MAIDEN JORC RESOURCE CONFIRMS DUWI AS ONE OF THE WORLD'S LARGEST GRAPHITE DEPOSITS

The Directors of Sovereign Metals Limited ("Sovereign" or "Company") are pleased to report that the maiden JORC Mineral Resource estimate from the Duwi Project in Malawi confirms the project as one of the largest, high-grade, flake graphite deposits in the world.

Highlights:

- Total Indicated and Inferred Mineral Resource estimate at Duwi of **86Mt at 7.1% TGC** (total graphitic carbon), **containing 6.13Mt of graphite** (5% TGC cut-off) (Table 1).
- Only ~2.2km drilled of the known ~24km strike length of the Duwi Trend, indicating substantial potential to expand resources with further drilling.
- Indicated Mineral Resource estimate of **17Mt at 8.1% TGC** (7% TGC cut-off) from surface to approximately 150m below surface (Table 2).
- A Scoping Study will begin immediately to examine a production scenario of 30,000t of flake graphite per annum and expanded scenario of 65,000tpa, based on the Indicated Resource area and Duwi's world-class large flake metallurgical properties.

Table 1. Total Duwi Mineral Resources at 5% TGC lower cut-off grade.

Category	Tonnage (MT)	Grade (% TGC)	Contained Graphite (Mt)
Indicated	**35.2**	**7.2**	**2.52**
Inferred	**50.7**	**7.1**	**3.61**
Total	**85.9**	**7.1**	**6.13**

Table 2. Total Duwi Mineral Resources at 7% TGC lower cut-off grade.

Category	Tonnage (MT)	Grade (% TGC)	Contained Graphite (Mt)
Indicated	**17.3**	**8.1**	**1.40**
Inferred	**27.2**	**7.9**	**2.16**
Total	**44.5**	**8.0**	**3.56**

Sovereign Managing Director Matt Syme said *"We are very pleased with this initial Mineral Resource estimate at Duwi, that validates our belief in the potential for low-cost, high-grade, flake graphite mining in Malawi. CSA's resource estimates and metallurgical testwork by Mintek and SGS Lakefield reinforce that Duwi is in the top handful of potential new graphite producers around the world. We will now get on with further proving the potential both at Duwi and at our large portfolio of saprolite-hosted exploration targets."*

For further information contact Matt Syme, Managing Director: +61 8 9322 6322 or +61 417 906 717

Mineral Resource Estimate

Following completion of the 2014 resource drilling program, CSA Global Pty Ltd ("CSA Global") was engaged to complete the maiden Mineral Resource Estimate ("MRE") for Sovereign's 100% owned Duwi Project in Malawi. MRE's have been determined for three zones of mineralisation, being Duwi Main, Duwi Bend and Nyama (Figure 1). The Mineral Resource estimates are reported in accordance with the JORC Code (2012 Edition).

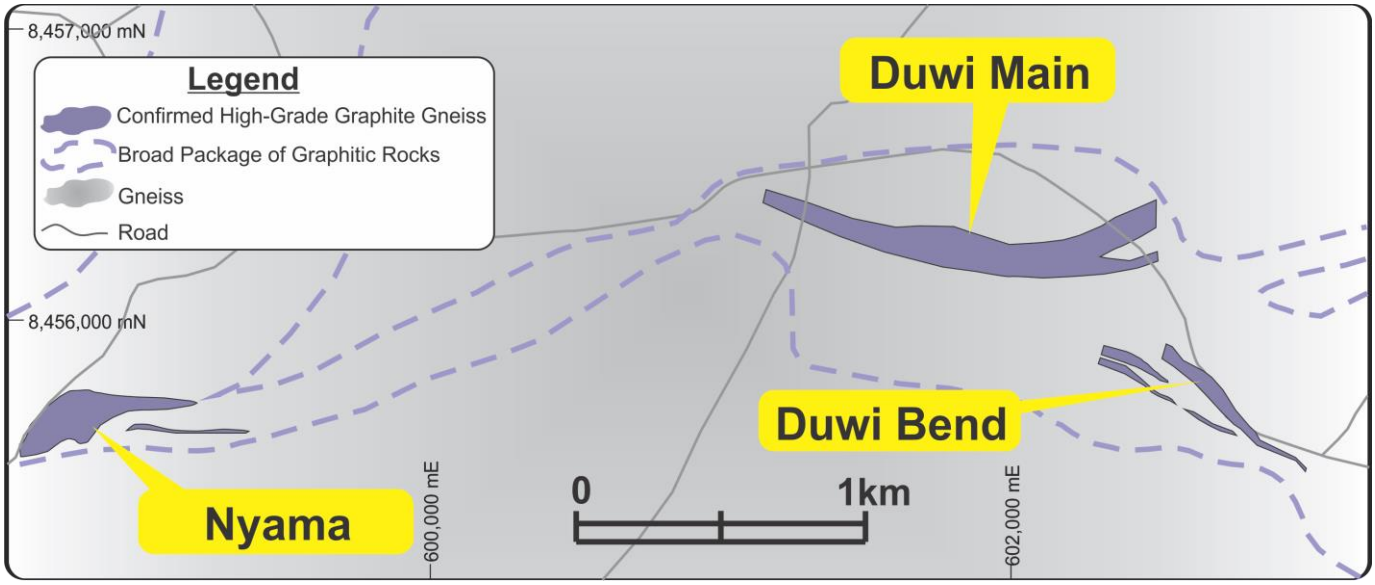

Figure 1. Simplified map showing Duwi Main, Duwi Bend and Nyama Deposits.

The MRE's show a large body of flake graphite mineralisation at the Duwi Main Deposit (Figure 2), with smaller deposits at Duwi Bend and Nyama, all totalling 86Mt at 7.1% TGC (Indicated + Inferred), using a 5% TGC lower cut-off grade, as presented in Table 3.

Table 3. Duwi Main, Duwi Bend and Nyama Resources at 5% TGC lower cut-off grade.

Deposit	Category	Tonnage (MT)	Grade (% TGC)	Contained Graphite (MT)
Duwi Main	Indicated	**35.2**	**7.2**	**2.52**
	Inferred	**34.3**	**7.3**	**2.49**
	Total	**69.5**	**7.2**	**5.01**
Duwi Bend	Indicated	-	-	-
	Inferred	**7.8**	**7.2**	**0.56**
	Total	**7.8**	**7.2**	**0.56**
Nyama	Indicated	-	-	-
	Inferred	**8.6**	**6.5**	**0.56**
	Total	**8.6**	**6.5**	**0.56**
Total	Indicated	**35.2**	**7.2**	**2.52**
	Inferred	**50.7**	**7.1**	**3.61**
	Total	**85.9**	**7.1**	**6.13**

Greater than 40% of the total MRE's are in the Indicated category (above a 5% TGC cut-off grade). All of the Indicated material occurs in a coherent zone within 150m of surface in the central and eastern parts of the Duwi Main Deposit, where drilling is generally on 100m x 50m spacing (see Figure 5). At a 5% TGC lower cut-off the Indicated portion of the resource is 35Mt at 7.2% TGC. Using a higher cut-off grade at 7% TGC, the Indicated Resource component is 17Mt at 8.1% TGC.

Importantly, the Duwi Main, Duwi Bend and Nyama Deposits make up only ~2.2km strike length of the total Duwi Trend, which has known graphite mineralisation over ~24km of strike, indicating substantial potential for expansion and additions to the current resource.

