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
18th December 2012

Frasers Find up to 19.1 g/t gold & 141 g/t silver

- **Gold encountered in drill holes along 256 metres of strike (still open).**
- **Large intrusive feeder source – shallow drilling confirms gold occurs in sheeted veins and narrow high-grade lode structures representing the high level portion above a larger intrusive feeder source.**
- **Vector to deeper intrusive gold source – drilling confirms the Frasers Find Mine is part of an extensive gold plumbing system and has provided a vector to the deeper intrusive source of the gold.**

Drilling confirmed the Frasers Finds mine was developed on a narrow, high grade gold vein that, more significantly, is part of large gold-bearing fracture zone that widens to the south-west towards a small circular, 'blind' (concealed) pluton indicated by the airborne geophysical survey (Figures 2 & 3).

This is potentially the causative gold-bringing pluton and the several large fractures radiating from it have acted as conduits for gold-bearing fluids. The small pluton has intruded and fractured the larger Uralla Granodiorite as evidenced in drill holes by a widening of the mineralised zone (consisting of narrow auriferous alteration veins) towards the deeper, primary, source of the gold fluids.

The very shallow drilling has intersected mineralisation with high Ag (silver), Pb (lead) and Zn (zinc) indicating this mineralisation represents the distal, low temperature end of the auriferous fluid plumbing – vector to the main, deeper, source of the gold mineralisation. This high level metallogenic association also indicates the entire system is preserved at depth.

11 diamond holes were drilled. All holes were shallow and ranged from downhole depths of 14.7 metres to 55.80 metres.

The highest drill intersection was 19.1g/t Au (14.25g/t Au duplicate), 141g/t Ag and 0.75% Pb over 0.6 metres (SGRDD023, ~40% length recovery from 11.1 - 11.7 metres downhole) and 5.45g/t Au over 0.25 metres including a narrow high grade sulphide portion of 10g/t Au (8.78g/t Au duplicate), 316g/t Ag, 1.98% Pb and 0.35% Zn over 0.13 metres (SGRDD029 from 27 – 27.25m downhole). SGRDD030 had 1.17g/t Au over 0.82m including a narrow high grade sulphide portion of 5.64g/t Au (4.08g/t Au duplicate) over 0.08 metres (from 38.26 – 39.08m downhole). SGRDD031 encountered 0.61g/t over 0.86 metres.

The narrow main mineralised intervals of SGRDD030 and SGRDD031 both contained quartz and sulphides and resembled the higher grade ore from the Frasers Find shaft. The low grade may be a result of coarse gold and small sample volume from narrow 37.5mm BQ core.

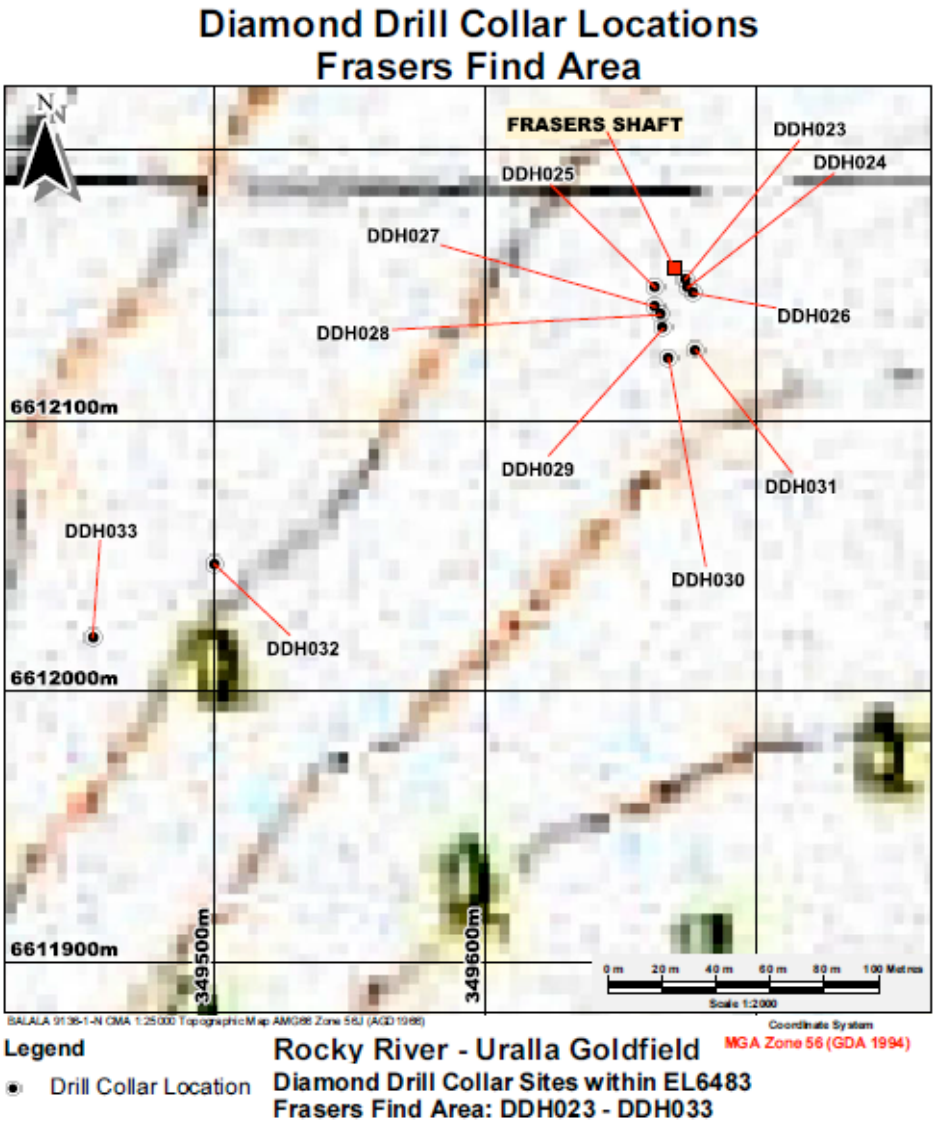
6 drill holes failed to recover the main mineralised structure (2 ended in old workings and the others were in soft decomposed, altered granite with no core recovery).

