



6 February 2019

Dear Shareholder

INVITATION TO PARTICIPATE IN 2019 SHARE PURCHASE PLAN

The Company is pleased to offer Eligible Shareholders the opportunity to participate in the Company's share purchase plan (**Offer**). The Offer will give Eligible Shareholders the opportunity to apply for up to \$14,950 worth of New Shares at an issue price of A\$0.065 for each New Share (**Issue Price**) without incurring brokerage or other transaction costs.

The Issue Price represents a discount of 18% to the closing price of Shares and 11% to the 30-day volume weighted average market price of Shares on ASX immediately prior to 1 February 2019 (being the date on which the Company announced the Offer).

On 1 February 2019, the Company announced the Offer and a placement of new ordinary shares to investors in Australia and overseas to raise A\$4.3 million (**Placement**). The Company intends to use the proceeds of the Placement and Offer to expedite development of the Company's Malingunde Flake Graphite Project in Malawi, including further technical works, the definitive feasibility study and additional metallurgical and exploration activities for the recently discovered Rutile potential. Shareholders may wish to refer to the Company's announcements dated 24 January 2019 and 1 February 2019, available from www.asx.com.au or www.sovereignmetals.com.au for further details of the Rutile potential and the Placement, respectively.

The Company intends to raise up to A\$1 million from the Offer. However, the Company reserves absolute discretion regarding the final amount raised under the Offer. If total demand for the Offer exceeds A\$1 million, the Company reserves the right to close the Offer early and scale back applications in its absolute and sole discretion.

Participation in the Offer is optional. The issue of New Shares is expected to take place on or around 27 February 2019.

Participation and important dates in relation to the Offer

The Offer is offered exclusively to all Eligible Shareholders (including Custodians), being registered holders of Shares as at 5.00pm (Perth time) on 31 January 2019 (**Record Date**) with a registered address in Australia, New Zealand, the United Kingdom or Germany, and not resident or located in the United States of any other jurisdiction in or into which an offer of New Shares would be unlawful, who meet certain other conditions as expressly prescribed in the Terms & Conditions (**Eligible Shareholders**).

The Offer opens on 6 February 2019 and closes at 5:00pm (Perth time) on 20 February 2019.

The Company will not accept any late applications. However, the Directors reserve their right, subject to the Corporations Act and the ASX Listing Rules, to vary the closing date without prior notice, including closing the Offer early. Accordingly, the Directors encourage any Eligible Shareholders (including Custodians) wishing to participate in the Offer to lodge their Application Forms and/or remit their Application Monies as soon as possible. If the closing date is varied, subsequent dates may also be varied accordingly.

Subject to ASX Listing Rule 10.12 (Exception 8) being satisfied at the date of the issue of the New Shares, Directors who are Eligible Shareholders may participate in the Offer (without having to obtain prior Shareholder approval) on the same terms as all other Eligible Shareholders. Directors may apply to subscribe for up to the maximum number of New Shares permitted by the Terms & Conditions.

Offer

The Offer provides Eligible Shareholders with an opportunity to acquire a parcel of New Shares in the Company. Shareholders may apply for New Shares in the following amounts:

	Subscription Amount (A\$)	Number of Shares
Parcel A	1,950	30,000
Parcel B	4,875	75,000
Parcel C	9,750	150,000
Parcel D	13,000	200,000
Parcel E	14,950	230,000

The Company will not issue any fraction of New Shares. Eligible Shareholders applying for New Shares must pay all Application Monies in Australian dollars.

The Company reserves its right to issue fewer New Shares than an Eligible Shareholder applies for under the Offer or none at all and its right to scale back applications in such manner as the Directors see fit. Any determination by the Directors in respect of any scaling back or refusal of any application will be final. If a scale back occurs or the Company refuses an application, the Company will refund any excess Application Monies to the relevant Eligible Shareholders in full (without interest).

The Offer is not underwritten.

Pricing

The Issue Price of each New Share will be A\$0.065, which is the same price as shares issued pursuant to the Placement.

The market price of the Shares may rise or fall between the date of this document and the date that the Company issues New Shares to you under the Offer. This means that the price at which the Company issues New Shares to you may be greater or less than the prevailing market price of the Shares at the date of this document. Further, the Issue Price may exceed the price at which you would be able to buy Shares on the market at the same time that the Company issues New Shares to you under the Offer. We recommend that you seek financial advice from a suitably qualified adviser before you decide to participate in the Offer.

