

ANNOUNCEMENT TO BE MADE BY THE AIM APPLICANT PRIOR TO ADMISSION IN ACCORDANCE WITH RULE 2 OF THE AIM RULES FOR COMPANIES (“AIM RULES”)
COMPANY NAME:
Sovereign Metals Limited
COMPANY REGISTERED OFFICE ADDRESS AND IF DIFFERENT, COMPANY TRADING ADDRESS (INCLUDING POSTCODES) :
Level 9, 28 The Esplanade Perth WA 6000 Australia
COUNTRY OF INCORPORATION:
Australia
COMPANY WEBSITE ADDRESS CONTAINING ALL INFORMATION REQUIRED BY AIM RULE 26:
www.sovereignmetals.com.au
COMPANY BUSINESS (INCLUDING <u>MAIN COUNTRY OF OPERATION</u>) OR, IN THE CASE OF AN <u>INVESTING COMPANY</u> , DETAILS OF ITS <u>INVESTING POLICY</u>). IF THE <u>ADMISSION</u> IS SOUGHT AS A RESULT OF A REVERSE TAKE-OVER UNDER RULE 14, THIS SHOULD BE STATED:
<p>Sovereign Metals Limited (“Sovereign” or “the Company”) is developing the Kasiya Rutile Project (“Kasiya”) in their Malawi Rutile Province located in Malawi, Southeast Africa. The project, which is Sovereign’s near-term focus, has delineated Inferred Resources of 644Mt at 1.01% rutile (0.7% rutile cut-off) including a high-grade component of 137Mt at 141% rutile (1.2% rutile cut-off) and is on track to release a scoping study in late 2021. Sovereign’s graphite projects in Malawi include Malingunde, where Resources and Reserves under the JORC Code (2012 edition) have been previously delineated supporting a 2018 prefeasibility study (and updated per the DRA competent persons report on the Company’s website). The Company’s senior management are based in Perth, Western Australia and the Company’s shares are listed on the Australian Securities Exchange (“ASX”).</p> <p>The Company’s activities and assets are more fully described in announcements and documents available on the Company’s website and on the ASX’s website (available at www.asx.com.au), and in competent person’s reports prepared by Placer Consulting Pty Ltd and DRA Global available on the Company’s website.</p>
DETAILS OF SECURITIES TO BE ADMITTED INCLUDING ANY <u>RESTRICTIONS AS TO TRANSFER</u> OF THE SECURITIES (i.e. where known, number and type of shares, nominal value and issue price to which it seeks admission and the number and type to be held as treasury shares):
<p>As at the date of notification the Company has 423,357,327 fully paid ordinary shares of no par value that will be admitted to AIM. There are no restrictions as to transfer of the securities.</p> <p>No shares are held as treasury shares.</p>
CAPITAL TO BE RAISED ON ADMISSION (AND/OR SECONDARY OFFERING) AND ANTICIPATED MARKET CAPITALISATION ON ADMISSION:

The Company does not intend to raise any capital prior to or concurrent with admission to AIM.

The market capitalisation on Admission is expected to be approximately A\$280 million (being approximately GBP£150 million).

PERCENTAGE OF AIM SECURITIES NOT IN PUBLIC HANDS AT ADMISSION:

19.6%

DETAILS OF ANY OTHER EXCHANGE OR TRADING PLATFORM TO WHICH THE AIM SECURITIES (OR OTHER SECURITIES OF THE COMPANY) ARE OR WILL BE ADMITTED OR TRADED:

The Company's ordinary shares are listed for trading on the ASX – ticker SVM

FULL NAMES AND FUNCTIONS OF DIRECTORS AND PROPOSED DIRECTORS (underlining the first name by which each is known or including any other name by which each is known):

Mr Benjamin Rade Stoikovich - *Non-Executive Chairman*
Dr Julian Rodney Stephens – *Managing Director*
Mr Ian Peter Middlemas – *Independent Non-Executive Director*
Mr Mark Laurence Pearce - *Independent Non-Executive Director*

The board composition set out above is as will be the case on Admission. Currently Mr Ian Middlemas holds the role of Independent Non-Executive Chairman and Mr Ben Stoikovich holds the role of Non-Executive Director.

FULL NAMES AND HOLDINGS OF SIGNIFICANT SHAREHOLDERS EXPRESSED AS A PERCENTAGE OF THE ISSUED SHARE CAPITAL, BEFORE AND AFTER ADMISSION (underlining the first name by which each is known or including any other name by which each is known):

	Before and After Admission
<u>Sprott</u> Inc	10.19%
<u>Arredo</u> Pty Ltd ¹	3.80%
Mr <u>Mark</u> Stuart Savage	3.49%
Dr <u>Julian</u> Stephens	3.15%

Arredo Pty Ltd is an entity holding interests of Mr Ian Middlemas, a Director of the Company

NAMES OF ALL PERSONS TO BE DISCLOSED IN ACCORDANCE WITH SCHEDULE 2, PARAGRAPH (H) OF THE AIM RULES:

No persons to be disclosed in accordance with Schedule 2, Paragraph (H) of the AIM Rules.

