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ASX Symbol: SOC

Free Gold Discovered at Reedy Creek

- **Free gold found in boulder at Reedy Creek**
- **Airborne Survey reveals gold mineralisation at Reedy Creek related to a significant magnetic anomaly**

✓ History of alluvial gold mining within a closed catchment indicating placer gold sourced from hinterland around Reedy Creek. This represents a separate but linked occurrence to gold mineralisation at Martins Shaft and the Goldsworth Mine.

✓ Magnetic data in conjunction with geochemical structural and geological setting provides a strong indication that Reedy Creek could host a significant gold deposit.

✓ Sheeted veins with sericite-sulphide alteration in felsic dyke boulder discovered at Reedy Creek, Martins Shaft-style mineralisation.

✓ Gold identified in host rock at Reedy Creek suggests a very large gold mineralisation system as Reedy Creek is situated 12km north-east of Martins Shaft where gold has been identified.

Reedy Creek is situated in EL 7700 and is contiguous to EL 6483. The Reedy Creek tenement was selected as it contains an area where the north-east magnetic linear feature intersects a north-west trending structure (possibly faulted contact Uralla Granodiorite and Sandon Beds). The recent airborne magnetic survey shows a large magnetic anomaly over Reedy Creek (Figure 1).

The main north-east trending magnetic anomaly bifurcates as it intersects the north-west structure at Reedy Creek. Known gold mineralisation (Goldsworth Mine, Goldsworth Gully, Vickers and Hudsons Prospects) occur along the NE magnetic linear at points where it splits, indicating sites for ground preparation to facilitate migration and deposition of gold-bearing fluids.

Mapping by previous explorers (GS1970/671 26709) located an extensive area of hydrothermal (sulphide) alteration associated with a NE trending aplite dyke.

A detailed mapping and sampling program covering the Reedy Creek catchment area is in progress.

The physical attributes of the boulder containing visible gold are consistent with the gold not travelling a great distance; careful sampling along Reedy Creek and its tributaries should reveal the likely source of this boulder.

Exposure of the geology along Reedy Creek is excellent. Exposure of outcrop along ridges is often poor and Sovereign is using a handheld XRF to find zones of anomalous arsenic, antimony and bismuth, the pathfinder elements for IRGS mineralisation within the Rocky River-Uralla Goldfield.

Sovereign's goal is to define new targets for costeaning and sampling, and if warranted drill testing in 1Q2012.

For further information please contact:

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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.

Targets

The potential quantity and grade of exploration targets is conceptual in nature. 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.