Truck mounted augers were engaged to get shallow samples of the soft mineralisation in the decomposed granite that could not be recovered as core. Auger A2 sampled mineralisation of 3.78g/t Au over 2.3m (from 7 - 9.3m downhole) including 5.56 g/t Au over 1m.

Drilling has traced a main narrow vein structure along 256 metres of strike (still open). Pitting has exposed mineralisation for 305 metres along strike.

Apart from the main higher grade narrow mineralised interval, a broader mineralised zone, as defined by sulphide alteration veins with anomalous gold, was present in each hole and widened to the south-west towards the predicted source of the gold. SGRDD033, closest to the potential causative blind pluton, encountered a wide mineralised zone over 27.35m downhole (from 11.75 - 39.1m) comprising narrow sulphide bearing alteration veins with anomalous gold, the highest grade vein being 6.06g/t Au over 0.05m. As expected, increasing hydraulic fracturing from magmatic hydrothermal fluids was discovered proximal to the potential deep gold feeder system.

Mature drilling of similar Intrusion-Related Gold System structures within Australia and overseas has shown these to be typically deep tapping structures that extend beyond 480 metres vertically (limit of drilling). This preliminary shallow drilling program has provided precision targeting for the planned deep drilling program in 2013.



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

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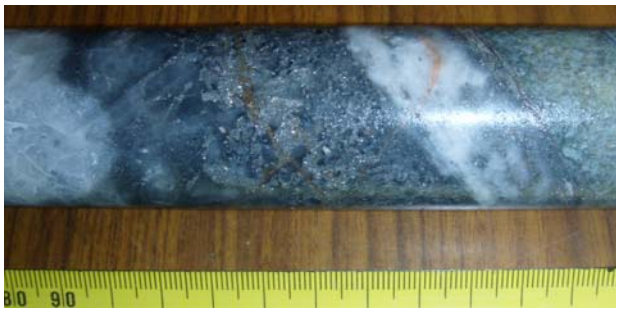
Figure 1: The shallow drilling program has established the presence of classic IRGS sheeted gold-bearing sulphide veins in granite within a long structural corridor radiating from a potential blind pluton. The high silver, lead and zinc contents indicates these veins are the distal (cool end) expression of the deeper intrusive feeder zone of this gold mineralisation

SGRDD023: Quartz-iron oxide (after sulphide) mineralisation. 19.1g/t Au (14.25g/t Au duplicate), 141g/t Ag and 0.75% Pb over 0.6 metres (~40% length recovery from 11.1-11.7 metres downhole)

SGRDD033: closest to the potential causative blind pluton; encountered a wide mineralised zone in altered granodiorite over 27.35m downhole (from 11.75 - 39.1m) comprising narrow sulphide bearing alteration veins with anomalous gold, the highest grade vein 6.06g/t Au over 0.05m (top core row).

