



SOVEREIGN
METALS LIMITED

SOVEREIGN METALS LIMITED

ABN 71 120 833 427

SHORT FORM PROSPECTUS

For the offer to Eligible Shareholders of Sovereign Metals Limited of an in-specie distribution of 42,806,820 NGX Shares on a pro-rata basis of one (1) new NGX Share for every eleven (11) Shares held on the Record Date (**Offer**).

The Offer is subject to Sovereign obtaining Shareholders' approval of the Demerger at the Meeting.

IMPORTANT NOTICE

This Prospectus is important and requires your immediate attention. You should read this Prospectus in its entirety and consult your professional adviser in respect of the contents of this Prospectus.

This Prospectus is a short form prospectus prepared in accordance with section 712 of the Corporations Act. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with ASIC, the contents of which are therefore taken to be included in this Prospectus.

The Directors consider an investment in the NGX Shares offered under this Prospectus to be speculative.

The content of this document has not been approved by the London Stock Exchange, the Financial Conduct Authority in the UK (**FCA**) or any authorised person in the UK within the meaning of the Financial Services and Markets Act 2000 (**FSMA**). This document is neither an admission document for the purposes of the AIM Rules for Companies nor an approved prospectus for the purposes of and as defined in section 73A of FSMA and has not been approved by the FCA.

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Important Information

General

This Prospectus is dated 15 February 2023 and a copy of this Prospectus was lodged with ASIC on that date. ASIC, ASX and AIM take no responsibility for the content of this Prospectus, or the merits of the investment to which this Prospectus relates.

No NGX Shares may be offered or transferred on the basis of this Prospectus later than 13 months after the date of this Prospectus, being the expiry date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

This Prospectus, including the Notice of Meeting which is incorporated by reference into this Prospectus, is important and should be read in its entirety. If you do not fully understand this Prospectus or are in any doubt as to how to deal with it, you should consult your professional adviser.

The NGX Shares which are the subject of this Prospectus should be considered speculative. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to lodge or register this Prospectus in any jurisdiction other than Australia.

In making representations in this Prospectus, regard has been given to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to Shareholders and professional advisers whom Shareholders may consult.

Independent advice

If you are uncertain about the terms and conditions of the Offer, you should seek the advice of an appropriately qualified financial adviser.

No ASX listing

NGX is an unlisted public company. NGX Shares will not be listed on the ASX or any other securities exchange upon issue.

Past performance information

This Prospectus includes information regarding past performance of NGX. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

Defined terms

Terms not defined in this Prospectus have the same meanings as used in the Notice of Meeting.

Short Form Prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means this Prospectus alone does not contain all the information that is generally required to satisfy the disclosure requirements of the Corporations Act. Rather, it incorporates all other necessary information by reference to information contained in the Notice of Meeting lodged with ASIC on 15 February 2023.

In referring to the Notice of Meeting, the Company:

- identifies the Notice of Meeting as being relevant to the offer of NGX Shares under this Prospectus and contains information that will assist Shareholders and their professional advisers in making an informed assessment of:
 - the rights and liabilities attaching to the NGX Shares; and
 - the assets and liabilities, financial position and performance, profits and losses and prospects of NGX;
- refers Shareholders and their professional advisers to this Prospectus which summarises the material information in the Notice of Meeting deemed to be incorporated in this Prospectus;
- informs Shareholders and their professional advisers that they are able to obtain, free of charge, a copy of the Notice of Meeting by contacting the Company at its registered office during normal business hours during the offer period; and
- advises that the information in the Notice of Meeting will be primarily of interest to Shareholders and their professional advisers or analysts.

Exposure period

The Corporations Act prohibits the Company from transferring NGX Shares in the seven (7) day period after the date of lodgement of this Prospectus. This period may be extended by ASIC by up to a further seven days. This period is an exposure period to enable this Prospectus to be examined by market participants prior to the transfer of the NGX Shares.

Given the Meeting will be held on 17 March 2023 and the Distribution will occur sometime after that date, the exposure period will be expired by the time any NGX Shares are transferred pursuant to the Distribution.

