



SOVEREIGN GOLD
COMPANY LIMITED

Quarterly Activities Report – June 2011

26th July 2011

Sovereign Gold Company Limited
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ASX Symbol: SOC

Qualifying Statement

The information in this Report that relates to Exploration Information is based on information compiled by Michael Leu who is a member of 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 2004 Edition of the Australasian Code for Reporting of exploration Results, Mineral Resources and Ore Resources. Mr Leu has consented in writing to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

This quarterly operations report is dated 26th July 2011 and is for the three months ending 30 June 2011.

Company overview

Sovereign Gold Company is exploring a large Intrusion-Related Gold System (IRGS) at the Rocky River-Uralla Goldfield in New South Wales.

Sovereign Gold's Rocky River-Uralla Goldfield Project covers 2,500 square kilometres.

The project is located around the township of Uralla, 21km southwest of Armidale, New South Wales, Australia, with superb infrastructure logistics. It is close to major roads, rail, airport, labour source, university, power, and engineering.

Available production records indicate that the Rocky River-Uralla Goldfield yielded 5,193 kg (approximately 167,000 ounces) of gold mostly from Tertiary deep leads during the period 1858-1967.

Sovereign Gold's exploration objective is to locate the hard rock ore sources.

Highlights

- \$2.45 million share placement completed
- New director appointed
- Martin Shaft accelerated program results released
 - Visible gold in core
 - Long and High Grade Intercepts up to 22.5 grams per tonne (g/t) gold
 - Gold lode widening
 - 15 metres @ 4.59 grams per tonne gold including 3 metres @ 10.86 g/t
 - High silver grades ranging from 30-159 g/t
- Ibam Hill, Malaysia 50% gold joint venture

Register snapshot

On 30 June 2011, Sovereign Gold had 77,000,000 ordinary shares on issue and 5,750,000 options.

Trading summary

During the June quarter the total market trade value was \$1.097 million, with 235 trades (average value per trade was \$4,668). 3.078 million shares were traded – the VWAP for the June quarter was 35.62 cents.

Corporate

Placement

On 25 May 2011 Sovereign Gold completed the placement of 7 million fully paid ordinary shares, raising \$2.45 million before cost (\$0.35 per share). The shares were issued under Sovereign Gold's 15% placement capacity as provided for under Listing Rule 7.1 to professional and sophisticated investors.

AGM

On 27 May 2011, Sovereign Gold held its Annual General Meeting. All resolutions put to the meeting were passed on a show of hands.

Exploration permits granted

On 6 June 2011, five new tenements were granted to Sovereign Gold's wholly owned subsidiaries IRGS Southern Gold Pty Ltd and IRGS Northern Gold Pty Ltd. They are ELs 7766, 7767, 7768, 7769 and 7770 (see Figure 1).

EL 7767 covers a cluster of documented gold and/or bismuth deposits, a mineral association typical of IRGS. Today, in NSW, the total exploration footprint of granted exploration licences stands at 2,640 square kilometres.

New director appointed

On 9 June Qinjing Qiu was appointed a director to Sovereign Gold. Qinjing holds a Bachelor of Science (Advanced Mathematics) (2007); Honours (First Class) in Statistics (2008) and a Masters in Commerce (2009) (Sydney University).

Qinjing pursues various business interests in the Zhejiang Province, particularly in the area of international trading and investor relations, real estate development and mineral exploration.

Malaysia joint venture

On 17 June Sovereign Gold announced that it had entered into a 50% joint venture in the advanced Ibam Hill (Malaysia) gold exploration project. Sovereign Gold's interests in the joint venture are held by MAS Gold Pty Ltd, a 100% owned subsidiary of Sovereign Gold.

MAS Gold will fund development of the project up to AU\$1.5 million, and also provide expertise for the project.

The Ibam Hill Gold Project is located in the Eastern Gold Belt in the Malaysian state of Pahang in the Bukit Ibam State Forest Reserve; which is 152km ENE of Kuala Lumpur (see Figure 5).