Shareholder approval

The Company will issue the New Shares pursuant to ASX Listing Rule 7.2 (Exception 15). Accordingly, Shareholder approval is not required for the issue of the New Shares under the Offer.

If required, the Company will scale back applications in such manner as the Directors see fit.

Application procedure

To apply for New Shares under the Offer, Eligible Shareholders may either:

- pay directly via BPAY® on the internet or by phone banking (for Shareholders with an eligible Australian bank account only); or

- complete and return their enclosed Application Form in accordance with the details on the form, together with a cheque, bank draft or money order drawn on an Australian bank in Australian dollars.

The Share Registry must receive Application Forms or the Company must receive BPAY® payments by no later than 5:00pm (Perth time) on 20 February 2019.

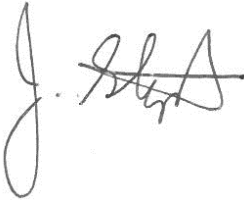
Terms & Conditions

Full details of the Offer are outlined in the attached Terms & Conditions. Before you decide whether to participate in the Offer, please read the Terms & Conditions carefully, as you will be bound by them.

If you have any questions in respect of the Offer, please contact the Company Secretary, Lachlan Lynch, by telephone on +61 8 9322 6322 or by email at info@sovereignmetals.com.au or consult your other professional or financial adviser.

On behalf of the board of directors, I would like to thank you for your continued support of the Company.

Yours faithfully

A handwritten signature in black ink, appearing to read 'J. Stephens', with a large, stylized initial 'J' on the left.

Julian Stephens
Managing Director
Sovereign Metals Limited

SHARE PURCHASE PLAN

IMPORTANT NOTICES

General

This document is dated 6 February 2019.

This document is not a prospectus and has not been lodged with ASIC. Accordingly, this document does not contain all the information that an investor would find in a prospectus or that may be required in order to make an informed investment decision regarding whether or not to invest in the New Shares offered by this document.

This document is important and requires your immediate attention. It should be read in its entirety. If you do not understand or are in doubt about the contents of this document, or the action you should take, you should consult your financial or other professional adviser without delay.

The market price of Shares may rise or fall between the date of this document and the date the Company issues New Shares to you. This means that up to or after the date on which the Company issues New Shares to you, you may be able to buy Shares on the market at a lower price than the Issue Price. The Company and its Directors do not offer any recommendation or advice regarding participation in the Offer.

This document does not, and is not intended to, constitute an Offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an Offer or to issue this document. No action has been taken to permit the Offer in any jurisdiction other than Australia, New Zealand, the United Kingdom and Germany to the extent set out in this document.

The distribution of this document in jurisdictions outside Australia, New Zealand, the United Kingdom and Germany may be restricted by law and therefore persons who come into possession of this document should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any other jurisdiction.

Application will be made for the New Shares to be quoted on ASX. The New Shares have not been and will not be registered under any other applicable securities laws and they may not, subject to certain exceptions, be offered or sold directly or indirectly within any jurisdiction outside Australia, New Zealand, the United Kingdom and Germany.

Capitalised terms in this document are defined in the Glossary.

United States

This document may not be released or distributed in the United States. The New Shares have not been and will not be registered under the US Securities Act 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States. The New Shares may not be offered, sold or otherwise transferred in the United States except in a transaction exempt from, or not subject to, the registration of the Securities Act and the applicable laws of any state or other jurisdiction in the United States.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in

whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to the Company.

European Economic Area - Germany

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area, from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in Germany except pursuant to one of the following exemptions under the Prospectus Directive as implemented in Germany:

- (a) to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments unless such entity has requested to be treated as a non-professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2014/65/EC, "MiFID II") and the MiFID II Delegated Regulation (EU) 2017/565;
- (b) to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) unless such entity has requested to be treated as a non-professional client in accordance with MiFID II and the MiFID II Delegated Regulation (EU) 2017/565;
- (c) to any person or entity who has requested to be treated as a professional client in accordance with MiFID II;
- (d) to any person or entity who is recognised as an eligible counterparty in accordance with Article 30 of the MiFID II unless such entity has requested to be treated as a non-professional client in accordance with the MiFID II Delegated Regulation (EU) 2017/565;
- (e) to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Company; or
- (f) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of entitlements or New Shares shall result in a requirement for the publication by the Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

No Recommendation

The information in this document is not a recommendation to accept the Offer and does not constitute financial advice. Eligible Shareholders should therefore conduct their own investigations, assessment and analysis of the Company and its operations and prospects and must base their investment decision solely on those investigations and that assessment and analysis.

