

30 January 2023

Jenita Iyalu
Australia Securities Exchange
Level 40, Central Park
152-158 St Georges terrace
Perth WA 6000

By email: jenita.iyalu@asx.com.au

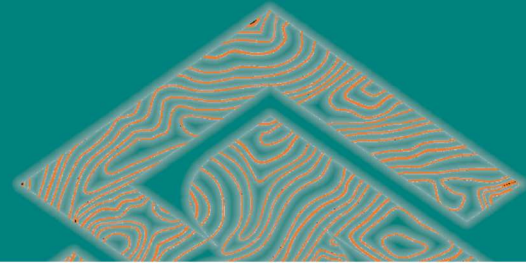
Dear Jenita,

Response to Price Query

In response to your correspondence dated 27 January 2023 regarding an increase in the Company's share price and in the volume of trading securities, the Company's response is as follows:

1. No, the Company is not aware of any information that has not been announced which, if known, could be an explanation for recent trading in the securities of the Company.
2. Not applicable.
3. The Company notes that:
 - (a) On 26 January 2023, Mkango Resources Limited (AIM/TSX-V: MKA) ("Mkango") announced the receipt of Environmental Social Health Impact Assessment ("ESHIA") approval from the Malawi Environmental Protection Authority ("MEPA") for their Songwe Hill Rare Earths Project. The approval of the ESHIA is a significant milestone in the Mining Development Agreement ("MDA") approvals process as it is fundamental requirement for obtaining a mining licence in Malawi.
 - (b) On 7 December 2022, the Company announced that the Company is to demerge its standalone Graphite Projects (being the Nanzeka, Malingunde, Duwi and Mabuwa Projects) into a wholly owned subsidiary, NGX Limited ("Demerger"). The Company expects to publish a Notice of Meeting for the Demerger in the coming weeks.
 - (c) In September 2022, the Company completed a 6,865 metre, 438-hole air-core and push-tube infill mineral resource drilling program at Kasiya Rutile Project ("Kasiya"). The infill drilling results from this program are consistent with previous announced drilling results (refer to announcements dated 08/09/2022 and 26/10/2022) and are confirmatory of these previous infill results released to the market. An updated Kasiya Mineral Resource Estimate is targeted for completion in Q1 2023.

The final infill drill hole was completed on 16/09/2022. The final batch of infill drill hole samples was sent to Australian laboratories on 9/11/2022. The final batch of assay results was received by the Company on 8/12/2022 but as stated above the results from the program are consistent with previous announced drilling results.



In any event, the Company has released the infill assay results following a request from ASX (see announcement entitled 'Kasiya Resource Infill Drilling Results' dated 30 January 2023).

The Company has strict procedures to maintain confidentiality of assay results with two directors and two senior management employees only having access to drill results prior to announcement drafting and circulation to the board for final approval.

4. The Company confirms that it is in compliance with the listing rules, in particular, Listing Rule 3.1.
5. The Company confirms that its responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Company with delegated authority from the board to respond to ASX on disclosure matters.

Yours faithfully

[sent electronically without signature]

Dylan Browne
Company Secretary



27 January 2023

Reference: ODIN66954

Mr Dylan Browne
Company Secretary
Sovereign Metals Limited

By email

Dear Mr Browne

Sovereign Metals Limited ('SVM'): Price – Query

ASX refers to the following:

A. The change in the price of SVM's securities as follows:

- a. close at \$0.395 on Tuesday, 24 January 2023;
- b. close at \$0.43 on Wednesday, 25 January 2023; and
- c. an intraday high of \$0.55 today.

B. The significant increase in the volume of SVM's securities traded from 24 January 2023 to 27 January 2023.

Request for information

In light of this, ASX asks SVM to respond separately to each of the following questions and requests for information:

1. Is SVM aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is "yes".
 - (a) Is SVM relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1? Please note that the recent trading in SVM's securities would suggest to ASX that such information may have ceased to be confidential and therefore SVM may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is "yes", you need to contact us immediately to discuss the situation.
 - (b) Can an announcement be made immediately? Please note, if the answer to this question is "no", you need to contact us immediately to discuss requesting a trading halt (see below).
 - (c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is "no", is there any other explanation that SVM may have for the recent trading in its securities?
4. Please confirm that SVM is complying with the Listing Rules and, in particular, Listing Rule 3.1.

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5. Please confirm that SVM's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of SVM with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **11 AM AWST Friday, 27 January 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, SVM's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require SVM to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in SVM's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in SVM's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to SVM's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that SVM's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Jenita Iyalu
Adviser, Listings Compliance