Forward-looking statements

This Prospectus may contain forward-looking statements which are identified by words such as 'may', 'should', 'will', 'expect', 'anticipate', 'believes', 'estimate', 'intend', 'scheduled' or 'continue' or other similar words. Such statements and information are subject to risks and uncertainties and a number of assumptions, which may cause the actual results or events to differ materially from the expectations described in the forward-looking statements or information.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties, many of which are outside the Company's control. Those risks and uncertainties include factors and risks specific to the Company and NGX such as (without limitation) the status of exploration and mining applications and licences and the risks associated with the non-grant or expiry of those applications and licences, liquidity risk, risks associated with the exploration or developmental stage of projects, funding risks, operational risks, changes to Government fiscal, monetary and regulatory policies, the impact of actions of Governments, the potential difficulties in enforcing agreements, protecting assets, increases in costs of transportation and shipping of international operations, alterations to resource estimates and the imprecise nature of resource and reserve statements, any circumstances adversely affecting areas in which the Company operates, fluctuations in the production, volume and price of commodities, any imposition of significant obligations under environmental regulations, fluctuations in exchange rates, the fluctuating industry and commodity cycles, the impact of inflation on operating and development costs, taxation, regulatory issues and changes in law and accounting policies, the adverse impact of wars, terrorism, political, economic or natural disasters, the impact of changes to interest rates, loss of key personnel and delays in obtaining or inability to obtain any necessary Government and

regulatory approvals, insurance and occupational health and safety.

Whilst the Company considers the expectations reflected in any forward-looking statements or information in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors outlined Schedule 4 of the Notice of Meeting, as well as other matters not yet known to the Company or not currently considered material to NGX, may cause actual events to be materially different from those expressed, implied or projected in any forward-looking statements or information. Any-forward looking statement or information contained in this Prospectus is qualified by this cautionary statement.

1 Offer

1.1 Terms and conditions of the Offer

The terms and conditions of the Offer are set out in the Notice of Meeting accompanying this Prospectus.

The Demerger Resolution of the Notice of Meeting is as follows:

"That for the purposes of sections 256B and 256C of the Corporations Act, Listing Rule 11.4 and for all other purposes, Shareholders approve the reduction of the capital of the Company by an amount equal to the value of 42,806,820 NGX Shares, with the reduction to be effected and satisfied by returning to all Shareholders at the Record Date on a pro rata basis an in-specie distribution of 42,806,820 NGX Shares, and on the terms and conditions set out in the Explanatory Memorandum."

Pursuant to the Demerger Resolution, the Company is inviting Shareholders to vote on an equal capital reduction to be effected by way of the Distribution of NGX Shares to Eligible Shareholders.

The Distribution will only proceed if the Demerger Resolution is passed by Shareholders.

ASIC Regulatory Guide 188 provides that the invitation to vote on the Demerger Resolution of the Notice of Meeting constitutes an offer to transfer the NGX Shares for the purposes of section 707(3) of the Corporations Act. Accordingly, the Company has prepared this Prospectus.

Each Eligible Shareholder's name will be entered on the register of members of NGX with each Shareholder having deemed to have consented to becoming a NGX Shareholder and being bound by its constitution.

The Distribution of NGX Shares following the Capital Reduction to Eligible Shareholders with registered addresses overseas is subject to legal and regulatory requirements in those relevant overseas jurisdictions. Eligible Shareholders should refer to the Foreign Jurisdiction Restrictions in Section 5.3 of the Notice of Meeting.

The Company has determined that it would be unreasonable to transfer NGX Shares under the Distribution to Overseas Shareholders on the Record Date. Accordingly, Overseas Shareholders on the Record Date will not be transferred any NGX Shares to which they would otherwise be entitled and instead their NGX Shares will be issued to the Company to be held on their behalf, pending a liquidity event in the form of a sale opportunity. Overseas Shareholders should refer to Section 3.8 of the Notice of Meeting for further information.

1.2 Effect of the Offer on the Company

The effect of the Offer on the Company will be:

- (a) the Company ceasing to own all NGX Shares (including those NGX Shares that it currently holds); and
- (b) Eligible Shareholders that are registered on the Record Date will receive one (1) NGX Share for every eleven (11) Shares held.

