modelled trends were anomalous in gold but not high grade in nature – possibly suggesting an under call in previous assaying due to the presence of coarse gold. Cost effective resampling of remnant core via screen fire assay can be made on such samples to ensure potentially strong mineralisation is not overlooked. Results from this work alone, could have large positive ramifications for the project.

Hobbs Pipe-style Targets Identified

Several potential Hobbs Pipe-style targets are evident in the regional data which would bolster global Mineral Resources (and eventually mining inventories) should Sovereign Gold decide to progress plans to mine this low grade, large tonnage style mineralisation. Cadre notes that further occurrences of monzodiorite outside of the immediate vicinity of the Hobbs Pipe are also prime sites for development of additional high-grade vein deposits.

Castor Reef

High grade intervals in GHD009 (Castor Reef, 2m @ 28.4g/t Au from 506m and 2m @ 50.8g/t Au from 514m, ASX Release 28th October 2013) were revisited with a view to gaining higher confidence measurements of structural orientations. The intercepts also yield modelled planes that closely resemble know reefs in 3D space such as the Procyon and the Castor – providing justification for targeted near surface drilling. Orientations of the binary vein system that comprise the Castor Reef have been pinned down through intersections in several drill holes. Projection of Castor 1 up dip indicates a zone of near surface prospectivity some 400m to the north of Hobbs Pipe. A series of historic workings are noted at surface along this orientation and regional magnetics showing similarly oriented features. These workings were scouted during the visit and shown to be of significance. Cadre recommends follow-up with drilling.

White Deer Reef

A series of positions within the historic workings were picked up using a handheld GPS and these were imported to 3D software and plotted against the orientation of the White Deer intercept in GHD011. Intersection of the White Deer Reef in GHD011 (2m @ 20.8g/t Au from 624m including 1.2m @ 58.6g/t, ASX Release 21st November 2013), when projected up dip, coincides nicely with existing historic workings, indicating good potential for high grade resources near surface. Also, north-west strike extensions of the same modelled plane line up favourably with anomalism in hole GHD009, suggesting re-analysis of the interval 722m to 724m (2m @ 0.61g/t Au) by screen fire assay is warranted.



Visible, free milling gold in White Deer Reef,
HQ Core 63.5mm in diameter.

Diamond drill hole GHD011 ~625m downhole.

Recommendations and Conclusions by Cadre Geology and Mining

The Mt Adrah project is an extremely prospective holding for gold and Cadre believes these areas are worthy of drill testing in an attempt to build an inventory of near surface, high grade Mineral Reserves. Evaluating all opportunities on the property would take significantly longer than the time allotted for this initial investigation. Prospects to the south-east that comprise the Bangadang project have not been considered in this investigation, but provide huge potential feed for any mining operation that may eventuate and are potentially stand-alone projects in their own right.

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Cadre recommends a larger, more detailed study and work programme in line with Sovereign Gold's budget to produce a set of deliverables that moves the Company toward production as soon as possible.

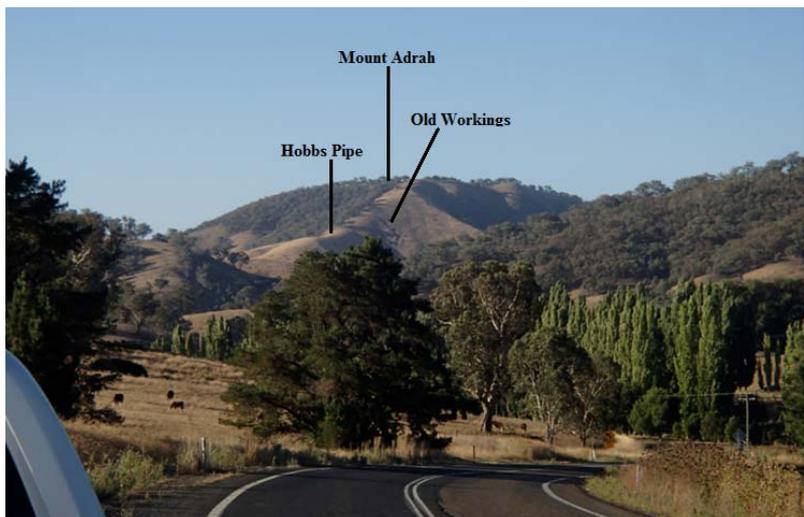
Sovereign Gold's ongoing R&D into defining diagnostic characteristics of Intrusion-Related Gold Systems (IRGS) is researching these Hobbs-Pipe juxtaposed gold-bearing mineralised reefs. The NSW Geological Survey has conducted fieldwork in area and has collected core samples from Castor Reef, White Deer Reef and Hobbs Pipe with the aim to age date the reefs and pipe to determine their relationship in time. They are also investigating their "geochemical fingerprints" to determine if the reefs are derived from magmatic or orogenic systems.

Reef Structures Exposed at surface and accessible for drilling

Initial mapping indicates some of the gold mineralised structures may have strike lengths in the order of ten to hundreds of metres. Drill hole data indicates some may have considerable vertical extent.

Drill programs being designed to test grade, width, lateral and vertical extent of known high grade gold and predicted reef structures.

Hobbs Pipe, protruding dome-like, erosion has exposed it at surface. 29.8g/t Gold was obtained from an old working developed on narrow quartz-sulphide veins in the metasediments enclosing Hobbs Pipe. The significance of the existence of narrow, high grade gold zones in the overburden of the potential open cut portion of Hobbs Pipe will be investigated by the planned drilling program (ASX Release 29 July 2015).



Some of the old workings close to Hobbs Pipe extend NW along strike for over 250 metres and are visible on the side of Mt Adrah from several kilometres away.

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Part of historic workings from previous photo. The steeply dipping lode (around 1 metre wide) was mined from surface and has well defined hanging and footwalls. Drilling will test the lateral and vertical extent of several gold-bearing reef targets.



Old workings on Mt Adrah, close to and NE from Hobbs Pipe. Lodes average 1 metre wide but here the miners followed three-close spaced parallel NW striking structures.



Access road passing through old workings provides an ideal site for drilling. Old workings that have been traced for 250 metres along strike. Old workings located above Hobbs Pipe on Mt Adrah.



Old workings on Mt Adrah, selection of easy access drill sites.

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 the Chief Geologist 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.

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