



**SOVEREIGN**  
METALS LIMITED

ACN 120 833 427

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## **NOTICE OF GENERAL MEETING**

**The General Meeting of the Company will be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Friday 8 December 2017 at 10:00am (WST).**

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*The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on (08) 9322 6322.***

**Shareholders are urged to attend or vote by lodging the proxy form enclosed with the Notice**

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# SOVEREIGN METALS LIMITED

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## NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of Shareholders of Sovereign Metals Limited (**Company**) will be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Friday 8 December 2017 at 10:00am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of the Notice.

The Directors have determined pursuant to regulation 7.11.37 of the *Corporations Regulations* 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders of the Company on Wednesday 6 December 2017 at 4:00pm (WST).

Terms and abbreviations used in the Notice are defined in Schedule 1.

## AGENDA

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### 1. Resolution 1 – Authorise Issue of Placement Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*“That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the issue of up to 20,134,720 Shares at an issue price of \$0.11 each, on the terms and conditions in the Explanatory Memorandum.”*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person who may participate in the Placement and a person who might obtain a benefit if this Resolution is passed, except a benefit solely in the capacity of a holder of Shares, and any associate of that person (or those persons).

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 2. Resolution 2 – Authorise Issue of Placement Shares to Mr Ian Middlemas

To consider and, if thought fit, to pass with or without amendment the following Resolution as an ordinary resolution:

*“That, subject to Resolution 1 being passed, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders authorise and approve Mr Ian Middlemas and/or his nominees to participate in the issue of the Placement Shares the subject of Resolution 1, to the extent of up to 2,000,000 Shares each at an issue price of A\$0.11 each, on the terms and conditions in the Explanatory Memorandum.”*

#### **Voting Exclusion**

The Company will disregard any votes cast on this resolution by Mr Ian Middlemas or his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 3. Resolution 3 – Ratification of Prior Placement Shares

To consider and, if thought fit, to pass with or without amendment as an ordinary resolution the following:

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 17,223,281 Shares issued under Listing Rule 7.1 on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person (and any associate of such a person) who participated in the issue of the Prior Placement Shares and a person (and any associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 4. Resolution 4 – Ratification of Prior Placement of Shares

To consider and, if thought fit, to pass with or without amendment as an ordinary resolution the following:

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 21,732,908 Shares issued under Listing Rule 7.1A on the terms and conditions in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by a person (and any associate of such a person) who participated in the issue of the Prior Placement Shares and a person (and any associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the Chairperson as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**BY ORDER OF THE BOARD**



Clint McGhie  
**Company Secretary**  
Dated: 6 November 2017

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# SOVEREIGN METALS LIMITED

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at the Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Friday 8 December 2017 at 10:00am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Resolution 1 – Authorise Issue of Placement Shares
Section 4	Resolution 2 – Authorise Issue of Placement of Shares to Mr Ian Middlemas
Section 5	Resolution 3 & 4 – Ratification of Prior Placement Shares
Schedule 1	Definitions

A Proxy Form is enclosed with the Notice.

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### 2. Action to be taken by Shareholders

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

#### 2.1 Proxies

A Proxy Form is enclosed with the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 10:00am (WST) on Wednesday 6 December 2017, being at least 48 hours before the Meeting.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

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### 3. Resolution 1 – Authorise Issue of Placement Shares

#### 3.1 Background

On 25 October 2017, the Company announced plans to issue up to 59.1 million Shares to raise \$6.5 million before costs (**Placement**). The Placement will be completed in two tranches as follows:

- (a) 38,956,189 Shares (**Prior Placement Shares**) at an issue price of \$0.11 per Share to raise \$4.3 million before costs that were issued on 2 and 3 November 2017 pursuant to the Company's existing capacity under Listing Rules 7.1 and 7.1A. Resolutions 3 and 4 seek Shareholder approval to ratify the issue of the Prior Placement Shares; and
- (b) 20,134,720 Shares (**Placement Shares**) at an issue price of \$0.11 per Share to raise \$2.2 million before costs subject to Shareholder approval. Resolution 1 seeks Shareholder approval for the issue of the Placement Shares.