1.3 Effect of the Offer on NGX

The effect of the Offer on NGX will be that 100% of the issued capital of NGX will no longer be held by the Company and instead will be held by Eligible Shareholders that are registered on the Record Date.

1.4 Action required by Shareholders

No action is required by Shareholders under this Prospectus.

Should Shareholder approval be obtained for the Demerger Resolution, the NGX Shares will be transferred to Eligible Shareholders in accordance with the terms of the Distribution described in the Notice of Meeting.

A prospectus is normally required to include an application form for shares. ASIC has granted relief from this requirement in *ASIC Corporations (Application Form Requirements) Instrument 2017/241* so that an application form is not required to be included in this Prospectus.

In due course, Eligible Shareholders will receive a share certificate for the NGX Shares to which they are entitled.

If you have any queries regarding this Prospectus, please contact the Company Secretary by telephone on +61 9322 6322.

2 Information deemed to be incorporated in this Prospectus

2.1 Short form Prospectus

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means that this Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type. However, it incorporates by reference information contained in a document that has been lodged with ASIC.

The Notice of Meeting contains all the information that Shareholders require in relation to the Distribution and the Notice of Meeting in its entirety is deemed to be incorporated in this Prospectus.

The material provisions of the Notice of Meeting are summarised below in Section 2.2 of this Prospectus and will primarily be of interest to Shareholders and their professional advisers.

Shareholders and their professional advisers may also obtain, free of charge, a paper copy of the Notice of Meeting and this Prospectus by contacting the Company at its registered office during normal business hours.

2.2 Summary of material provisions of Notice of Meeting

The material provisions of the Notice of Meeting are summarised below. The Sections and Schedules referred to below are a reference to Sections and Schedules respectively in the Explanatory Memorandum to the Notice of Meeting:

(a) Section 3.1 – Background to Sovereign and Demerger

This Section provides an introduction to the nature of businesses carried on by Sovereign and an overview of the Demerger Resolution including the background, rationale and events leading to the proposed Demerger.

(b) Section 3.2 – Steps to implement the Demerger and Demerger Conditions

This Section provides an overview of the steps to implement the Demerger and the conditions that must be satisfied for the Demerger to proceed. It also provides a diagram of the restructure of Sovereign and NGX pre- and post-Demerger.

(c) Section 3.3 – Capital Reduction

This Section provides an overview of the Capital Reduction and details the effect of the Capital Reduction on Shareholders.

(d) Section 3.4 – Distribution

This Section provides an overview of the Distribution.

(e) **Section 3.5 – Advantages of Demerger**

This Section provides the principal advantages to Shareholders of the Demerger.

(f) **Section 3.6 – Disadvantages of Demerger**

This Section provides the principal disadvantages to Shareholders of the Demerger.

(g) **Section 3.7 – Impact of Demerger on Shareholders**

This Section provides the effect of the Demerger on Shareholders, primarily being that Eligible Shareholders registered on the Record Date will receive a pro rata in-specie distribution of NGX Shares on the basis of one (1) NGX Share for every eleven (11) Shares held.

(h) **Section 3.8 – Overseas Shareholders**

This Section provides information to Overseas Shareholders relating to their entitlement to NGX Shares in relation to the Distribution.

(i) **Section 3.9 – Plans for Sovereign post-Demerger**

This Section provides Sovereign's anticipated future plans if the Demerger is completed.

(j) **Section 3.10 – Plans for Sovereign if the Demerger is not approved or otherwise does not complete**

This Section provides Sovereign's anticipated future plans if the Demerger is not completed.

(k) **Section 3.11 and Schedule 3 – Pro-forma effect on Sovereign**

This Section and the relevant Schedule provide the pro forma financial position of Sovereign pre- and post-Demerger.

(l) **Section 3.12 – Indicative timetable**

This Section provides the indicative timetable for the Demerger.

(m) **Section 4.1 – Tax consequences for Shareholders**

This Section provides the potential Australian tax consequences relating to the Demerger for Shareholders.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences for Shareholders.

(n) **Section 4.2 – Class Ruling**

This Section provides an overview of the class ruling application to the Australian Tax office which the Company is in the process of applying for, confirming whether the Company will or will not qualify for demerger tax relief.