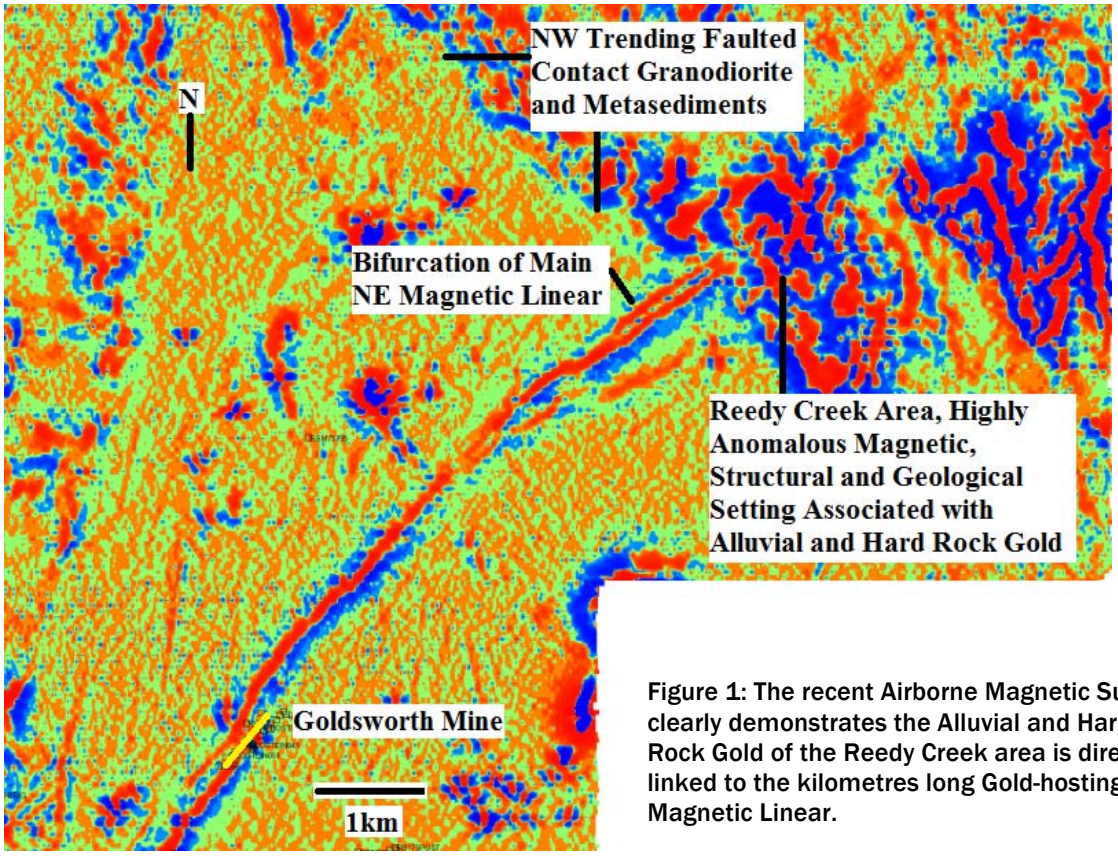
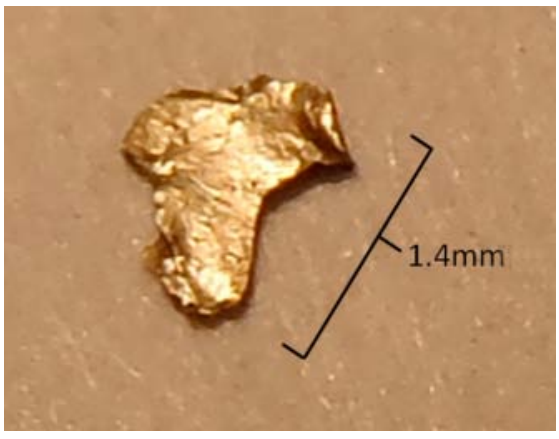


Figure 1: The recent Airborne Magnetic Survey clearly demonstrates the Alluvial and Hard Rock Gold of the Reedy Creek area is directly linked to the kilometres long Gold-hosting NE Magnetic Linear.



Free gold found at Reedy Creek in altered metasediment block 600cm long x 300cm wide and 120 cm thickness, Site RARAU.

