



12 August 2024

Dear Shareholder,

SOVEREIGN METALS LIMITED – NOTICE OF GENERAL MEETING

Sovereign Metals Limited (ASX: SVM, AIM: SVML, OTCQX: SVMLF) (**Sovereign** or the **Company**) advises that a General Meeting (**Meeting**) will be held on Thursday, 12 September 2024 at 10:00am (AWST) at the Conference Room, Ground Floor, 28 The Esplanade, Perth, Western Australia 6000.

In accordance with 110D of the *Corporations Act 2001* (Cth), the Company will not be dispatching physical copies of the Notice of Meeting (unless a shareholder has elected to receive documents in hard copy in accordance with the timeframe specified in section 110E(8) of the *Corporations Act 2001* (Cth)).

A copy of the Notice of Meeting can be viewed and downloaded online as follows:

- the Company's website: <http://sovereignmetals.com.au/announcements/>.
- the Company's ASX Market announcements page at www.asx.com.au under the Company's ASX code "SVM"; or
- if you have provided an email address and have elected to receive electronic communications from the Company, you will receive an email to your nominated email address with a link to an electronic copy of the Notice of Meeting.

A copy of your Proxy Form is enclosed for convenience.

The Company intends to hold a physical meeting. The Company will notify shareholders of any changes to this by way of an announcement on ASX and AIM and the details will also be made available on our website.

The Notice of Meeting is important and should be read in their entirety. If you are in doubt as to the course of action you should follow, you should consult your stock broker, investment advisor, accountant, solicitor or other professional adviser.

You may also, prior to the Meeting, obtain a paper copy of the Notice of Meeting (free of charge) by contacting the Company Secretary on +61 8 9322 6322 or by sending an email to info@sovereignmetals.com.au.

Holders of Depositary Interests should complete and sign a Form of Instruction, which will be sent separately to each Holder of Depositary Interests, and return it by the time and in accordance with the instructions set out in the Form of Instruction. Holders of Depositary Interests will not be eligible to vote in person at the Meeting.

How do I update my communications preferences?

Shareholders can still elect to receive some or all of their communications in physical or electronic form or elect not to receive certain documents such as annual reports. To review your communications preferences, or sign up to receive your shareholder communications via email, please update your communication preferences with Computershare at <https://www-au.computershare.com/Investor/#Home>.

Yours sincerely,



Dylan Browne
Company Secretary
Sovereign Metals Limited



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NOTICE OF GENERAL MEETING

A General Meeting of Sovereign Metals Limited will be held at the Conference Room, Ground Floor, 28 The Esplanade, Perth, Western Australia 6000, Perth WA on Thursday, 12 September 2024 at 10:00am (AWST).

This Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their stock broker, investment advisor, accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9322 6322.

Shareholders are urged to attend or vote by lodging the Proxy Form attached to the Notice.

SOVEREIGN METALS LIMITED

ACN 120 833 427

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Sovereign Metals Limited (**Sovereign or Company**) will be held at **the Conference Room, Ground Floor, 28 The Esplanade, Perth, Western Australia 6000**, on Thursday, 12 September 2024 at 10:00am (AWST) (**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 this 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 on Tuesday, 10 September 2024 at 5:00pm (AWST).

The Company advises that a poll will be conducted for the Resolutions.

Terms and abbreviations used in this Notice and the Explanatory Memorandum will, unless the context requires otherwise, have the meaning given to them in Schedule 1.

AGENDA

1. Resolution 1 – Issue of Advisory Shares

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

"Pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 1,036,488 Shares to SCP Resource Finance L.P., on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of SCP Resource Finance L.P. (and/or its nominees) or any of its associates.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with directions given to the proxy or attorney to vote on this Resolution in that way;
- (b) the Chairperson as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on this Resolution; and

- (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. Resolution 2 – Issue of Performance Rights to a Director – Mr Benjamin Stoikovich

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 10.11 and for all other purposes, Shareholders approve the issue of up to 1,000,000 Performance Rights to Selwyn Capital Limited, a nominee of Mr Benjamin Stoikovich, on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Benjamin Stoikovich (and/or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this Resolution in that way; or
- (b) the Chairperson as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on this Resolution; and
 - (ii) the Shareholder votes on this Resolution in accordance with the directions given by the beneficiary to the Shareholder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

3. Resolution 3 – Issue of Performance Rights to a Director – Mr Frank Eagar

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 10.11 and for all other purposes, Shareholders approve the issue of up to 1,000,000 Performance Rights to Mr Frank Eagar (and/or his nominee(s)) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Frank Eagar (and/or his nominee(s)) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of those persons.