The geology of Ibam Hill is not dissimilar to the Selinsing Gold Deposit in the Central Gold Belt. The Eastern Gold Belt is an under-explored part of the world with excellent exploration potential for gold, tin, iron ore and other commodities.

Mineralisation at Ibam Hill is hosted within a major shear zone, a zone marked by intense alteration and silicification. During a recent site visit, visible gold was observed in some samples of vein quartz.

Construction of an exploration camp and site office is finished. Earthworks have created access for up to a 2,000-metre RC drilling program with hole depths potentially up to 150 metres.

The Ibam Hill Gold Project is an important step forward because it offers an opportunity for early development of a modest cash flow within 18 months.

Exploration

Martins Shaft

RC drilling program completed

During the quarter a first pass RC drilling campaign was completed for a total of 4,401 metres. Many good drill intersections were recorded at Martin's Shaft and reported to the ASX. Gold mineralisation was confirmed to a vertical depth of 112 metres in SGRRC017; and SGRRC035 and SGRRC036 show that the body of mineralisation is widening with depth to the south-west (see Figure 3).

The body of mineralisation at Martin's Shaft includes a high-grade core; for example SGRRC006 intersected 2 metres grading 8.9 g/t gold contained within a broad zone of 17 metres grading 1.6 g/t gold. SGRRC030 was deliberately drilled down plunge in the plane of mineralisation to give an indication of the variability in grade in that orientation. This hole intersected 119 metres at an average grade of 1.1g/t, and within this zone there was 17 metres at 4.9 g/t including 5 metres at 10.3 g/t gold.

Diamond drilling underway

On 21 April Sovereign Gold commenced its first diamond drill hole program, starting at Martin's Shaft. SGRDD001 was drilled into Martin's Shaft for the disposal of drilling mud. SGRDD002 intersected 15 metres at 4.59 g/t including 3 metres at 10.86 g/t gold. The purpose of the diamond program was to infill drill at Martin's

Shaft and provide sample for metallurgical test-work. Subsequent to the end of the reporting period, 20 diamond drill holes were completed for a total of 1,211 metres. Eleven holes were completed at Martin's Shaft including a twin to SGRR005 so that assay values can be compared between the two drilling methods. Coarse gold is present and it is not unreasonable to expect higher assays from core samples.

Goldsworth Mine

During the June quarter, 17 RC holes for 1,404 metres were completed at the Goldsworth Mine.

Goldsworth Mine was the first drill target located on the 42km long magnetic linear. The objective at Goldsworth was to drill test immediately along strike of and below the historical mine workings, and to test the magnetic linear for gold mineralisation over a significant strike length.

Goldsworth was tested over a strike length of 700 metres. Gold mineralisation is present along the 570 metres to a depth of 108 metres down hole. Costeans extended the known length of the altered zone to 750 metres, which remains open in all directions.

The widest intercept was 4 metres averaging 1.17 g/t gold, including 1 metre at 2.7 g/t (SGRR054). This intersection was made between 101 and 105 metres down-hole depth. The highest grade was 1 metre at 5.14 g/t gold from 103-104 metres (SGRR065). In addition to the main lode, two other parallel zones of low-grade gold mineralisation were recorded in some holes.

Improved field analyses implemented

During the quarter Sovereign Gold acquired an Olympus DELTA handheld XRF analyser. Exploration within the Rocky River-Uralla Goldfield was unusual in as much that there were clearly defined targets for drilling that did not need preliminary mapping, geochemistry and geophysics to define the initial targets. Moving ahead, a soil and rock geochemical survey is underway with the benefit of an established geochemical profile over Martin's Shaft and other prospects that can be compared with field results that will be obtained using the handheld XRF at other locations.

Of particular interest to Sovereign Gold is the content of arsenic, antimony and bismuth in rock and soil. These are key pathfinder elements for IRGS; for these elements the XRF is capable of measuring content to a high degree of accuracy. The handheld XRF has two major benefits. First it will allow field teams to assess the potential of new exploration licences in a timely and highly efficient manner. Second, there will be very significant cost savings in not sending every sample for laboratory analysis.

