



SOVEREIGN GOLD COMPANY LIMITED

Sovereign Gold Company Limited
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Latest News

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ASX Symbol: SOC

JORC Statements

This quarterly report contains summaries of Exploration Results and Mineral Resources as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code").

The complete reports are reported in ASX announcements of 14 February, 21 February, 16 March and 26 March 2012. They can be viewed on the ASX website and SOC will provide these reports, free of charge, to any person who requests it.

True Widths

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

Target Statements

The potential quality and grade is conceptual in nature, that there has been insufficient exploration to define full Mineral Resources and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Quarterly Activities Report – March 2012

This quarterly operations report is dated 27th April 2012 and is for the three months ending 31 March 2012.

Company Overview

New South Wales

Sovereign Gold Company is exploring a large Intrusion-Related Gold System (IRGS) at the Rocky River-Uralla Goldfield in New South Wales. The project covers 2,400 square kilometres and 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 gold sources.

Malaysia

Sovereign Gold is a 50% joint venture partner in the Ibam Hill Project, 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.

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.

The initial exploration target is 100,000 - 150,000 ounces gold¹ in an obvious near surface, open pitable resource that averages 1 - 2 grams gold per tonne. Potential exists for significant extensions, outside the block selected for phase 1 drilling, of gold mineralisation at depth and along the strike. Fieldwork also confirms there is potential for new targets in the near surroundings.

Quarter Highlights

- Twin holes at Martins Shaft improves sampling methods – higher gold results obtained
- Diamond cores present significantly higher gold grades compared to some close-spaced reverse circulation drill holes at Martins Shaft
- Martin Shaft 2011 wrap-up
- Frasers Find - high gold and silver grades in mineralised structure over 250 metres long

Corporate

Sovereign Gold has entered into a cooperation and investment agreement with Jiangsu Geology and Engineering Ltd of Nanjing China to contribute \$4 million toward IRGS exploration on EL 7768 and EL 7491.

Register snapshot

On 31 March 2011, Sovereign Gold had 77,000,000 ordinary shares on issue and 7,250,000 options.

Chinese SOE, SUGEC to invest \$4 million in IRGS exploration on EL 7768 and EL 7491

Sovereign Gold has entered into a cooperation and investment agreement with Jiangsu Geology and Engineering Co. Ltd. (SUGEC) of Nanjing, China to contribute \$4 million toward Intrusion-Related Gold System (IRGS) exploration on EL 7768 and EL 7491 in NSW (SUGEC Gold Tenements). SUGEC will fund exploration on the SUGEC Gold Tenements in the amount of \$2 million over each tenement before 31 March 2014 at which time SUGEC will be entitled to a 30% interest in the respective tenement.

Whilst Sovereign Gold's primary exploration focus is diamond drilling multiple targets within its 100% owned EL 6483 where Martins Shaft and Frasers Finds and other identified gold-bearing structures are located, SUGEC's participation will enhance Sovereign Gold's understanding of IRGS in NSW and fast track exploration and resource definition.

The recent aeromagnetic survey revealed extensions of the gold channelling structures located in EL 6483 extending into the adjacent EL 7491. The exploration program with SUGEC will expand the magnetic survey over EL 7491 to locate further potential Martins Shaft-style lodes.

Exploration

Drilling Program Planned

Sovereign Gold's 2012 drill programme will commence in April 2012 over a multitude of targets consisting of over 15 separate gold-bearing deposits and numerous geochemical anomalies, in a large 60 square kilometre mineralising system. These include several known and other recently discovered hard rock gold targets, as well as several targets on the largely unexplored 41 kilometres long magnetic linear that hosts several historic gold occurrences.

Twin holes at Martins Shaft improves sampling methods – higher gold results obtained

Sovereign Gold completed twin Diamond and Reverse Circulation drill holes at Martins Shaft designed to compare the sample integrity of the drill methods.

The results of the diamond twin hole provide more accurate measure of the free gold content and hence higher grades.

The overall gold content of the diamond drill hole was 30.3% higher than the RC hole (3.05 vs 2.34 grams per tonne gold). Diamond drill hole SGRDD014: 15 metres @ 3.05 grams per tonne gold downhole¹ including 1 metre @ 15.40 grams per tonne gold. Reverse circulation drill hole SGRR005: 10 metres @ 2.34 grams per tonne gold downhole¹ including 1 metre @ 12.75 grams per tonne gold.