(o) **Section 4.3 – Australian taxation implications for Australian tax resident Shareholders if Demerger Tax Relief is available**

This Section provides the potential Australian tax consequences relating to the Demerger for Shareholders if Demerger relief is available.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences for Shareholders.

(p) **Section 4.4 – Australian taxation implications for Australian tax residents if Demerger Tax Relief is not available**

This Section provides the potential Australian tax consequences relating to the Demerger for Shareholders if Demerger relief is not available.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences for Shareholders.

(q) **Section 4.5 – Application of section 45B tax integrity measures**

This Section provides an overview of section 45B of the ITA 1936, should the Commissioner make a determination under this section that it applies to the Company.

(r) **Section 4.6 – Taxation implications for the Company**

This Section provides the taxation implications for the Company regarding the application of the demerger tax relief.

(s) **Section 4.7 – GST**

This Section provides details on the GST payable by Shareholders. The Company recommends Shareholders should seek their own independent tax advice in relation to this.

(t) **Section 4.8 – Stamp duty**

This Section provides that NGX has agreed to be responsible for any stamp duty in respect of the Demerger.

(u) **Section 5.1 – Sovereign Financial Information**

This Section provides the historical financial information in relation to the Company for the years ended 30 June 2022, 30 June 2021 and 30 June 2020.

(v) **Section 5.2 – NGX Historical Information**

This Section provides the historical financial information in relation to NGX for the year ended 30 June 2022 and period ended 30 June 2021.

(w) **Section 5.3 – Foreign jurisdiction riders**

This Section provides information regarding the foreign jurisdiction restrictions applicable to the Distribution of NGX Shares to applicable Eligible Shareholders.

(x) **Section 5.4 – Forward looking statements**

This Section provides information regarding forward-looking statements detailed in the Notice of Meeting.

(y) **Section 5.5 – No financial product advice**

This Section provides that the Notice of Meeting does not constitute financial product, taxation or investment advice nor a recommendation in respect of the NGX Shares.

(z) **Section 5.6 – No internet site is part of this document**

This Section provides that no internet site is part of the Notice of Meeting.

(aa) **Section 5.7 – Lodgement with ASIC, ASX and AIM**

This Section provides information on the lodgement of the Notice of Meeting with ASIC, ASX and AIM.

(bb) **Section 5.8 – Disclaimer**

This Section provides a disclaimer regarding Sovereign's preparation of the meeting materials.

(cc) **Section 5.9 – Competent Person's statement**

This Section provides the competent person's statements with respect to the Duwi Project, Malingunde Project and the Kasiya Rutile Project.

(dd) **Section 5.10 – Qualified Persons Statement**

This Section provides the qualified person's statements with respect to exploration results, Mineral Resource Estimates and Ore Reserve Estimates.

(ee) **Section 5.11 – Other material information**

This Section provides a confirmation from Sovereign in respect of the information provided in the Notice of Meeting.

(ff) **Section 5.12 – Short form prospectus**

This Section provides details regarding Sovereign's lodgement of this Prospectus.

(gg) **Section 5.13 – Sovereign Costs of Demerger**

This Section provides the costs of the Demerger.

(hh) **Section 6.1 – Background information on NGX**

This Section provides an overview of NGX.

(ii) **Section 6.2 – Background on the Graphite Projects**

This Section provides an overview of the Graphite Projects.

(jj) **Section 6.3 – Mineral Resource estimates for the Duwi Project and Malingunde Project**

This Section provides the Mineral Resource estimates for the Graphite Projects.

(kk) **Section 6.4 – Ore Reserve estimates for the Malingunde Project**

This Section provides the Ore Reserve estimates for the Malingunde Project.

(ll) **Section 6.5 – Business model of NGX / planned activities for the Graphite Projects**

This Section provides the business model of NGX and the planned activities of NGX regarding the Graphite Projects.

(mm) **Section 6.6 – Strategy and objectives of NGX**

This Section provides the strategy and objectives of NGX post-Demerger.

(nn) **Section 6.7 – Key business model dependencies**

This Section provides the key business model dependencies of NGX post-Demerger.

(oo) **Section 6.8 – Key strengths**

This Section provides the key strengths of NGX post-Demerger.