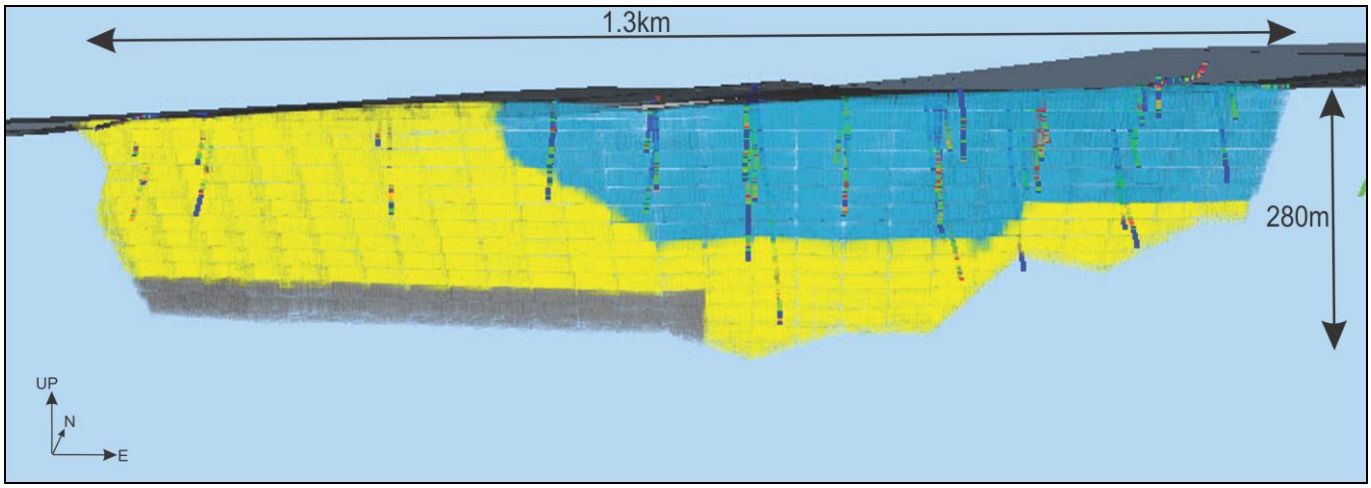

Figure 2. 3D view from the south of Duwi Main Deposit, showing Indicated (blue), Inferred (yellow) and Unclassified (grey) volumes.

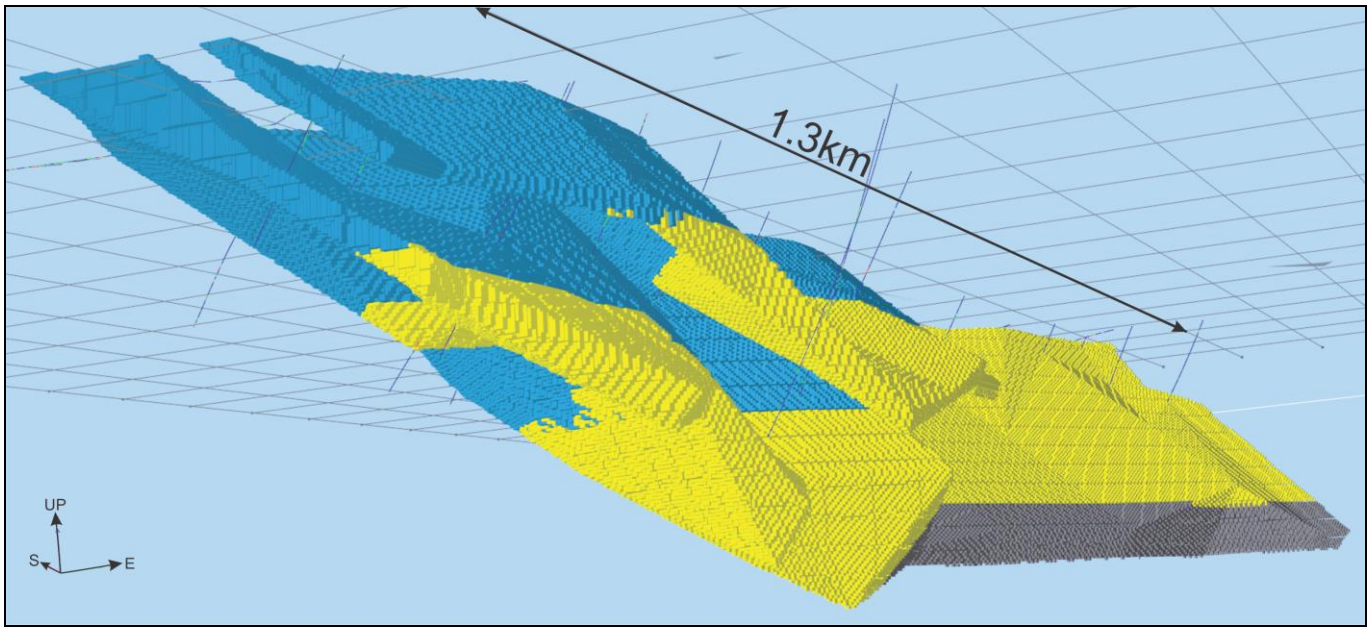

Figure 3. 3D view from north east of Duwi Main Deposit, showing Indicated (blue), Inferred (yellow) and Unclassified (grey) volumes.

Geology

Graphite mineralisation at Duwi and Nyama occurs as multiple, high-grade, bands of flake graphite, hosted within Proterozoic gneissic rocks of felsic to intermediate composition. Mineralisation is open along strike and down dip in both Duwi and Nyama. Field mapping and trenching of the deposits in 2013 and 2014, has demonstrated geological continuity of the host gneisses. Weathering reaches a depth of 70m below surface.

Duwi Main has an east-west strike, dipping 45º to the north. It is currently modelled as two lenses of mineralisation, with a depth extent of 280m, a strike-length of 1,300m and a plan width varying between 25m and 180m. Duwi Bend has a strike of 125º, with a vertical dip. It is currently modelled as two parallel lenses, with a combined strike extent of 420m, down dip extent of 175m and plan width of 20m. Nyama, located approximately 2km west-south-west of Duwi Main, has an approximate east-west strike, and dips 40º to the north. It is currently modelled as three parallel lenses, striking approximately 400m, with a down dip extent of 230m and plan width of 40m.

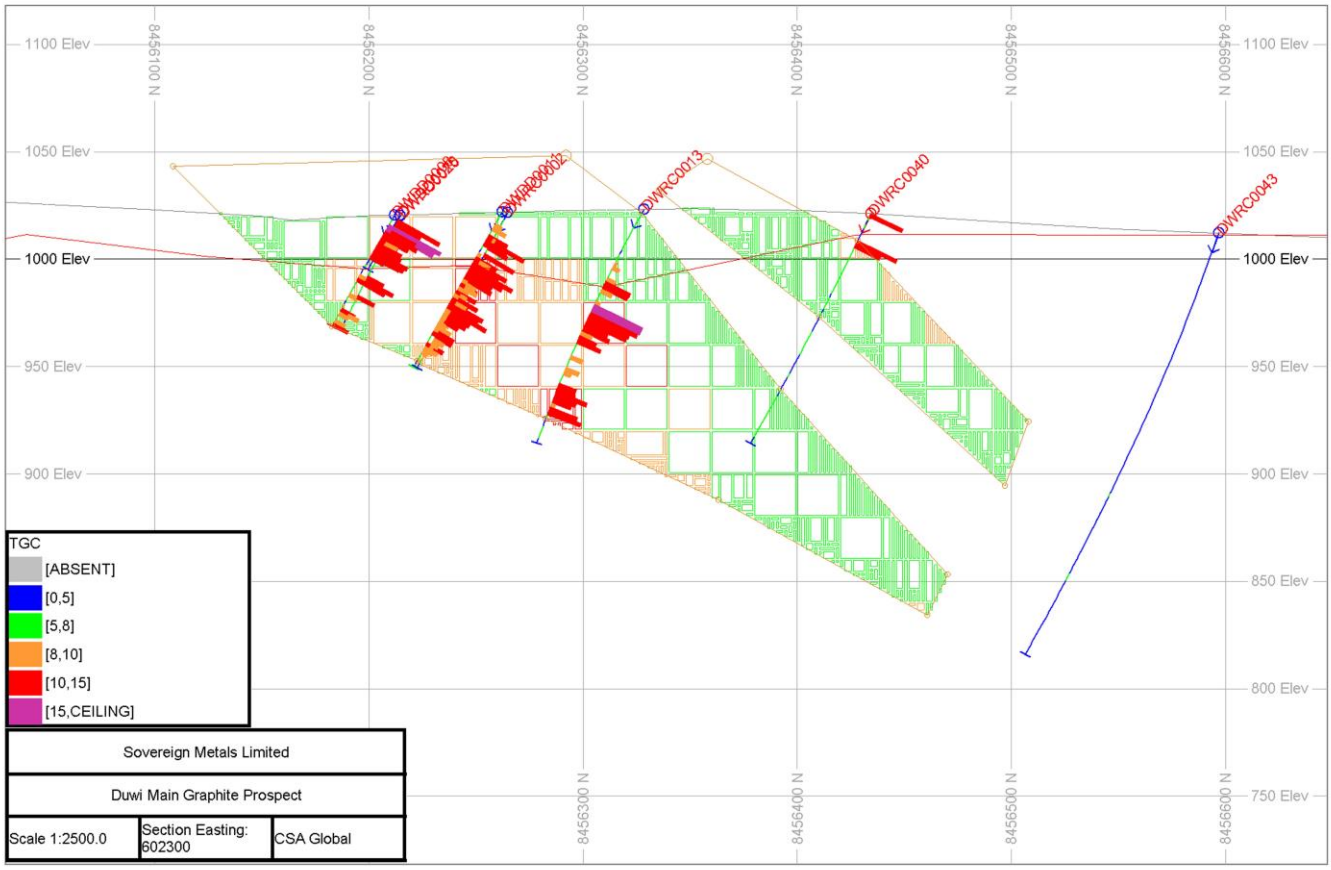

Figure 4. Cross section through Duwi Main Prospect, showing drill holes and block model coloured by TGC (domains modelled using a 5% TGC lower cut-off grade);top of fresh rock surface also shown (red).