SGRDD029: Quartz-sulphide mineralisation in altered granite. 5.45g/t Au over 0.25 metres including a narrow high grade sulphide portion of 10g/t Au (8.78g/t Au duplicate), 316g/t Ag, 1.98% Pb and 0.35% Zn over 0.13 metres (from 27 – 27.25m downhole).



SGRDD030: IRGS sheeted quartz-sulphide veins in altered granite. 1.17g/t Au over 0.82m including a narrow high grade sulphide portion of 5.64g/t Au (4.08g/t Au duplicate) over 0.08 metres (from 38.26 – 39.08m downhole)

Figure 2: Sub-circular magnetic anomaly with radial structures hosting the gold mineralisation of Frasers Find and Diggers Shaft. (Tilt filter of RTP, reduction to the pole, magnetics with interpretation and anomalous sub-circular feature).

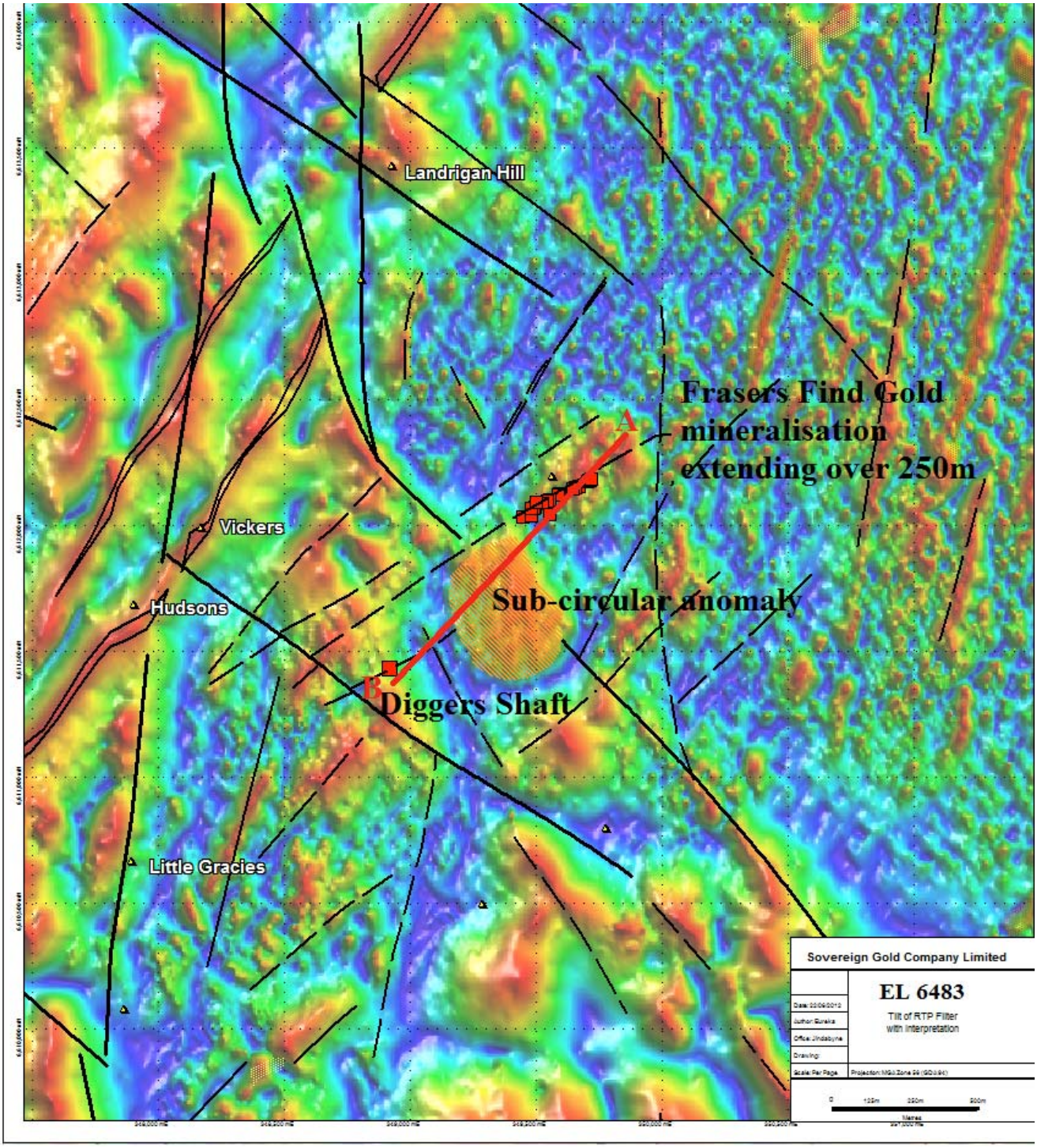
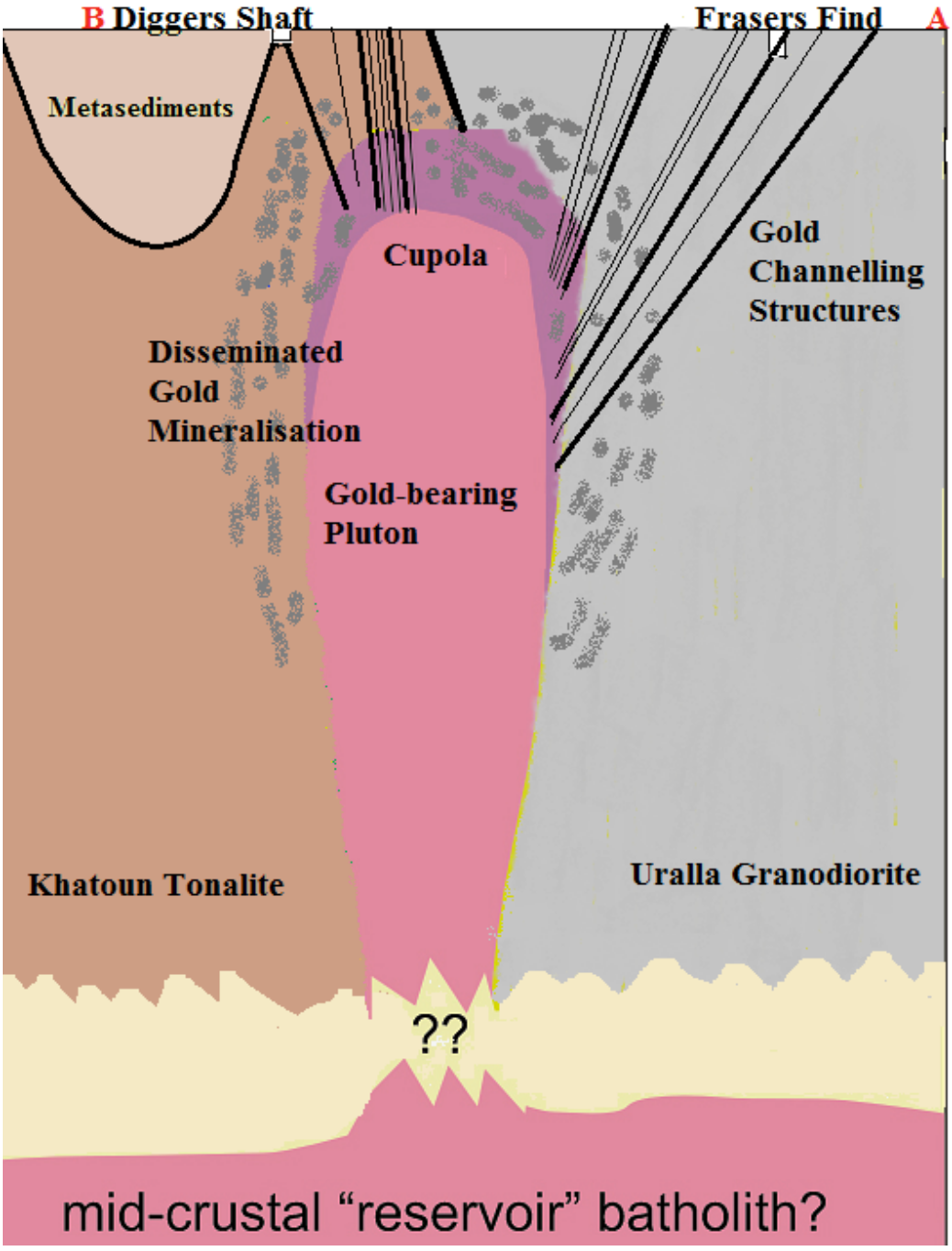