Airborne magnetic survey

Sovereign Gold has finalised contracts to complete a 5,000 line km airborne magnetic survey covering a large part of EL6483 and parts of EL7491 and EL 7700. The survey is to be flown in July 2011.

The original airborne magnetic survey carried out by the Government, was wide spaced and identified the major structural elements such as the Old Bonanza Dyke a 42km long magnetic linear that has in places acted as a pathway for gold-bearing fluids (see Figure 2).

For further information please contact:

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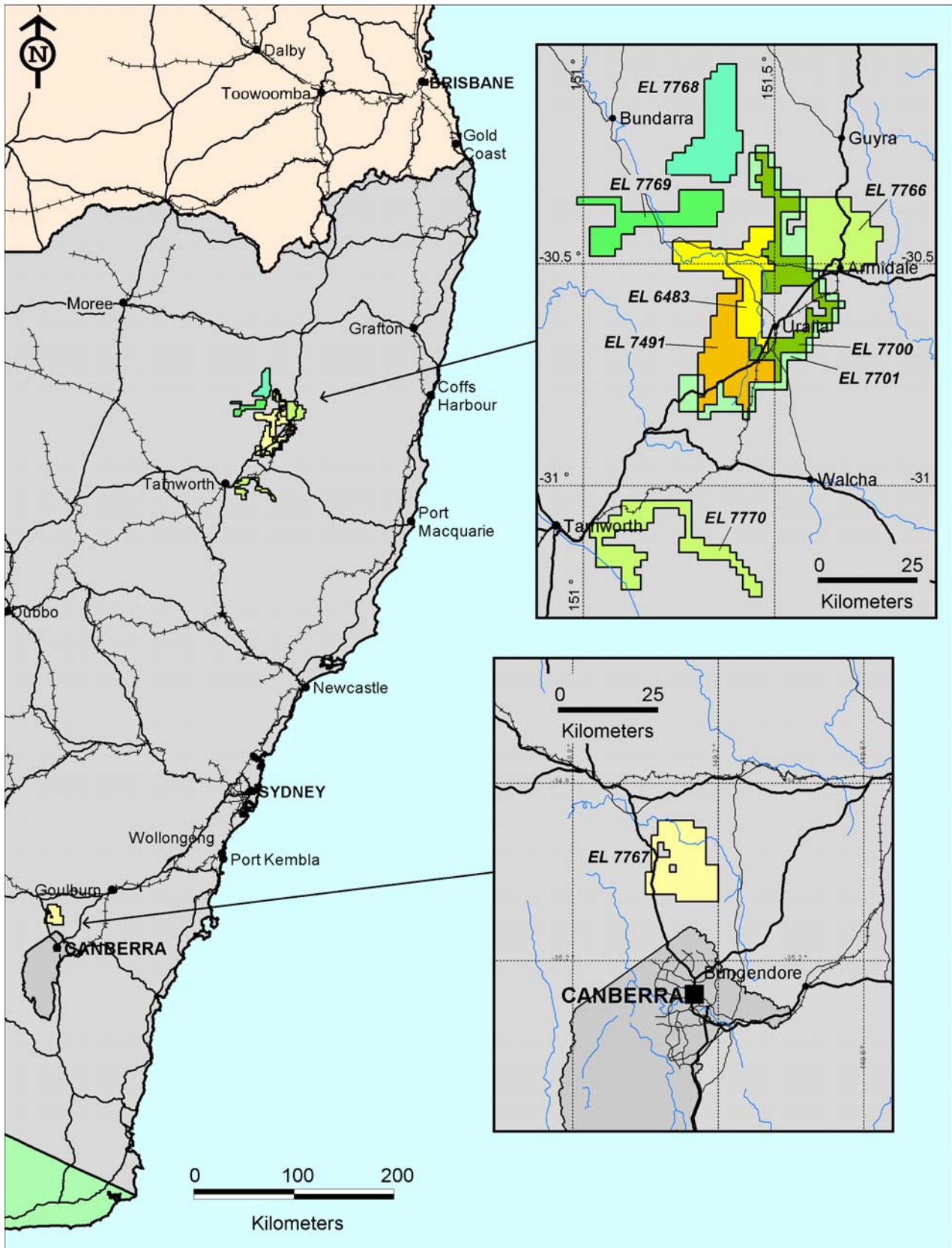