Drilling

The MRE is based upon data obtained from 11 diamond core drill holes (1,251m) and 42 reverse circulation percussion ("RC") holes (4,822m) drilled across the three deposits. In addition, Sovereign excavated 8 trenches (1,758m cumulative length) perpendicular to the strike of the deposits. Four pairs of diamond core and RC twinned holes are included in the drilling totals. The diamond core results confirmed the depth and tenor of graphite mineralisation in the RC hole intersections, and therefore give assurance that the RC drilling data is of sufficient quality to use in the MRE. The trenches were sampled to an adequate standard of quality to be also included in the MRE.

Drill holes are located on a nominal 100m x 50m, in places 200m x 50m, grid with drilling oriented approximately north-south across the strike of strata and mineralisation. The dip of the drill holes was designed to intersect the mineralisation at the optimal angle to minimise sampling bias.

Collars were surveyed using a differential global positioning system ("DGPS") to centimetre accuracy. All down-hole surveying was carried out using a Reflex Ez-Trak multi-shot survey tool at 30m intervals down hole. All RC and diamond drill samples were geologically logged, recording relevant data to a set template at 1m intervals. Diamond core was also geotechnically logged, and the core photographed for future record. Diamond core was quarter cut and sampled on 2m intervals and RC samples were composited to 2m sample intervals in the field, and submitted for analyses for TGC. Field quality assurance procedures were employed, including the use of standards, blanks and duplicates. The drill hole data is maintained in a secure relational database by Sovereign personnel.

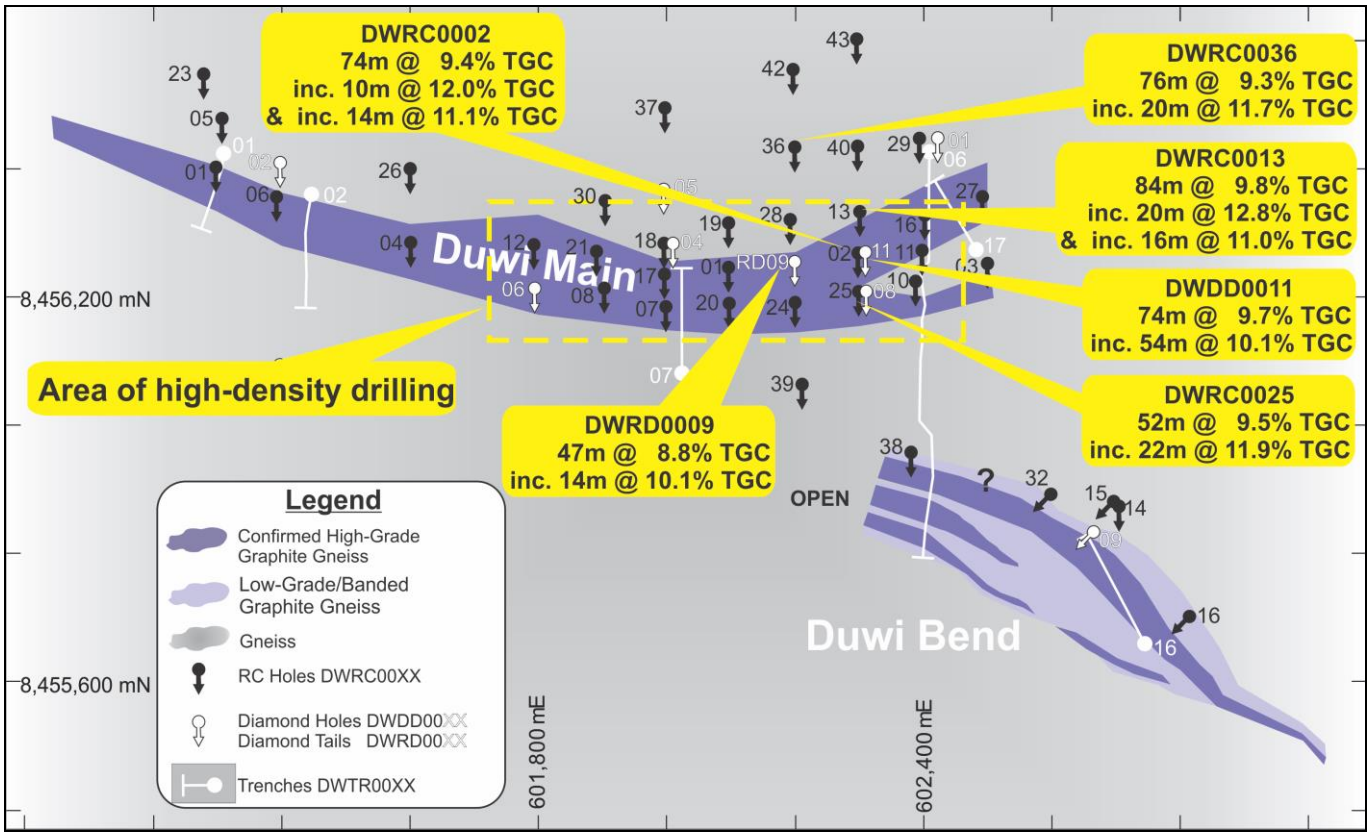

Figure 5. Simplified map of Duwi Main and Duwi Bend showing selected 2014 RC drilling results.

Resource Estimation

Mineralisation domains were modelled using a lower cut-off grade of 5% TGC. Wireframes were created by joining mineralisation polygons based upon geological knowledge of the deposit, derived from drill core logs and geological observations on surface. A weathering profile representing the top of fresh rock was modelled based upon drill hole geological logging. A topographic digital terrain model was generated from a series of transects, with spot heights recorded by DGPS at intervals of 100m (E) by 50m (N).

A block model was constructed in Datamine Studio for Duwi Main, Duwi Bend and Nyama, using a parent cell size of 50m (E) by 20m (N) by 20m (Z). The drill hole files were flagged according to the mineralisation domains they intersected, and statistical analysis of the data followed. This study resulted in the application of a 2m composite length to all drill hole data. A variographic analysis of the domained drill hole data provided variogram parameters for grade interpolation by ordinary kriging methods. Composited sample grades for TGC were interpolated into the block model TGC domains.

Block grade interpolation was validated by means of swath plots, overlapping histograms of sample and block model data, and comparison of mean sample and block model TGC grades for each domain. Cross sections of the block model with drill hole data superimposed were also reviewed.

Sovereign supplied density data to CSA, which was statistically analysed to determine the appropriate density value to apply to the model. The MRE used density values assigned to the block model based upon mineralisation domain and weathering profile. Within the saprolitic weathering zone a density value of 2.10 t/m^3 was assigned and within the fresh rock domain a density of 2.75 t/m^3 was assigned.

Grade tonnage tables for TGC for Duwi are presented in Tables 4 and 5 and Figures 6 and 7. The reported results were used to verify the Mineral Resource statement in Table 1. A third check was conducted using a reporting tool within Datamine which also confirmed the results.

The Mineral Resource is classified as a combination of Indicated and Inferred, and has been reported in accordance with the JORC (2012) Code, with geological, sampling and product quality evidence sufficient to assume geological and grade continuity between the points of observation. Classification of the Mineral Resource estimates was carried out taking into account the robustness of the geological understanding of the deposit, the quality of the sampling and density data, and drill hole spacing. Petrographic analyses and metallurgical considerations of flake size distribution and shape, product purity and recoverability were also given due consideration in the classification.