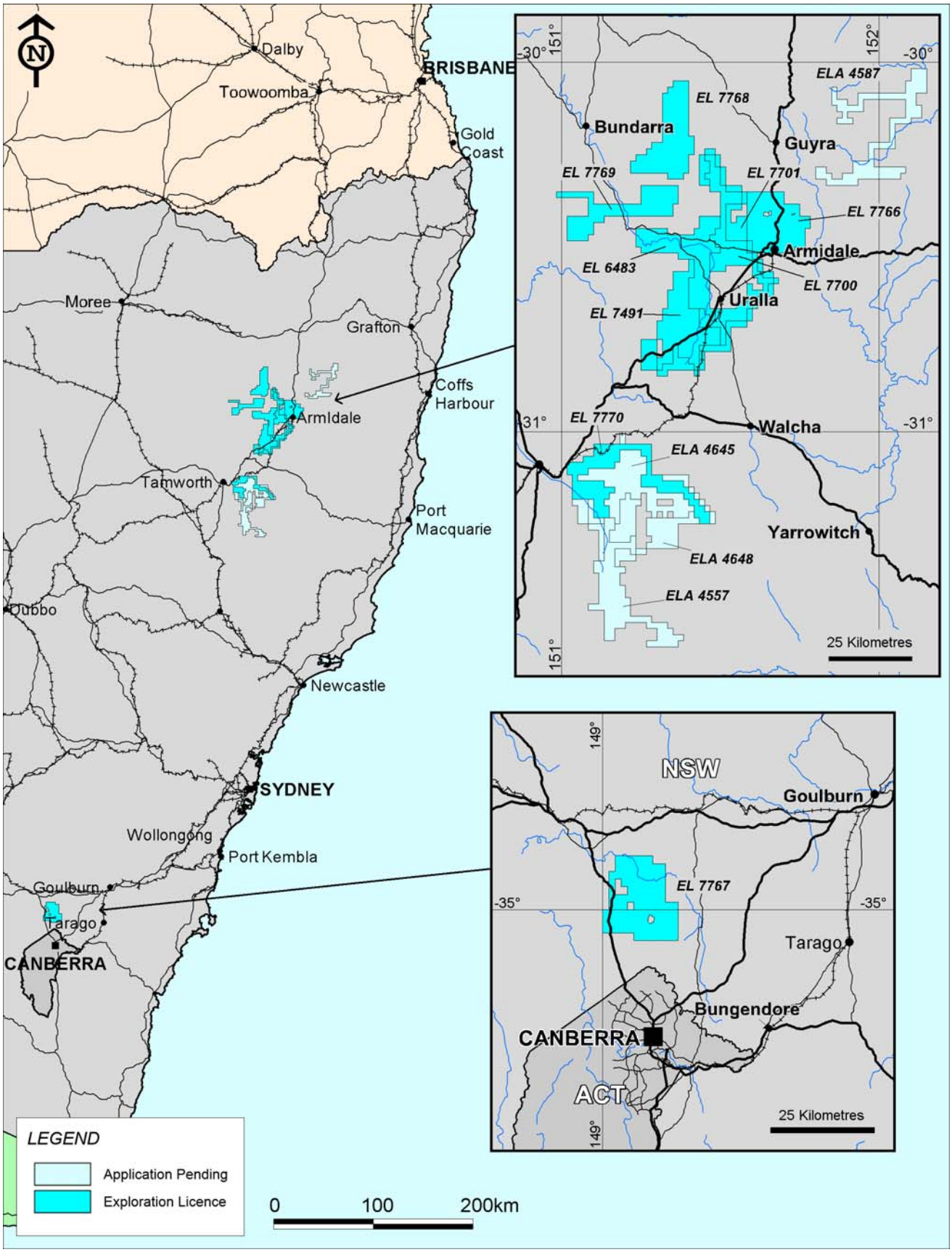
Figure 3: Interpretive cross-section A-B (Figure 2) showing a small, blind pluton that has generated the geophysical anomaly and mineralisation in Frasers Find. Preferred sites of intrusion-hosted gold mineralization are above the cupola, where exsolved fluids will accumulate, and mineralized fractures developed in the pluton's apex and shoulders. (Adapted from Hart, Reduced Intrusion Related Gold Systems, Geological Survey of Canada).



The known mineralised structure at Frasers Find is over 300 metres long. Note the mapped gold mineralisation within this structure extends right to the sub-circular geophysical anomaly (Figure 2).

The sub-circular structure potentially represents the alteration halo above a small intrusive gold-bearing pluton (Figure 3) that has released gold-bearing fluids into the surrounding rocks via mineralised fractures and disseminations.

The shallow drilling program coupled with geophysical studies have provided strong evidence for a potential for a large gold target at depth.



Sovereign Gold Tenement Portfolio December 2012