SOVEREIGN METALS LIMITED

NEW GRAPHITE ZONE DISCOVERED AT DUWI

Sovereign Metals Limited ("Sovereign" or "Company") is pleased to report the discovery of a new zone of high-grade flake graphite mineralisation at Duwi. The new zone, named "Duwi Bend", was discovered by mapping and rock-chip sampling followed by a recently completed trench along an excavated road cutting.

Highlights:

- *Substantial widths of medium & high-grade flake graphite mineralisation were intersected in a trench at Duwi Bend, immediately east of Duwi Main zone.*
- *A single trench oriented obliquely to the mineralised trend returned the following results:*

  DWTR0016: A cumulative intercept of 170m @ 8.0% TGC made up of individual intercepts of:

  - ***46m @ 8.6% TGC inc. 12m @ 10.1% TGC***
  - ***50m @ 8.9% TGC inc. 14m @ 11.7% TGC & 8m @ 10.5% TGC***
  - ***74m @ 7.1% TGC inc. 14m @ 9.5% TGC & 10m @ 9.8% TGC***

- *A single RC drill-hole drilled directly beneath the trench intercepts showed visually consistent, wide zones of flake graphite mineralisation – laboratory results are awaited.*
- *An additional new substantial zone of high-grade mineralisation has been mapped at Nyama to the west of Duwi Main.*
- *The RC and diamond drilling program at Duwi is ongoing.*

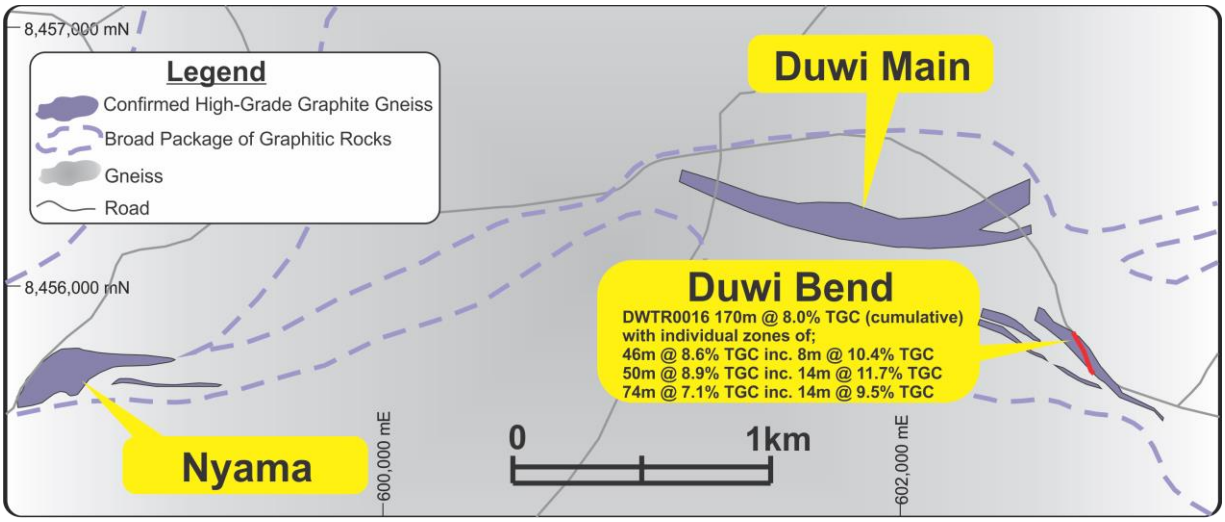

Figure 1. Simplified map of three major flake graphite bodies at Duwi – Duwi Main, Duwi Bend and Nyama showing results for recent trench DWTR0016 at Duwi Bend.

Summary

Sovereign's exploration team recently confirmed a substantial zone of flake graphite mineralisation at a new prospect called Duwi Bend just east of the Duwi Main prospect. A single trench along a road that cuts across Duwi Bend returned substantial widths of flake graphite mineralisation with a cumulative intercept of 170m @ 8.0% TGC. The individual intercepts are summarised in Table 1 below.

Table 1: Duwi Bend trench results.