However, this does not apply to a vote cast in favour of this Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this Resolution in that way; or
- (b) the Chairperson as proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with a direction given to the Chairperson to vote on this Resolution as the Chairperson decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the Shareholder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on this Resolution; and
 - (ii) the Shareholder votes on this Resolution in accordance with the directions given by the beneficiary to the Shareholder to vote in that way.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairperson and the appointment does not specify how the Chairperson is to vote but expressly authorises the Chairperson to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

BY ORDER OF THE BOARD

Dylan Browne
Company Secretary

Dated: 12 August 2024

SOVEREIGN METALS LIMITED**ACN 120 833 427**

EXPLANATORY MEMORANDUM

1. Introduction

This 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 Conference Room, Ground Floor, 28 The Esplanade, Perth, Western Australia 6000, Perth WA on Thursday, 12 September 2024 at 10:00am (AWST).

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

This 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 – Issue of Advisory Shares
Section 4:	Resolution 2 – Issue of Performance Rights to a Director – Mr Benjamin Stoikovich
Section 5:	Resolution 3 – Issue of Performance Rights to a Director – Mr Frank Eagar
Schedule 1:	Definitions
Schedule 2:	Terms and Conditions of Performance Rights

A Proxy Form is attached to the Notice.

2. Action to be taken by Shareholders

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

The Company advises that a poll will be conducted for the Resolution.

2.1 Proxies

A Proxy Form is attached to 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 participate in the Meeting (see details below) or, if they are unable to attend, sign and return the Proxy Form to the Company in accordance with the instructions detailed in the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting (subject to the voting exclusions detailed in the Notice).

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by:

(a) post to:

Sovereign Metals Limited

Level 9, 28 The Esplanade
PERTH WA 6000
or
PO Box Z5083
PERTH WA 6831

- (b) by email to:
voting@sovereignmetals.com.au
- (c) fax to:
In Australia: (08) 9322 6558
From outside of Australia: +61 8 9322 6558

so that it is received not later than 10:00am (AWST) on Tuesday, 10 September 2024, being at least 48 hours before the Meeting. Proxy Forms received later than this time will be invalid.

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. Where the proportion or number is not specified, each proxy may exercise half of the votes.

If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that body corporate's representative. The authority may be sent to the Company or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

2.2 Attendance at the Meeting

Shareholders may vote by directed proxy rather than attend the Meeting in person (refer to Section 2.1 for further information).

If it becomes necessary or appropriate to make alternative arrangements to those detailed in this Notice, Shareholders will be updated via the ASX Market Announcements Platform and on the Company's website at <https://sovereignmetals.com.au/>.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +61 8 9322 6322.

2.3 Form of Instruction

Holders of Depositary Interests should complete and sign the enclosed Form of Instruction and return it by the time and in accordance with the instructions set out in the Form of Instruction. Holders of Depositary Interests will not be eligible to vote in person at the Meeting.

3. Resolution 1 – Issue of Advisory Shares

3.1 Background

On 17 July 2023, the Company announced that Rio Tinto Mining and Exploration Limited (RTME) had made an investment of \$40.4 million in the Company through the issue of

83,095,592 Shares at an issue price of \$0.486 per Share and 34,549,598 Options to RTME (RTME Options) (Placement).

On 3 July 2024, the Company announced that RTME had exercised the RTME Options and the Company subsequently issued 34,549,598 Shares to RTME to raise an additional \$18.5 million (before costs).

Resolution 1 seeks Shareholder approval pursuant to and in accordance with Listing Rule 7.1 (and for all other purposes) to issue 1,036,488 Shares to SCP Resource Finance L.P. (SCP) (Advisory Shares) in connection with services provided to the Company under an engagement letter dated 26 June 2023 (Letter).

Under the terms of the Letter, the Company agreed to pay SCP a fee equal to 3% of the proceeds received on the exercise of the RTME Options. The fee is payable in cash or, subject to Shareholder approval, in Shares. The Advisory Shares are proposed to be issued to SCP for the fees payable following the issue of Shares on the exercise of RTME Options.

If Resolution 1 is not approved by Shareholders, the Company will be required to pay \$554,521 in cash to SCP.

Resolution 1 is an ordinary resolution.

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

3.2 Listing Rule 7.1

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period (15% Placement Capacity).

The issue of Advisory Shares does not fall within any of the exceptions to Listing Rule 7.1, and is conditional upon Shareholder approval (which is being sought pursuant to Resolution 1).