(pp) **Section 6.9 – NGX Board and management**

This Section provides details regarding the NGX Board and management.

(qq) **Section 6.10 – NGX capital structure**

This Section provides an overview of the capital structure of NGX pre-Demerger and post-Demerger.

(rr) **Section 6.11 – NGX substantial Shareholders**

This Section provides the substantial NGX Shareholders post-Demerger.

(ss) **Section 6.12 – NGX Director remuneration**

This Section provides the remuneration of the NGX Directors.

(tt) **Section 6.13 – NGX Director proposed interests**

This Section provides information on the NGX Directors' interests in NGX post-Demerger.

(uu) **Section 6.14 and Schedule 4 – NGX risk factors**

This Section and the relevant Schedule provides specific and general risks that may have a material effect on the financial position and performance of NGX and the value of NGX Shares.

(vv) **Section 6.15 and Schedule 2 – NGX pro forma**

This Section and the relevant Schedule provides the pro forma financial position of NGX pre-Demerger and post-Demerger.

(ww) **Section 6.16 – Material contracts**

This Section provides a summary of the material contracts of NGX.

(xx) **Section 6.17 – Rights attaching to NGX Shares**

This Section provides a summary of the key rights and liabilities attaching to NGX Shares.

(yy) **Section 6.18 and Schedule 5 – Management Incentive Options**

This Section and Schedule provides the rights attaching to the NGX Management Incentive Options

(zz) **Section 7.1 – Business model of Sovereign post-Demerger**

This Section outlines Sovereign's anticipated future plans if the Demerger completed. This includes details of the Kasiya Rutile Project.

(aaa) **Section 7.2 – Mineral Resource estimates for the Kasiya Rutile Project**

This Section provides the Mineral Resource estimates for the Kasiya Rutile Project.

(bbb) **Section 7.3 – Sovereign Board and management**

This Section provides details regarding the Board and management.

(ccc) **Section 7.4 – Sovereign capital structure**

This Section provides an overview of the capital structure of Sovereign pre-Demerger and post-Demerger.

(ddd) **Section 7.5 – Sovereign Director interests**

This Section provides information on the Directors' interests in Sovereign and NGX pre-Demerger and post-Demerger.

(eee) **Section 7.6 and Schedule 3 – Pro-forma effect on Sovereign**

This Section and the relevant Schedule provide the pro forma financial position of Sovereign pre-Demerger and post-Demerger.

(fff) **Section 7.7 – Sovereign share price**

This Section details the highest and lowest closing market sales prices of the Shares on ASX during the 12 months immediately preceding the date of the Notice of Meeting.

(ggg) **Section 7.8 – Sovereign ASX and AIM disclosure**

This Section provides that as an ASX listed company and a company admitted to trading on AIM, copies of documents lodged in relation to Sovereign may be obtained for a fee from, or inspected at, the office of ASIC or accessed freely at either the ASX announcements platform or Sovereign's website.

(hhh) **Section 8.2 – Requirements under section 256C**

This Section provides a statement that the Directors believe that the Capital Reduction is fair and reasonable to Shareholders and that the Capital Reduction will not prejudice the Company's ability to pay its creditors.

(iii) **Section 8.4 and Schedule 9 – NGX not immediately listed**

This Section and the relevant Schedule details regarding the implications of NGX not immediately being listed on a public securities exchange (i.e. ASX).

(jjj) **Sections 8.5 and 8.6 – Board discretion to proceed with Distribution and Directors' recommendations**

This Section provides details regarding the Board's discretion in relation to proceeding with the Demerger and its recommendation that Shareholders vote in favour of the Demerger Resolution.

(kkk) **Schedule 6 – Nanzeka, Duwi and Mabuwa Projects Report**

This Schedule provides an expert's report on the Nanzeka Project, Duwi Project and Mabuwa Project.

(lll) **Schedule 7 – Malingunde Project Report**

This Schedule provides an expert's report on the Malingunde Project.

(mmm) **Schedule 8 – Independent Solicitor's Report**

This Schedule provides a solicitor's report on the Graphite Projects.

(nnn) **Schedule 9 – Comparison of NGX as an Australian Unlisted and ASX-Listed Public Company**

This Schedule compares obligations of NGX as an Australian unlisted public company and

as an ASX-listed public company.