Proceeds from the Placement will be used to expedite development of the Malingunde Flake Graphite Project in Malawi, including all technical works, enabling completion of pre-feasibility and definitive feasibility studies.

#### 3.2 General

Resolution 1 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Placement Shares.

Resolution 1 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

#### 3.3 Listing Rule 7.1

In accordance with Listing Rule 7.1, the Company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12-month period than that amount which represents 15% of the number of fully paid Ordinary Securities on issue at the commencement of that 12-month period.

The effect of passing Resolution 1 will be to allow the Company to issue the Placement Shares during the three month period after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

#### 3.4 Specific Information Required by Listing Rule 7.3

For the purposes of Shareholder approval of the issue of the Placement Shares and the requirements of Listing Rule 7.3 the following information is provided:

- (a) the maximum number of Securities the Company intends to issue under Resolution 1 is 20,134,720 Shares;
- (b) the Company will issue the Placement Shares no later than 3 months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow) and it is intended that issue of the Placement Shares will occur progressively;
- (c) the Placement Shares will be issued at \$0.11 per Share;
- (d) the Shares will be issued to sophisticated and professional investors (pursuant to sections 708(8) and 708(11) of the Corporations Act) and are not related parties or associates of related parties of the Company, save for any shares issued to Mr Ian Middlemas (or his nominees) pursuant to Resolution 2;
- (e) the terms of the Placement Shares to be issued pursuant to Resolution 1 are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue;
- (f) the funds raised will be used 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;
- (g) subject to receiving Shareholder approval for this Resolution 1, it is expected that the Placement Shares will be issued on 15 December 2017; and
- (h) a voting exclusion statement is included in the Notice.

### **3.5 Directors recommendation**

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

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## **4. Resolution 2– Authorise Issue of Placement Shares to Mr Ian Middlemas**

### **4.1 General**

Resolution 2 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of up to 2,000,000 Placement Shares each at an issue price of A\$0.11 to Mr Ian Middlemas and/or his nominees to raise gross proceeds of A\$220,000.

The Placement was announced on 25 October 2017. The terms and conditions upon which Mr Middlemas will subscribe for the Placement Shares will be on the same terms as other investors in the Placement.

Resolution 2 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 2.

### **4.2 Section 208 of Corporations Act**

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

The Board considers that Shareholder approval under section 208 of the Corporations Act is not required as the exception in section 210 of the Corporations Act applies. The Placement Shares will be issued to Mr Middlemas on the same terms as non-related party participants in the Placement and as such the giving of the financial benefit to Mr Middlemas will be on arm's length terms.

### **4.3 Listing Rule 10.11**

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of the Company unless it obtains Shareholder approval.

Mr Middlemas is a related party of the Company as he is a Director.

### **4.4 Specific information required by Listing Rule 10.13**

Listing Rule 10.13 requires that the following information be provided to Shareholders:

- (a) up to 2,000,000 Placement Shares will be issued to Mr Middlemas and/or his nominees;
- (b) the maximum number of securities the Company can issue is 2,000,000 Placement Shares;
- (c) the Company will issue up to 2,000,000 Placement Shares to Mr Middlemas, and/or his nominees no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow);
- (d) the Placement Shares to be issued to Mr Middlemas and/or his nominees will each be allotted at an issue price of A\$0.11 per Placement Share;
- (e) the Placement Shares to be issued to Mr Middlemas and/or his nominees are ordinary fully paid shares and rank equally with the Company's existing listed shares;
- (f) a voting exclusion statement is included in the Notice for Resolution 2; and
- (i) the funds raised from the issue of the Placement Shares to Mr Middlemas will be used 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.

### **4.5 Directors recommendation**

The Directors (other than Ian Middlemas) recommend that Shareholders vote in favour of Resolution 2.