Figure 1 - Sovereign Gold NSW Tenements, 30 June 2011

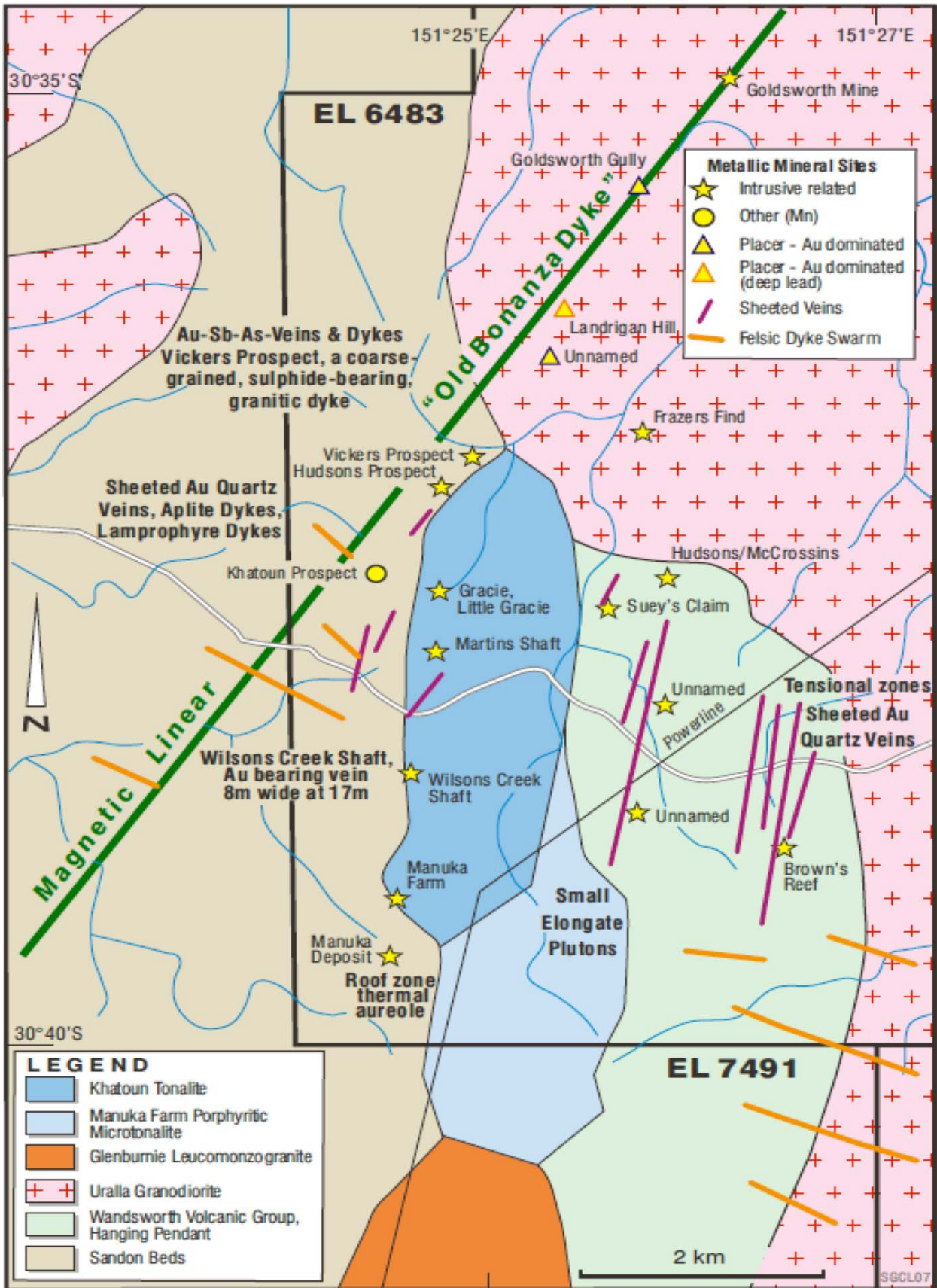


Figure 2 - Target areas showing locations of historic gold mines and prospects referred to in this report