If Resolution 1 is passed, the Company will be able to proceed with the issue of the Advisory Shares without using any of the Company's 15% Placement Capacity. In addition, the issue of the Advisory Shares will be excluded from the calculation of the number of Equity Securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

If Resolution 1 is not passed, the Company will not be able to proceed with the issue of the Advisory Shares and the Company will instead be required pay SCP the fee in cash.

3.3 Specific information required by Listing Rule 7.3

The following information in relation to Resolution 1 is provided to Shareholders for the purposes of Listing Rule 7.3:

- (a) The Advisory Shares will be issued to SCP (and/or its nominees), who is not a related party of the Company.
- (b) The maximum number of Advisory Shares that the Company may issue to SCP (and/or its nominees) is 1,036,488 Advisory Shares, which is equal to 3% of the gross proceeds raised by the Company from the exercise of the RMTE Options.
- (c) The Advisory Shares to be issued will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue.

- (d) The Advisory Shares will have a deemed issue price of \$0.535 per Share, valued at \$554,106.
- (e) The Advisory Shares will be issued no later than three months following the date of the Meeting.
- (f) The Advisory Shares will be issued for nil cash consideration. The Advisory Shares are proposed to be issued as part of the consideration for SCP providing financial advisory services to the Company relating to the exercise of the RTME Options.
- (g) No funds will be raised from the issue of the Advisory Shares as they are being issued for nil cash consideration to SCP (and/or its nominee(s)).
- (h) The Advisory Shares will be issued pursuant to the engagement letter with SCP described in Section 3.1.
- (i) A voting exclusion statement is included in the Notice for Resolution 1.

3.4 Directors' recommendation

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

4. Resolution 2 – Issue of Performance Rights to a Director – Mr Benjamin Stoikovich

4.1 General

Resolution 2 seeks Shareholder approval, pursuant to Listing Rule 10.11, for the issue of up to 1,000,000 Performance Rights to Selwyn Capital Limited (**Selwyn Capital**), a nominee of Mr Benjamin Stoikovich as part of the services being provided by Selwyn Capital and the long-term incentive component of his remuneration as a Director of the Company.

In the Company's present circumstances, the Board considers that the grant of these Performance Rights is a cost effective and efficient reward for the Company to make to appropriately incentivise the continued performance of Selwyn Capital (and Mr Stoikovich) and is consistent with the strategic goals and targets of the Company, particularly as the Company prepares to enter development and the next phase of the Company's lifecycle.

Mr Stoikovich was appointed a Director of the Company on 13 October 2020. Details of Mr Stoikovich's qualifications and experience are set out in the Annual Report.

The Company has set performance criteria for these Performance Rights to ensure that they only vest in accordance with short-term service-based conditions or upon achievement of fundamental milestones that will drive the long-term value of the Company's securities. The Performance Rights will be granted to Selwyn Capital, a nominee of Mr Stoikovich with the following performance criteria and expiry dates.

Tranche	Vesting/Performance Criteria	Expiry Date	Number of Performance Rights
1.	Definitive Feasibility Study Milestone Announcement of a positive Definitive Feasibility Study for the Malawi Rutile Project (prepared in accordance with the provisions of the JORC Code) which demonstrates the following: <ul style="list-style-type: none"> a minimum net present value of US\$1,000M (using a minimum discount rate of 8%); a minimum life of mine of 20 years; and a minimum internal rate of return of 25%. 	31 October 2025	300,000

2.	Grant of Mining Licence Milestone The unconditional grant of a Mining Licence at the Kasiya Rutile Project in accordance with the relevant Malawi Mines Act.	31 March 2026	300,000
3.	Final Investment Decision Milestone A documented resolution of the Board authorising the construction of the Kasiya Rutile Project.	30 June 2026	400,000

The principal terms of the Performance Rights to be granted to Selwyn Capital, a nominee of Mr Stoikovich are summarised in Schedule 2.

Resolution 2 is an ordinary resolution.

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

4.2 Corporations Act

In accordance with section 208 of the Corporations Act, the Company must obtain Shareholder approval to give a financial benefit to a related party unless an exception applies. A "related party" includes a Director of the Company and "giving a financial benefit" is interpreted broadly.

Section 211 of the Corporations Act provides an exception to the requirement to obtain Shareholder approval for giving a financial benefit if:

- (a) the benefit is remuneration of a related party as an officer (including a Director) of the Company; and
- (b) to give the remuneration would be reasonable given the circumstances.

