

PLACEMENT TO UK INVESTORS

Sovereign Metals Limited (**Sovereign** or the **Company**) (**ASX:SVM, AIM:SVML**) is pleased to announce that it has successfully completed a bookbuild and secured commitments for gross proceeds of £1 million (~A\$1.9 million) from UK investors following its recent listing on the AIM market of the London Stock Exchange (**Placement**).

The Placement will enhance the Company's shareholder base on the AIM market with the net proceeds to be used for further exploration activities in 2022 at Sovereign's globally significant Kasiya Rutile Project (**Kasiya** or the **Project**).

The recently announced results of Kasiya's initial Scoping Study demonstrate the potential for a multi-decade mine providing a stable, low carbon footprint supply of highly sought-after rutile and graphite. Results include a post-tax NPV₈ of US\$861m and IRR of 36% with average annual EBITDA over 25 year life-of-mine of US\$161m for a capital cost of US\$332m.

Several significant milestones targeted for first half of 2022 include potential significant growth in the Project's mineral resource estimate, revised life cycle assessment to quantify environmental benefits of Kasiya, and an updated scoping study.

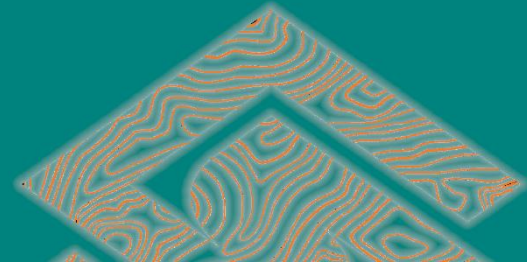
The Company's broker, Optiva Securities, acted as lead manager and bookrunner to the Placement.

ENQUIRIES

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Share Issue

The Company will issue 3,571,428 Ordinary Shares at an issue price of £0.28 (**Placing Shares**) on completion of the Placement. Additionally, the Company will issue 178,571 unlisted options (based on a fee of 5% on gross funds raised) with an exercise price of £0.28 expiring 3 years from issue date to Optiva Securities on completion of the Placement. Optiva Securities are also entitled to a 5% Placement commission on the funds raised by the Company.

Not for release in the United States

This announcement has been prepared for publication in Australia and may not be released in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.

Forward Looking Statement

This release may include forward-looking statements, which may be identified by words such as "expects", "anticipates", "believes", "projects", "plans", and similar expressions. These forward-looking statements are based on Sovereign's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Sovereign, which could cause actual results to differ materially from such statements. There can be no assurance that forward-looking statements will prove to be correct. Sovereign makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of that release.

Competent Person's Statement

*The information in this announcement that relates to Production Targets, Processing, Infrastructure and Capital and Operating Costs, is extracted from the announcement dated 16 December 2021 entitled 'Kasiya Scoping Study Confirms Globally Significant Natural Rutile Project' (**Announcement**). Sovereign confirms that: a) it is not aware of any new information or data that materially affects the information included in the announcement; b) all material assumptions and technical parameters underpinning the Production Target, and related forecast financial information derived from the Production Target included in the Announcement continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this presentation have not been materially modified from the Announcement.*

This announcement has been approved and authorised for release by the Company's Board of Directors.