SOVEREIGN GOLD COMPANY LIMITED

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ASX Symbol: SOC

Sovereign Gold Company is exploring for large Intrusion-Related Gold Systems in New South Wales.

Sovereign Gold's project area covers over 2,650 square kilometres.

The principal 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 sources.

ASX Release
10th October 2012

Repetitions of Martins Shaft-style Gold Mineralisation Discovered Following Airborne Geophysical Survey

Ground truthing of geophysical targets has located several sites of gold-bearing alteration on structures in the same large felsic dyke hosting the Martins Shaft Gold lode.

- **Large potential with anomalous gold in samples up to 2.7km from the Martins Shaft Gold lode**
- **One single area of gold-associated alteration traced for over 400 metres along strike and over 90 metres wide**
- **Repetitions of Martins Shaft-style Gold mineralisation**
- **Priority drilling targets**

The alteration and mineralisation was discovered by Sovereign Gold's specialist Intrusion-Related Gold System (**IRGS**) exploration team when locating geophysical anomalies on the ground. The gold-bearing structures are associated with phyllic alteration, IRGS sheeted veining and brecciation. The areas were identified after processing and interpreting the airborne magnetic and radiometric data using state-of-the-art software and specialist filters to enhance the data. This survey pinpointed potential gold-channeling structures and areas of potassic alteration (radiometric data).

An initial reconnaissance of geophysical anomalies within EL7491 was undertaken with Sovereign's Joint Venture partners Jiangsu Geology and Engineering. Only two samples were initially collected and these contained 0.77g/t Au and 0.24g/t Au (samples S623 and S624 respectively, Figure 1). This range of anomalous gold and the type of alteration is identical to that obtained at surface around the alteration halo above the Martins Shaft Gold lode prior to drilling. Drilling subsequently discovered very shallow (near surface), long intersections (up to 22m downhole) of gold mineralisation.

The geophysical survey has shown the dyke hosting the Martins Shaft Gold lode is much larger than previously mapped and extends around 3.7km along strike and in places is over 1km wide. This represents a massive area to explore for gold endowment. The nearest analogue to the Martin Shaft-style mineralisation is the large Donlin Creek IRGS (32M oz) gold deposit in Alaska. Both have gold mineralisation hosted in felsic dykes and share multiple similar diagnostic characteristics.

The newly discovered gold mineralisation shows the same geochemical fingerprint as the mineralisation associated with the alteration above the Martins Shaft Gold lode. Further it is associated with extreme sodium depletion and potassium elevation that is very diagnostic of the gold precipitation event.

The areas of anomalous gold were discovered in the same dyke and gold channelling structure hosting the Martins Shaft Gold lode (Figure 1). They extend for at least 2.7km north-west and confirm the potential for this dyke to host multiple repetitions of Martin Shaft-style gold lodes.

One single area of gold-associated alteration has been traced (around sample site S624) for over 400 metres along strike and is over 90 metres wide in places. This is potentially part of a large alteration halo above a gold lode like Martins Shaft. The most obvious interpretation is that these new discoveries are further areas of Martins Shaft-style mineralisation.

The gold mineralisation at Martins Shaft is very significant as this style of mineralisation was predicted from the application of Sovereign Gold's IRGS Model. The mineralisation comprises sheeted veins and disseminated gold mineralisation within a felsic dyke and confirms the potential of the large IRGS to host several primary hard rock gold deposits. Gold has been located in drill holes to a vertical depth of 130 metres (limit of drilling) and mineralisation is still open and 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. Martins Shaft has some significant drill intersections including previously reported diamond drill hole SGRDD002 that had 22m @ 3.2g/t Au downhole including 13m@ 5.2g/t Au, 2m @ 18.9g/t Au and 1m @ 22.5g/t Au. This gold mineralisation was very close to the surface ranging from 18 - 40 metres downhole – uphole there was an alteration halo with similar alteration and mineralisation to the newly discovered areas reported herein.

Sovereign Gold's specialist IRGS exploration team, stated in the 2011 Annual Report

> *"Potential exists for multiple Martins Shaft-type deposits, of similar and larger size, within the large IRGS. Analytical data confirms gold mineralisation is associated with sodium depletion."*

Following receipt of these initial exciting results further field sampling and mapping has established long, wide areas of alteration associated with this gold mineralisation. Several samples have been collected and a detailed report is in preparation awaiting further assay results. Priority drill targets are being selected.

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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 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.

References to Mines refer to geographical names, and no inference should be made that Sovereign Gold is operating any mines at this stage of its development.