Table 4. Grade Tonnage Table, Mineral Resource Estimate, All Indicated and Inferred - Duwi Main, Duwi Bend and Nyama

Duwi Graphite Project				
All Classified – Duwi Main, Duwi Bend and Nyama				
TGC % Cut	**Volume**	**Tonnes**	**TGC %**	**DENSITY**
9	1,553,560	4,131,448	9.62	2.66
8.5	3,539,130	9,453,504	9.12	2.67
8	7,024,680	18,800,334	8.69	2.68
7.5	11,747,350	31,446,810	8.30	2.68
7	16,605,520	44,528,090	7.99	2.68
6.5	21,717,480	58,266,466	7.70	2.68
6	27,146,050	72,965,544	7.41	2.69
5.5	30,269,710	81,349,065	7.24	2.69
5	31,980,280	85,918,576	7.14	2.69
0	32,530,180	87,362,824	7.09	2.69

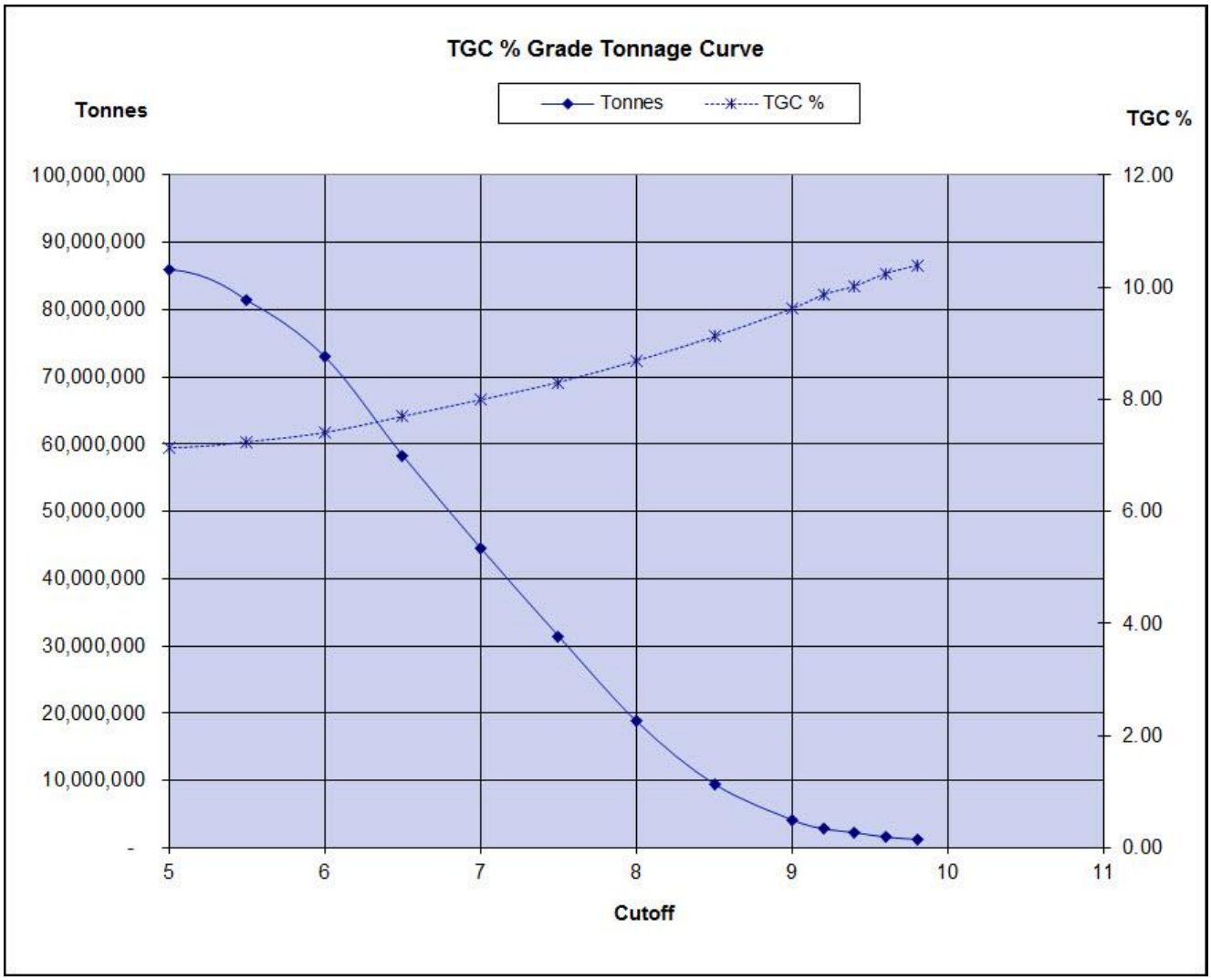

Figure 6. Grade Tonnage Curve, All Indicated and Inferred, Duwi Main, Duwi Bend and Nyama

Table 5. Grade Tonnage Table, Indicated Mineral Resource - Duwi Main

Duwi Graphite Project				
Indicated – Duwi Main				
TGC % Cut	Volume	Tonnes	TGC %	DENSITY
9	882,360	2,354,769	9.80	2.67
8.5	1,653,560	4,393,188	9.31	2.66
8	2,902,740	7,723,016	8.84	2.66
7.5	4,598,220	12,190,443	8.44	2.65
7	6,510,820	17,292,299	8.09	2.66
6.5	8,918,020	23,654,699	7.72	2.65
6	11,429,680	30,374,096	7.40	2.66
5.5	12,751,500	33,870,742	7.23	2.66
5	13,274,180	35,194,310	7.16	2.65
0	13,460,700	35,650,729	7.13	2.65

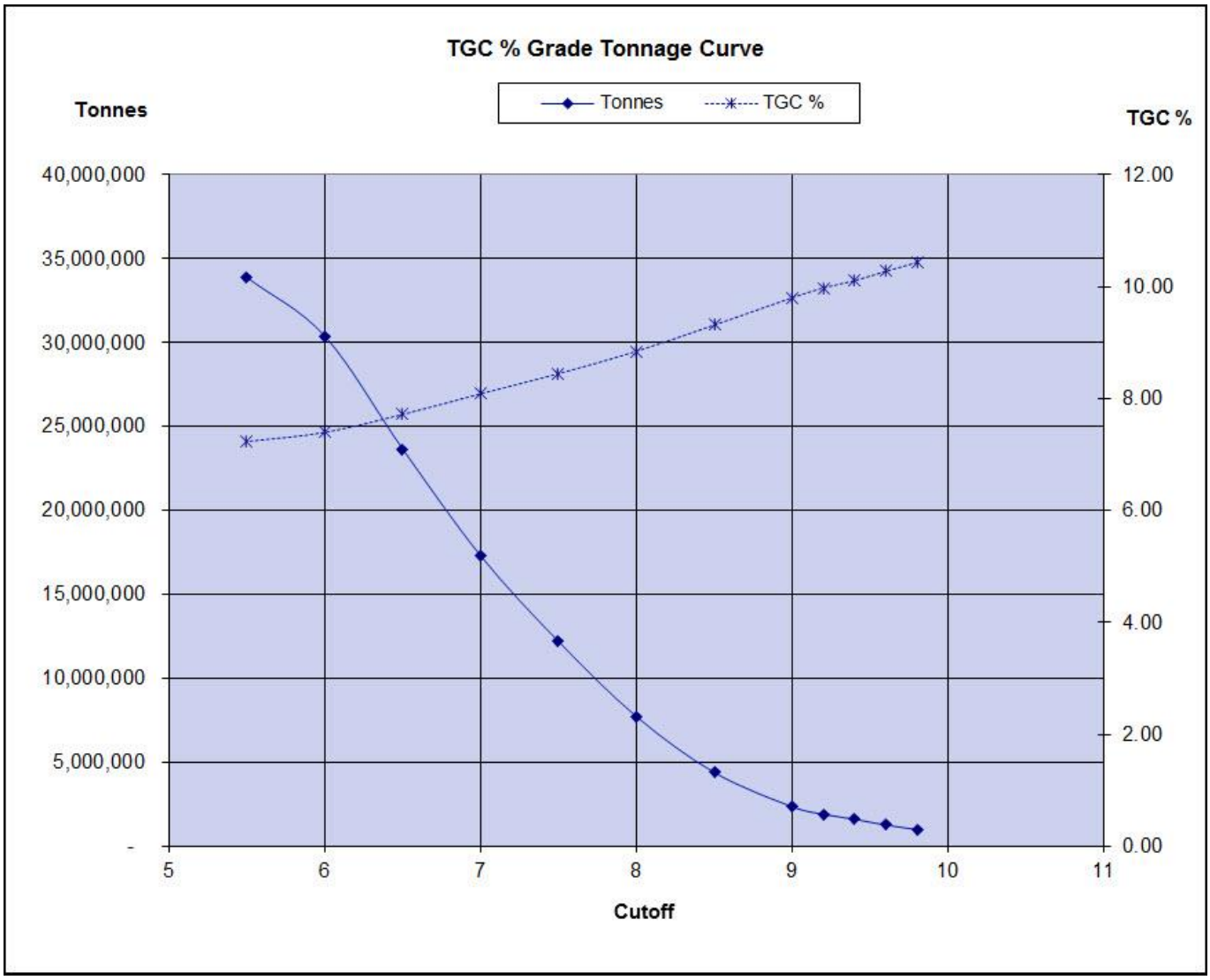

Figure 7. Grade Tonnage Curve, Indicated - Duwi Main

Marketability

Metallurgical data previously reported supports the Mineral Resource classification (see ASX Announcements 22 January 2014 and 12 June 2014). Flake size distribution and product purity have been assessed from samples derived from diamond core within the fresh rock profile, whilst petrographic analyses of thin sections were undertaken on samples from the saprolitic zone.