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## 5. Resolutions 3 and 4 – Ratification of Prior Placement of Shares

### 5.1 General

Resolutions 3 and 4 seek Shareholder ratification pursuant to Listing Rule 7.4 of the issue of the Prior Placement Shares, being:

- (a) 17,223,281 Shares issued pursuant to Listing Rule 7.1; and
- (b) 21,732,908 Shares issued pursuant to Listing Rule 7.1A,

at an issue price of \$0.11 each to institutional and sophisticated investors who are not related parties or associates of related parties of the Company to raise gross proceeds of \$4.3 million.

Further details of the issue of Prior Placement Shares are outlined above in Section 3.1.

Resolutions 3 and 4 are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 3 and 4.

### 5.2 ASX Listing Rules

Listing Rule 7.1 provides that the Company is entitled to issue Equity Securities up to 15% of its issued share capital through placements during any 12-month period, without needing prior shareholder approval (**15% Placement Capacity**).

In addition to its 15% Placement Capacity, the Company has obtained Shareholder approval pursuant to Listing Rule 7.1A at its 2016 annual general meeting to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the Company's 2016 annual general meeting, without needing prior shareholder approval (**10% Placement Capacity**). Shareholder approval pursuant to Listing Rule 7.1A is also being sought at its 2017 annual general meeting.

Listing Rule 7.4 provides that if the Company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 or Listing Rule 7.1A (and provided that the previous issue did not breach Listing Rule 7.1 or Listing Rule 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1 or Listing Rule 7.1A.

The effect of passing Resolutions 3 and 4 will be to allow the Company to retain the flexibility to issue equity securities in the future up to the 15% Placement Capacity set out in Listing Rule 7.1 and the 10% Placement Capacity set out in Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval.

### 5.3 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, information is provided in relation to the Prior Placement Shares as follows:

- (a) on 2 and 3 November 2017, the Company issued the Prior Placement Shares to institutional and sophisticated investors in the United States and Australia who are not related parties or associates of related parties of the Company on the following basis:
  - (i) 17,223,281 Prior Placement Shares were issued pursuant to Listing Rule 7.1; and
  - (ii) 21,732,908 Prior Placement Shares were issued pursuant to Listing Rule 7.1A;
- (b) the Prior Placement Shares were issued for \$0.11 per Share;
- (c) the Prior Placement Shares issued were all fully paid ordinary shares in the capital of the Company and were issued on the same terms and conditions as the Company's existing Shares;
- (d) the funds raised will be used 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; and
- (e) a voting exclusion statement is included in the Notice for Resolution 3 and 4.

### 5.4 Directors recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolutions 3 and 4.

## Schedule 1 - Definitions

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In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

**\$** means Australian Dollars.

**10% Placement Capacity** has the meaning given to that term in Section 5.2.

**15% Placement Capacity** has the meaning given to that term in Section 5.1.

**ASX** means the ASX Limited ABN 98 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

**Board** means the board of Directors of the Company.

**Chairperson** means the person appointed to chair the Meeting convened by the Notice.

**Closely Related Party** means in relation to a member of a Key Management Personnel:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** means Sovereign Metals Limited ACN 120 833 427.

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Director** means a director of the Company.

**Explanatory Memorandum** means this explanatory memorandum which forms part of the Notice.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning given to that term in the introductory paragraph of the Notice.

**Notice** means the notice of the Meeting and includes the agenda, Explanatory Memorandum and the Proxy Form.

**Ordinary Securities** has the same meaning given to that term in the Listing Rules.

**Placement** has the same meaning given to that term in Section 3.1.

**Placement Shares** has the same meaning given to that term in Section 3.1.

**Prior Placement Shares** has the same meaning given to that term in Section 3.1.

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution proposed pursuant to the Notice.

**Schedule** means a schedule to this Explanatory Memorandum.

**Section** means a section of this Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**WST** means Australian Western Standard Time, being the time in Perth, Western Australia.