If, after reading this document, Eligible Shareholders have any questions regarding the Offer, they should contact their financial or other professional adviser before deciding whether to accept the Offer.

KEY DATES*

Details	Date
Record Date The date on which the Company determines Eligible Shareholders	5:00pm (Perth time) on 31 January 2019
Dispatch Date The date on which this document and the Application Forms are dispatched to Eligible Shareholders	6 February 2019
Opening Date The date on which the Offer opens	6 February 2019
Closing Date The date on which the Offer closes Applications and payments must be received by this date	5:00pm (Perth time) on 20 February 2019
Issue Date The date New Shares are intended to be issued	27 February 2019
Quotation of New Shares on ASX	28 February 2019
Dispatch of Holding Statements	1 March 2019

*The above dates are indicative only and, subject to compliance with applicable law, may be changed at the Company's discretion. Any changes will be advised to ASX.

TERMS & CONDITIONS

The following are the terms and conditions of the Offer. By accepting the Offer, you agree to be bound by these Terms & Conditions and the constitution of the Company.

1. ASIC Class Order 09/425

The Offer is offered in compliance with ASIC Class Order 09/425. ASIC Class Order 09/425 provides relief from the requirement for the Company to provide a prospectus when offering shares to existing shareholders of a company pursuant to a share purchase plan.

2. Opening Date and Closing Date of the Offer

The Offer opens on 6 February 2019 (**Opening Date**).

The Offer closes at 5:00pm (Perth time) on 20 February 2019 (**Closing Date**).

The Company will not accept late applications. However, the Directors reserve their right, subject to the Corporations Act and the ASX Listing Rules, to vary the Closing Date without prior notice including closing the Offer early. Accordingly, the Directors encourage any Eligible Shareholders (including Custodians) wishing to participate in the Offer to lodge their Application Forms and/or remit their Application Monies as soon as possible. If the Closing Date is varied, subsequent dates may also be varied accordingly.

3. Who is eligible to participate in the Offer?

You are eligible to apply for New Shares under the Offer if you were registered as a holder of Shares as at the Record Date on the Register and if your registered address, as recorded in the Register, is in Australia, New Zealand, the United Kingdom and Germany and you are not resident or located in the United States or any other jurisdiction in or into which an offer of New Shares would be unlawful.

The Offer to each Eligible Shareholder is made on the same terms and conditions.

Your rights under the Offer are personal to you and the Offer is non-renounceable (i.e. you may not transfer your right to subscribe for New Shares to anyone else).

4. Shareholder approval

The Company will issue the New Shares under ASX Listing Rule 7.2 (Exception 15). Accordingly, Shareholder approval is not required for the issue of the New Shares pursuant to the Offer.

If required, the Company will scale back applications in such manner as the Directors see fit.

5. Voluntary participation

The Offer is entirely voluntary and is subject to the Terms & Conditions. You are not obliged to participate in the Offer.

6. Issue Price

The Issue Price for each New Share will be A\$0.065 being a discount of 18% to the closing price of Shares and 11% to the 30-day volume weighted average market price of Shares on ASX immediately prior to 1 February 2019 (being the date on which the Company announced the Offer).

7. Important information on price risk to consider

Before deciding whether to accept the Offer, you should refer to the current market price of the Shares, which can be obtained from the financial pages of most major daily newspapers, your stockbroker, your financial adviser, or ASX.

Subscription for New Shares is a speculative investment and the market price may change between the date you apply for New Shares and the issue of New Shares to you. Accordingly, the value of New Shares applied for is likely to rise or fall. Importantly, there is a risk that during the period between when the Issue Price is determined and when the New Shares are issued to you, the price at which Shares are traded on ASX may be less than the Issue Price. You must rely on your own knowledge of the Company and previous disclosures made by the Company to ASX (including disclosure regarding risks of making an investment in the Company). ***In determining whether you wish to participate in the Offer and the extent to which you participate, you should seek your own personal financial and/or taxation advice referable to your personal circumstances.***

8. How much can you invest in the Offer?

Subject to paragraph 11, if you are an Eligible Shareholder, you may subscribe for a maximum of \$14,950 worth of New Shares.