- (i) ANTICIPATED ACCOUNTING REFERENCE DATE
(ii) DATE TO WHICH THE MAIN FINANCIAL INFORMATION IN THE ADMISSION DOCUMENT HAS BEEN PREPARED (this may be represented by unaudited interim financial information)
(iii) DATES BY WHICH IT MUST PUBLISH ITS FIRST THREE REPORTS PURSUANT TO AIM RULES 18 AND 19:

- (i) 30 June
(ii) n/a
(iii) 31 March 2022 (interim accounts for the 6 months ending 31 December 2021)
31 December 2022 (accounts for the year ending 30 June 2022)
31 March 2023 (interim accounts for the 6 months ending 31 December 2022).

EXPECTED ADMISSION DATE:
14 December 2021
NAME AND ADDRESS OF NOMINATED ADVISER:
RFC Ambrian Limited Octagon Point 5 Cheapside London EC2V 6AA United Kingdom
NAME AND ADDRESS OF BROKER:
Optiva Securities Limited 49 Berkeley Square Mayfair London W1J 5AZ United Kingdom
OTHER THAN IN THE CASE OF A QUOTED APPLICANT, DETAILS OF WHERE (POSTAL OR INTERNET ADDRESS) THE ADMISSION DOCUMENT WILL BE AVAILABLE FROM, WITH A STATEMENT THAT THIS WILL CONTAIN FULL DETAILS ABOUT THE APPLICANT AND THE ADMISSION OF ITS SECURITIES:
n/a
THE CORPORATE GOVERNANCE CODE THE APPLICANT HAS DECIDED TO APPLY
As a result of its listing on the ASX, the Company complies with Australian corporate governance standards, including the ASX Corporate Governance Council's " <i>Corporate Governance Principles and Recommendations, 4th Edition</i> "
DATE OF NOTIFICATION:
16 November 2021
NEW/ UPDATE:
New
QUOTED APPLICANTS MUST ALSO COMPLETE THE FOLLOWING:
THE NAME OF THE <u>AIM DESIGNATED MARKET</u> UPON WHICH THE APPLICANT'S SECURITIES HAVE BEEN TRADED:
The Company's ordinary shares are listed for trading on the ASX – ticker SVM
THE DATE FROM WHICH THE APPLICANT'S SECURITIES HAVE BEEN SO TRADED:
22 January 2007
CONFIRMATION THAT, FOLLOWING DUE AND CAREFUL ENQUIRY, THE APPLICANT HAS ADHERED TO ANY LEGAL AND REGULATORY REQUIREMENTS INVOLVED IN HAVING ITS SECURITIES TRADED UPON SUCH A MARKET OR <u>DETAILS OF WHERE THERE HAS BEEN ANY BREACH:</u>
The Directors of the Company confirm following due and careful enquiry, that as at the date of this Announcement, the Company has adhered to all legal and regulatory requirements involved in having their securities traded on the ASX and has not been in breach.

AN ADDRESS OR WEB-SITE ADDRESS WHERE ANY DOCUMENTS OR ANNOUNCEMENTS WHICH THE APPLICANT HAS MADE PUBLIC OVER THE LAST TWO YEARS (IN CONSEQUENCE OF HAVING ITS SECURITIES SO TRADED) ARE AVAILABLE:

www.sovereignmetals.com.au

DETAILS OF THE APPLICANT'S STRATEGY FOLLOWING ADMISSION INCLUDING, IN THE CASE OF AN INVESTING COMPANY, DETAILS OF ITS INVESTING STRATEGY:

Following Admission, the Company will continue its strategy as set out below.

The objective of the Group is to create long-term shareholder value through the discovery, development and acquisition of technically and economically viable mineral deposits.

To date, Sovereign has not commenced production of any minerals. To achieve its objective, the Company currently has the following business strategies and prospects over the medium to long term:

- Complete a Scoping Study to establish a cost profile and determine the potential economics of the Kasiya rutile project;
- Conduct further exploration programs across rutile targets identified on the Company's tenements; and
- Continue to examine other new business development opportunities in the resources sector, both locally and overseas..

A DESCRIPTION OF ANY SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION OF THE APPLICANT, WHICH HAS OCCURRED SINCE THE END OF THE LAST FINANCIAL PERIOD FOR WHICH AUDITED STATEMENTS HAVE BEEN PUBLISHED:

Subsequent to 30 June 2021, the Company issued 2,160,500 ordinary shares upon the conversion of options, raising \$380,250.