# SOVEREIGN METALS LIMITED

ACN 120 833 427

## PROXY FORM

The Company Secretary  
Sovereign Metals Limited

### By delivery:

Level 9, 28 The Esplanade  
PERTH WA 6000

### By post:

PO Box Z5083  
PERTH WA 6831

### By facsimile:

+61 8 9322 6558

Name of Shareholder:

Address of Shareholder:

Number of Shares entitled to vote:

Please mark  to indicate your directions. Proxy appointments will only be valid and accepted by the Company if they are made and received no later than 48 hours before the meeting. Further instructions are provided overleaf.

### Step 1 – Appoint a Proxy to Vote on Your Behalf

I/we being Shareholder/s of the Company hereby appoint:

The Chairperson  
(mark box)

OR if you are NOT appointing the Chairperson as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairperson, as my/our proxy to act generally on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Sovereign Metals Limited to be held at the Conference Room, Plaza Level, BGC Centre, 28 The Esplanade, Perth, Western Australia on Friday, 8 December 2017 commencing at 10:00am (WST) and at any adjournment or postponement of such meeting. If 2 proxies are appointed, the proportion or number of votes that this proxy is authorised to exercise is [ ]% of the Shareholder's votes / [ ] of the Shareholder's votes. (An additional Proxy Form will be supplied by the Company, on request).

### Step 2 – Instructions as to Voting on Resolutions

#### INSTRUCTIONS AS TO VOTING ON RESOLUTIONS

The proxy is to vote for or against the Resolutions referred to in the Notice as follows:

		For	Against	Abstain*
Resolution 1	Authorise Issue of Placement Shares			
Resolution 2	Authorise Issue of Placement Shares to Mr Ian Middlemas			
Resolution 3	Ratification of Prior Placement Shares pursuant to Listing Rule 7.1			
Resolution 4	Ratification of Prior Placement Shares pursuant to Listing Rule 7.1A			

\* If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**Authorised signature/s** This section **must** be signed (overleaf) in accordance with the instructions overleaf to enable your voting instructions to be implemented.

**The Chairperson intends to vote all available proxies in favour of each Resolution.**

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

**Proxy Notes:**

A Shareholder entitled to attend and vote at the Meeting may appoint a natural person as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting. If the Shareholder is entitled to cast 2 or more votes at the Meeting the Shareholder may appoint not more than 2 proxies. Where the Shareholder appoints more than one proxy the Shareholder may specify the proportion or number of votes each proxy is appointed to exercise. If such proportion or number of votes is not specified each proxy may exercise half of the Shareholder's votes. A proxy may, but need not be, a Shareholder of the Company.

If a Shareholder appoints a body corporate as the Shareholder's proxy to attend and vote for the Shareholder at that Meeting, the representative of the body corporate to attend the Meeting must produce the Certificate of Appointment of Representative prior to admission. A form of the certificate may be obtained from the Company's share registry.

You must sign this form as follows in the spaces provided:

Joint Holding:                    where the holding is in more than one name all of the holders must sign.

Power of Attorney:            if signed under a Power of Attorney, you must have already lodged it with the registry, or alternatively, attach a certified photocopy of the Power of Attorney to this Proxy Form when you return it.

Companies:                    a Director can sign jointly with another Director or a Company Secretary. A sole Director who is also a sole Company Secretary can also sign. Please indicate the office held by signing in the appropriate space.

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Representative" should be produced prior to admission. A form of the certificate may be obtained from the Company's Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be deposited at or received by facsimile transmission at the Perth office of the Company (Level 9, 28 The Esplanade, Perth, WA, 6000, or by post to PO Box Z5083, Perth, WA, 6831 or Facsimile (08) 9322 6558 if faxed from within Australia or +618 9322 6558 if faxed from outside Australia) not less than 48 hours prior to the time of commencement of the Meeting (WST).