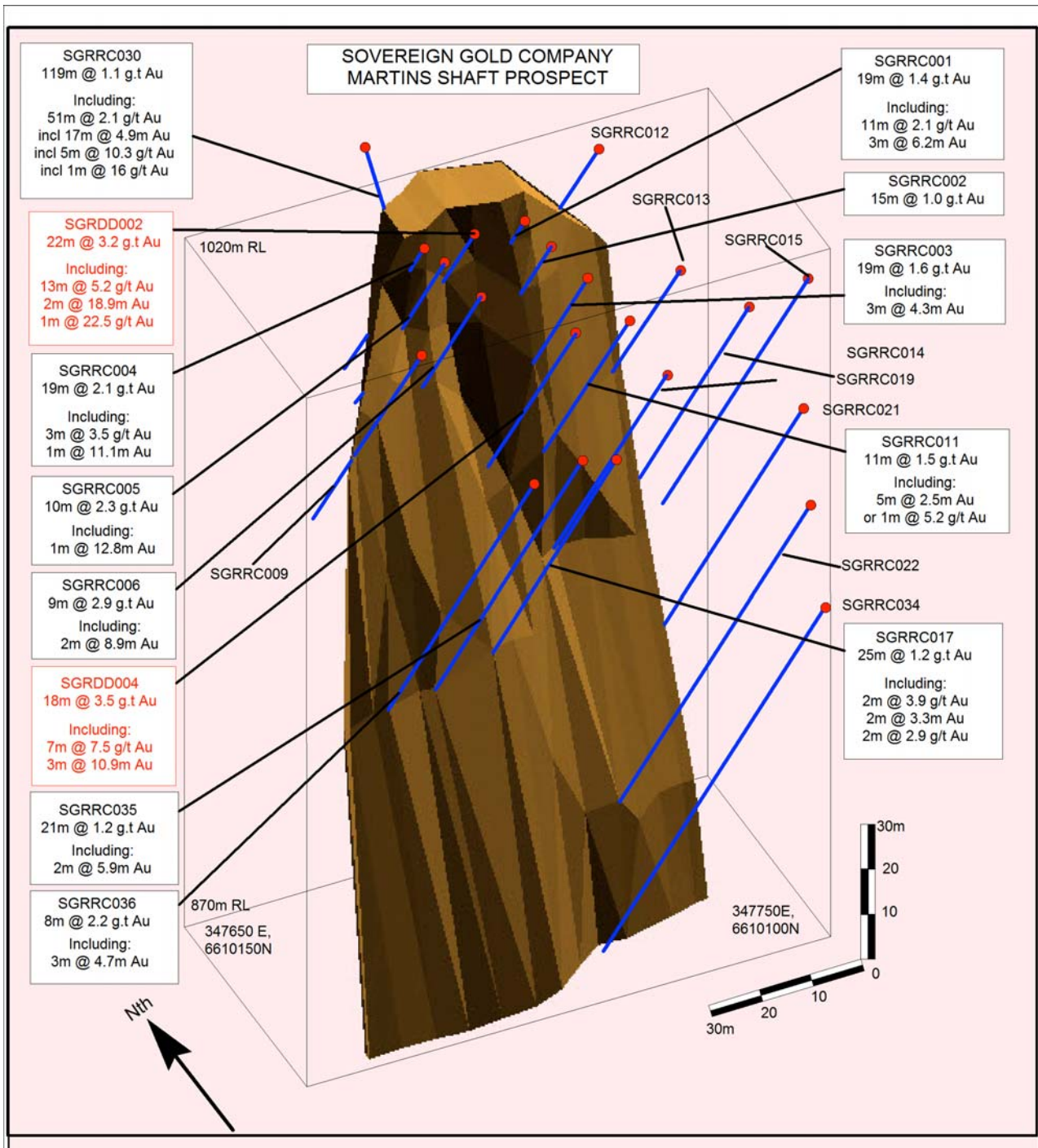


Figure 3 – Martins Shaft drill hole gold intercepts - Mineralised lode constructed with solid shading - gold mineralisation potential open both at depth (widening) and along SW trend