There are no other matters or circumstances which have arisen since 30 June 2021 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 30 June 2021 of the Group;
- the results of those operations, in financial years subsequent to 30 June 2021 of the Group; or
- the state of affairs, in financial years subsequent to 30 June 2021 of the Group.

A STATEMENT THAT THE DIRECTORS OF THE APPLICANT HAVE NO REASON TO BELIEVE THAT THE WORKING CAPITAL AVAILABLE TO IT OR ITS GROUP WILL BE INSUFFICIENT FOR AT LEAST TWELVE MONTHS FROM THE DATE OF ITS ADMISSION:

The Directors of the Company have no reason to believe that the working capital available to the Company will be insufficient for at least twelve months from the date of its Admission.

DETAILS OF ANY LOCK-IN ARRANGEMENTS PURSUANT TO RULE 7 OF THE AIM RULES:

All Directors, applicable employees for the purpose of Rule 7 of the AIM Rules, and related parties, whose interests in Shares and Options are detailed in Section 10 of the Appendix to this Schedule One **Error! Reference source not found.**, have undertaken to RFC Ambrian and the Company, in accordance with Rule 7 of the AIM Rules, not to dispose of any interest that they have in the Company's securities (including any securities which they may subsequently acquire within 12 months of Admission) for a period of 12 months from

Admission except in the very limited circumstances allowed by the AIM Rules and as set out below.

It should be noted that certain Company Directors, Applicable Employees for the purpose of Rule 7 of the AIM Rules, and related parties, Julian Stephens, Ben Stoikovich, Mark Pearce, Dylan Browne, Sam Cordin, Reidwel Nyrienda and Sapan Ghai (collectively the "Exception Parties") have or are likely to have:

- Option positions in the Company, a material number of which expire during the period of 12 months from Admission, thereby posing cash flow implications to the Exception Parties as the exercise of these Options requires significant personal cash resources; and/or
- Performance Rights in the Company, a material number of which are expected to vest during the period of 12 months from Admission, thereby posing cash flow implications to the Exception Parties as their vesting triggers income tax liabilities.

Accordingly, under the terms of the lock-in arrangements the Exception Parties are permitted to sell only the minimum number of Shares needed to realise sufficient proceeds in order to fund the total cost of exercising said Options and/or to realise sufficient proceeds in order to meet the income tax liabilities that would crystallise as applicable..

The Company has no other "related parties" or "applicable employees", as defined in the AIM Rules, who would be required to enter into a lock-in agreement.

A BRIEF DESCRIPTION OF THE ARRANGEMENTS FOR SETTLING THE APPLICANT'S SECURITIES:

To settle the securities to be traded on AIM, the Company has applied for Depository Interests, representing its ordinary shares, to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Depository Interests following Admission will take place within the CREST system. CREST is a voluntary system and shareholders who wish to have them held outside of CREST will have their details recorded on the Company's share register maintained in Australia. Settlement on the ASX will continue to be conducted under the ASX's electronic CHES system.

Further details are provided in the Appendix to this Schedule One.

A WEBSITE ADDRESS DETAILING THE RIGHTS ATTACHING TO THE APPLICANT'S SECURITIES:

www.sovereignmetals.com.au

INFORMATION EQUIVALENT TO THAT REQUIRED FOR AN ADMISSION DOCUMENT WHICH IS NOT CURRENTLY PUBLIC:

The Appendix to this Schedule One contains, inter alia, information equivalent to that required for an Admission Document which is not already public. All other public information is available at www.sovereignmetals.com.au and www.asx.com.au.

Detailed information on the Company's material assets is also set out in competent person's reports prepared by Placer Consulting Pty Ltd and DRA Global available on the Company's website.

A WEBSITE ADDRESS OF A PAGE CONTAINING THE APPLICANT'S LATEST ANNUAL REPORT AND ACCOUNTS WHICH MUST HAVE A FINANCIAL YEAR END NOT MORE THAN NINE MONTHS PRIOR TO ADMISSION AND INTERIM RESULTS WHERE APPLICABLE. THE ACCOUNTS MUST BE PREPARED IN ACCORDANCE WITH ACCOUNTING STANDARDS PERMISSIBLE UNDER AIM RULE 19:

www.sovereignmetals.com.au

The website contains the audited annual financial statements of the Company for the financial year ended 30 June 2021 and the unaudited interim accounts for the period ending 31 December 2020.

The financial report has been prepared in accordance with and complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

THE NUMBER OF EACH CLASS OF SECURITIES HELD IN TREASURY:

None