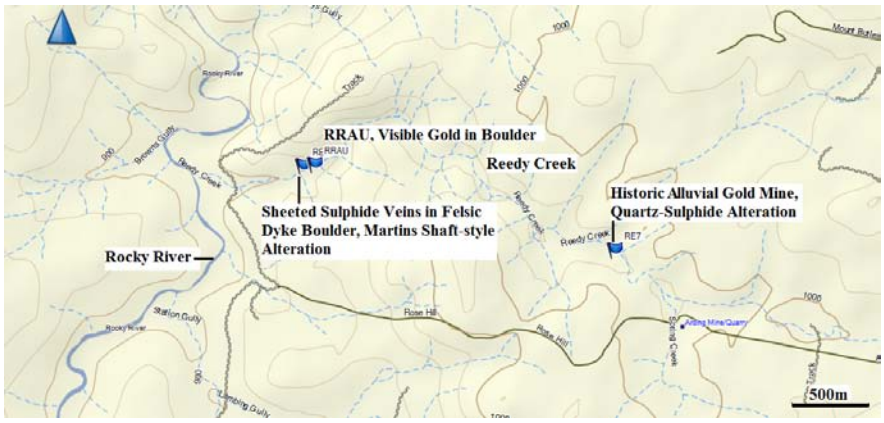
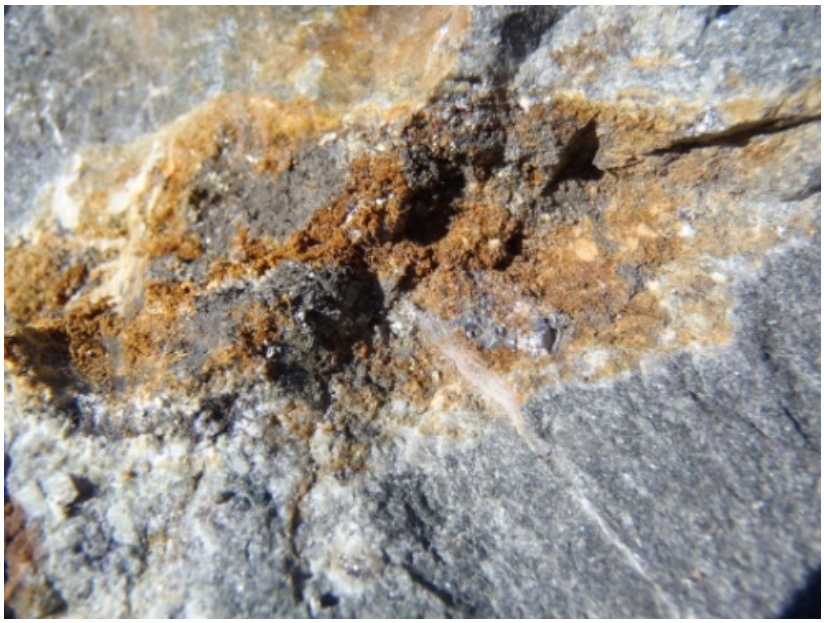


Figure 2: Sample sites along the Reedy Creek catchment that supported 19th century alluvial gold mining. Closed drainage system indicates gold sourced from within the Reedy Creek drainage.

Visible gold located in altered rock at site RRAU (56J 354737mE 6619932 mN).

An historical alluvial gold mine located near the headwaters of Reedy Creek (2.45km from its confluence with the Rocky River) was inspected for the possible hard rock source on mineralisation. Altered metasediments exhibiting quartz-sulphide flooding (Site RE7) were found in outcrop adjacent to the historic placer gold mine (Figures 2 & 3).

Figure 3: Location of Reedy Creek in relation to Martins Shaft and the Goldsworth Mine indicating a very large connected (as shown in recent magnetic survey) gold mineralising system.



Site RRAU: Oxidised vuggy vein in metasediments that when broken, fortuitously revealed the exposed pyrite, arsenopyrite and gold.

(56J 354737mE 6619932mN).

Located 75m east from Site RE6.

