



SOVEREIGN METALS LIMITED

ANNOUNCEMENT TO THE AUSTRALIAN SECURITIES EXCHANGE: 18 NOVEMBER 2010

SOVEREIGN ACQUIRES 100% and CONTROL OF THE TATE RIVER PROJECT

The Directors of Sovereign Metals Limited ("Sovereign") are pleased to announce that they have reached agreement with Fusion Resources Pty Ltd ("Fusion"), a wholly owned subsidiary of Paladin Energy Limited, to acquire the remaining 50% interest in the prospective Tate River Project in north-east Queensland. The Tate River Project exhibits the potential for the discovery of epithermal and intrusion related gold and base metal mineralisation.

Exploration conducted on the Tate River Project by Sovereign has identified the potential for both base and precious metal discoveries. The first ever drill program at the Blade Vein Prospect returned best results of: 3m @ 60g/t. Ag, 4.2% Pb, 2.0% Zn & 0.65g/t. Au from 15m in hole TRRC020.

The Company believes the Tate River Project is prospective for precious and base metal discoveries and will now look at recommencing exploration and other project development activities.

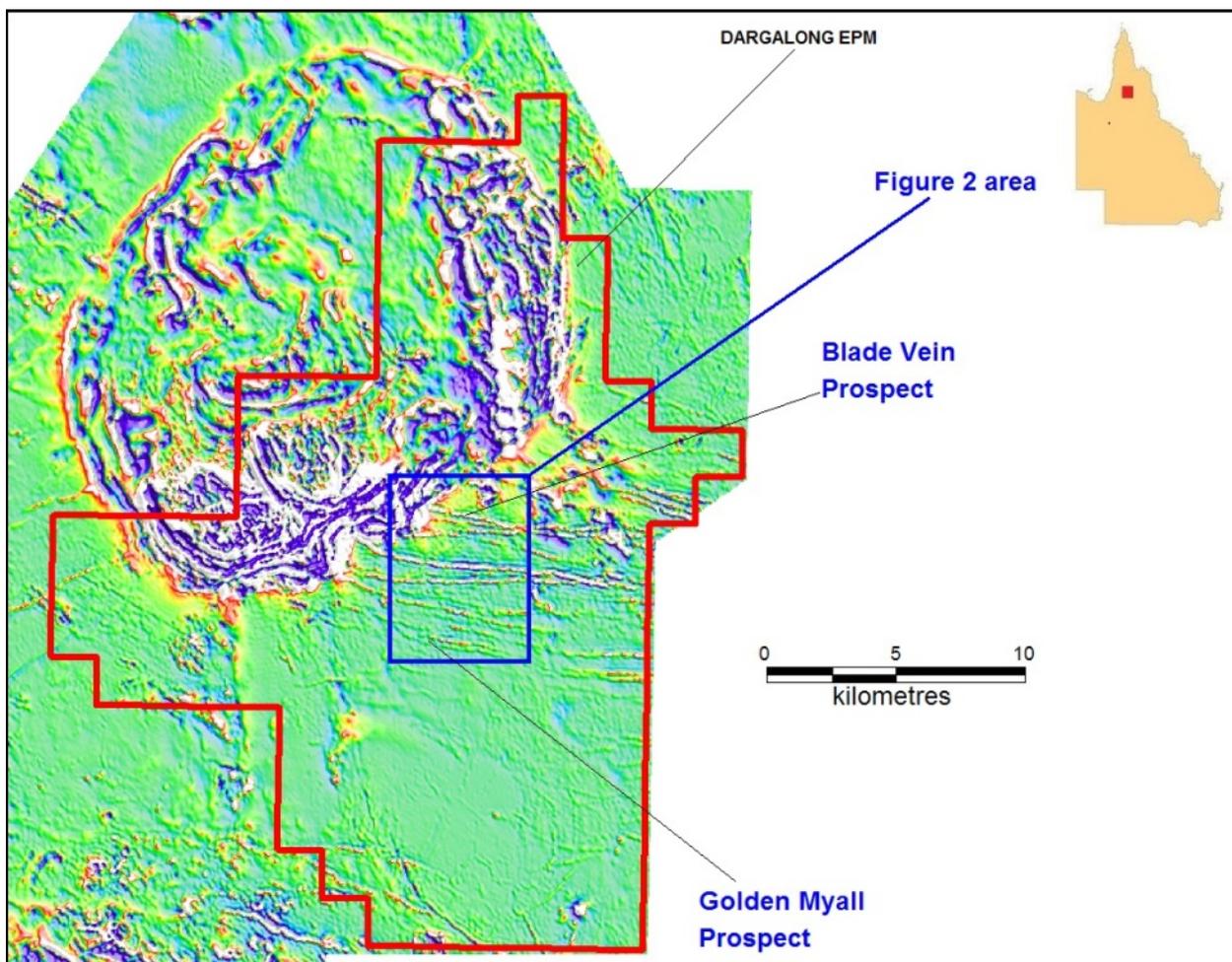


Figure 1: Tate River Project - Location, Tenure & 1VD Magnetic Signature

Under the agreement, Sovereign will acquire the remaining 50% interest in the Tate River Project from Fusion, having previously earned a 50% interest by meeting the expenditure requirements in the original Farmin Agreement.

The new agreement terminates the original Farmin Agreement and the remaining interest in the tenement (EPM 17103) will be transferred to Sovereign. In return, Sovereign must pay a perpetual royalty equal to 2% of the net smelter returns as and when returns are received. Completion of the acquisition by Sovereign is conditional on ministerial approval for the transfer of the tenement.

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Tate River Project

The Tate River Project is centred approximately 200km west of Cairns and 370km north-west of Townsville (See Figure 1). The Exploration Permit (EMP 17103) covers some 465 square kilometres. The Company believes that the Tate River Project is an exciting prospect having had encouraging results from the initial exploration campaign in 2008.