Prospect	Trench ID	From (m)	To (m)	Surface Width (m)	% TGC	Est. True Width
Duwi Bend	DWTR0016	**16**	**62**	**46**	**8.6**	30%
	inc.	**46**	**58**	**12**	**10.1**	
		70	**120**	**50**	**8.9**	30%
	inc.	**70**	**84**	**14**	**11.7**	
	& inc.	**104**	**112**	**8**	**10.5**	
		138	**212**	**74**	**7.1**	30%
	inc.	**138**	**152**	**14**	**9.5**	
	& inc.	**192**	**202**	**10**	**9.8**	

**DWTR0016 was 212m long, beginning at 602745mE 8455665mN 1,050mRL and ending at 602655mE 8455860mN 1,050mRL*

Overall the Company has now identified three substantial bodies of flake graphite mineralisation at Duwi – being Duwi Main, Duwi Bend and Nyama. RC and diamond drilling is continuing at Duwi with a view to a maiden JORC Resource Estimate being defined in Q4 of 2014.

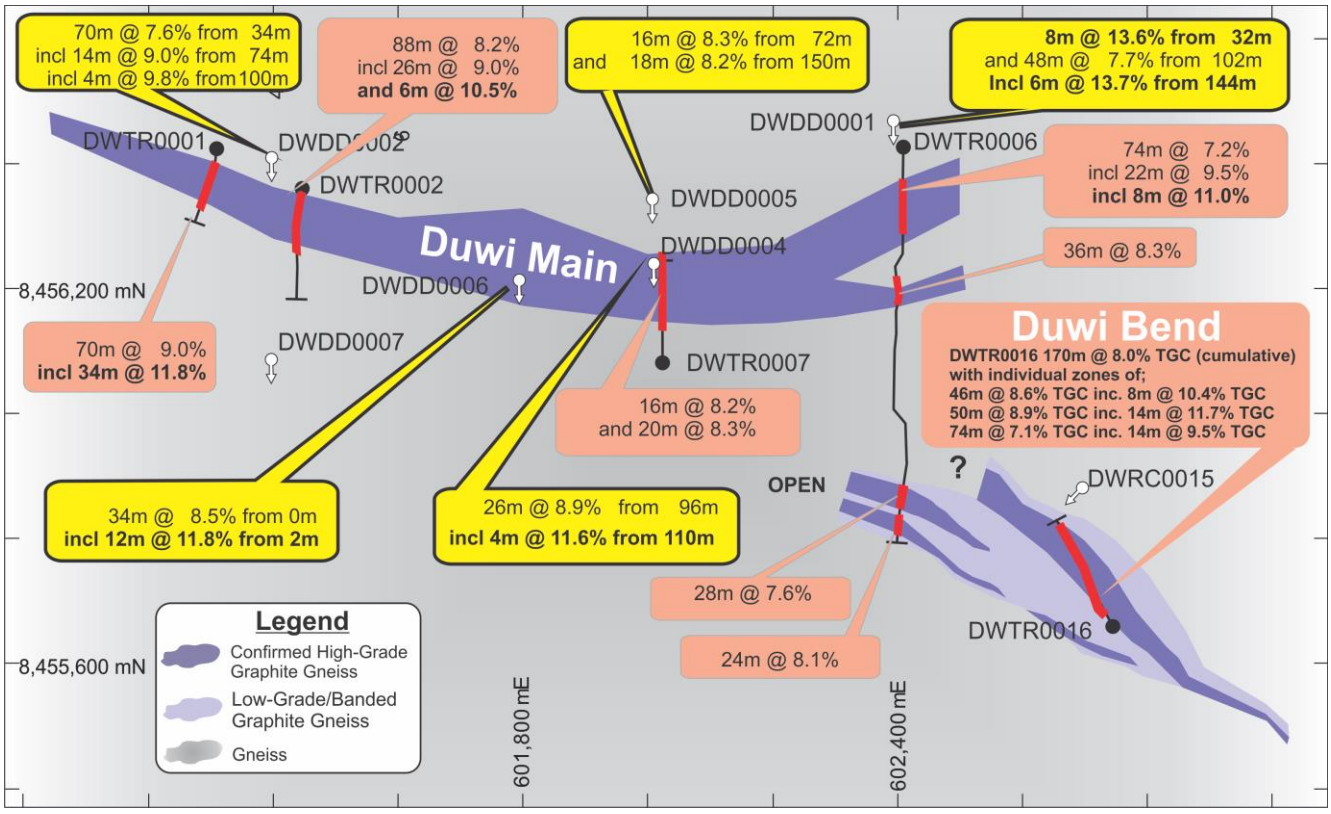

Figure 2. Simplified map of Duwi Main and Duwi Bend prospects showing 2013 trenching and drilling results and the 2014 trench at Duwi Bend.

