

## NOTICE TO SHAREHOLDERS FOR ENTITLEMENTS ISSUE

Sovereign Metals Limited ("**Sovereign**" or "**Company**") advises that the attached notices in respect to the Company's one for five non-renounceable entitlements issue ("**Offer**") have been sent to current eligible and non-eligible shareholders (as applicable) today.

Enquiries: Clint McGhie Company Secretary +61 8 9322 6322

13 March 2015

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MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

Dear Shareholder

## NON-RENOUNCABLE RIGHTS ISSUE

On 24 February 2015, Sovereign Metals Limited (**Company**) announced a non-renounceable pro rata offer of securities to its shareholders on the basis of one new share (**New Share**) for every five shares held at the record date, at an issue price of \$0.06 (**Offer**). If the Offer is fully subscribed a total of 20,768,065 New Shares will be issued.

The Offer is made to shareholders registered at 5.00pm WST on the record date of 18 March 2015 (**Record Date**).

Only shareholders with a registered address in Australia and New Zealand will be eligible to participate in the Offer (**Eligible Shareholders**).

The Offer is being made pursuant to a prospectus lodged with ASX Limited (**ASX**) and the Australian Securities and Investment Commission on 11 March 2015 (**Prospectus**) which is available on the Company's website [www.sovereignmetals.com.au](http://www.sovereignmetals.com.au) and on the ASX website at [www.asx.com.au](http://www.asx.com.au).

## Purpose of Offer

Successful completion of the Offer will raise approximately \$1,246,084 (before the costs of the Offer).

The funds raised pursuant to the Offer will allow the Company to continue exploration activities and to pursue a range of strategic discussions with potential partners for its graphite projects located in Malawi.

## Indicative Timetable

The timetable for the Offer is as follows:

Indicative Timetable*	Date
Lodgement of Prospectus with ASIC and ASX	11 March 2015
Notice of Offer sent to shareholders	13 March 2015
Shares quoted on an "EX" basis	16 March 2015
Record Date for determining Entitlements	18 March 2015
Prospectus and Entitlement and Acceptance Form despatched to shareholders	23 March 2015
Opening Date of Offer	23 March 2015
Closing Date of Offer**	10 April 2015
Securities quoted on a deferred settlement basis	13 April 2015
Notification of Shortfall	15 April 2015
Anticipated date for issue of the Securities and despatch of holder statements	17 April 2015

\* These dates are indicative only and subject to change.

\*\* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the Securities.

## Shortfall Offer

If all shareholders do not accept their full entitlement pursuant to the Offer, the Directors reserve the right, subject to any restrictions imposed by the Corporations Act 2001 (Cth) and the ASX Listing Rules, to issue any shortfall shares (**Shortfall Shares**) at their sole discretion.

The offer of the Shortfall Shares is a separate offer made pursuant to the Prospectus. The Shortfall Shares will be issued at a price of \$0.06, being the same terms as the New Shares issued to shareholders under the Offer.

The offer of Shortfall Shares will be made at the absolute discretion of the Directors. Eligible Shareholders do not apply for Shortfall Shares through oversubscriptions to their entitlement under the Offer. The Directors may determine, in their absolute discretion, to make the offer of Shortfall Shares available to some or all Eligible Shareholders.

## Prospectus

Details of the Offer are contained in the Prospectus. Eligible Shareholders should consider the Prospectus carefully before deciding whether to participate in the Offer and consult with their professional advisors if they have any queries.

Yours sincerely

A handwritten signature in black ink, appearing to read 'C McGhie', written in a cursive style.

**Clint McGhie**  
Company Secretary

«REG\_ADDRESS\_LINE\_1»  
«REG\_ADDRESS\_LINE\_2»  
«REG\_ADDRESS\_LINE\_3»  
«REG\_ADDRESS\_LINE\_4»  
«REG\_ADDRESS\_LINE\_5»  
«REG\_ADDRESS\_LINE\_6»

13 March 2015

Dear Shareholder

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Those shareholders whose address is outside Australia or New Zealand are not eligible to participate in the Offer (**Ineligible Shareholders**).

The Company has determined that it would be unreasonable on this occasion to extend participation in the Offer to Ineligible Shareholders having regard to:

- (a) the number Ineligible Shareholders;
- (b) the number and value of securities to be offered to Ineligible Shareholders; and
- (c) the cost to comply with overseas legal and regulatory requirements.

For your information only, details of the Offer are contained in the prospectus which has been lodged with ASX and ASIC on 11 March 2015 (**Prospectus**). The Prospectus is available on the Company's website [www.sovereignmetals.com.au](http://www.sovereignmetals.com.au) and on the ASX website at [www.asx.com.au](http://www.asx.com.au).

Yours sincerely



**Clint McGhie**  
Company Secretary