

PLACEMENT TO STRATEGIC INSTITUTIONAL INVESTOR

Sovereign Metals Limited (“**Sovereign**” or “**Company**”) is pleased to announce the successful placement of 10 million ordinary shares at \$0.11 each to raise \$1.1 million (before costs). The placement includes \$1.0 million to a prominent Australian institutional investor.

Bell Potter Securities Limited acted as lead manager to the issue.

Managing Director Dr Julian Stephens said, *“We’re delighted to introduce a new key institutional investor to Sovereign and the Malingunde saprolite-hosted flake graphite story. The placement strengthens the Company’s balance sheet and will be used to further progress the Malingunde project where we are targeting a low capex, low opex operation.”*

The Company expects settlement of the placement to occur on 19 October 2016, with the allotment of new shares to occur on 20 October 2016. An Appendix 3B will be issued upon completion of the placement.

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