There is a minimum amount for which you may subscribe under the Offer which is \$1,950 worth of New Shares.

The following parcels of New Shares are available under the Offer:

	Subscription Amount (A\$)	Number of Shares
Parcel A	1,950	30,000
Parcel B	4,875	75,000
Parcel C	9,750	150,000
Parcel D	13,000	200,000
Parcel E	14,950	230,000

The maximum limit of \$14,950 worth of New Shares applies to you even if you receive more than one Offer. For example, if as at the Record Date, you are both a sole and a joint Shareholder, you can only apply for New Shares once, either in your capacity as sole Shareholder or joint Shareholder, not both.

The Company will not issue any fraction of New Shares. Eligible Shareholders applying for New Shares must pay all Application Monies in Australian dollars.

No brokerage, stamp duty or other costs are payable by applicants in respect of an application for New Shares.

9. Scale Back or refusal of application

The Company intends to raise up to \$1 million by the issue of New Shares. However, if total demand for the offer exceeds \$1 million, the Directors may in their absolute discretion, undertake a scale back to the extent and in the manner they see fit.

If there is a scale back, you may not receive all the New Shares for which you have applied. If a scale back produces a fractional number when applied to the number of New Shares for which you have applied, the number of New Shares issued to you will be rounded down to the nearest whole number of New Shares.

If there is a scale back, the difference between the Application Monies received from you, and the number of New Shares issued to you multiplied by the Issue Price, will be refunded to you in full (without interest and at your sole risk).

The Directors reserve their right (in their absolute discretion) to refuse an Application Form (in whole or in part) if they consider that:

- (a) it is reasonable and prudent to do so;
- (b) the applicant is not an Eligible Shareholder;
- (c) the issue of those New Shares may contravene any applicable law, rule or regulation in any jurisdiction (including without limitation the Corporations Act or the ASX Listing Rules) or the requirements of any regulatory or governmental body or may require further action to be taken by the Company including, without limitation, registration of Shares or the preparation of a prospectus in any jurisdiction; or
- (d) the applicant has not otherwise complied with the Terms & Conditions.

If an Application Form is refused in whole or in part, the Application Monies will be returned to the applicant in full (without interest and at the applicant's sole risk).

All Directors' decisions in connection with a scale back or refusal of an application are final.

10. Shortfall

The Offer is not underwritten.

Subject to the ASX Listing Rules, the Directors reserve their right to place any shortfall under the Offer at their absolute discretion at a price not less than the Issue Price.

11. Custodian certification

If on the Record Date you are a Custodian and hold Shares on behalf of one or more persons each of whom is an Eligible Shareholder (each, a **Participating Beneficiary**), the Offer is made to you and you have the discretion whether to extend the Offer to the Participating Beneficiaries. You may apply up to a maximum of \$14,950 worth of New Shares for each Participating Beneficiary.

The Company can only issue to a Custodian Shares up to the value \$14,950 in a 12-month period unless the Custodian certifies in writing (**Custodian Certificate**):

- (a) either or both of the following:
 - (i) that the Custodian holds Shares on behalf of one or more Participating Beneficiaries that are not Custodians; and
 - (ii) that another Custodian (**Downstream Custodian**) holds beneficial interests in Shares on behalf of one or more Participating Beneficiaries, and the Custodian holds the Shares to which those beneficial interests relate on behalf of the Downstream Custodian or another Custodian,

on the Record Date and that each Participating Beneficiary has subsequently instructed the following persons:

- (iii) where paragraph 11(a)(i) applies – the Custodian; and
- (iv) where paragraph 11(a)(ii) applies – the Downstream Custodian,

to apply for New Shares on their behalf under the Offer;