3 Additional information

3.1 Interests of NGX Directors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting:

- (a) no NGX Director holds, or during the last two years before lodgement of this Prospectus with ASIC, held, an interest in:
 - (i) the formation or promotion of NGX;
 - (ii) any property acquired or proposed to be acquired by NGX in connection with its formation or promotion or the Offer; or
 - (iii) the Offer; and
- (b) and no amount has been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to any NGX Director either to induce them to become, or to qualify, as a NGX Director or otherwise for services rendered by them in connection with the formation or promotion of NGX or the Offer.

3.2 Interests of advisors

Other than as set out below or elsewhere in this Prospectus or the Notice of Meeting, no promoter of NGX or person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of NGX;
- (b) any property acquired or proposed to be acquired by NGX in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered in connection with the formation or promotion of NGX or the Offer.

Thomson Geer has acted as Australian legal advisers to the Company in relation to the Offer. The Company estimates it will pay Thomson Geer approximately \$15,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding the lodgement of this Prospectus with ASIC, Thomson Geer has received approximately \$175,000 in fees from the Company.

CSA Global Pty Ltd has acted as an Independent Technical Expert to the Company and has prepared the Nanzeka, Duwi and Mabuwa Projects Report that is included in this Prospectus (incorporated by reference). The Company estimates it will pay CSA Global Pty Ltd approximately \$22,000 for these services. During the 24 months preceding the lodgement of this Prospectus with ASIC, CSA Global Pty Ltd has received approximately \$12,000 in fees from the Company.

DRA Pacific Pty Ltd has acted as an Independent Technical Expert to the Company and has prepared the Malingunde Project Report that is included in this Prospectus (incorporated by reference). The Company estimates it will pay DRA Pacific Pty Ltd approximately \$44,000 for these services. During the 24 months preceding the lodgement of this Prospectus with ASIC, DRA Pacific Pty Ltd has received approximately \$817,000 in fees from the Company.

William Faulkner has acted as Independent Solicitor to the Company and has prepared the Independent Solicitor's Report that is included in this Prospectus (incorporated by reference). The Company estimates it will pay William Faulkner approximately US\$3,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding the lodgement of this Prospectus with ASIC, William Faulkner has received approximately US\$10,500 in fees from the Company.

3.3 Substantial NGX Shareholders

At the date of this Prospectus, Sovereign holds all the NGX Shares on issue.

On completion of the Capital Reduction and Distribution, the substantial NGX Shareholders (being the NGX Shareholders with a voting power in 5% or more of the NGX Shares on issue) will be as set out below:

NGX Shareholder	No. of Sovereign Shares ¹	No. of NGX Shares in which the NGX Shareholder will have a relevant interest ²	Interest (%)
Sprott Inc. (Sprott) and each of its controlled bodies corporate listed in the notice.	54,839,880	4,985,444	11.65

Notes:

1. As last notified to the Company.
2. On the basis of an in-specie pro rata distribution to Eligible Shareholders of one (1) NGX Share for every eleven (11) Shares.

3.4 Litigation

To the knowledge of the Directors, other than as disclosed in the Notice of Meeting or in this Prospectus, as at the date of this Prospectus, NGX is not involved in any legal proceedings, and the Directors are not aware of any legal proceedings pending or threatened against NGX or any of the entities that will become subsidiaries of NGX.

3.5 Dividend policy

The Company does not expect NGX to declare any dividends in the near future as it is not yet profit-making and its focus will primarily be on using cash reserves and profits (if any) to continue to build and scale the business.

Any future determination as to the payment of dividends by NGX will be at the discretion of the NGX Directors and will depend on matters such as the availability of distributable earnings, the operating results and financial condition of NGX, future capital requirements and general business and other factors considered relevant by the NGX Directors. No assurances can be given by the Directors in relation to the payment of dividends by NGX.

