

AMENDMENTS TO DIRECTOR REMUNERATION

Sovereign Metals Limited (**Sovereign** or **the Company**) advises the following changes have been made to Key Management Personnel (**KMP**) remuneration.

Managing Director's Remuneration

- Base salary increased to A\$300,000 per annum (plus superannuation); and
- An annual bonus of up to A\$100,000 payable in two equal instalments upon successful completion of KPIs as determined by the Board.

The increase in remuneration is the result of increased activity surrounding the exploration and development of the Company's rutile projects in Malawi.

Implementation of Employee Equity Incentive Plan

A proposed Employee Equity Incentive Plan (**Plan**) will be put forward at the Company's forthcoming Annual General Meeting (**AGM**). The Notice of AGM that will be dispatched to all Shareholders will include resolutions to approve the issue of 3,000,000 Performance Rights to Managing Director, Dr Julian Stephens and 1,200,000 Performance Rights to Non-Executive Director, Mr Benjamin Stoikovich (and/or their nominees).

The Performance Rights are all subject to vesting conditions aligned to the exploration and development of the Company's assets.

The Plan is intended to assist the Company to attract and retain key staff, whether employees or contractors. The Board believes that grants made to eligible participants under the Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the Plan will:

- a) enable the Company to incentivise and retain existing key management personnel and other eligible employees and contractors needed to achieve the Company's business objectives;
- b) enable the Company to recruit, incentivise and retain additional key management personnel, and other eligible employees and contractors, needed to achieve the Company's business objectives;
- c) link the reward of key staff with the achievement of strategic goals and the long-term performance of the Company;
- d) align the financial interest of participants of the Plan with those of Shareholders; and
- e) provide incentives to participants under the Plan to focus on superior performance that creates Shareholder value.

ENQUIRIES

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This ASX announcement has been authorised for release by Sovereign Metals Limited's Company Secretary.