- (b) the number of Participating Beneficiaries;
- (c) the name and address of each Participating Beneficiary;
- (d) in respect of each Participating Beneficiary:
 - (i) where paragraph 11(a)(i) applies, the number of Shares that the Custodian holds on their behalf; and
 - (ii) where paragraph 11(a)(ii) applies, the number of Shares to which the beneficial interests relate;
- (e) in respect of each Participating Beneficiary:
 - (i) where paragraph 11(a)(i) applies, the number or the dollar amount of New Shares they instructed the Custodian to apply for on their behalf; and
 - (ii) where paragraph 11(a)(ii) applies, the number or the dollar amount of New Shares they instructed the Downstream Custodian to apply for on their behalf;
- (f) there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds \$14,950:
 - (i) the New Shares applied for by the Custodian on their behalf under the Offer in accordance with the instructions in paragraph 11(e); and
 - (ii) any other Shares issued to the Custodian in the 12 months before the application under the Offer as a result of an instruction given by them to the Custodian or Downstream Custodian to apply for Shares on their behalf under an arrangement similar to the Offer;
- (g) that a copy of this document was given to each Participating Beneficiary; and
- (h) where paragraph 11(a)(ii) applies, the name and address of each Custodian who holds beneficial interests in the Shares held by the Custodian in relation to each Participating Beneficiary.

In providing a Custodian Certificate under this paragraph 11, the Custodian may rely on information provided to it by the Participating Beneficiary and any Custodian who holds beneficial interests in the Shares held by the Custodian.

If the Company is not satisfied with the Custodian Certificate (for whatever reason), the Company will not issue any New Shares to the Custodian on behalf of the relevant Participating Beneficiaries.

If you require a Custodian Certificate or require further information about the Custodian application process, you should contact the Share Registry.

If you hold Shares as a trustee or nominee for another person, but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings set out in paragraph 8 apply.

12. Effect of making an application and Shareholder certification

Subject to paragraph 11 above, if you submit a BPAY® payment or complete and return an Application Form together with a cheque, bank draft or money order (as applicable), you:

- (a) will be deemed to have warranted and represented that you are an Eligible Shareholder and are eligible to participate in the Offer;

- (b) irrevocably and unconditionally agree to the Terms & Conditions and the terms of the Application Form;
- (c) acknowledge that your application will be irrevocable and unconditional;
- (d) certify and represent to the Company that you have not applied for more than \$14,950 worth of New Shares;
- (e) certify that the total of the application price for the following does not exceed \$14,950 (irrespective of whether you may have received more than one Offer or received Offers in more than one capacity):
 - (i) the New Shares the subject of your application under the Offer;
 - (ii) any other New Shares issued to you under the Offer or any other Shares issued to you under any similar arrangement in the 12 months before the application under the Offer (excluding Shares applied for but not issued);
 - (iii) any other New Shares which you have instructed a Custodian to acquire on your behalf under the Offer; and
 - (iv) any other Shares issued to a Custodian under an arrangement similar to the Offer in the 12 months before the application under the Offer as a result of an instruction you have given to a Custodian;
- (f) agree to be bound by the Company's constitution; and
- (g) will be deemed to have made the following declarations and representations:
 - (i) you acknowledge that the New Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdictions of the United States, or in any other jurisdiction outside Australia, New Zealand, United Kingdom and Germany and, accordingly the New Shares may not be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or other jurisdiction in the United States;
 - (ii) you are purchasing New Shares outside the United States in an "offshore transaction" (as defined in Rule 902(h) under the Securities Act);
 - (iii) you represent and warrant that you are not in the United States and are not acting for the account or benefit of a person in the United States;
 - (iv) you agree not to send this document, the Application Form or any other material relating to the Offer to any person in the United States;
 - (v) you agree that if in the future you decide to sell or otherwise transfer the New Shares you will only do so in "regular way" transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, in the United States; and
 - (vi) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Application Form is resident in Australia, New Zealand, the United Kingdom or Germany and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent and will not send, this document, the Application Form or any information related to the Offer to any such person.

13. Transaction costs

The only cost associated with the Offer is the Issue Price for the number of New Shares for which you wish to subscribe. You do not have to pay for brokerage, commission or other transaction costs which would normally apply when you acquire Shares on market.

14. Issue of New Shares and variation on number of New Shares issued

The New Shares will be issued on the Issue Date.

The Share Registry will send to you a holding statement in due course following the Issue Date.

If an Application Form is refused in whole or in part, the Application Monies will be returned to the applicant in full without interest and the applicant's sole risk.