Results from initial metallurgical testwork by MINTEK Johannesburg indicate the potential of the Duwi Project to deliver a high quality marketable flake graphite concentrate using simple conventional flotation technology (Table 6, Figure 8). The Company is highly encouraged by the results of this initial metallurgical testwork program as it shows that commercial grades of sought-after and valuable Extra Large ('Jumbo') and Large Flake make up close to two-thirds of the final concentrate. The proportion of Extra Large and Large Flake is at the higher end of reported graphite projects worldwide and significantly enhances the Project's commercial appeal.

Table 6: Duwi Concentrate 1 – Flake Size and Total Graphitic Carbon (TGC) Content

Particle size		Distribution	TGC	Flake Category
Tyler Mesh	**(µm)**	**(%)**	**(%)**	
+35	**+425**	**19.7**	**96.3**	**Extra Large (Jumbo)**
-35 + 48	**- 425 + 300**	**17.1**	**93.3**	
-50 + 100	- 300 + 150	27.4	90.3	Large-Medium
-100 + 200	- 150 + 75	15.7	90.8	Small
-200	- 75	20.1	88.7	Amorphous
Total		**100.0**	**91.8**	

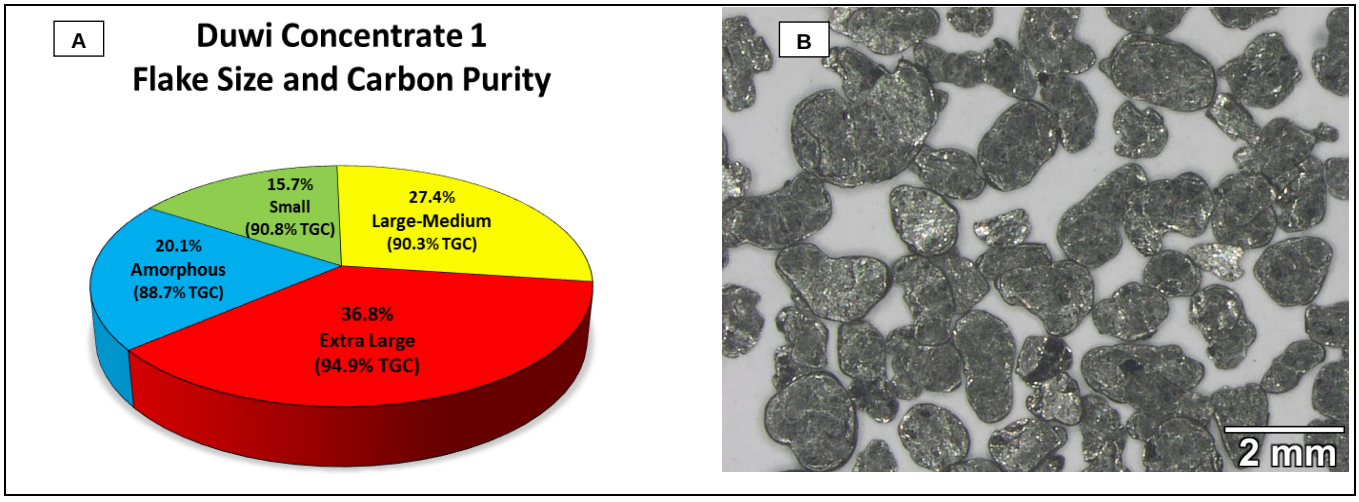

Figure 8: Duwi Concentrate 1 – (A) Flake Size Distribution and TGC Purity (B) Photograph of the Extra Large +425 µm fraction of Concentrate-1

Sovereign has subsequently completed an initial chemical leach purification test on graphite concentrates from the Duwi Main deposit. Ultra-pure graphite was produced across all flake size fractions of concentrates generated from the previously reported flotation test-work program. An upgrade of raw concentrates to between 99.97 and 99.98% Carbon ultra-pure graphite was achieved across all flake size fractions (see ASX Announcement 12 June 2014). These results indicate that Duwi concentrates may be suitable for the growing market of high-value ultra-pure graphite applications in addition to traditional high volume applications.

No announcements have been made regarding marketing offtake agreements or similar, however, flake graphite pricing data is available from a number of public sources. Metallurgical test work has not been reported for the Duwi Bend or the Nyama Prospects, as reflected in part by their Inferred classification levels.

Scoping Study

The Company plans to begin a scoping study immediately to examine a production scenario of 30,000t of flake graphite per annum and an expanded scenario of 65,000t per annum.

The Indicated portion of the MRE will provide the base tonnage input for the Scoping Study. The Company notes that all of the Indicated material occurs in two wide, coherent zones from surface dipping at approximately 45° to the North (see Figure 4). This should facilitate low stripping ratios and low mining costs.

The Duwi Project is located within 20km of Lilongwe, the capital city of Malawi, and is well serviced by road, rail, electricity and other infrastructure (see Figure 9). Metallurgical testwork to date demonstrates that the Duwi Project can produce a world class large flake graphite concentrate, with greater than 64% of concentrates +150µm.

The Scoping Study is expected to be complete in early 2015.

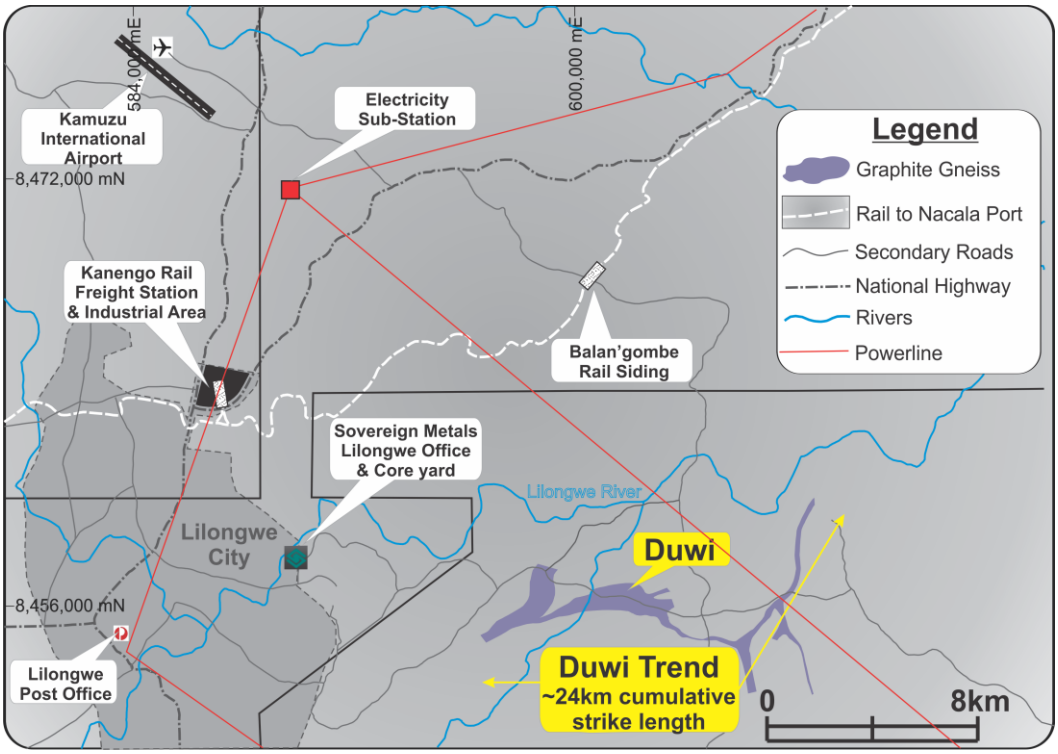

Figure 9. Map showing location of the Duwi Trend in relation to important infrastructure.