The Project covers part of the Scardons Igneous Complex, an interpreted caldera of Permo-Carboniferous age which intruded the Palaeoproterozoic McDevitt Metamorphics.

Sovereign has developed exploration models in the region that are focused on both caldera-related epithermal vein deposits and intrusion-related gold deposits (IRGD). Recent aeromagnetic interpretation, mapping, sampling and multi-element geochemistry has provided data that supports such models.

The **Piccaninny vein system** represents epithermal style mineralisation and the **Golden Myall Prospect** is interpreted to be an example of an IRGD. Several deposits in this class contain >100 tonnes (3 Moz) of gold, including Cadia-Ridgeway, Fort Knox, Donlin Creek, Kidston and Pogo.

The Company believes it is early days at the Tate River Project and that the ground is prospective for precious and base metal discoveries.

Piccaninny Epithermal Silver Prospect

The Piccaninny Epithermal System has been mapped over an area of approximately 9km² and is open in all directions. Numerous quartz veins with epithermal textures that includes crystalline, comb, banded and brecciated quartz, have outcropping vein widths of <0.5m up to 30m wide. A stockwork of smaller veins extends beyond these outcropping veins and this appears to be reflected in some of the broad chargeable responses seen in the IP lines undertaken.

The airborne magnetic data suggests that the Piccaninny prospect is located in a 10km long magnetic feature trending north-east south-west. Figure 2 shows a plan of the magnetic feature and Figure 4 shows a plan of the Piccaninny Prospect and work completed to date.

A ground based IP (Induced Polarisation) survey was completed over a portion of the currently defined Piccaninny Epithermal System.

The survey defined a consistent conductive anomaly that extends the entire 1.6km length of the Blade Vein **and is currently open ended**. The conductive anomaly provides considerable confidence in a sulphide system at depth extending the entire length of the mapped vein.