15. What rights will the New Shares carry?

Once the New Shares are issued, they will rank equally with existing Shares and will carry the same voting rights, dividend rights and other entitlements.

16. Can the Company change, suspend or terminate the Offer?

The Company may at any time change, suspend or terminate the Offer. If the Company changes, suspends or terminates the Offer it will advise ASX. The accidental omission to give notice of changes to or suspension or termination of the Offer or the non-receipt of any such notice will not invalidate the change, suspension or termination.

17. Directors' participation

Subject to ASX Listing Rule 10.12 (Exception 8) being satisfied at the date of the issue of the New Shares, Directors who are Eligible Shareholders may (without having to obtain prior Shareholder approval), participate in the Offer, on the same terms as all other Eligible Shareholders.

18. How do you pay for the New Shares?

All amounts in the Offer are expressed in Australian dollars. You must pay for the New Shares either by:

- (a) BPAY® payment via internet or phone banking. You must also quote your reference number which is on the Application Form. If you use this method, you should be aware of your financial institution's cut-off time. It is your responsibility to ensure funds are submitted correctly by the Closing Date; or
- (b) cheque, bank draft or money order in Australian dollars. Please make your cheque, bank draft or money order payable to "**Sovereign Metals Limited**" and ensure that cheques are crossed "**Not Negotiable**".

New Zealand, the United Kingdom and Germany shareholders are not able to make a BPAY payment.

19. Please provide a cheque, bank draft or money order for the exact amount

If you have not elected to pay by BPAY® and you do not provide the exact amount, the Company reserves its right to return your Application Form and cheque, bank draft or money order. If the Company returns your Application Form and cheque, bank draft or money order, no New Shares will be issued to you.

If you make a BPAY® payment and do not provide the exact amount, you will, subject to the Terms & Conditions, be deemed to have applied for such New Shares for which you have paid.

20. Dispute resolution

The Company may settle any dispute in connection with the Offer in any manner it thinks fit, whether generally or in relation to any participant, application or Share. The Company's decision will be final and binding.

The Company reserves its right to waive strict compliance with any provision of the Terms & Conditions.

21. Quotation and registration of your Shares

The Company will apply for the New Shares issued to you to be quoted on ASX within the relevant period required by the ASX Listing Rules.

The Company participates in CHESS. Under CHESS, you will not receive a share certificate but will receive a statement of your holding of Shares. The CHESS statement will prescribe the number of New Shares issued pursuant to the Offer, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the New Shares.

If you are broker sponsored, ASX Settlement will send you a CHESS statement.

If you are registered on the Issuer Sponsored Subregister, the Share Registry will dispatch your statement, which will contain the number of New Shares issued to you under the Offer and your security holder reference number.

22. Privacy

By receiving completed Application Forms, the Company collects personal information about Shareholders. The Company will use this information for the purposes of processing the Application Form and updating the records of the Company. To the extent restricted by law, the Company will not disclose personal information about a Shareholder to a third party. To the extent permitted by law, Shareholders are able to access, upon request, personal information about them by the Company.

23. Governing law and jurisdiction

These Terms & Conditions are governed by the laws in force in Western Australia. Any dispute arising out of or in connection with these Terms & Conditions, or the offer of New Shares, will be determined by the courts of Western Australia. By accepting this offer, you agree to submit to the non-exclusive jurisdiction of the courts in Western Australia.

GLOSSARY

\$ means Australian dollars.

Application Form means the application form accompanying this document.

Application Monies means monies paid by Eligible Shareholders in respect of New Shares the subject of an application pursuant to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASIC Class Order 09/425 means ASIC Class Order [CO 09/425] issued by ASIC (as amended from time to time).

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules means the official listing rules of ASX (as amended from time to time).

ASX Settlement means ASX Settlement Pty Limited (ACN 008 504 532).

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement.

Closing Date has the meaning given in paragraph 2 of the Terms & Conditions.

Company means Sovereign Metals Limited ACN 120 833 427.

