Sovereign Gold Co Ltd - Chairman's Address to Shareholders

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Sydney, Australia (ABN Newswire) - Chairman of Sovereign Gold Co Ltd (ASX:SOC) provided the following speech to address to shareholders.

Good Morning Ladies and Gentlemen,

Welcome to the 2014 Annual General Meeting of Sovereign Gold Company Ltd..

As I outlined in the Chairman's Review in the Annual Report, 2013 has been a year of remarkable achievement for the Company. That progress will continue with the proposed corporate restructure which I will speak about in a moment.

The fact that our exploration success and new discoveries have not been rewarded by way of an improved share price is primarily a reflection of the investment uncertainties inherent in a challenging market environment and the subsequent risk aversion of many investors. Our time will come. Resources are cyclical by their very nature and we believe that 2013 was the low water mark, in terms of the cycle, and that the tide is beginning to rise. It is of little comfort to us all, but many of our exploration peers have suffered the same fate.

The most significant event in 2013 was the acquisition of an initial 93.91% interest in Gossan Hill Gold Limited in April 2013. The subsequent exploration success, which confirmed the existence of the Hobbs pipe structure, is shaping up as one of the more significant gold discoveries in Australia in recent times. The potential for additional pipes, the presence of a high-grade reef system and additional skarn mineralisation, the proximity to established infrastructure and the similarity to world-class deposits, such as Northparkes, on the Gilmore Suture are the ingredients necessary to progress this discovery towards being a world-class development.

In relation to the exploration effort through our Joint Venture with SUGEC, results have been very encouraging with a gold-bearing structure of 1.55km in strike length being identified at in the Rocky River-Uralla goldfield. Drill intersections including 13.9m at 1.45g/t of gold and 11.8g/t of silver were encountered. Results from SUGEC's exploration work at Martin's Shaft have been similarly encouraging with several targets being identified that will be the focus of further exploration in the forthcoming year.

This year the Board recognised that the recent positive developments were not being properly reflected in the share price. Part of this was outside our control, as I mentioned, but it was also partly due to diversity of our interests and the complicated corporate structure in relation to our SUGEC Joint Venture. We needed to address these issues and we have, through proposing a new corporate restructure.

The corporate restructure proposal, to bring all the SUGEC JV areas under the Sovereign Gold umbrella, including those held within Precious Metal Resources, and to IPO the Mount Adrah Project will deliver;

1. A much simpler corporate structure,

2. Streamline overheads and reduce costs,

3. Provide funding flexibility, and

4. Deliver a single focus approach to projects and assets

This should allow capital markets to more easily value the assets and unlock some of the unrecognised value in each area of focus.

Following what we believe will be a successful IPO of Mount Adrah Gold Ltd. and the corporate restructure with PMR, Sovereign Gold will be able to concentrate its management efforts solely on developing and expanding the SUGEC JV relationship, whilst still retaining significant leverage to the development of the

exciting Mount Adrah Project.

On behalf of the Board I would like to thank you for your continuing support as we look forward to another exciting year for the Company. We look forward to sharing that success with you.

About Sovereign Gold Company Limited:

Sovereign Gold Company Ltd. (ASX:SOC) is an Australian-based gold exploration and development company that holds a highly prospective tenement package, for Intrusion-Related Gold Systems (IRGS), in New South Wales, Australia. Sovereign Gold holds 11 Exploration Licences covering over 3,240km2 near Armidale in NSW, including the historic Rocky River-Uralla Goldfields. Sovereign Gold's aggressive exploration program in several of these licence areas is funded via a joint venture (at the tenement level) with Jiangsu Geology & Engineering Co Ltd (SUGEC), a major Chinese State-owned geology enterprise. The other area of focus is the Mt. Adrah Project, approximately 50km southeast of the regional NSW centre of Wagga Wagga and 23km northwest of the historic mining district of Adelong, via an 87% interest in unlisted Gossan Hill Gold Limited. This area contains the recently discovered, world-class, Hobbs IRGS deposit which is currently under evaluation.

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