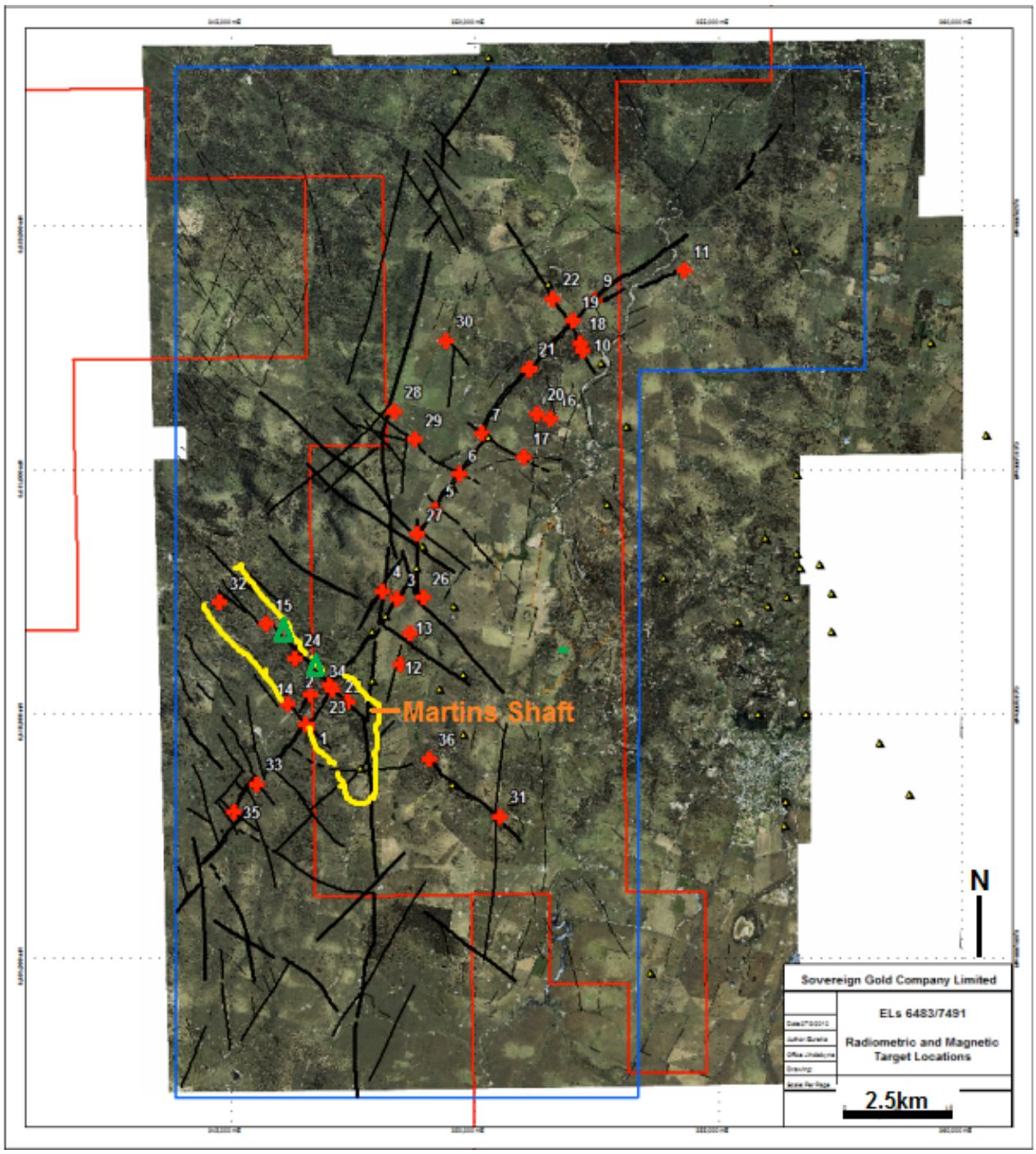


Figure 1: Location of Martins Shaft Gold lode within the large NW trending dyke (yellow outline). The green triangles ( ) show locations of the samples of anomalous gold discussed herein. Also shown are the locations of all 36 geophysical targets ( ) over satellite image in EL 6483 and EL 7491. Major interpreted structures (potential gold-bearing fluid conduits) are indicated by black lines; historical gold mines/prospects are designated by yellow triangles ( ).