Competent Person

The information in this Report that relates to Mineral Resources is based on, and fairly represents, information compiled by Mr David Williams, a Competent Person, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Williams is employed by CSA Global Pty Ltd, an independent consulting company. Mr Williams has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity 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'. Mr Williams 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 is based on, and fairly represents, 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 initial Metallurgical Testwork Results for Duwi conducted at MINTEK, Johannesburg, is extracted from the report entitled 'Metallurgical Testwork Confirms Significant Large Flake Potential' dated 22 January 2014 and available to view on www.sovereignmetals.com.au. The information in the original ASX Announcement that related to Metallurgical Testwork Results was based on information compiled by Mr Michael Kenneth Rhodes, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Rhodes is an employee of Tenova Mining & Minerals (Pty) Ltd ("Tenova"). Tenova was engaged as a consultant by Sovereign Metals Limited. Mr Rhodes 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 included 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.

The information in this report that relates to initial chemical leach purification tests on graphite concentrates from Duwi, was extracted from the reports entitled 'Up to 99.98% C Ultra-high Purity Graphite Concentrate Produced' dated 12 June 2014 and available to view on www.sovereignmetals.com.au. The information in the original ASX Announcement that related to initial chemical leach purification tests was based on information compiled by Mr Oliver Peters, M.Sc., P.Eng., MBA, who is a Member of the Professional Engineers of Ontraio ('PEO'), a 'Recognised Professional Organisation' ('RPO'). Mr Peters is a consultant of SGS Canada Inc. ('SGS'). SGS is engaged as a consultant by Sovereign Metals Limited. Mr Peters 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 included 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.

Summary of Resource Estimate and Reporting Criteria

This ASX announcement has been prepared in compliance with JORC Code 2012 Edition and the ASX Listing Rules. The Company has included in Annexure A, the Table 1 Checklist of Assessment and Reporting Criteria for the Duwi Project as prescribed by the JORC Code 2012 Edition and the ASX Listing Rules.

The following is a summary of the pertinent information used in the MRE with full details provided in Table 1 included as Annexure A.

Geology and Geological Interpretation

The Duwi Project is located within 20km of Lilongwe, the capital city of Malawi. Graphite mineralisation at Duwi and Nyama occurs as multiple, high-grade, bands of flake graphite, hosted within Proterozoic gneissic rocks of felsic to intermediate composition. Mineralisation is open along strike and down dip in both Duwi and Nyama. Field mapping and trenching of the deposits in 2013 and 2014, has demonstrated geological continuity of the host gneisses. Weathering reaches a depth of 70m below surface.

Duwi Main has an east-west strike, dipping 45^{o} to the north. It is currently modelled as two lenses of mineralisation, with a depth extent of 280m, a strike-length of 1,300m and a plan width varying between 25m and 180m. Duwi Bend has a strike of 125^{o}, with a vertical dip. It is currently modelled as two parallel lenses, with a combined strike extent of 420m, down dip extent of 175m and plan width of 20m. Nyama, located approximately 2km west-south-west of Duwi Main, has an approximate east-west strike, and dips 40^{o} to the north. It is currently modelled as three parallel lenses, striking approximately 400m, with a down dip extent of 230m and plan width of 40m.

Drilling and Sampling Techniques

The MRE is based upon data obtained from 11 diamond core drill holes (1,251m) and 42 reverse circulation percussion ("RC") holes (4,822m) drilled across the three deposits. In addition, Sovereign excavated 8 trenches (1,758m cumulative length) perpendicular to the strike of the deposits. Four pairs of diamond core and RC twinned holes are included in the drilling totals.

Drill holes are located on a nominal 100m x 50m, in places 200m x 50m, grid with drilling oriented approximately north-south across the strike of strata and mineralisation. The dip of the drill holes was designed to intersect the mineralisation at the optimal angle to minimise sampling bias.

Collars were surveyed using a differential global positioning system ("DGPS") to centimetre accuracy. All down-hole surveying was carried out using a Reflex Ez-Trak multi-shot survey tool at 30m intervals down hole. All RC and diamond drill samples were geologically logged, recording relevant data to a set template at 1m intervals. Diamond core was also geotechnically logged, and the core photographed for future record.

Diamond core was quarter cut and sampled on 2m intervals and RC samples were composited to 2m sample intervals in the field, and submitted for analyses for TGC. Field quality assurance procedures were employed, including the use of standards, blanks and duplicates.

Sample Analysis Method

Samples were shipped to Intertek-Genalysis sample preparation laboratory in Johannesburg or Perth. Upon receipt of the sample, the laboratory prepares ~100g pulp samples, for shipment (if required) to and analysis by Intertek-Genalysis Perth. A 0.2g charge is analysed for TGC using an Eltra carbon analyser resistance furnace.

Classification Criteria

The MRE has been classified and is reported as Indicated and Inferred based on guidelines specified in the 2012 JORC Code. Classification of the Mineral Resource estimates was carried out taking into account the robustness of the geological understanding of the deposit, the quality of the sampling and density data, and drill hole spacing. Drill spacing for the Indicated MRE is generally on 100m x 50m spacing, and for the Inferred MRE is also on 200m x 50m spacing in places. Petrographic analyses and metallurgical considerations of flake size distribution and shape, product purity and recoverability were also given due consideration in the classification.

Resource Estimation Methodology

Datamine Studio 3 software was used for all geological modelling, block modelling, grade interpolation, Mineral Resource classification and reporting. Mineralisation domains were modelled using a lower cut-off grade of 5% TGC.

The Mineral Resource block model consists of 7 zones of TGC mineralisation, with 2 zones in the Duwi Main, 2 zones in Duwi Bend and 3 zones in Nyama. Mineralisation domains were encapsulated by means of 3D wireframed envelopes. Grade estimation was by ordinary kriging (OK) with inverse distance squared (IDS) estimation run as a check estimate.

Cut-off Grades

The Mineral Resource was reported using a lower cut-off grade of 5% TGC, which is consistent with the grade used to report graphite Mineral Resources by other companies.

Mining and Metallurgical methods and parameters

An initial comprehensive bench-scale metallurgical testwork program was completed for the Duwi Main deposit by MINTEK Johannesburg on representative large-diameter drill core obtained from hole DWDD0004 from the 2013 drilling program (see ASX announcement 17 September 2013). The overall objective “to produce a well characterised graphite concentrate of more than 90% TGC with a high-proportion of coarse-flake” was achieved (see Table 6 & Figure 8).

The investigative testwork program was completed in two separate stages. All material was initially stage crushed to 100% -3.35mm. Stage-1 variability testwork on fresh rock samples confirmed the consistency of mineralised material from DWDD0004 in terms of flake graphite grain size, TGC content and gangue mineralogy.

A 45kg master composite sample grading 8.1% TGC was produced for the Stage-2 flotation tests. The final flotation tests employed an initial rougher flotation stage followed by 3-stages of regrinding using pebble-milling after the 1st, 2nd and 3rd cleaner stages.

Sovereign has subsequently completed an initial chemical leach purification test on graphite concentrates from the Duwi Main deposit. Ultra-pure graphite was produced across all flake size fractions of concentrates generated from the previously reported flotation test-work program. An upgrade of raw concentrates to between 99.97 and 99.98% Carbon ultra-pure graphite was achieved across all flake size fractions (see ASX Announcement 12 June 2014). These results indicate that Duwi concentrates may be suitable for the growing market of high-value ultra-pure graphite applications in addition to traditional high volume applications.

