SOVEREIGN GOLD COMPANY LIMITED

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ASX Symbol: SOC

ASX Release
21st June 2013

Conceptual Exploration Target Clarification

On 13 June 2013, Sovereign Gold Company Limited (**Sovereign Gold**) advised the ASX of two exploration targets with respect to the Gossan Hill Mt Adrah Deposits (**Announcement**).

Sovereign Gold has been informed that the Announcement may be misconstrued and interpreted in a manner not intended by Sovereign Gold.

The Announcement should be read together with previous releases by Sovereign Gold regarding the Mt Adrah exploration target, specifically the announcements of 18th March, 20th March and 11th April 2013.

Two Exploration Targets were advised in the Announcement.

They are **restated** as follows:

- Hobbs Deposit Pipe 1 has increased to 65–90 million tonnes with a grade range 1.13–1.40 g/t gold to 1,000 metres; and
- The Multiple Pipe Mt Adrah System including deep bulk target source has been determined to have the potential to host 500 –700 million tonnes with a grade range 1.13–1.40 g/t gold to 2,500 metres.

Based on the information disclosed Sovereign Gold considers that there is a reasonable basis for these stated Conceptual Exploration Targets.

These are not Production Targets and any inference that they are is categorically withdrawn.

There is a concern that investors may be relying on the Conceptual Exploration Targets as a basis of economic viability. Investors should not rely on the Conceptual Exploration Targets to form investment decisions.

It is important to note that these estimates are conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Hobbs Deposit Pipe 1

The potential of the Hobbs Deposit Pipe 1 was determined by the evaluation of the existing morphology in three dimensions, the grade of the pipe based on known assays and a conceptual model understanding of the geology of similar meso-epizonal intrusion related gold deposits.

Drilling is to commence ~24 June 2013 and will continue for some 3 weeks. It is proposed to initially drill the Hobbs Deposit Pipe 1 to a depth of 1,000 meters; this hole will provide a level of validation of the Conceptual Exploration Target.

Regular updates will be provided during the current drilling program.

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.

Further drilling will be planned based on the results of this hole to enable the estimation of a JORC compliant resource.

Multiple Pipe Mt Adrah System

Validation of the Mt Adrah Hobbs Mineral Deposit is that it is geologically similar to Goonumbla - Northparkes Porphyry Copper-Gold Deposits - located approx. 250km north of the Hobbs, and in a similar geological setting.

Northparkes Porphyry Copper-Gold Deposits are vertical cylindrical mineralised intrusive bodies (**Pipes**) (geologically similar to the Hobbs vertical cylindrical mineralised intrusive body) that are being mined by Rio Tinto at Northparkes Mine.

In the Northparkes mining district there are several vertical cylindrical mineralised intrusive bodies with geological characteristics similar to Hobbs mineralised body (*which is a vertical cylindrical mineralised intrusive body*) and with similar diameter.

The mineralisation that defines the Hobbs Gold Deposit is associated with a distinct magnetic anomaly due to the destruction of magnetite in the host granitic rock by the hydrothermal alteration that introduced the mineralisation. This magnetite destruction results in a magnetic low (magnetite is the main magnetic mineral in nature and magnetic maps essentially reflect subsurface magnetite content in rock). The magnetic low anomaly associated with the Hobbs Deposit is partly masked by strongly magnetic contact metamorphosed rocks at the surface, but when this masking effect was recognised and allowed for, it is clear that the Hobbs magnetic low extends south east from the exposure of the Hobbs Gold Deposit for at least 650m in a zone approximately 250m wide, indicating the potential for a very large mineralised system.

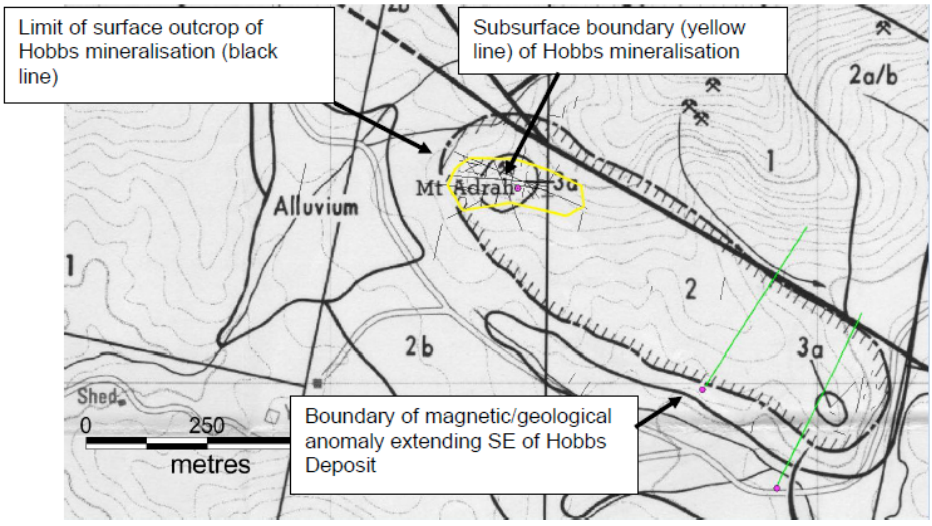

Figure 1 - Interpretation of Hobbs Gold Deposit and possible subsurface extent based on integration of magnetics, geology and geochemical data.

A small (~2 square metre) exposure of gold-mineralised altered quartz monzodiorite identical to that exposed at the Hobbs deposit outcrop occurs at the far south eastern extent of the magnetic anomaly, reinforcing the interpretation that the magnetic low is indeed due to alteration of the host granitic rock in the subsurface over the length of the anomaly.

This is given even more credence by the presence of several small old gold workings between the Hobbs outcrop and the south eastern end of the anomaly, and the results of 6 holes along the strike of the Mount Adrah system that carry >0.5-1g/t Au intercepts that are spatially related to exposures of quartz monzodioritic stock that have intruded the sedimentary package.

These gold intercepts are interpreted to be leakage from the spatially associated quartz monzodiorite intrusives, leading to the overall combined concept of the multiple mineralised pipes at Mount Adrah.

This shallow drilling is interpreted as not being deep enough to penetrate to the main mineralisation hosted by altered quartz monzodiorite that hosts the Hobbs deposit. The depth, extent of mineralisation and grade will be confirmed by drilling, but some confidence is gained by comparison with other similar systems, namely that this type of deposit may be very large and very consistent in grade.

Validation of the conceptual model of the Multiple Pipe Mt Adrah System will be tested with deep diamond drill holes and potentially a deep penetrating offset pole-dipole induced polarisation (3DIP) survey, the exact construction of these programs will depend on the results of the initial program to delineate the potential of the Hobbs 1 pipe and as such there is no definitive time frame.

Sovereign estimates that the identified pipes have the potential to host 169–331 million tonnes with a grade range 1.13–1.40 g/t gold to 1,750 metres.

Deep Bulk Low Grade Target

The estimates for the deep bulk low grade target source is 303–397 million tonnes with a grade range 1.13–1.30 g/t gold to 2,500 metres from 1,750 metres.

Sovereign Gold's exploration priority is validation of the Conceptual Model in Pipe 1, then the systematic exploration of each subsequent Pipe. The verification of the conceptual deep bulk target source is a low priority due to its depth (1,750 meters) and associated costs.

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