Competent Person

The information in this report that relates to Exploration Results at Duwi Bend is based on information compiled by Mr Peter Woodman, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. Mr Woodman is a director of Sovereign Metals Limited. Mr Woodman has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Woodman consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results, not including those for Duwi Bend, is extracted from the report entitled 'Metallurgical Testwork Confirms Significant Large Flake Potential' dated 22 January 2014. This report is available to view on www.sovereignmetals.com.au. The information in the original ASX Announcement that related to Exploration Results was based on information compiled by Mr Peter Woodman, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Woodman is a director of Sovereign Metals Limited. Mr Woodman has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Company confirms that it is not aware of any new information or data that materially affects the information including in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Trench Commentary
Sampling Techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	The trench was excavated by hand. The trench was designed to expose geology across the strike length of the mineral occurrence. A total of 212 linear metres of trenching was excavated and sampled along a road cutting in DWTR0016.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Sampling procedures included 1-metre guides used to gather representative, equally weighted samples from intervals.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	A nominal lower cut-off of 6% TGC has been applied to define mineralisation. Trench samples were collected at nominal 2-metre length intervals. Samples were crushed onsite to ~1.2-1.5kg and split though a 50/50 splitter. Samples were shipped to a sample preparation laboratory in Johannesburg. Upon receipt of sample, Intertek Johannesburg prepares pulp samples for shipment to Intertek-Genalysis Perth.
Drilling Techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Not applicable to trenching.
Drill Sample Recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Not applicable to trenching.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Sampling procedures included 1m guides used to gather representative, equally weighted samples from intervals.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	No relationship exists between sample recovery and grade, hence no bias is expected.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation mining studies and metallurgical studies.*	The trenches were all geologically logged, recording relevant data to a set template on 2m intervals. All data was codified to a set company codes system. This offers sufficient detail for the purposes of interpretation, further studies and resource estimation.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	All logging included lithological features, structural measurements, and estimates of mineralisation percentages and flake characteristics.
	The total length and percentage of the relevant intersection logged	100% of the trench was logged.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Not applicable to trenching.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	Trench samples were crushed and split using a 50:50 riffle splitter. The crushing and splitting equipment was cleaned according to laboratory best practices.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Each entire sample was crushed to nominal 100% -3mm in a Boyd crusher then pulverised to 85% -75µm. Approximately 100g pulp is collected for analysis at Intertek-Genalysis Perth.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Field QC procedures involve the use of certified reference material assay standards, blanks, duplicates, replicates for company QC measures, and laboratory standards, replicate assaying and barren washes for laboratory QC measures. The insertion rate of these averaged better than 1:20.
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	1:20 field replicate samples (a second sample of the same interval) were taken to attempt to quantify the equality. Review of these samples against the original samples showed consistency.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample size is considered appropriate for the material sampled.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The assaying and laboratory procedures are considered to be appropriate for reporting graphite mineralisation, according to industry best practice. A sample of 0.2g is removed from the 100 gram pulp, first digested in HCl to remove carbonate carbon, and is then heated to 450°C to remove any organic carbon. An Eltra CS-2000 induction furnace infra-red CS analyser is then used to determine the remaining carbon which is reported as Total Graphitic Carbon (TGC) as a percentage.
	For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	The Eltra CS analyser is calibrated by the laboratory using a combination of certified carbon and graphite standards. Calibration is achieved by using a blank followed by a 3-point calibration of the expected TGC range of the samples. One reading is made per analysis.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicate, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	Certified reference standards produced from material on the Company's tenements are inserted 1:20 samples. Blank material (1:20) and crushed material duplicates (1:20) are analysed. Laboratory check samples (blanks, standards and duplicates) are also analysed as per normal laboratory practice. No assay results were obtained outside of the laboratory.
Verification of sampling & assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Significant mineralisation intersections were verified by alternative company personnel.
	The use of twinned holes.	Not applicable to trenching.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	All data was collected initially on paper logging sheets and codified to the Company's templates. This data was hand entered to spreadsheets and validated by Company geologists. This data was then imported to a Microsoft Access Database then validated automatically and manually.
	Discuss any adjustment to assay data.	No adjustments have been made.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	All XYZ surveying was completed using a handheld GPS. The Company intends to use a Leica GPS System 1200 in RTK mode to more accurately define the trench coordinates to centimetre accuracy prior to any resource estimate studies being undertaken.
	Specification of the grid system used.	WGS84 Datum using the UTM Zone 36 South projection.
	Quality and adequacy of topographic control.	Topographical control is sufficient for the stage of exploration.
Data spacing & distribution	*Data spacing for reporting of Exploration Results.*	Trench spacing at this early stage of exploration is irregular, however trench spacing's have been planned to accommodate a 200m spaced future trenching program.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The density of drill spacing and sampling is not yet sufficient for the estimation of a Mineral Resource.
	Whether sample compositing has been applied.	No sample compositing occurred. All samples were taken from the trench at 2 metre intervals.