The Board (excluding Mr Stoikovich) considers that the proposed issue of Performance Rights to Selwyn Capital, a nominee of Mr Stoikovich is reasonable in all the circumstances and that the exception in section 211 of the Corporations Act applies. Accordingly, the Board (excluding Mr Stoikovich) considers that Shareholder approval under section 208 of the Corporations Act is not required for the issue of Performance Rights to Mr Stoikovich (and/or his nominee(s)).

4.3 ASX Listing Rules

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. The issue of Performance Rights to Selwyn Capital, a nominee of Mr Stoikovich falls within Listing Rule 10.11.1, as Mr Stoikovich is a Director and therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 2 seeks the required Shareholder approval, pursuant to Listing Rule 10.11, for the proposed issue of Performance Rights to Selwyn Capital, a nominee of Mr Stoikovich, as he is a Director.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Accordingly, the grant of Performance Rights to Selwyn Capital, a nominee of Mr Stoikovich pursuant to Resolution 2 will not reduce the Company's 15% Placement Capacity for the purposes of Listing Rule 7.1.

If Resolution 2 is passed, the Company will be able to proceed with the issue of the Performance Rights to Selwyn Capital, a nominee of Mr Stoikovich. If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Performance Rights

to Selwyn Capital, a nominee of Mr Stoikovich and may consider alternative forms of remuneration for Selwyn Capital, a nominee of Mr Stoikovich in lieu of such issue.

4.4 Specific Information required by Listing Rule 10.13

Listing Rule 10.13 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant of the Performance Rights to Selwyn Capital, a nominee of Mr Stoikovich:

- (a) 1,000,000 Performance Rights will be granted to Selwyn Capital, a nominee of Mr Stoikovich who is a Director of the Company;
- (b) Mr Stoikovich is a Director and a related party under Listing Rule 10.11.1;
- (c) the maximum number of Performance Rights to be granted to Selwyn Capital, a nominee of Mr Stoikovich is 1,000,000, noting that the actual number of Performance Rights that vest is dependent on the achievement of the Performance Criteria as described in Section 4.1 above;
- (d) the material terms of the Performance Rights are as follows:
 - (i) 300,000 Performance Rights that vest upon the announcement of a positive Definitive Feasibility Study for the Malawi Rutile Project (prepared in accordance with the provisions of the JORC Code) which demonstrate the following:
 - (A) a minimum net present value of US\$1,000M (using a minimum discount rate of 8%);
 - (B) a minimum life of mine of 20 years; and
 - (C) a minimum internal rate of return of 25%,
expiring 31 October 2025;
 - (ii) 300,000 Performance Rights that vest upon the unconditional grant of a Mining Licence at the Kasiya Rutile Project in accordance with the relevant Malawi Mines Act, expiring 31 March 2026; and
 - (iii) 400,000 Performance Rights that vest upon a documented board resolution by the Board authorising to proceed with the construction of the Kasiya Rutile Project, expiring 30 June 2026.

Refer to Schedule 2 for a summary of the terms of the Performance Rights.

- (e) the Company will grant the Performance Rights no later than 1 month after the date of the Meeting;
- (f) the Performance Rights will be granted for nil consideration and no funds are being raised from the issue;
- (g) the Performance Rights are being issued as a cost effective and efficient reward for the Company to make to appropriately incentivise the continued performance of Selwyn Capital, a nominee of Mr Stoikovich and is considered by the Board to be consistent with the strategic goals and targets of the Company;

(h) Mr Stoikovich's current remuneration includes the following:

Director	Short-term benefits		Super-annuation (A\$)	Non-cash equity options/rights (A\$)	Other non-cash benefits (A\$)	Total ¹ (A\$)
	Cash salary and fees (A\$)	Cash bonus (A\$)				
Mr Benjamin Stoikovich	207,059 ²	-	-	184,988	-	392,047

Notes:

1. Based on the Company's Annual Report for the financial year ending 30 June 2023. Refer to the Company's Annual Report released on 29 September 2023 for further details.
2. In addition to Non-Executive Directors fees of £50,000 per annum, Selwyn Capital, , was paid, or is payable, A\$117,254 for additional services provided for the financial year ended 30 June 2023 in respect of corporate and business development activities which is included in Mr Stoikovich's salary and fee amount.

- (i) there is no agreement associated with the grant of the Performance Rights; and
- (j) a voting exclusion statement is included in the Notice for the purposes of Resolution 2.

4.5 Board Recommendation

The Board (excluding Mr Stoikovich) recommends that Shareholders vote in favour of Resolution 2.