Diamond cores present significantly higher gold grades compared to some close-spaced reverse circulation drill holes at Martins Shaft

Sovereign Gold has compared gold grades from two sets of close-spaced (10 metre separation) Diamond and Reverse Circulation holes that provide further confidence in the assessment of data integrity between results obtained from Diamond Drill and Reverse Circulation holes.

Sovereign Gold's assessment is that diamond drill core predominantly provides samples that give a more accurate measure of the free gold content and hence higher grades. The Diamond Drill holes below were drilled 10 metres to the south-west of the respective Reverse Circulation holes, on the same dip and azimuth.

Close-spaced Drill Hole Pair 1

Diamond Drill hole SGRDD004:
18 metres @ 3.51 grams/tonne gold from 52-70 metres downhole

Reverse Circulation Drill Hole SGRR011:
11 metres @ 1.48 grams/tonne gold from 52-63 metres downhole

Close-spaced Drill Hole Pair 2

Diamond Drill hole SGRDD002:
22 metres @ 3.28 grams/tonne gold from 18-40 metres downhole

Reverse Circulation Drill Hole SGRR002:
15 metres @ 0.99 grams/tonne gold from 18-33 metres downhole

Martins Shaft – 2011 Wrap-up

Sovereign Gold has conducted an extensive drilling campaign at its Martins Shaft prospect in the Rocky River-Uralla Goldfields during 2011. 29 reverse circulation holes were drilled for a total of 2,534 metres and 11 diamond holes for a total of 678 metres.

The gold mineralisation at Martins Shaft is significant as this style of mineralisation was predicted from the application of Sovereign Gold's IRGS Exploration Model. Potential exists for multiple Martins Shaft-type deposits, of similar and larger size, within the large IRGS. Several high priority drill targets have been identified for the next drilling campaign commencing April 2012.

Exploration has already resulted in:

- Discovery of significant gold mineralization at Martins Shaft that is broadening down plunge and has great depth potential.
- Proof of Concept that validates the potential for a major gold discovery and confirmation of a large, newly discovered IRGS.
- Some very long and high grade gold intersections in drill holes at Martins Shaft .
- The discoveries at Martins Shaft have confirmed the exploration model with the potential of several satellite deposits with a global resource of between 500,000 to 1,000,000 ounces.
- Sovereign Gold is now a leader in exploration of IRGS in Australia and through application of its new understanding on the controls on gold mineralisation within these large systems it has identified several high priority targets for drilling planned to commence in April 2012.

- Sovereign Gold will deep drill Martins Shaft from 300-500 metres as these systems can typically extend to such depths.
- Senior Geoscientists from the NSW Geological Survey are collaborating with Sovereign Gold as the new understanding of these gold systems has the potential to invigorate gold exploration and lead to world class gold discoveries in the New England Fold Belt.

Some of the wide and high gold grades drill intersections at Martins Shaft include:

- Diamond Drill Hole SGRDD002: 22metres @ 3.28 grams/tonne gold from 18-40 metres downhole¹ Including 10 metres @ 6.06 grams/tonne gold from 27-37 metres downhole¹ and 2 metres @ 18.85 g/t gold from 35-37m metres downhole.
- Diamond Drill Hole SGRDD004: 18 metres @ 3.51 g/t gold from 52-70 metres downhole, including 7 metres @ 7.47 g/t gold from 57-64 metres downhole and 1 metre @ 19.60 g/t gold from 58-59 metres downhole.

The mineralisation comprises sheeted veins and disseminated gold mineralisation within a felsic dyke, which confirm the potential of a large IRGS hosting several primary hard rock gold deposits.

Gold has been located to a vertical depth of 130 metres (SGRDD010), limit of drilling. Mineralisation is widening down plunge. Strong phyllic alteration extends beyond the mineralised envelope. The felsic dyke has acted as a brittle host for magmatic fluids. It is clear from the presence of gold mineralisation and associated alteration that igneous textures are very conducive to the permeation/dissemination of gold-bearing fluids.

This IRGS has striking similarities to the multi-million ounce Donlin Creek IRGS deposit, with gold in dykes like Martins Shaft, of the Yukon-Alaska running Tintina Gold Province. This has been taken into account when formulating a target model of satellite mineralised zones with a global resource of between 500,000 to 1,000,000 ounces.