3.6 Forecast financial information

Given the nature of the NGX business and the fact that it is the early stages of commercialisation, there are significant uncertainties associated with forecasting future revenues and expenses of NGX. In light of uncertainty as to timing and outcome of NGX growth strategies, NGX's performance in any future period cannot be reliably estimated. On this basis and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for NGX cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

4 Consents

Each of the parties referred to in this Section:

- (a) have given the following consents in accordance with the Corporations Act which have not been withdrawn as at the date of lodgement of this Prospectus with ASIC;
- (b) does not make, or purport to make, any statement in this Prospectus, or any statement on which a statement in this Prospectus is based, other than those referred to in this Section;
- (c) has not authorised or caused the issue of this Prospectus or the making of the Offer; and
- (d) makes no representations regarding, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in, or omissions from, any part of this Prospectus other than a reference to its name and a statement and/or any report (if any) included in this Prospectus with the consent of that party as specified in this section.

Thomson Geer has given its written consent to be named in this Prospectus as Australian legal adviser to the Company in relation to the Prospectus in the form and context in which it is named and to the incorporation by reference into this Prospectus of the Notice of Meeting in the form and context in which it is incorporated, and to all references to the Notice of Meeting in this Prospectus in the form and context in which they appear.

Ernst & Young has given its written consent to be named in the Notice of Meeting as the auditor to the Company (including in respect of the financial statements of the Company for the years ended 30 June 2022) in relation to the Notice of Meeting in the form and context in which it is named and to the incorporation by reference into this Prospectus of the Notice of Meeting in the form and context in which it is incorporated, and to all references to the Notice of Meeting in this Prospectus in the form and context in which they appear.

Ernst & Young has not made or has purported to make any statement or representation that is included in this Prospectus or any statement on which a statement made in the Prospectus is based, except as stated above. EY has not authorised or caused the issue of the Prospectus and, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statement in, or omission from, this Prospectus, other than the reference to its name included in Notice of Meeting and to the incorporation by reference into this Prospectus of the Notice of Meeting in the form and context this as described above.

Deloitte Touche Tohamatsu has given its written consent to be named in this Prospectus as the auditor to the Company in respect of the financial statements of the Company for the years ended 30 June 2021 and 30 June 2020 in relation to the Prospectus in the form and context in which it is named and to the incorporation by reference into this Prospectus of the Notice of Meeting in the form and context in which it is incorporated, and to all references to the Notice of Meeting in this Prospectus in the form and context in which they appear.

William Buck has given its written consent to be named in this Prospectus as the auditor to NGX (including in respect of the financial statements of NGX for the years ended 30 June 2022 and 30 June 2021) in relation to the Prospectus in the form and context in which it is named and to the incorporation by reference into this Prospectus of the Notice of Meeting in the form and context in which it is incorporated, and to all references to the Notice of Meeting in this Prospectus in the form and context in which they appear.

Mr Ryan Locke has given his consent to be named as a competent person to the Company in the Prospectus in the form and context in which he is named and to the inclusion of the production targets and Ore Reserve estimates in relation to the Company's Malingunde Project extracted from the Company's ASX announcement dated 7 November 2018 (and each reference to it) in the Prospectus in the form and context in which it is included and to all references in the Prospectus to those production targets and Ore Reserve estimates and Mr Locke in the form and context in which they appear, and has not withdrawn such consent prior to the issue of the Prospectus.

Mr Richard Stockwell has given his consent to be named as a competent person to the Company in

the Prospectus in the form and context in which he is named and to the inclusion of the Mineral Resource estimates in relation to the Company's Kasiya Rutile Project extracted from the Company's ASX announcement dated 5 April 2022 (and each reference to it) in the Prospectus in the form and context in which it is included and to all references in the Prospectus to those Mineral Resource estimates and Mr Stockwell in the form and context in which they appear, and has not withdrawn such consent prior to the issue of the Prospectus.

Mr David Williams has given his consent to be named as a competent person to the Company in the Prospectus in the form and context in which he is named and to the inclusion of the Mineral Resource estimates in relation to the Company's Duwi Project extracted from the Company's ASX announcement dated 17 October 2014 (and each reference to it) in the Prospectus in the form and context in which it is included and to all references in the Prospectus to those Mineral Resource estimates and Mr Williams in the form and context in which they appear, and has not withdrawn such consent prior to the issue of the Prospectus.

