



Announcement Summary

Entity name

SOVEREIGN METALS LIMITED

Announcement Type

New announcement

Date of this announcement

17/7/2023

The Proposed issue is:

A placement or other type of issue

Total number of +securities proposed to be issued for a placement or other type of issue

ASX +security code	+Security description	Maximum Number of +securities to be issued
New class-code to be confirmed	Unlisted options exercisable for A\$0.535 each on or before 12 months from issue date	34,549,598
SVM	ORDINARY FULLY PAID	83,095,592

Proposed +issue date

21/7/2023

Refer to next page for full details of the announcement



Part 1 - Entity and announcement details

1.1 Name of +Entity

SOVEREIGN METALS LIMITED

We (the entity named above) give ASX the following information about a proposed issue of +securities and, if ASX agrees to +quote any of the +securities (including any rights) on a +deferred settlement basis, we agree to the matters set out in Appendix 3B of the ASX Listing Rules.

If the +securities are being offered under a +disclosure document or +PDS and are intended to be quoted on ASX, we also apply for quotation of all of the +securities that may be issued under the +disclosure document or +PDS on the terms set out in Appendix 2A of the ASX Listing Rules (on the understanding that once the final number of +securities issued under the +disclosure document or +PDS is known, in accordance with Listing Rule 3.10.3C, we will complete and lodge with ASX an Appendix 2A online form notifying ASX of their issue and applying for their quotation).

1.2 Registered Number Type

ACN

Registration Number

120833427

1.3 ASX issuer code

SVM

1.4 The announcement is

New announcement

1.5 Date of this announcement

17/7/2023

1.6 The Proposed issue is:

A placement or other type of issue



Part 7 - Details of proposed placement or other issue

Part 7A - Conditions

7A.1 Do any external approvals need to be obtained or other conditions satisfied before the placement or other type of issue can proceed on an unconditional basis?

No

Part 7B - Issue details

Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?
 Existing class

Will the proposed issue of this +security include an offer of attaching +securities?
 No

Details of +securities proposed to be issued

ASX +security code and description

SVM : ORDINARY FULLY PAID

Number of +securities proposed to be issued

83,095,592

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

Yes

In what currency is the cash consideration being paid?

AUD - Australian Dollar

What is the issue price per +security?

AUD 0.48600

Will these +securities rank equally in all respects from their issue date with the existing issued +securities in that class?

Yes



Is the proposed security a 'New class' (+securities in a class that is not yet quoted or recorded by ASX) or an 'Existing class' (additional securities in a class that is already quoted or recorded by ASX)?

New class

Will the proposed issue of this +security include an offer of attaching +securities?

No

Details of +securities proposed to be issued

ISIN Code (if Issuer is a foreign company and +securities are non CDIs)

Have you received confirmation from ASX that the terms of the proposed +securities are appropriate and equitable under listing rule 6.1?

No

Will the entity be seeking quotation of the 'new' class of +securities on ASX?

No

ASX +security code

New class-code to be confirmed

+Security description

Unlisted options exercisable for A\$0.535 each on or before 12 months from issue date

+Security type

Options

Number of +securities proposed to be issued

34,549,598

Offer price details

Are the +securities proposed to be issued being issued for a cash consideration?

No

Please describe the consideration being provided for the +securities

Issue of unlisted options exercisable for A\$0.535 each on or before 12 months from issue date

Please provide an estimate of the AUD equivalent of the consideration being provided for the +securities

0.535000

Will all the +securities issued in this class rank equally in all respects from their issue date?

Yes



Options details

+Security currency	Exercise price	Expiry date
AUD - Australian Dollar	AUD 0.5350	21/7/2024

Details of the type of +security that will be issued if the option is exercised

SVM : ORDINARY FULLY PAID

Number of securities that will be issued if the option is exercised

34,549,598 fully paid ordinary shares

Please provide a URL link for a document lodged with ASX setting out the material terms of the +securities proposed to be issued or provide the information by separate announcement.

Please refer to announcement entitled 'Rio Tinto to invest \$40.4 million and become a 15% Strategic Investor in Sovereign' dated 17 July 2023

Part 7C - Timetable

7C.1 Proposed +issue date

21/7/2023

Part 7D - Listing Rule requirements

7D.1 Has the entity obtained, or is it obtaining, +security holder approval for the entire issue under listing rule 7.1? No**7D.1b Are any of the +securities proposed to be issued without +security holder approval using the entity's 15% placement capacity under listing rule 7.1?** Yes**7D.1b (i) How many +securities are proposed to be issued without security holder approval using the entity's 15% placement capacity under listing rule 7.1?**

36,081,655 fully paid ordinary shares and 34,549,598 unlisted options

7D.1c Are any of the +securities proposed to be issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A (if applicable)? Yes**7D.1c (i) How many +securities are proposed to be issued without +security holder approval using the entity's additional 10% placement capacity under listing rule 7.1A?**

47,013,937 fully paid ordinary shares

7D.1c (ii) Please explain why the entity has chosen to do a placement rather than a +pro rata issue or an offer under a +security purchase plan in which existing ordinary +security holders would have been eligible to participate

Rio Tinto have agreed to become a strategic investor in Sovereign



7D.2 Is a party referred to in listing rule 10.11 participating in the proposed issue?

No

7D.3 Will any of the +securities to be issued be +restricted securities for the purposes of the listing rules?

No

7D.4 Will any of the +securities to be issued be subject to +voluntary escrow?

No

Part 7E - Fees and expenses

7E.1 Will there be a lead manager or broker to the proposed issue?

No

7E.2 Is the proposed issue to be underwritten?

No

7E.4 Details of any other material fees or costs to be incurred by the entity in connection with the proposed issue

SCP Resource Finance (SCP), formerly Sprott Capital Partners, is acting as financial advisor in connection with the strategic investment by Rio Tinto. An advisory fee of 3% is payable to SCP on the amount of Rio Tinto's investment and, subject to shareholder approval, can be paid by way of the issue of ordinary shares to SCP, with 2,492,868 shares being issuable to SCP based on Rio Tinto's initial subscription

Part 7F - Further Information

7F.01 The purpose(s) for which the entity is issuing the securities

The Company will use the proceeds from Rio Tinto's strategic investment to fund the advancement of its Kasiya Project, including the completion of a DFS, product qualification and other expenditures agreed with Rio Tinto such as permitting costs

7F.1 Will the entity be changing its dividend/distribution policy if the proposed issue proceeds?

No

7F.2 Any other information the entity wishes to provide about the proposed issue

7F.3 Any on-sale of the +securities proposed to be issued within 12 months of their date of issue will comply with the secondary sale provisions in sections 707(3) and 1012C(6) of the Corporations Act by virtue of:

The publication of a cleansing notice under section 708A(5), 708AA(2)(f), 1012DA(5) or 1012DAA(2)(f)