Annexure A - JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	RC Drilling Commentary	Diamond Drilling 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.*	5 ½ inch Reverse Circulation percussion (RC) drilling was employed to generate 1m samples, riffle split 1:8 by hand then riffle split 1:2 through a 50/50 splitter and combined to form 2m composite samples in mineralised zones and 4m composite samples in unmineralised zones.	HQ and HQ-3 Diamond Drilling (DD) was employed to generate drill core, which was quarter cut and sampled on generally 2m intervals in mineralised zones and 4m intervals in unmineralised zones.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Duplicate samples were taken on average every 20th sample (both split and composites) to provide checks on sample representivity.	Duplicate quarter core samples were taken every 20th sample, to provide checks on sample representivity. Diamond drill twins of four (4) RC holes (9%) were completed to test the representivity and accuracy of the RC drilling method for sampling graphite.
	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. From the RC bulk sample a 1-2kg sample is generated for analysis. Diamond core is quarter cut for analysis sampling. Samples were shipped to an Intertek- Genalysis sample preparation laboratory in Johannesburg or Perth. Upon receipt of sample, the laboratory prepares ~100g pulp samples for shipment (if required) to and analysis by Intertek-Genalysis Perth. A 0.2g charge is analysed for Total Graphitic Carbon (TGC) using an Eltra carbon analyser resistance furnace.	
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.).*	Both diamond and reverse circulation drilling was completed on a nominal grid pattern of 50m by 100m or 50m by 200m spacing across the prospect. Drill holes were generally drilled at -60° dip on azimuths deemed appropriate to perpendicularly cross-cut the strike of mineralised zones. 5 ½ RC was drilled from surface. Diamond drilling, HQ-3 triple tube sized giving 61.1mm core was drilled from surface through oxide material to provide greatest recovery, and where fresh rock was encountered HQ core (63.5mm diameter core) was drilled.	
Drill Sample Recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	The RC bulk sample recovery was systematically weighed and examined for overall recovery and representivity.	Diamond core was measured by Company employees for recovery and recorded. For the overall program an overall recovery of 95.5% was achieved during the 2014 program.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	The analysis laboratory records received sample weights, and the company retrieved this data for analysis. It is not believed that any bias has occurred due to loss or gain of sample.	Core recovery is monitored during the drilling process, and core depths are checked against drilling data and rod counts to ensure correctness. Representivity of the core is assessed using duplicate sampling of every 20th sample.
	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 demonstrated.	
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.*	All RC and DD drill samples were geologically logged, recording relevant data to a set template on 1m intervals. In the case of DD, core is also geotechnically logged, and the core is photographed for future record. All logged 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, and estimates of mineralisation percentages and flake characteristics. All core is photographed.	
	The total length and percentage of the relevant intersection logged	100% of drill-hole samples have been geologically logged.	
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Not applicable for RC drilling.	1/4 drill core was cut using a motorised diamond blade core saw and sampled for laboratory analysis.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	1m samples were riffle split 1:8 by hand then riffle split 1:2 through a 50/50 splitter and combined to form 2m composite samples in mineralised zones and 4m composite samples in unmineralised zones. Only 3 wet samples were encountered in the program, these samples were dried, broken up using a mortar and pestle, and split per the above procedure.	Not applicable for DD drilling.

Criteria	JORC Code explanation	RC Drilling Commentary	Diamond Drilling Commentary
	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 each 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 duplicate samples (a second sample split from the same interval) were taken to attempt to quantify the equality. Review of these samples against the original samples showed consistency.	Quarter core duplicate samples were collected every 20th sample. 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. It is believed that grain size has no bearing on the grade of the sampled material.	
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 carbon attributed to carbonate, 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.	No non-laboratory devices were used for 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.	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. Certified reference standards produced from material sourced from 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.	A total of four (4) twin diamond/RC holes have been completed over the Duwi Main Prospect. Results for all holes have been returned and all are well within geological tolerance.	
	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 to assay data.	
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.*	The Company's consulting surveyor used a Leica GPS System 1200 in RTK mode to define the drill-hole collar coordinates to centimetre accuracy. All down-hole surveying was carried out using a Reflex Ez-Trak multi-shot survey tool at 30m intervals down hole.	
	Specification of the grid system used.	WGS84 UTM Zone 36 South	
	Quality and adequacy of topographic control.	The Company's consulting surveyor used a Leica GPS System 1200 in RTK mode to collect a grid mesh of points to create topographic control over the drilling prospects. On average, 100m lines were sampled, with 50m spaced points along the line, with infill at toe/crest of inclines. Given the low topographic relief of the area it is believed that this represents high quality control.	
Data spacing & distribution	*Data spacing for reporting of Exploration Results.*	Combined RC and DD drilling has been completed over the greater part of the Duwi Main prospect at an east-west line spacing of 100m (just 2 lines were undrilled, leaving a two 200m spaced gaps), with drillholes separated at nominal 50m north-south spacing on the lines. At the Duwi Bend and Nyama prospects completed drillhole spacing is less regular representing the lesser developed nature of the prospects, however the drill planning has maintained the spacing at notional 100m lines with 50m hole spacing on lines.	
	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 data spacing is sufficient for the estimation of a Mineral Resource (see also section 3 of JORC table).	
	Whether sample compositing has been applied.	Sample compositing at sampling stage occurred on 2m intervals i.e. 2 x 1m samples were composited to form a single 2m composite sample in mineralised zones and 4m in non-mineralised zones.	
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.	

Criteria	JORC Code explanation	RC Drilling Commentary	Diamond Drilling Commentary
Sample security	*The measures taken to ensure sample security*	Samples were stored in secure storage from the time of drilling, through gathering and 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 or Perth. 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*	An audit of the sampling techniques was carried out by an independent, qualified, 3rd party geologist in advance of a resource estimate. No material issues were identified. 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	RC Drilling Commentary	Diamond Drilling 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 3 Exclusive Prospecting Licences. EPL0355 granted in 2012 for 3 years, EPL0372 granted in 2013 for 3 years, EPL0413 granted in 2014 for 3 years. All of the EPLs are renewable for two additional periods of 2 years each upon expiry. The Duwi Project occurs wholly within EPL0372.	
	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 Zone, Duwi Bend and Nyama 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*	All drill-hole information has been previously reported to the ASX on the 3rd of October 2013. No material changes have occurred to this information since it was originally reported.	
	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 5% TGC lower cut-off has been applied for modelling of mineralised bodies.	
	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 and were previously reported to the ASX on the 3rd of October 2013. No material changes have occurred to this information since it was originally reported.	
	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 50° to 20° to the north.	
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	All intercepts reported are considered true width or near true width, except those from the Duwi Bend Deposit, where intercept widths are considered to be approximately 55% of true 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*	See Figures 1, 4 & 5 within the main text of this report.	

Criteria	JORC Code explanation	RC Drilling Commentary	Diamond Drilling Commentary
	locations and appropriate sectional views.		
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 complete a scoping study on 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 & 5 in text.	

Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Commentary
Database integrity	Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.	Data used in the Mineral Resource estimate is sourced from a data base export. Relevant tables from the data base are exported to MS Excel format and converted to csv format for import into Datamine Studio 3 software for use in the Mineral Resource estimate.
	Data validation procedures used.	Validation of the data import include checks for overlapping intervals, missing survey data, missing assay data, missing lithological data, and missing collars.
Site visits	Comment on any site visits undertaken by the Competent Person and the outcome of those visits.	A representative of the Competent Person (Mineral Resources) visited the project in July 2014.
	If no site visits have been undertaken indicate why this is the case.	The RC drilling rig was in operation and the Competent Person's representative was able to review drilling and sampling procedures. Outcrop containing mineralisation was examined and geologically assessed. Planned drill sites were examined and assessed with respect to strike and dip of the interpreted geological model. Trenches were examined and a re-enactment of sampling procedures was presented by Sovereign geological and field staff. Sample storage facilities were inspected. The analytical laboratory in Johannesburg was also inspected. There were no negative outcomes from any of the above inspections, and all samples and geological data were deemed fit for use in the Mineral Resource estimate.
Geological interpretation	Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.	There is a reasonably high level of confidence in the geological interpretation, based upon lithological logging of diamond drill core, and RC chips. Trenches cut orthogonal to the strike of the geology demonstrated the geometry of the deposit, and clearly showed graphitic mineralisation. Deposit scale geological mapping provides a geological framework for the interpretation.
	Nature of the data used and of any assumptions made.	Drill hole intercept logging and assay results (RC and diamond core), structural interpretations from drill core and geological logs of trenches have formed the basis for the geological interpretation. Assumptions were made on depth and strike extension of the gneiss, using drill hole and trench sample assays as anchor points at depth and at intervals along strike. Geological mapping also support the geological model.
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	No alternative interpretations were considered because the exposed geology in outcrop supports the current interpretation.
	The use of geology in guiding and controlling Mineral Resource estimation.	Graphitic mineralisation is hosted within graphitic gneiss, which is mapped along its strike length within the project area and within the license area. Grade (total graphitic carbon, TGC %) is assumed to be likewise continuous with the host rock unit.