Figure 3 shows the stacked IP chargeability sections with the vein positions as mapped. The colour scheme used on the sections shows red as being greater than 30mv/v.

The Blade Vein discovery, forms part of the much larger Piccaninny Epithermal System. See Figure 2 for location. The Blade Vein prospect is located in a +5km long magnetic feature trending north-west south-east that intersects with a north-east south-west magnetic feature. The veins are hosted in altered intermediate to mafic dykes, granite and schist. The Blade Vein and surrounding alteration covers a mapped area of 1500m by 800m.

The Blade Vein is hosted in altered intermediate to mafic dykes, granite and schist.

Best rock chip assays returned were:

- Gold assays up to 57.3g/t Au;
- Silver assays up to 190g/t Ag; and
- Lead assays up to 12.8% Pb.

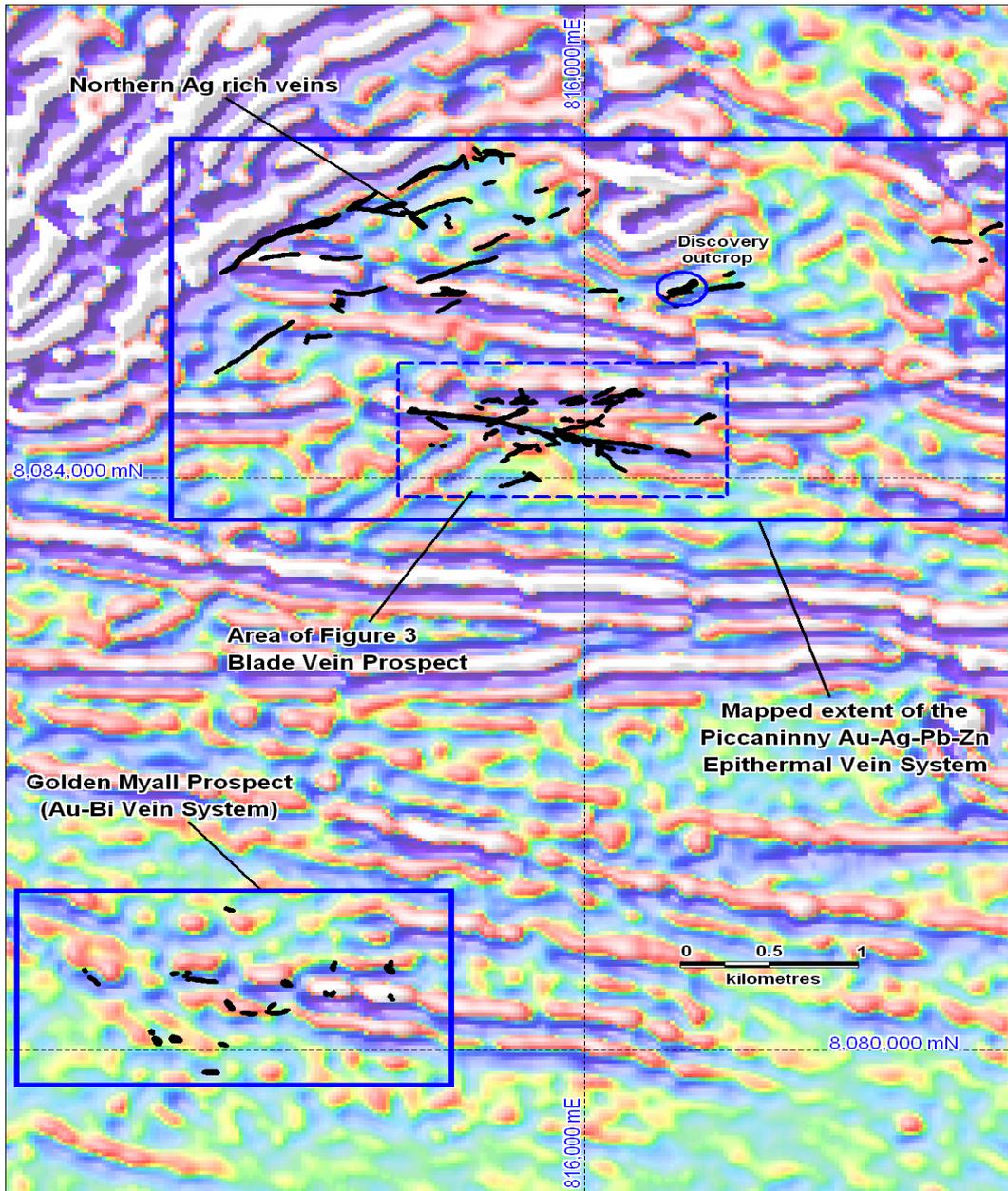


Figure 2: Image illustrating the mapped extent of veins at the Piccaninny Au-Ag-Pb-Zn prospect and the Golden Myall Au-Bi prospect overlain on magnetic (2nd vertical derivative) signature.

Sovereign also completed four diamond holes for 632m into the Blade Vein Prospect to test the strong continuous IP chargeability anomaly that underlies the Blade Vein surface mineralisation. The tenor of the intercepts received from the diamond drilling program were similar to those received from shallow RC drilling.

Golden Myall Gold Prospect

Work done to date suggests that the Golden Myall Prospect is prospective for intrusion-related gold deposits (IRGD).

Previous exploration undertaken at the Golden Myall Prospect recorded very encouraging results. Of a total of 39 rock chip samples collected at this locality, more than 50% of samples analysed returned assays greater than 0.1 g/t Au. Ten samples returned assay results greater than 1.0 g/t Au, with a peak assay of 8.15 g/t Au. Previous soil sampling outlined a series of anomalies that attain strike lengths of greater than 1.5km and are up to 400m in width to a maximum of 668 ppb Au. Soil results of up to 540 ppm Cu and 10.7 ppm Bi have been outlined in conjunction with composite rock chip samples of brecciated vein quartz that recorded up to 6m @ 7.1 g/t Au. The soil anomalies outlined correlate with chargeability anomalies interpreted from an IP survey completed over the area.

