

## ISSUE OF PLACEMENT SHARES

Sovereign Metals Limited (“Sovereign” or “Company”) is pleased to announce that the Company has completed Tranche A of the placement to raise a total \$4.0 million before costs, as announced on 27 June 2016.

Under Tranche A, 30 million new ordinary shares at \$0.075 each raising \$2.25 million before costs have been issued under the Company’s capacity under Listing Rules 7.1 and 7.1A.

Subject to Shareholder approval, a further 23.3 million new ordinary shares at \$0.075 each to raise an additional \$1.75 million before costs will be issued under Tranche B.

A notice for the Shareholder meeting will be issued shortly.

Following discussions with a number of creditors, the Company now intends to seek shareholder approval for the issue of up to 11.5 million new shares in conversion of amounts owing to creditors at the same price as the placement (\$0.075). Further details will be included in the Notice of General Meeting.

A Section 708A Notice is attached.

**Enquiries: Dr Julian Stephens - Managing Director +618 9322 6322**

## NOTICE UNDER SECTION 708A

Sovereign Metals Limited (“the Company”) issued 30,000,000 fully paid ordinary shares on 30 June 2016. 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.