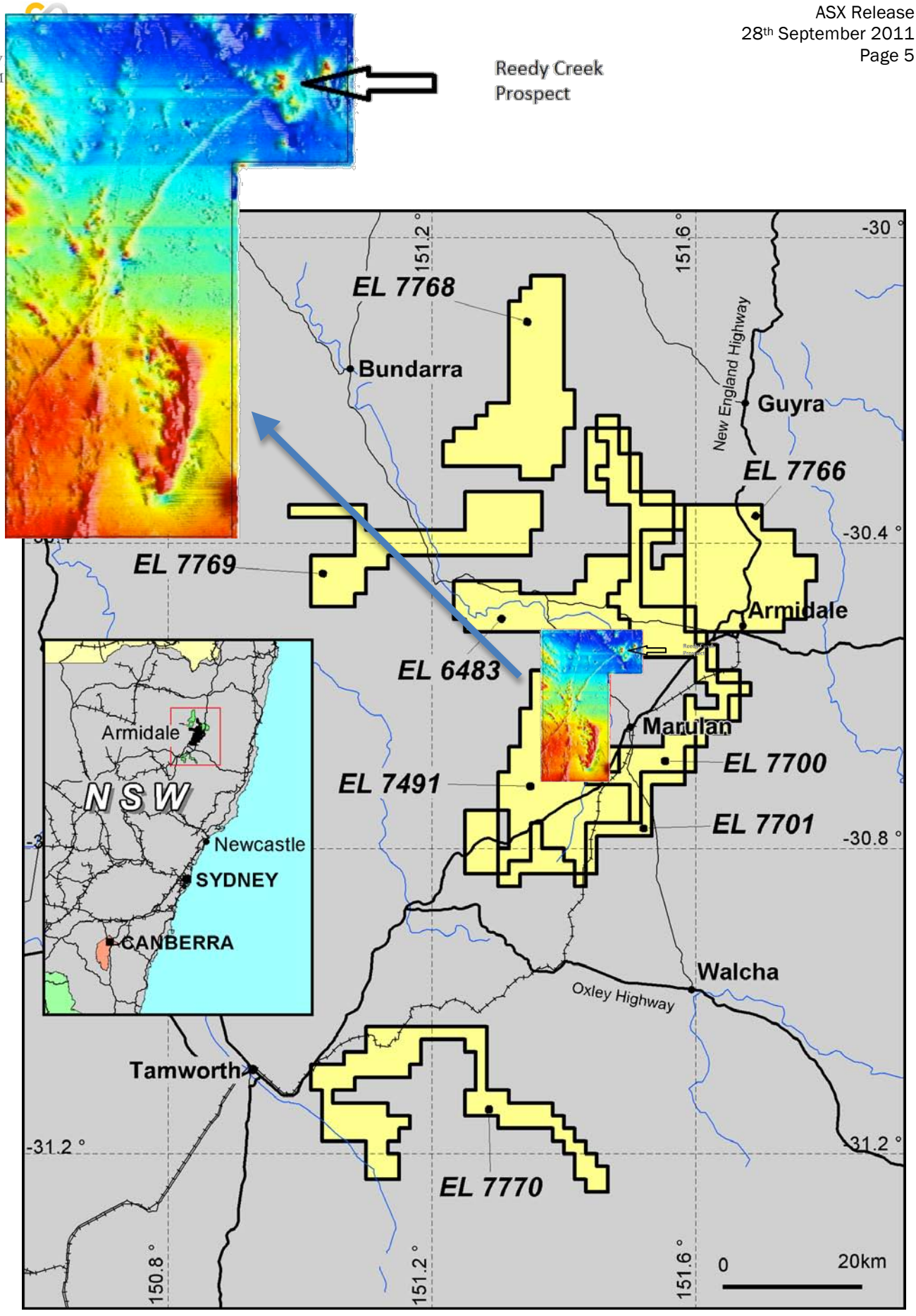
A large angular floater (0.7m long x 0.4m wide x 0.2m thick, Sample Site RE6) of felsic dyke was discovered that contained narrow, sheeted alteration veins with abundant sulphide (arsenopyrite, pyrite). The veins were associated with 3cm wide alteration selvages exhibiting biotite destruction. This style of alteration in felsic dyke is very significant as it indicates potential for Martins Shaft type ore bodies.

Site RE6, (56 J 354662mE 6619920mN), sheeted vein in felsic dyke exhibiting sericite-abundant sulphide (arsenopyrite) alteration – Martins Shaft-style mineralisation.

Site RE5, boulder with alteration consisting of quartz-sulphide flooding, in vicinity of RE6.

Potential Gold Mineralisation Over 100s of Metres Along Reedy Creek Catchment

Outcrop site Site RE7 is situated near the headwaters of Reedy Creek, 1.95km to the east of sample site RRAU.



Sovereign Gold Armidale Tenements showing surveyed area with raw unprocessed magnetic data