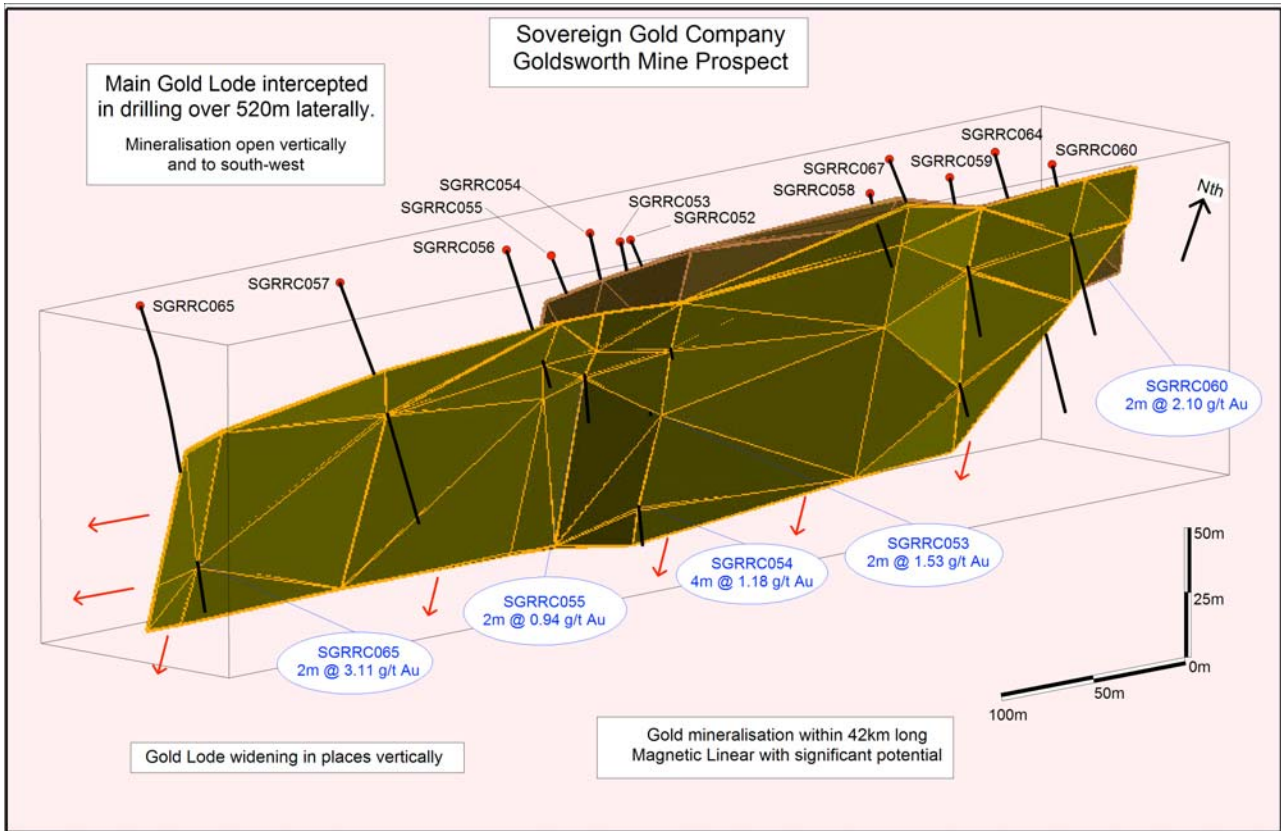
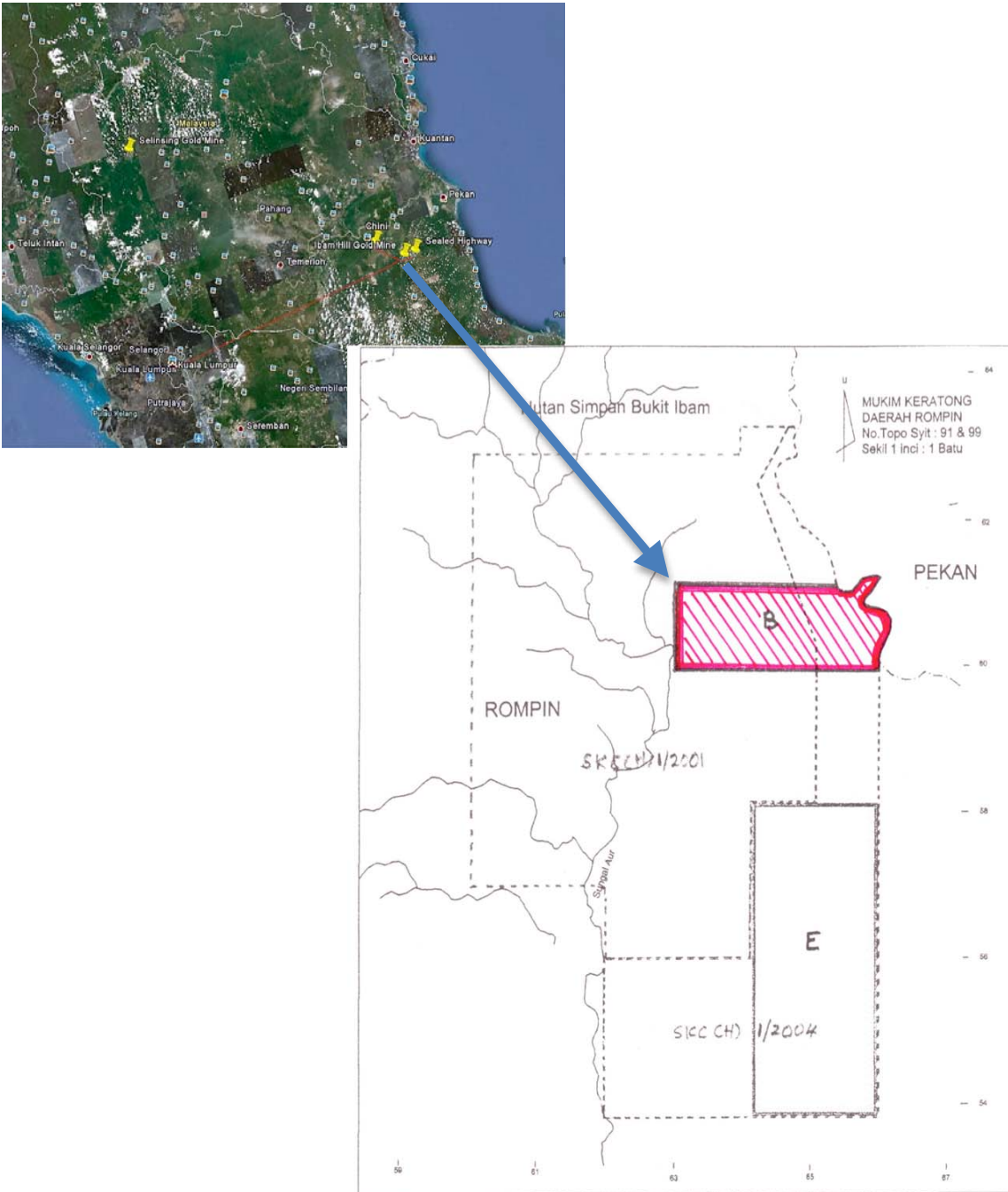


Figure 4 – Goldsworth Mine- Mineralised lode constructed with yellow triangular wire frames, with solid shading - gold mineralisation potential present over several kilometres of strike and at depth







-  Kawasan Permit Carigali SKC(H) 1/2001 milik PKNP
-  Kawasan Permit Carigali SKC(H) 1/2004 milik PKNP
-  Kawasan Carigali Blok B seluas 350.0 Hektar
-  Kawasan Carigali Blok E seluas 754.45 Hektar

Figure 5 - Ibam Hill Gold Project, Malaysia