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

Custodian has the meaning given in ASIC Class Order 09/425, being a person:

- (a) that holds an Australian financial services licence that:
 - (i) covers the provision of a custodial or depositary service; or
 - (ii) covers the operation of an IDPS (as defined in ASIC Class Order [CO 13/763]); or
- (b) that is exempt under:
 - (i) paragraph 7.6.01(1)(k) of the Corporations Regulations 2001 (the **Regulations**); or
 - (ii) paragraph 7.6.01(1)(na) of the Regulations; or
 - (iii) ASIC Class Order [CO 14/1000] or ASIC Class Order [CO 14/1001]; or
 - (iv) Schedule 2 to the ASIC Corporations (Repeal and Transitional) Instrument 2016/396; or
 - (v) an instrument, not being a legislative instrument, made by ASIC and which applies to the person on terms similar to Schedule 2 of the legislative instrument referred to in subparagraph (ii) or any of the ASIC Class Orders repealed by that legislative instrument; or
 - (vi) paragraph 911A(2)(h) of the Act;

from the requirement to hold an Australian financial services licence for the provision of a custodial or depositary service; or

- (c) that is a trustee of a:
 - (i) self-managed superannuation fund; or
 - (ii) superannuation master trust; or
- (d) that is the responsible entity of an IDPS-like scheme; or
- (e) that is the registered holder of shares or interests in the class and is noted on the register of members of the body or scheme (as the case may be) as holding the shares or interests on account of another person.

Custodian Certificate has the meaning given to that term in paragraph 11 of the Terms & Conditions.

Directors means the directors of the Company from time to time.

Downstream Custodian has the meaning given to that term in paragraph 11 of the Terms & Conditions.

Eligible Shareholder has the meaning given in the Letter.

Issue Date means the date on which New Shares will be issued, which as at the date of this document is expected to be 27 February 2019.

Issue Price has the meaning given in the Letter.

Issuer Sponsored Subregister means that part of the register for a class of the Company's securities for which CHESS approval has been given in accordance with the operating rules of ASX Settlement that is administered by the Company (and not by ASX Settlement) and that records uncertificated holdings of securities.

Letter means the letter addressed to Shareholders from the Company, dated 6 February 2019.

New Shares means the Shares to be issued to Eligible Shareholders who accept the Offer.

Offer has the meaning given in the Letter.

Opening Date has the meaning given in paragraph 2 of the Terms & Conditions.

Participating Beneficiary has the meaning given to that term in paragraph 11 of the Terms & Conditions.

Record Date has the meaning given in the Letter.

Register means the share register maintained by or on behalf of the Company.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Computershare Australia.

Shareholder means a registered holder of Shares.

Terms & Conditions means the terms and conditions of the Offer as expressly prescribed in this document.



SOVEREIGN METALS LIMITED

ABN 71 120 833 427

For all enquiries:

Phone:



Sovereign Metals Limited +61 8 9322 6322



Email:

info@sovereignmetals.com.au

SVM


MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Make your payment:



See overleaf for details of the Offer and how to make your payment

Share Purchase Plan Application Form

 **Your payment must be received by 5:00pm (Perth time) on 20 February 2019**

This is an important document that requires your immediate attention.

It can only be used in relation to the shareholding represented by the details printed overleaf. If you are in doubt about how to deal with this form, please contact your financial or other professional adviser.

By making payment you agree to be bound by the Constitution of Sovereign Metals Limited and that the submission of this payment constitutes an irrevocable offer by you to subscribe for Sovereign Metals Limited shares on the terms of the Share Purchase Plan (SPP).

In addition, by making payment you certify that the aggregate of the application price paid by you for:

- the New Shares, subject of the payment slip overleaf; and
- any other shares and interests in the class applied for by you under the SPP or any similar arrangement in the 12 months prior to the date of submission of the payment, does not exceed \$14,950.

Sovereign Metals Limited may make determinations in any manner it thinks fit in relation to any difficulties which may arise in connection with the SPP, whether generally or in relation to any participant or application.

Any determinations by Sovereign Metals Limited will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates. Sovereign Metals Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions or to suspend or terminate the SPP at any time. Any such amendment, suspension or termination will be binding on all Eligible Shareholders even where Sovereign Metals Limited does not notify you of that event.

Step 1: Registration Name & Offer Details

Details of the shareholding and the Offer are shown overleaf.

Please check the details provided and update your address via www.investorcentre.com if any of the details are incorrect.

If you have a CHESS sponsored holding, please contact your Controlling Participant to notify a change of address.