CSA Global Pty Ltd has given its written consent to being named as an Independent Technical Expert to the Company and to the inclusion of the Nanzeka, Duwi and Mabuwa Projects Report in Schedule 6 of the Notice of Meeting in the form and context in which the report is included.

DRA Pacific Pty Ltd has given its written consent to being named as an Independent Technical Expert to the Company and to the inclusion of the Malingunde Project Report in Schedule 7 of the Notice of Meeting in the form and context in which the report is included.

William Faulkner has given its written consent to be named as independent solicitor to the Company in this Prospectus in the form and context in which it is named and to the inclusion of the Independent Solicitor's Report (and each reference to it) in the Notice of Meeting in the form and context in which it is included and to all references in the Notice of Meeting to the Independent Solicitor's Report and Thomson Geer in the form and context in which they appear.

NGX has given its written consent to be named in this Prospectus in the form and context in which it is named and to the incorporation by reference into this Prospectus of the Notice of Meeting in the form and context in which it is incorporated and to the inclusion in this Prospectus of all information and statements relating to, made by, or said to be based on statements by, NGX, in each case in the form and context as they appear in this Prospectus (as applicable).

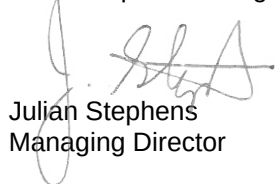
Messrs Ian Middlemas, Matthew Syme, Mark Pearce and Matthew Bungey have given their written consent to being named as directors of NGX in this Prospectus.

5 Directors' authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:



Julian Stephens
Managing Director

Dated: 15 February 2023

6 Definitions

AIM means the AIM market of that name operated by the London Stock Exchange Group plc.

AIM Rules means the AIM Rules for Companies published by London Stock Exchange Group plc, as amended from time to time (including the AIM Note for Mining and Oil & Gas Companies as published by the London Stock Exchange Group plc from time to time).

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors from time to time.

Capital Reduction means the equal reduction of capital in the Company of approximately \$8,561,364.

Company or **Sovereign** means Sovereign Metals Limited ACN 120 833 427.

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

Demerger means the Capital Reduction and the Distribution.

Demerger Resolution means the resolution in the Notice of Meeting to be put to Shareholders at the Meeting.

Director means any director of the Company and **Directors** means all of them.

Distribution means the pro rata in-specie distribution of 42,806,820 Shares to Eligible Shareholders on a one (1) NGX Share for every eleven (11) Shares held on the Record Date.

Eligible Shareholder means a Shareholder on the Record Date, other than an Overseas Shareholder.

Explanatory Memorandum means the explanatory memorandum accompanying and forming part of the Notice of Meeting.

FCA means the Financial Conduct Authority in the UK.

FSMA means the Financial Services and Markets Act 2000.

Graphite Projects has the meaning given in the Notice of Meeting.

JORC Code means the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Kasiya Rutile Project has the meaning given in the Notice of Meeting.

Meeting means the general meeting of Shareholders convened pursuant to the Notice of Meeting.

Mineral Resource has the meaning given in the JORC Code.

NGX means NGX Limited ACN 649 545 068.

NGX Director means any director of NGX and **NGX Directors** means all of them.

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

NGX Shareholder means the registered holder of a NGX Share.

Notice of Meeting means the Notice of General Meeting of the Company dated 15 February 2023

in which the Demerger Resolution is to be considered (which includes the Explanatory Memorandum).

Offer means the offer of NGX Shares pursuant to the Notice of Meeting.

Ore Reserve has the meaning given in the JORC Code.

Overseas Shareholder means a Shareholder with a registered address outside of Australia, Canada, Germany, Hong Kong, Luxembourg, the Netherlands, New Zealand, Poland, Singapore, the United Kingdom, the United States of America and any other jurisdiction determined by the Company which is not prohibited and unduly onerous or impractical to distribute NGX Shares.

Prospectus means this short form prospectus prepared in accordance with section 712 of the Corporations Act and dated 15 February 2023.

Record Date means the record date for the Demerger specified in the indicative timetable in Section 3.12 of the Notice of Meeting.

Schedule means a schedule to the Notice of Meeting.

Section means section of this Prospectus or the Notice of Meeting, as the context requires.

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

Shareholder means a registered holder of a Share.