Frasers Find

Sovereign Gold located the original shaft at Frasers Find on EL 6483 in the Rocky River–Uralla Goldfield.

High gold and silver grades in mineralised structure over 250 metres long.

The main shaft at Frasers Find is situated 2.8 kilometres northeast of Martins Shaft further confirming the large scale of the newly identified Rocky River–Uralla IRGS. The lost Frasers Find shaft was located by Sovereign Gold during January 2012, 100 years after it was first discovered.

Recent assays and the scale of the mineralisation confirm significant potential for further gold lodes within the Rocky River–Uralla Goldfield. The gold workings at Frasers Find extend for over 250 metres along the line of lode. The mineralisation consists of a central high-grade gold-bearing vein within altered Uralla Granodiorite that hosts further, juxtaposed disseminated mineralisation; expected to be a deep tapping structure that potentially hosts wide mineralised zones analogous to Dargues Reef (Majors Creek Gold Mine, Braidwood N.S.W., 330,000 ounce IRGS gold lode in altered granite) that extends to 500m – limit of drilling.

The NSW Department of Mines reported: “The lode is in granite country, and is cleanly and evenly walled” (*Annual Report, 1912, p19.*). Records state the main lode ranged from 0.76 - 0.91 metres wide and contained a high-grade sulphide vein that was 0.23 metres wide at 6 metres in shaft and widened to 0.38 metres with depth.

The maximum-recorded vertical depth of the shaft was 20.4 metres and maximum of 66 tonnes of minerals were mined. A record from *the Annual Report for 1912* states recovery was 27 g/t gold and 222 g/t silver from 6 tonne of mineralisation.

Assays of samples collected by Sovereign Gold from the mineralised high-grade sulphide vein (quartz, arsenopyrite, pyrite and galena) ranged from:

- 214 to 1,110 g/t silver (6.88 – 35.69 oz/t silver)
- 17.85 – 76.90 g/t gold (0.57 – 2.47 oz/t gold – sample FFSB)
- 0.90% – 5.46% lead/tonne

Significantly, disseminated mineralisation ranging from 0.32 – 4.0 g/t gold is present in the altered granite adjacent to the main high-grade lode and indicates width potential.

The high-grade samples came from a stockpile left by Fraser and his party beside the main shaft when they abandoned the area in 1914 - there were several blocks of mineralisation up to 30cm long.

Other assayed samples of disseminated and sheeted vein mineralisation came from pits along the line of lode. The most south-westerly test pit, located 197 metres from the main shaft, ended in gold-bearing mineralisation indicating further mineralisation may extend along strike. This lengthy zone of mineralisation has only been explored by test pits and shallow shafts and has never been mined.

The mineralisation exhibits classic diagnostic IRGS characteristics especially high bismuth (Bi, up to 0.24%) and anomalous Sb (antimony), Sn (tin), W (tungsten) and Te (tellurium) – indicative of gold-bearing fluids being derived from a magmatic (intrusive) source.

Future drilling at Frasers Find will follow the lode along strike and down dip.

The structure hosting Frasers Find has a northeast trend and probably represents a cooling fracture developed in the granite that tapped, channelled and focused a reservoir of late stage gold-bearing fluid. These structurally controlled hosts for gold mineralisation can extend for several hundred metres laterally and vertically. Sovereign Gold's geologists, as a result of discovering one of the major controls on the location of gold mineralisation, have identified several nearby north-east trending structures that host other gold occurrences.