5. Resolution 3 – Issue of Performance Rights to a Director – Mr Frank Eagar

5.1 General

Resolution 3 seeks Shareholder approval, pursuant to Listing Rule 10.11, for the issue of up to 1,000,000 Performance Rights to Mr Frank Eagar (and/or his nominee(s)) as part of the long-term incentive component of his remuneration as a Director of the Company.

In the Company's present circumstances, the Board considers that the grant of these Performance Rights is a cost effective and efficient reward for the Company to make to appropriately incentivise the continued performance of Mr Eagar and is consistent with the strategic goals and targets of the Company, particularly as the Company prepares to enter into development and the next phase of the Company's lifecycle.

Mr Eagar was appointed a Director of the Company on 20 October 2023.

Mr Eagar has over 20 years' experience in the financing, permitting, development and operation of mining projects with a strong focus in southern Africa.

Mr Eagar is a Chartered Accountant who has gained extensive corporate, commercial and technical experience in the mining sector throughout his career. Mr Eagar has previously held a number of senior executive positions in the resources sector, more recently with African mining focused private equity firm AMED Funds.

The Company has set performance criteria for these Performance Rights to ensure that they only vest in accordance with short-term service-based conditions or upon achievement of fundamental milestones that will drive the long-term value of the Company's securities. The

Performance Rights will be granted to Mr Eagar (and/or his nominee(s)) with the following performance criteria and expiry dates.

Tranche	Vesting/Performance Criteria	Expiry Date	Number of Performance Rights
1.	Definitive Feasibility Study Milestone Announcement of a positive Definitive Feasibility Study for the Malawi Rutile Project (prepared in accordance with the provisions of the JORC Code) which demonstrates the following: <ul style="list-style-type: none"> a minimum net present value of US\$1,000M (using a minimum discount rate of 8%); a minimum life of mine of 20 years; and a minimum internal rate of return of 25%. 	31 October 2025	300,000
2.	Grant of Mining Licence Milestone The unconditional grant of a Mining Licence at the Kasiya Rutile Project in accordance with the relevant Malawi Mines Act.	31 March 2026	300,000
3.	Final Investment Decision Milestone A documented resolution of the Board authorising the construction of the Kasiya Rutile Project.	30 June 2026	400,000

The principal terms of the Performance Rights to be granted to Mr Eagar (and/or his nominee(s)) are summarised in Schedule 2.

Resolution 3 is an ordinary resolution.

The Chairperson intends to exercise all available proxies in favour of Resolution 3.

5.2 Corporations Act

In accordance with section 208 of the Corporations Act, the Company must obtain Shareholder approval to give a financial benefit to a related party unless an exception applies. A "related party" includes a Director of the Company and "giving a financial benefit" is interpreted broadly.

Section 211 of the Corporations Act provides an exception to the requirement to obtain Shareholder approval for giving a financial benefit if:

- (c) the benefit is remuneration of a related party as an officer (including a Director) of the Company; and
- (d) to give the remuneration would be reasonable given the circumstances.

The Board (excluding Mr Eagar) considers that the proposed issue of Performance Rights to Mr Eagar (and/or his nominee(s)) is reasonable in all the circumstances and that the exception in section 211 of the Corporations Act applies. Accordingly, the Board (excluding Mr Eagar) considers that Shareholder approval under section 208 of the Corporations Act is not required for the issue of Performance Rights to Mr Eagar (and/or his nominee(s)).

5.3 ASX Listing Rules

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. The issue of Performance

Rights to Mr Eagar (and/or his nominee(s)) falls within Listing Rule 10.11.1, as Mr Eagar is a Director and therefore requires the approval of Shareholders under Listing Rule 10.11.

Resolution 3 seeks the required Shareholder approval, pursuant to Listing Rule 10.11, for the proposed issue of Performance Rights to Mr Eagar (and/or his nominee(s)) as he is a Director.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required. Accordingly, the grant of Performance Rights to Mr Eagar (and/or his nominee(s)) pursuant to Resolution 3 will not reduce the Company's 15% Placement Capacity for the purposes of Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Performance Rights to Mr Eagar (and/or his nominee(s)). If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Performance Rights to Mr Eagar (and/or his nominee(s)) and may consider alternative forms of remuneration for Mr Eagar in lieu of such issue.

