



SOVEREIGN GOLD COMPANY LIMITED

Sovereign Gold Company Limited
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Latest News
www.sovereigngold.com.au

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ASX Symbol: SOC

Sovereign Gold holds 11 Exploration Licences over 3,240km² near Armidale in NSW including the historic Rocky River-Uralla Goldfields. Sovereign Gold's aggressive exploration program in several of these licence areas for 2013 is fully funded via a joint venture (at the tenement level) with Jiangsu Geology & Engineering Co Ltd (**SUGEC**), a major Chinese State-owned geology enterprise.

SUGEC funded drilling, near Martins Shaft in the Uralla area, has recently confirmed the presence of another potentially large IRGS discovery.

Sovereign Gold holds 78% of Precious Metal Resources Limited (**PMR**) (ASX: PMR), an ASX listed exploration company. PMR holds 20 ELs and ELAs over prospective base and precious metal ground, many in close proximity to Sovereign.

Sovereign Gold holds 87% of **Gossan Hill Gold Limited**, an unlisted exploration company with numerous IRGS gold prospects in New South Wales.

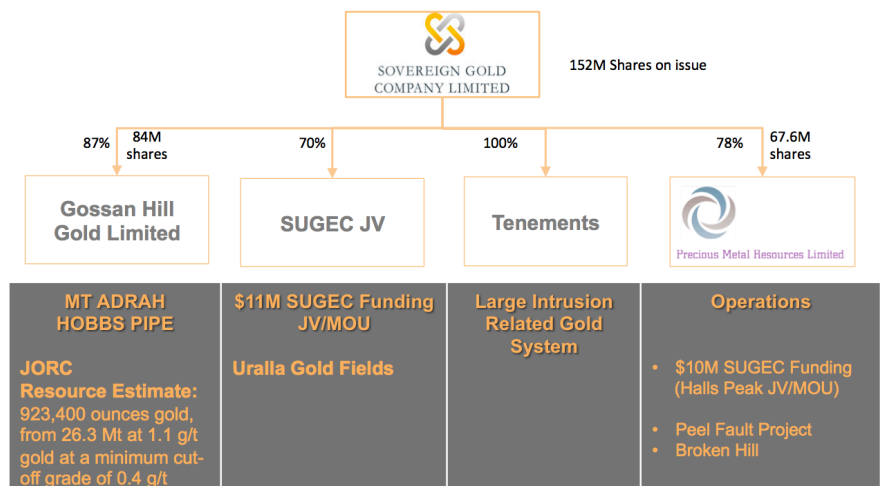
Exploration indicates the potential for a significant gold resource presence at the Gossan Hill properties and in particular, the recently discovered Hobbs IRGS deposit which should enable Sovereign Gold to rapidly deliver resource growth and leverage off its experience exploring for IRGS in New South Wales.

Sovereign Gold secures up to \$4 million

- Available funding up to \$4 million over the next 2 years
- Transaction secures additional funds for Sovereign Gold to continue exploration activities across various projects
- Funding provided by New York based fund, Bergen Global Opportunity Fund

Sovereign Gold Company Limited (**Sovereign Gold**) (ASX: SOC) has entered into a Convertible Securities Agreement (**Agreement**) with Bergen Global Opportunity Fund II, LLC (**Bergen**), a US-based institutional investor managed by Bergen Asset Management, LLC to provide funding of up to \$4 million over the next two years.

The funds will be used to support Sovereign Gold's exploration activities and development across its various projects.



Sovereign Gold's Managing Director, Mr. Michael Leu said: "The Agreement provides Sovereign Gold with immediate access to funds through a flexible, convertible instrument with the ability to secure additional funding in stages. We are pleased to have secured this funding from New York based Bergen."

Bergen Asset Management, LLC's Managing Director, Mr. Eugene Tablis commented: "Sovereign Gold's announcements have referred to the company working on a rare gold system, both in size and in style of mineralization. We have followed Sovereign Gold's progress for a while, and are pleased to be able to support the company's development during this crucial phase."

Under the Agreement, Bergen will invest a minimum of \$1 million, and up to \$4 million in Sovereign Gold by purchasing up to four interest-free unsecured convertible securities (**Convertible Securities**).

The facility provides Sovereign Gold with certainty of access to funding over the next 24 months.

The first investment of \$1 million will be made immediately by way of a Convertible Security with a face value of \$1.1 million.

Each of the subsequent three Convertible Security tranches may be purchased, subject to certain conditions, at a purchase price of \$500,000 and a face value of \$550,000 each.



Sovereign Gold and Bergen may increase the purchase price and the face value of the subsequent Convertible Securities to up to \$1,000,000 and \$1,100,000 respectively, each.

The Agreement includes terms that grant Sovereign Gold the right to repurchase the Convertible Securities for cash within a certain period of time and limitations on Bergen's disposal of the shares received on conversion.

The additional key terms and conditions of the Agreement are summarised in the Annexure attached.

About Bergen Asset Management

Bergen Asset Management is a New York-based asset management company that invests in high growth public and private companies around the world with a particular emphasis on the mature markets in Asia-Pacific. Bergen has made a number of investments in the Australian junior resources sector, and has successfully backed a number of ASX-listed companies.

For further information please contact:

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Annexure – Additional Key Terms of the Convertible Securities Agreement

Maturity date:	24 months from the date of execution
Interest rate:	0% pa
Repayment	On the Maturity Date, the Convertible Securities that remain outstanding will be mandatorily converted at the Conversion Price.
Conversion Price:	The conversion price for a Convertible Security is equal to the lesser of 90% of the average of three daily VWAPs during a specified period before the conversion date and 130% of the average of the daily VWAPs during the five trading days before the date of the advance of the Convertible Security.
Options:	<p>At the time the initial Convertible Security is issued, Sovereign Gold will grant Bergen 1.8 million three year unlisted options exercisable at 130 per cent of the average of the daily VWAP's for the 20 trading days immediately prior to the date of execution of the Agreement.</p> <p>Sovereign Gold will issue to Bergen 1,000,000 options each with the advance of the second and third Convertible Securities on the same terms as those options issued with the first Convertible Securities. No additional options are to be issued with the fourth Convertible Securities. The maximum number of options to be issued to Bergen is therefore 3,800,000 in total.</p>
Fee:	Sovereign Gold will pay Bergen a fee of \$100,000, by way of Sovereign Gold shares (see Sovereign Gold's Appendix 3B), with additional \$50,000 of shares to be issued at the time of advance of each of the second and third Convertible Securities.
Use of proceeds:	General corporate purposes.
Shareholder approval:	The terms of the Agreement do not permit for shares to be issued, and there is no agreement to issue shares, if shareholder approval is first required under the Listing Rules.
Other:	The Agreement is secured against 750,000 shares.