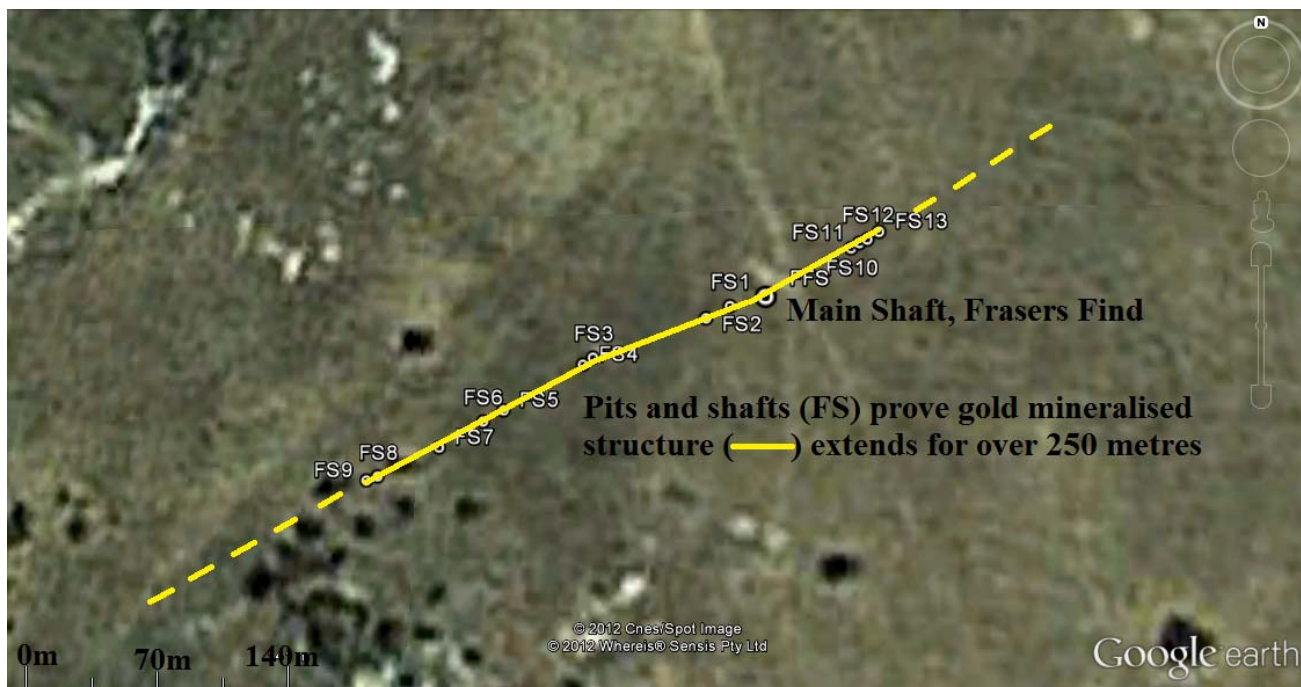
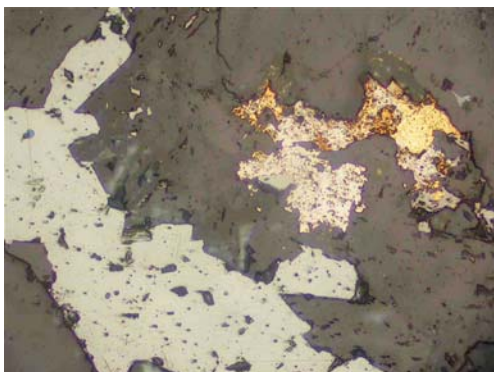


Figure 1: Frasers Find. Large alteration structure in granite, historical test pits/shafts (FS) extends northeast along strike for over 250 metres.



Martins Shaft – Sample SGRDD002 – 35.95 metres. Photomicrograph from polished thin section showing composite aggregate containing gold (largest grain about 60 µm across), aurostibite (very pale creamy pink) and pale grey stibnite, adjacent to a large stibnite aggregate and hosted in dark grey carbonate. Plane polarised reflected light, field of view 0.5 mm across. (15.20 g/t gold from 35-36 metres downhole, 22.50 g/t gold from 36-37metres downhole). Petrographic Report Dr. P. Ashley, Sept. 2011.



Martins Shaft – Sample SGRDD002 – 36.60m. Free gold (around 1.2 mm long) in quartz-antimony-carbonate vein.



Martins Shaft – Sample SGRDD002 – 36.80m. Free gold (around 1mm long) in quartz-antimony-arsenopyrite-carbonate vein.



Frasers Find – Sample FF3D – Disseminated mineralisation in altered granite adjacent to main high-grade lode. Quartz-sericite altered granite with disseminated sulphides (much now oxidised to yellow limonite) and sheeted quartz-sulphide veins. Assayed 3.43 g/t gold and 5.91 g/t silver (ALS Certificate of Analysis BR12004879). Drilling is planned to test the width of the disseminated mineralisation, the high-grade lode and for repetitions of high-grade parallel veins.