Criteria	JORC Code explanation	Trench Commentary
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known considering the deposit type*	No bias attributable to orientation of sampling upgrading of results has been identified.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No bias attributable to orientation of sampling upgrading of results has been identified.
Sample security	*The measures taken to ensure sample security*	Samples were stored in secure storage from the time of gathering through splitting. The samples were sealed as soon as splitting was completed, and again securely stored awaiting shipment. Sample tracking was achieved using dispatch tracking during shipment to Johannesburg. Laboratory best practice methods were employed by the laboratory from Johannesburg to Perth.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data*	No audits of the sampling techniques and data were carried out due to the early stage of exploration. It is considered by the Company that industry best practice methods have been employed at all stages of the exploration.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Trench Commentary
Mineral tenement & land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environment settings.*	The Company owns 100% of 2 Exclusive Prospecting Licences in Malawi and one Reconnaissance Licence. EPL0355 granted in 2012 for 3 years, EPL0372 granted in 2013 for 3 years, RL0146 granted in 2013 for one year. Both EPLs are renewable for two additional periods of 2 years each upon expiry. An application has been submitted to the relevant Malawian authorities to convert the majority of RL0146 to a new EPL.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The tenements are in good standing and no known impediments to exploration or mining exist.
Exploration done by other parties	*Acknowledgement and appraisal of exploration by other parties.*	No other parties were involved in exploration.
Geology	*Deposit type, geological setting and style of mineralisation*	Duwi Main and Duwi Bend mineralisation occurs as multiple, high grade bands of flake graphite, hosted within Proterozoic gneissic rocks of felsic to intermediate composition.
Drill hole information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: easting and northings of the drill hole collar; elevation or RL (Reduced Level-elevation above sea level in metres of the drill hole collar); dip and azimuth of the hole; down hole length and interception depth; and hole length*	Refer Table 1 within the text and its footnote.
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case	Not Applicable, no information has been excluded.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	No top cuts have been applied. A nominal 6% TGC lower cut-off has been applied.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	High grade intercepts within broader low grade intervals have been separated as "including" results.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are used in this report.
Relationship between mineralisation widths & intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	The Duwi Main mineral prospect exhibits a reasonably consistent dip of 40 degrees to the north, and the Duwi Bend prospect has a dip of about 75 degrees to the north-east.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	The trench was excavated at an oblique angle to mineralisation because advantage was taken of an existing road cutting. This has led to the intercept lengths being significantly larger than the true widths of mineralisation. The true widths of the reported mineralised intercepts are estimated to be 30% of the reported intercept widths.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'.	Not Applicable – refer to explanation directly above.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of the drill collar locations and appropriate sectional views.*	See Figures 1 & 2 within the main text of this report.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of exploration results.*	Representative reporting of low and high grades has been effected within this report.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	No additional meaningful and material exploration data has been excluded from this report that has not previously been reported to the ASX.
Further work	*The nature and scale of planned further work (e.g. test for lateral extensions or depth extensions or large-scale step-out drilling).*	The next phase is to define an initial Mineral Resource for the Duwi deposit and to undertake a further comprehensive bench-scale metallurgical testwork program that will form the basis of an initial scoping study on the viability of the project.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	See Figures 1 & 2 in text.