5.4 Specific Information required by Listing Rule 10.13

Listing Rule 10.13 requires that the following information be provided to Shareholders for the purpose of obtaining Shareholder approval for the grant of the Performance Rights to Mr Eagar (and/or his nominee(s)):

- (a) 1,000,000 Performance Rights will be granted to Mr Eagar, Director of the Company (and/or his nominee(s));
- (b) Mr Eagar is a Director and a related party under Listing Rule 10.11.1;
- (c) the maximum number of Performance Rights to be granted to Mr Eagar (and/or his nominee(s)) is 1,000,000, noting that the actual number of Performance Rights that vest is dependent on the achievement of the Performance Criteria as described in Section 5.1 above;
- (d) the material terms of the Performance Rights are as follows:
 - (i) 300,000 Performance Rights that vest upon the announcement of a positive Definitive Feasibility Study for the Malawi Rutile Project (prepared in accordance with the provisions of the JORC Code) which demonstrates the following:
 - (A) a minimum net present value of US\$1,000M (using a minimum discount rate of 8%);
 - (B) a minimum life of mine of 20 years; and
 - (C) a minimum internal rate of return of 25%,
expiring 31 October 2025;
 - (ii) 300,000 Performance Rights that vest upon the unconditional grant of a Mining Licence at the Kasiya Rutile Project in accordance with the relevant Malawi Mines Act, expiring 31 March 2026; and
 - (iii) 400,000 Performance Rights that vest upon a documented board resolution by the Board authorising to proceed with the construction of the Kasiya Rutile Project, expiring 30 June 2026.

Refer to Schedule 2 for a summary of the terms of the Performance Rights.

- (e) the Company will grant the Performance Rights no later than 1 month after the date of the Meeting;
- (f) the Performance Rights will be granted for nil consideration and no funds are being raised from the issue;
- (g) the Performance Rights are being issued as a cost effective and efficient reward for the Company to make to appropriately incentivise the continued performance of Mr Eagar and is considered by the Board to be consistent with the strategic goals and targets of the Company;
- (h) Mr Eagar's current remuneration includes the following:

Director	Short-term benefits		Super-annuation (US\$)	Non-cash equity options/rights (US\$)	Other non-cash benefits (US\$)	Total (US\$)
	Cash salary and fees (US\$)	Cash bonus (US\$)				
Mr Frank Eagar ¹	296,000	74,000	-	185,008	-	552,008

Notes:

- 1. Appointed effective 20 October 2023.

- (i) there is no agreement associated with the grant of the Performance Rights; and
- (j) a voting exclusion statement is included in the Notice for the purposes of Resolution 3.

5.5 Board Recommendation

The Board (excluding Mr Eagar) recommends that Shareholders vote in favour of Resolution 3.

Schedule 1 – Definitions

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

\$ means Australian Dollars.

15% Placement Capacity has the meaning given in Section 3.2.

Advisory Shares has the meaning given in Section 3.1.

Annual Report means the Company's annual report for the financial year ending 30 June 2023 released to the ASX on 29 September 2023.

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

AWST means Australian Western Standard Time.

Board means the Company's board of Directors.

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 or Sovereign means Sovereign Metals Limited ACN 120 833 427.

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

Director means a director of the Company.

Equity Security has the same meaning as in the Listing Rules.

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

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition.

Key Management Personnel means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Letter has the meaning given in Section 3.1.

Listing Rules means the listing rules of ASX.

Malawi Mines Act means the *Mines and Minerals Act 2019* (Malawi) as amended or replaced from time to time.

Meeting has the meaning in the introductory paragraph of the Notice.

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

Option means an option which entitles the holder to subscribe for a Share.

Performance Right means a right to subscribe for or otherwise acquire a Share subject to the achievement of certain milestones.

Placement has the meaning given in Section 3.1.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in the Notice.

RTME means Rio Tinto Mining and Exploration Limited (UK Company Number 1305702).

RTME Options has the meaning given in Section 3.1.

Schedule means a schedule to this Explanatory Memorandum.

SCP means SCP Resource Finance L.P.

Section means a section of this Explanatory Memorandum.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of one or more Shares.

Schedule 2 – Terms and Conditions of Performance Rights

Offer of Performance Rights

- 1.1 Each Performance Right confers an entitlement on the holder of the Performance Right (**Holder**) to be provided with one Share, credited as fully paid, at no cost, upon the full satisfaction of the Performance Criteria and/or Vesting Conditions specified by the Board in relation to that Performance Right.

Performance Criteria/Vesting Conditions and Variation to Performance Criteria/Vesting Conditions

- 1.2 The Performance Criteria/Vesting Conditions and Expiry Dates of each Performance Right is referred to in the table below.