Frasers Find – Sample FFSB – High grade quartz-sulphide (abundant arsenopyrite, pyrite, galena) from the dump by the main shaft, assayed 76.9 g/t gold (2.47 ounces), 287 g/t silver (9.23 ounces) and 1.78% lead/tonne (ALS Certificate of Analysis BR12004879).

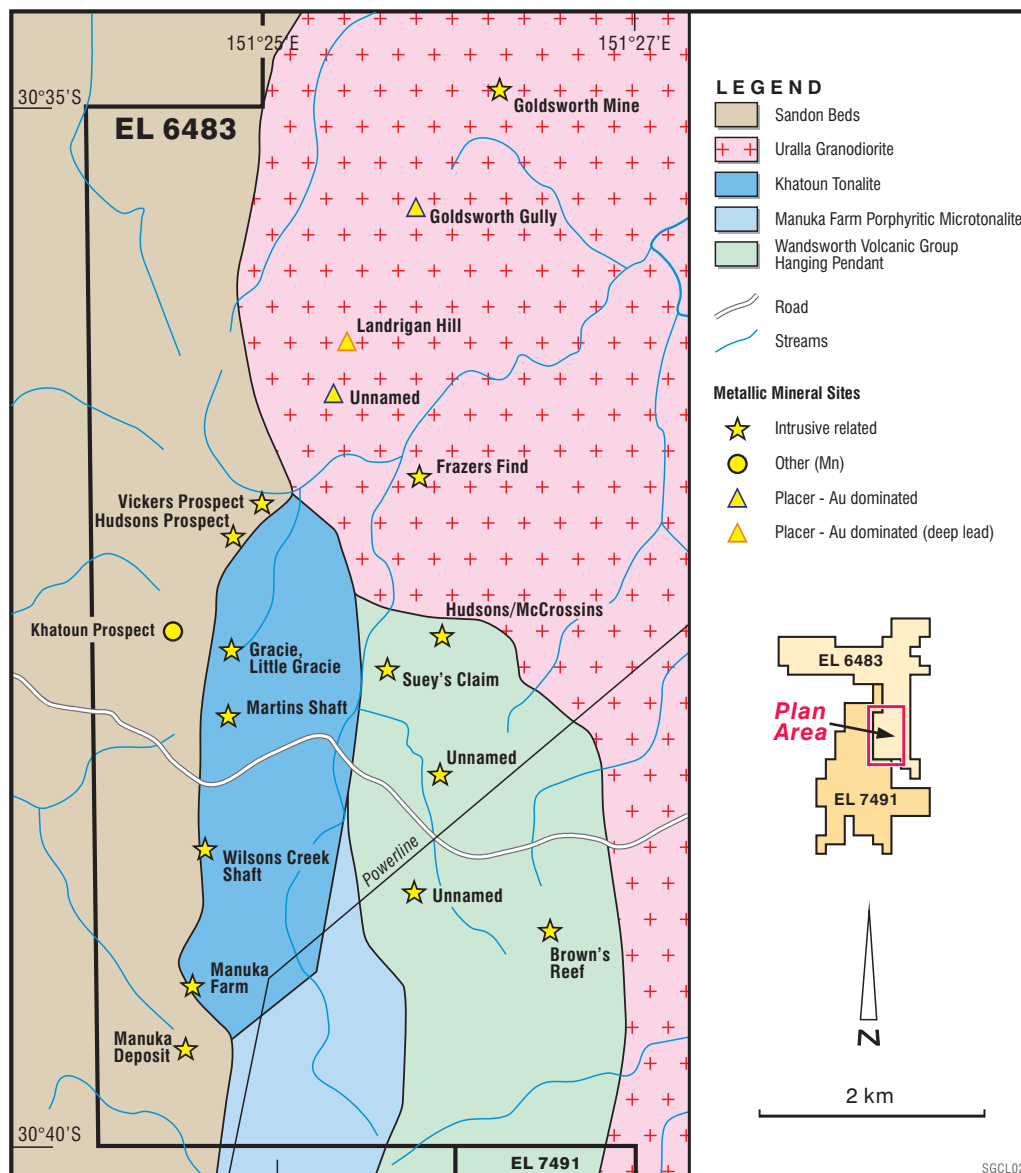


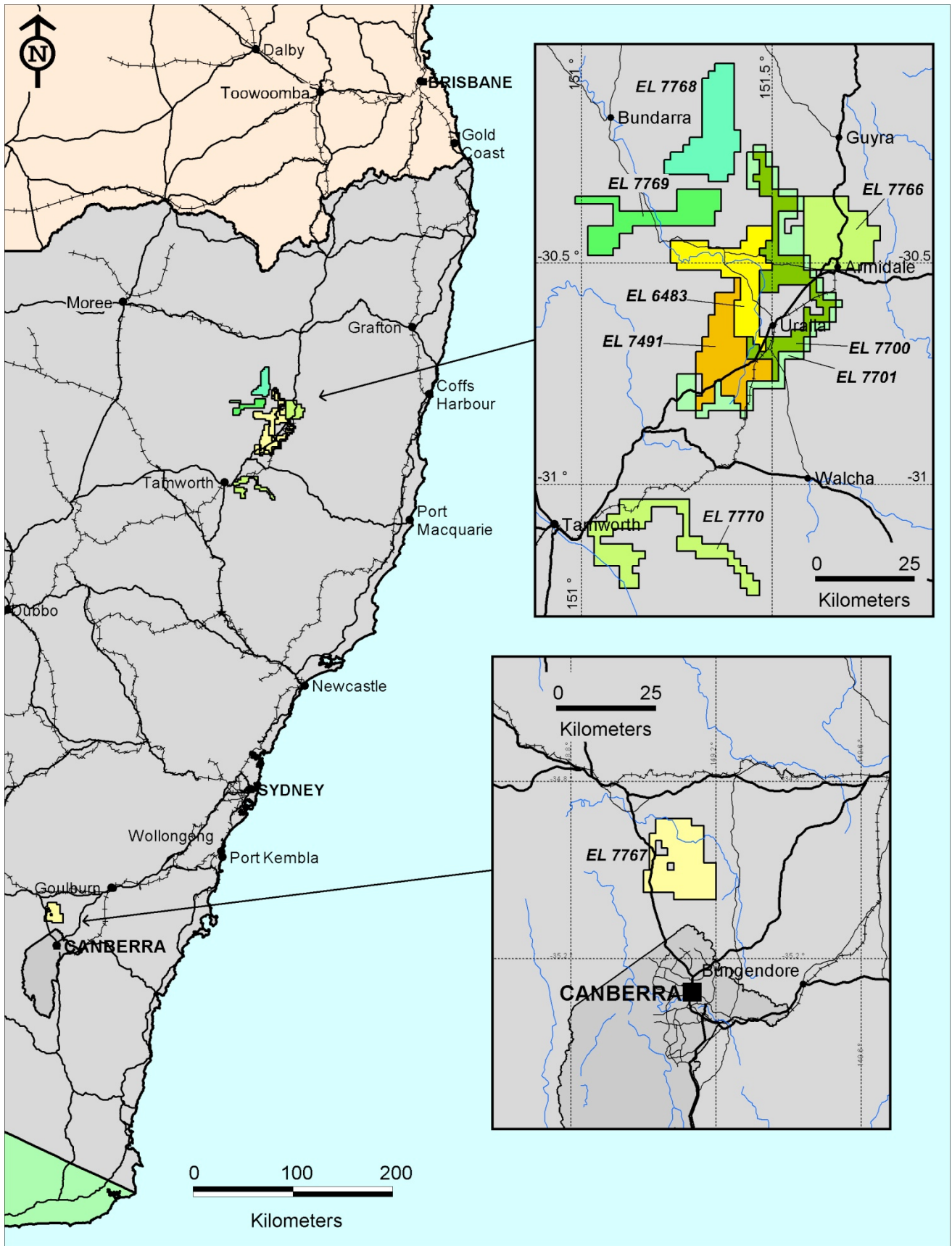
Figure 2: Location of principal auriferous hard rock mines. The striking structural and magmatic control to mineralisation indicates the existence of a large Intrusion-Related Gold System. Many gold lodes plot on the north-east trending magnetic linear. Note also the NNE trending series of mines along contact of the small plutons (Khatoun Tonalite and Manuka Farm Porphyritic Microtonalite) and the Sandon Beds.

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 consents to the inclusion in this announcement of the Exploration Information in the form and context in which it appears.

For further information please contact:

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Sovereign Gold Tenements