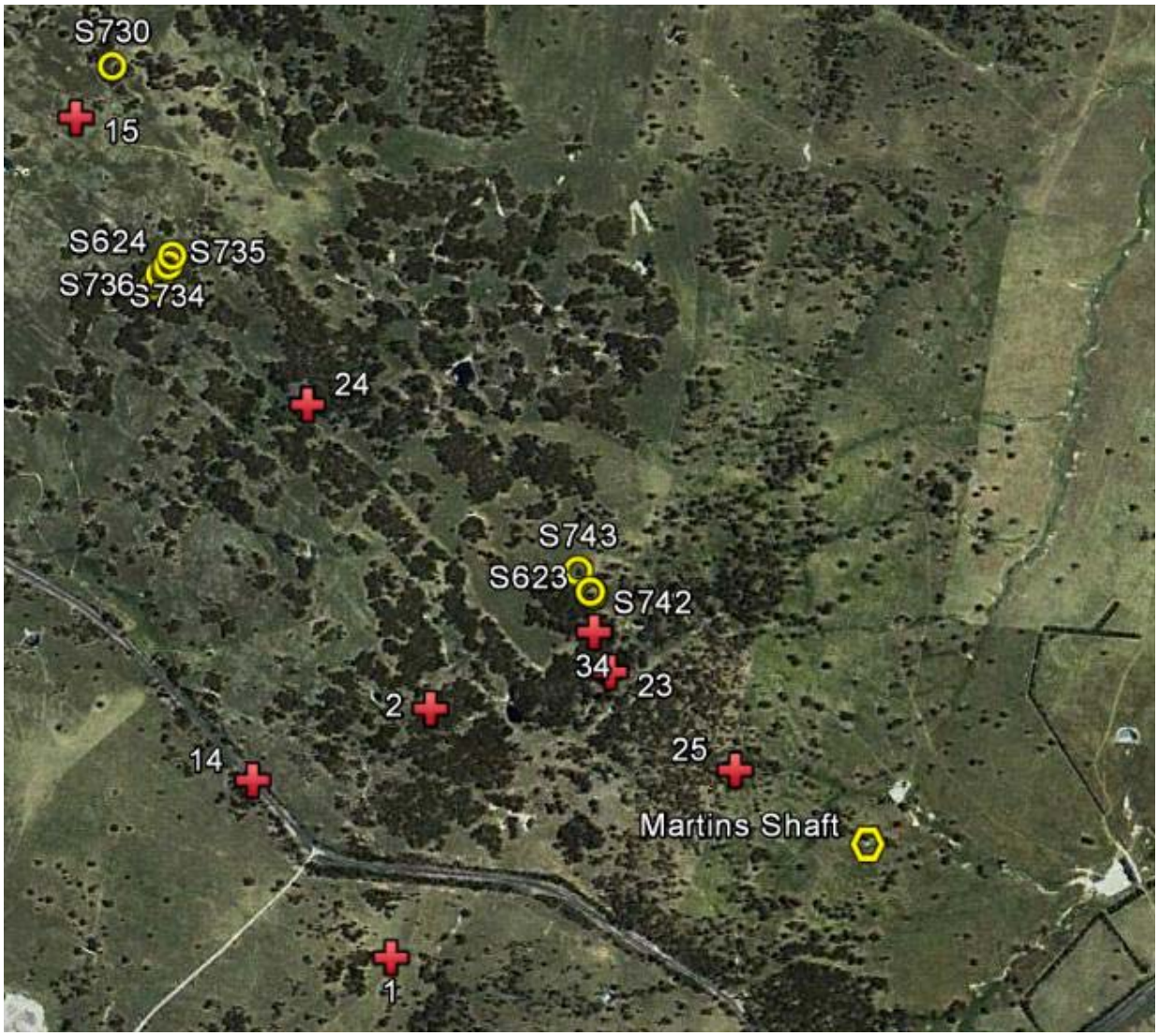
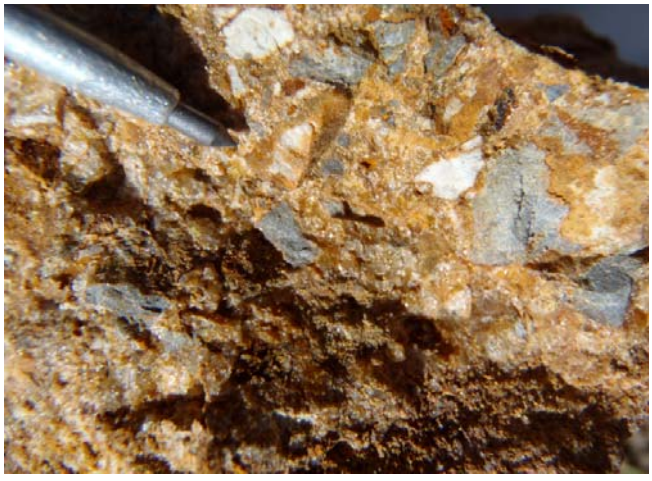


Figure 2: Location Martins Shaft and samples S623 (0.77g/t Au) and S624 (0.24g/t Au). The S700 series are sites of recent samples to be sent for analyses. The red crosses (✚) are locations of geophysical anomalies currently being investigated.