PERFORMANCE CRITERIA / VESTING CONDITIONS	EXPIRY DATE	NO. OF PERFORMANCE RIGHTS
Definitive Feasibility Study Milestone Announcement of a positive Definitive Feasibility Study for the Malawi Rutile Project (prepared in accordance with the provisions of the JORC Code) which demonstrates the following: <ul style="list-style-type: none"> a minimum net present value of US\$1,000M (using a minimum discount rate of 8%); a minimum life of mine of 20 years; and a minimum internal rate of return of 25%. 	31 October 2025	300,000 (Resolution 2) 300,000 (Resolution 3)
Grant of Mining Licence Milestone The unconditional grant of a Mining Licence at the Kasiya Rutile Project in accordance with the relevant Malawi Mines Act.	31 March 2026	300,000 (Resolution 2) 300,000 (Resolution 3)
Final Investment Decision Milestone A documented resolution of the Board authorising the construction of the Kasiya Rutile Project.	30 June 2026	400,000 (Resolution 2) 400,000 (Resolution 3)

- 1.3 Performance Rights will only vest and entitle the Holder to be issued Shares if the applicable Performance Criteria/Vesting Conditions have been satisfied prior to the end of the Expiry Date (**Performance Period**), waived by the Board, or are deemed to have been satisfied under these Rules.

Satisfaction of Performance Criteria

- 1.4 The Board will determine in its sole discretion whether (and, where applicable, to what extent) the Holder has satisfied the Performance Criteria and/or Vesting Conditions (if any) applicable to the Performance Rights at the end of the Performance Period. As soon as practicable after making that determination the Board must allot and issue, or transfer, the number of Shares which the Holder is entitled to acquire upon satisfaction of the Performance Criteria and/or Vesting Conditions for the relevant number of Performance Rights held in accordance with clause 1.6.

Lapse of Performance Rights

- 1.5 Where Performance Rights have not satisfied the Performance Criteria within the Performance Period or Expiry Date (whichever occurs earlier) those Performance Rights will automatically lapse.

Timing of the Issue of Shares and Quotation

- 1.6 The Company must within twenty (20) business days after the later of the following:
- (a) the satisfaction of the Performance Criteria and/or Vesting Conditions (if any) applicable to the Performance Rights; and
 - (b) when excluded information in respect of the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information. If there is no such information, the relevant date will be the date the relevant Performance Criteria and/or Vesting Conditions are satisfied pursuant to clause 1.4,

the Company will:

- (c) allot and issue the Shares pursuant to the vesting of the Performance Rights;
 - (d) as soon as reasonably practicable and if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (e) apply for official quotation on ASX of Shares issued pursuant to the vesting of the Performance Rights.
- 1.7 Notwithstanding clause 1.6 above the Company's obligation to issue such Shares shall be postponed if the Holder at any time after the relevant Performance Criteria and/or Vesting Conditions are satisfied pursuant to clause 1.4 elects for the Shares to be issued to be subject to a holding lock for a period of twelve (12) months. Following any such election:
- (a) the Shares to be issued or transferred will be held by the Holder on the Company's issuer sponsored sub-register (and not in a CHESS sponsored holding);
 - (b) the Company will apply a holding lock on the Shares to be issued or transferred and the Holder is taken to have agreed to that application of that holding lock;
 - (c) the Company shall release the holding lock on the Shares on the earlier to occur of:
 - (i) the date that is twelve (12) months from the date of issue of the Share; or
 - (ii) the date the Company issues a disclosure document that qualifies the Shares for trading in accordance with section 708A(11) of the Corporations Act; or
 - (iii) the date a transfer of the Shares occurs pursuant to clause (d) of these terms and conditions; and

- (d) Shares shall be transferable by the Holder and the holding lock will be lifted provided that the transfer of the Share complies with section 707(3) of the Corporations Act and, if requested by the Company, the transferee of the Shares agrees by way of a deed poll in favour of the Company to the holding lock applying to the Shares following its transfer for the balance of the period in clause (c)(i).

Shares Issued

- 1.8 Shares issued on the satisfaction of the Performance Criteria and/or Vesting Conditions attaching to the Performance Rights rank equally with all existing Shares, including those Shares issued, directly, under the Plan.

Quotation of the Shares Issued on Exercise

- 1.9 If admitted to the official list of ASX at the time, the Company will apply to ASX for quotation of the Shares issued upon the vesting of the Performance Rights.

Reorganisation

- 1.10 If there is any reorganisation of the issued share capital of the Company, the terms of Performance Rights and the rights of the Holder who holds the Performance Rights will be varied, including an adjustment to the number of Performance Rights, in accordance with the Listing Rules that apply to the reorganisation at the time of the reorganisation.