Step 2: Make Your Payment

Your payment must correspond to one of the options detailed overleaf. You may choose one option only. Note that the amount chosen may be subject to scale back in accordance with the terms of the SPP.

Choose one of the payment methods shown below.

BPAY®: See overleaf. Do not return the payment slip with BPAY payment.

By Mail: Complete the reverse side of this payment slip and detach and return with your payment. Make your cheque, bank draft or money order payable in Australian dollars to "**Sovereign Metals Limited**" and cross "**Not Negotiable**". The cheque must be drawn from an Australian bank. Cash is not accepted.

Payment will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques received may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the payment slip. Receipts will not be forwarded. Funds cannot be debited directly from your account.

Entering your contact details is not compulsory, but will assist us if we need to contact you.

Sovereign Metals Limited Share Purchase Plan Application Form
Payment must be received by 5:00pm (Perth time) on 20 February 2019

© Registered to BPAY Pty Limited ABN 69 079 137 518


Turn over for details of the Offer →

Share Purchase Plan Application Form

X 9999999991

IND

STEP 1 Registration Name & Offer Details

 For your security keep your SRN/
HIN confidential.

Registration Name: MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Entitlement No: 12345678

Offer Details: Record date: **5.00pm (Perth time) on 31 January 2019**


Minimum value available to purchase: **\$1,950**

Maximum value available to purchase: **\$14,950**

STEP 2 Make Your Payment

 Biller Code: 294348
Ref No: 1234 5678 9123 4567 89

Pay by Mail:

 Make your cheque, bank draft or money order payable to "**Sovereign Metals Limited**" and cross "**Not Negotiable**".

Return your cheque with the below payment slip to:
Computershare Investor Services Pty Limited
GPO BOX 505 Melbourne Victoria 3001 Australia

Contact your financial institution to make your payment from your cheque or savings account.

Lodgement of Acceptance

If you are applying for New Shares and your payment is being made by BPAY, you do not need to return the payment slip below. Your payment must be received by no later than 5:00pm (Perth time) on 20 February 2019. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. Neither Computershare Investor Services Pty Limited (CIS) nor Sovereign Metals Limited accepts any responsibility for loss incurred through incorrectly completed BPAY payments. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order the payment slip below must be received by CIS by no later than 5:00pm (Perth time) on 20 February 2019. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for shareholders in Australia. Other Eligible Shareholders will need to affix the appropriate postage. Return the payment slip below with cheque attached. Neither CIS nor Sovereign Metals Limited accepts any responsibility if you lodge the payment slip below at any other address or by any other means.

Privacy Notice

The personal information you provide on this form is collected by Computershare Investor Services Pty Limited (CIS), as registrar for the securities issuers (the issuer), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. In addition, the issuer may authorise us on their behalf to send you marketing material or include such material in a corporate communication. You may elect not to receive marketing material by contacting CIS using the details provided above or emailing privacy@computershare.com.au. We may be required to collect your personal information under the Corporations Act 2001 (Cth) and ASX Settlement Operating Rules. We may disclose your personal information to our related bodies corporate and to other individuals or companies who assist us in supplying our services or who perform functions on our behalf, to the issuer for whom we maintain securities registers or to third parties upon direction by the issuer where related to the issuer's administration of your securityholding, or as otherwise required or authorised by law. Some of these recipients may be located outside Australia, including in the following countries: Canada, India, New Zealand, the Philippines, the United Kingdom and the United States of America. For further details, including how to access and correct your personal information, and information on our privacy complaints handling procedure, please contact our Privacy Officer at privacy@computershare.com.au or see our Privacy Policy at <http://www.computershare.com/au>.

Detach here

Purchase Details for Sovereign Metals Limited (choose one option)

\$1,950 worth of securities OR \$4,875 worth of securities OR \$9,750 worth of securities
 \$13,000 worth of securities OR \$14,950 worth of securities



Entitlement No: 12345678

Payment must be received by 5:00pm (Perth time) on 20 February 2019

MR SAM SAMPLE
123 SAMPLE STREET
SAMPLETOWN VIC 3000

Contact Details

Contact Name _____ Daytime Telephone _____

Cheque Details

Drawer	Cheque Number	BSB Number	Account Number	Amount of Cheque
				A\$

123456789123456789+0000000001-3051+14