Fractured felsic dyke material from sample site S623 that assayed 0.77g/t Au. The gold host is a fine grained, phyllic altered felsic dyke. It contains gossanous fractures with vein infill of dark brown Fe-oxides and sulphides in association with gold. The rocks are an extension of the large felsic dyke that hosts the Martins Shaft Gold Lode, located 940 metres @ 134° to the southeast.

Phyllic altered felsic dyke with yellow and brown iron oxides after sulphides (sample S7421C, from around sample site S623)



Quartz flooded, brecciated metasediments with oxidised sulphides along the contact with the felsic dyke hosting the Martins Shaft Gold lode (sample S734A, from around sample site S624).

Phyllic altered felsic dyke with epithermal textures (extensional fractures with prismatic quartz). These diagnostic features are also exhibited by the alteration halo above the Martins Shaft Gold lode (sample S738C, from around sample site S623)

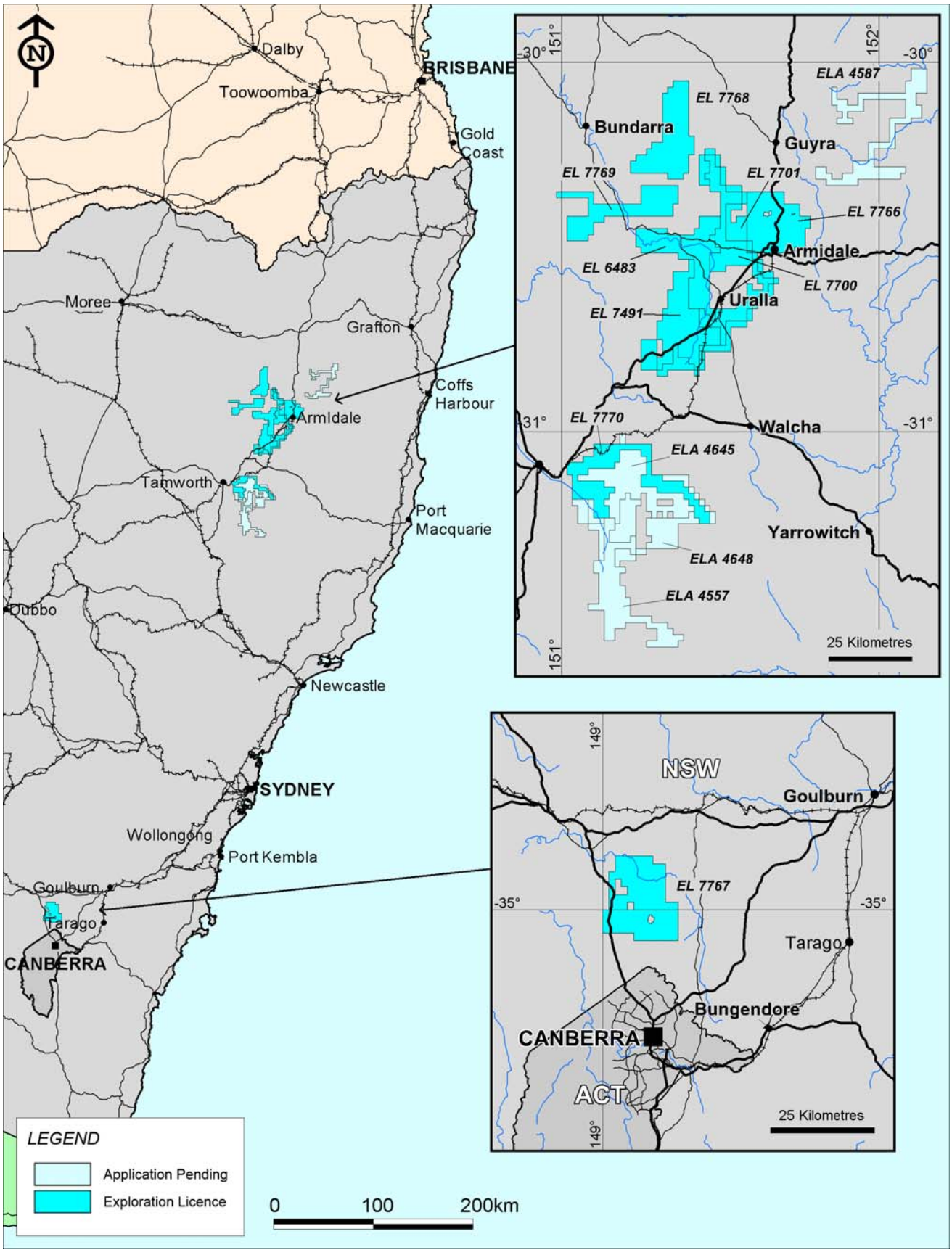


Figure 3: Sovereign Gold Tenement Portfolio October 2012