Holder's Rights

- 1.11 The Holder who holds Performance Rights is not entitled to:
- (a) notice of, or to vote or attend at, a meeting of the Shareholders;
 - (b) receive any dividends declared by the Company;
 - (c) participate in any new issues of securities offered to Shareholders during the term of the Performance Rights; or
 - (d) cash for the Performance Rights or any right to participate in surplus assets or profits of the Company on winding up,

unless and until the Performance Rights are satisfied and the Holder holds Shares.

Pro Rata Issue of Securities

- 1.12 If during the term of any Performance Right, the Company makes a pro rata issue of securities to the Shareholders by way of a rights issue, the Holder shall not be entitled to participate in the rights issue in respect of any Performance Rights, only in respect of Shares issued in respect of vested Performance Rights.
- 1.13 The Holder will not be entitled to any adjustment to the number of Shares they are entitled to or adjustment to any Performance Criteria and/or Vesting Conditions which is based, in whole or in part, upon the Company's share price, as a result of the Company undertaking a rights issue.

Adjustment for Bonus Issue

- 1.14 If, during the term of any Performance Right, securities are issued pro rata to Shareholders generally by way of bonus issue, the number of Shares to which the Holder is then entitled, shall be increased by that number of securities which the Holder would have been issued if the Performance Rights then held by the Holder were vested immediately prior to the record date for the bonus issue.

Change of Control

- 1.15 For the purposes of these terms and conditions, a "**Change of Control Event**" occurs if:
- (a) the Company announces that its Shareholders have at a Court convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement (excluding a merger by way of scheme of arrangement for the purposes of a corporate restructure (including change of domicile, or any reconstruction, consolidation, sub-division, reduction or return) of the issued capital of the Company) and the Court, by order, approves the scheme of arrangement;
 - (b) a Takeover Bid:
 - (i) is announced;
 - (ii) has become unconditional; and
 - (iii) the person making the Takeover Bid has a Relevant Interest in fifty percent (50%) or more of the issued Shares;
 - (c) any person acquires a Relevant Interest in fifty and one-tenths percent (50.1%) or more of the issued Shares by any other means; or
 - (d) the announcement by the Company that a sale or transfer (in one transaction or a series of related transactions) of the whole or substantially the whole of the undertaking and business of the Company has been completed.
- 1.16 Where a Change of Control Event has (i) occurred or (ii) been announced by the Company and, in the opinion of the Board, will or is likely to occur, all granted Performance Rights which have not yet vested or lapsed shall automatically and immediately vest, regardless of whether any Performance Criteria or Vesting Conditions have been satisfied.

Quotation

- 1.17 The Company will not seek official quotation of any Performance Rights.

Performance Rights Not Property

- 1.18 The Holder's Performance Rights are personal contractual rights granted to the Holder only and do not constitute any form of property.

No Transfer of Performance Rights

- 1.19 Unless otherwise determined by the Board, Performance Rights cannot be transferred to or vest in any person other than the Holder.

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 email: voting@sovereignmetals.com.au

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 ☐ 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

(mark box)

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 Meeting of Sovereign Metals Limited to be held at the Conference Room, Ground Floor, 28 The Esplanade, Perth, Western Australia on Thursday, 12 September 2024 commencing at 10:00am (AWST) 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).

Important – If the Chairperson is your proxy or is appointed your proxy by default

The Chairperson intends to vote all available proxies in favour of all Resolutions. If the Chairperson is your proxy or is appointed your proxy by default, unless you indicate otherwise by ticking either the 'for', 'against' or 'abstain' box in relation to the Resolution, you will be expressly authorising the Chairperson to vote in accordance with the Chairperson's voting intentions on the Resolution even if the Resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel.

Step 2 – Instructions as to Voting on the Resolutions

INSTRUCTIONS AS TO VOTING ON THE RESOLUTIONS

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

	For	Against	Abstain*
Resolution 1 Issue of Advisory Shares			
Resolution 2 Issue of Performance Rights to a Director – Mr Benjamin Stoikovich			
Resolution 3 Issue of Performance Rights to a Director – Mr Frank Eagar			

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

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

Authorised signature/s

This section *must* be signed in accordance with the instructions below to enable your voting instructions to be implemented.

Individual or Shareholder 1 Shareholder 2 Shareholder 3

Sole Director and Sole Company Secretary Director 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 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 Share Registry.

Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) or an electronic 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 electronically by e-mail or 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 by email to voting@sovereignmetals.com.au or by 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 (AWST).