



ASX RELEASE

3 November 2017



**SOVEREIGN
METALS LIMITED**

ASX:SVM

THIS ASX ANNOUNCEMENT IS NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES

COMPLETION OF FIRST TRANCHE OF PLACEMENT

Sovereign Metals Limited (“Sovereign” or “the Company”) is pleased to announce that it has completed the first tranche of its previously announced placement of 59.1 million shares at an issue price of \$0.11 per share to raise \$6.5 million (“Placement”).

The first tranche of the Placement, comprising 39.0 million shares to Institutional and Sophisticated investors to raise gross proceeds of A\$4.3 million, was completed today.

The second tranche of the Placement, comprising 20.1 million shares to Institutional and Sophisticated investors to raise gross proceeds of \$2.2 million, will be completed following shareholder approval.

Sovereign’s Chairman has agreed to subscribe for a total of 2 million shares in the second tranche of the Placement, subject to shareholder approval. A notice of shareholder meeting will be sent to shareholders shortly.

Proceeds from the Placement will be used to expedite development of the Company’s 100% owned Malingunde Flake Graphite Project in Malawi, enabling completion of all technical works associated with pre-feasibility and definitive feasibility studies.

A Section 708A Notice is attached, along with updated disclosures in accordance with Listing Rule 7.3A.

ENQUIRIES:

+618 9322 6322

Dr Julian Stephens – Managing Director

Dominic Allen – Business Development Manager

Not for release in the United States

This announcement has been prepared for publication in Australia and may not be released in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

Forward Looking Statements

This announcement may include forward-looking statements. These forward-looking statements are based on Sovereign's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Sovereign, which could cause actual results to differ materially from such statements. Sovereign makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of that announcement.



Notice Under Section 708A

Sovereign Metals Limited (“the Company”) has today issued 377,593 fully paid ordinary shares. The issued shares are part of a class of securities quoted on Australian Securities Exchange (“ASX”).

The Company hereby notifies ASX under paragraph 708A(5)(e) of the Corporations Act 2001 (Cwth) (the “Act”) that:

1. the Company issued the securities without disclosure to investors under Part 6D.2 of the Act;
2. as at the date of this notice, the Company has complied with the provisions of Chapter 2M of the Corporations Act as they apply to the Company, and section 674 of the Act; and
3. as at the date of this notice, there is no information that is “excluded information” within the meaning of sections 708A(7) and (8) of the Act.

Listing Rule 7.3A.6 Disclosure

The following is provided to update disclosure in accordance with Listing Rule 7.3A.6 in respect of approval of an additional 10% placement capacity under Listing Rule 7.1A at the upcoming Annual General Meeting to be held on 28 November 2017.

No.	Date of Issue	Number	Class	Persons to whom the securities were issued	Issue price	Discount to market price	Consideration	
1.	30 December 2016	2,000,000	Unlisted Options exercisable at \$0.15 on or before 31 December 2018.	Key consultant	Nil	Not applicable	Total consideration:	Issued to a key consultant in part remuneration as an incentive to perform.
							Current value of non-cash consideration	The current value of the options is nil as the options have been cancelled.
2.	7 April 2017	300,000	75,000 unlisted Options exercisable at \$0.10 on or before 30 June 2018. 100,000 unlisted Options exercisable at \$0.12 on or before 31 July 2018. 125,000 unlisted Options exercisable at \$0.15 on or before 31 July 2019.	Key consultant	Nil	Not applicable	Total consideration:	Issued to a key consultant as an incentive to attract and retain their services.
							Current value of non-cash consideration	The current value of the options is \$15,184 ¹ .
3.	9 June 2017	700,000	400,000 unlisted Options exercisable at \$0.15 on or before 31 July 2019. 300,000 unlisted Options exercisable at \$0.18 on or before 31 July 2020.	Key consultant	Nil	Not applicable	Total consideration:	Issued to a key consultant as an incentive to retain their services.
							Current value of non-cash consideration	The current value of the options is \$42,348 ¹ .
4.	11 August 2017	376,081	Ordinary Shares.	Key consultant	\$0.117 (deemed)	Not applicable	Total consideration:	Issued to a key consultant as remuneration for their services.
							Current value of non-cash consideration	The current value of the Shares is \$47,010 ² .
5.	2/3 November 2017	38,956,189	Ordinary Shares.	Institutional and Sophisticated Investors	\$0.11	13.1% ³	Total consideration:	A\$4,285,180
							Amount of consideration spent:	Nil
							What consideration was spent on:	Not applicable.
							Intended use for remaining consideration:	To expedite development of the Malingunde Flake Graphite Project in Malawi, including all technical works, enabling completion of pre-feasibility and definitive feasibility studies, and for general working capital purposes.
6.	2 November 2017	12,000,000	Unlisted Options exercisable at \$0.18 on or before 31 July 2020.	Key consultant	Nil	Not applicable	Total consideration:	Issued to a key consultant as an incentive to attract and retain their services.
							Current value of non-cash consideration	The current value of the options is \$790,215 ¹ .

Note:

¹ The current value measured using the Black & Scholes option pricing model as at 1 November 2017.

² This value is based on the closing price of the Shares on 1 November 2017 of \$0.125.

³ This value is the discount to the 15 day VWAP as at 1 November 2017.