New aeromagnetic interpretation, geological mapping, sampling and multi-element geochemistry have further strengthened the gold potential of Golden Myall prospect and increased the geological understanding of the region. A series of regionally extensive E-W to locally NW-SE magnetic highs are interpreted to be dykes and stocks related to the Permo-Carboniferous Kennedy Igneous Province. Such intrusives are responsible for many of the gold and base metal deposits in north Queensland such as Kidston (4.5 Moz), Mount Leyshon (2.5 Moz) and Red Dome-Mungana (>1.5 Moz). Gold in soil anomalies and coincident gold-bearing quartz veins in the Golden Myall prospect have a similar orientation suggesting the structures and intrusives have played an important role in the formation of the mineralisation.

Highlights of exploration by Sovereign to date include:

- Twenty rock chip samples collected at the Golden Myall Prospect included six samples with >0.5 g/t Au with the highest value returning 4.49 g/t Au;
- Results from a 40 sample soil orientation survey are consistent with previous exploration at the prospect and ranged up to 98 ppb Au;
- Mapping identified gold-bearing sheeted quartz veins and breccias;
- Multi-element geochemistry indicates a strong bismuth association with anomalous Au samples (up to 232 ppm Bi).

In 2008, Sovereign drilled 8 holes totalling 393 meters into the Golden Myall prospect down to a vertical depth of approximately 75 meters. Only one hole returned a significant intercept (TRRC050: 1m @ 1.06g/t. Au from 20m).

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Woodman, who is a member Australian Institute of Mining and Metallurgy. Mr Woodman is a Director of Sovereign Metals Limited. Mr Woodman has sufficient experience, which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity, which they are undertaking to qualify as a Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Woodman consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.