Criteria	JORC Code explanation	Commentary
	The factors affecting continuity both of grade and geology.	The graphitic gneiss is open along strike and down dip. The interpretation of the mineralisation domains is based upon a pre-determined lower cut-off grade for TGC. A variation to the cut-off grade will affect the volume and average grade of the domains.
Dimensions	The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.	Duwi Main has an east-west strike, dipping 45 degrees to the north. It is currently modelled as two lenses of mineralisation, with a depth extent of 280 m, a strike length of 1,300 m and a plan width varying between 25 m and 180 m. Duwi Bend has a strike of 125 degrees, with a vertical dip. It is currently modelled as two parallel lenses, with strike extent of 420 m, down dip extent of 175 m and plan width of 20 m. Nyama, located approximately 2km to the west-south-west of Duwi Main, has an approximate east-west strike, and dips 40 degrees to the north. It is currently modelled as three parallel lenses, striking 400 m, with a down dip extent of 230 m and plan width of 40 m.
Estimation and modelling techniques	The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.	Datamine Studio 3 software was used for all geological modelling, block modelling, grade interpolation, Mineral Resource classification and reporting. GeoAccess Professional and Snowden Supervisor were used for geostatistical analyses. TGC interpretations were based upon a lower cut-off of 5% TGC, geological interpretations of mineralised outcrop and trenches, and logging of diamond drill core and RC chips. The Mineral Resource block model consists of 7 zones of TGC mineralisation, with 2 zones in the Duwi Main, 2 zones in Duwi Bend and 3 zones in Nyama. Mineralisation domains were encapsulated by means of 3D wireframed envelopes. Domains were extrapolated along strike or down plunge to half-a-section spacing. Top cuts were not used to constrain extreme grade values because the TGC grade distribution did not warrant their use. All samples were composited to 2 m intervals because most samples were collected at 2 m intervals. All drill hole data (RC and diamond) and trench assays were utilised in the grade interpolation. A quality assurance study of the RC drilling coupled with a set of four pairs of twin drilling confirmed that the RC drill holes could be used with the diamond core samples as part of the grade interpolation. A study of the trench assay data similarly demonstrated a similar population to the conventional drilling sample assay results. Grade estimation was by ordinary kriging (OK) with inverse distance squared (IDS) estimation run as a check estimate. A minimum of 4 and maximum of 18 composited samples were used in any one block estimate for all domains. A maximum of 5 composited samples per drill hole were used in any one block estimate. Cell discretisation of 5 x 5 x 5 was used. Grade interpolation was run within the individual mineralisation domains, acting as hard boundaries. No depletion of the Mineral Resource due to mining activity was required due to no mining having occurred historically. No selective mining units were assumed in this model.
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	This is the maiden Mineral Resource estimate for Duwi and as such, no previous results are available to reconcile current results against. No mining has occurred to date at Duwi. An inverse distance squared grade interpolation was run in parallel with the ordinary Kriged interpolation, with similar results obtained.
	The assumptions made regarding recovery of by-products.	No by products were modelled.
	Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	No deleterious elements have been estimated, however this is recommended in light of the presence of iron sulphides.
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	A block model with parent cell sizes 50 m (E) x 20 m (N) x 20 m (RL) was constructed for Duwi Main and Duwi Bend, compared to typical drill spacing of 100 m x 50 m. Nyama was constructed with a block parent size of 25 m x 20 m x 20 m.
	Any assumptions behind modelling of selective mining units.	No selective mining units were assumed in this model.
	Any assumptions about correlation between variables.	Only TGC was modelled, therefore no correlation with other variables was required.
	Description of how the geological interpretation was used to control the resource estimates.	A lower cut-off of 5 % TGC was used to constrain the mineralisation domains. These domains are located within gneisses, observed in drill samples and trenches.
	Discussion of basis for using or not using grade cutting or capping.	A statistical assessment of the TGC populations within the model domains showed there were no very high TGC assayed grades. The locations of the highest TGC sample grades were viewed in 3D space in Datamine to determine if they would potentially have a biased impact upon local grade estimation, and results determined that top cutting would not be necessary.
	The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.	The grade model was validated by 1) creating slices of the model and comparing to drill hole samples on the same slice; 2) swath plots comparing average block grades with average sample grades on nominated easting, northing and RL slices; 3) mean grades per domain for estimated blocks and flagged drill hole samples; and 4) cross sections with block model and drill hole data colour coded in like manner. No reconciliation data exists to test the model.
Moisture	Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.	Tonnages are estimated on a dry basis.

Criteria	JORC Code explanation	Commentary
Cut-off parameters	The basis of the adopted cut-off grade(s) or quality parameters applied.	A reporting cut-off grade of 5% TGC was adopted to report the Mineral Resource. An "in ground value" per tonne of $60 to be the break-even grade was assumed. A basket price of $1250 per tonne of concentrate was applied giving a value at 5% of $62.50. A 5% reporting cut-off grade has been used to report graphite Mineral Resources by other companies.
Mining factors or assumptions	Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	It is assumed the deposit, if mined, will be developed using open pit mining methods. No assumptions have been made to date regarding minimum mining widths or dilution. The largest mineralisation domains in plan view have an apparent width of up to 180 m which may result in less selective mining methods, as opposed to (for example) mining equipment that would need to be used to mine narrow veins in a gold mine.
Metallurgical factors or assumptions	The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	Sovereign have announced two sets of metallurgical results to the market (22nd January 2014 and 12th June 2014), relating to flake size distribution and purity of graphite concentrate. Sovereign are continuing with further test work. Samples from diamond drill hole DWD0004 were tested for flake distribution. > 35% of concentrate is +48 mesh (+300 um – extra-large) with a purity of 95% TGC. Overall recoveries of 87.5% grading 92.0% TGC were recorded. These results were reported on 22nd January 2014. Petrographic analyses were also conducted on thins section of diamond core samples. Product purity test work from the same samples were reported 12th June, with upgrade of flotation concentrates to between 99.97% and 99.98% C ultra-pure graphite achieved across all flake size fractions.
Environmental factors or assumptions	Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	Due to the presence of iron sulphide minerals in the mineralised and waste rocks, it is assumed that tailings and waste dumps will be acid generating. The Duwi Main deposit is located within a farming area and has a village located at the extreme western end of it. Sovereign holds regular discussions with local landholders and community groups to keep them well informed of the status and future planned directions of the project. Duwi is located in a sub-equatorial region of Malawi and is subject to heavy seasonal rainfall, with rapid growth of vegetation in season. No major waterways are located within the immediate deposit area.
Bulk density	Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.	Density was calculated from 437 billets of core taken from across the Duwi Main and Bend prospects, with density measured by conventional Archimedes wet and dry weighing at the project's exploration camp. Density data was loaded into a Datamine drill hole file, which was flagged against weathering horizons and mineralisation domains. An average density value of 2.1 t/m^3 was determined for the saprolitic profile, and 2.75 t/m^3 for the fresh rock profile. There were no discernible differences in density between the waste and mineralisation zones.
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vughs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.	The density measurement techniques employed at the project site accounted for potentially porous material.
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	The bulk density values were based upon measurements from 437 samples. The impact of weathering required a sufficient number of density samples to be tested from saprolitic and fresh rock domains.
Classification	The basis for the classification of the Mineral Resources into varying confidence categories.	Classification of the Mineral Resource estimates was carried out taking into account the geological understanding of the deposit, quality of the samples, density data and drill hole spacing. Metallurgical results related to flake size and sample purity, and petrographic analyses of thin sections from selected drill core, as per Clause 49 (JORC 2012). The Mineral Resource is classified as a combination of Indicated and Inferred, with geological evidence sufficient to assume geological and grade continuity in the Indicated volumes.
	Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations,	All available data was assessed and the competent person's relative confidence in the data was used to assist in the classification of the Mineral Resource.

Criteria	JORC Code explanation	Commentary
	reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	
	Whether the result appropriately reflects the Competent Person's view of the deposit	The current classification assignment appropriately reflects the Competent Person's view of the deposit.
Audits or reviews	The results of any audits or reviews of Mineral Resource estimates.	No audits or reviews of the current Mineral Resource estimate have been undertaken.
Discussion of relative accuracy/ confidence	Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.	An inverse distance estimation algorithm was used in parallel with the ordinary kriged interpolation, with results very similar. No other estimation method or geostatistical analysis has been performed. The Mineral Resource is a local estimate, whereby the drill hole data was geologically domained above nominated TGC cut-off grades, resulting in fewer drill hole samples to interpolate the block model than the complete drill hole dataset, which would comprise a global estimate. Relevant tonnages and grade above nominated cut-off grades for TGC are provided in the introduction and body of this report. Tonnages were calculated by filtering all blocks above the cut-off grade and sub-setting the resultant data into bins by mineralisation domain. The volumes of all the collated blocks were multiplied by the dry density value to derive the tonnages. The graphite metal values (g) for each block were calculated by multiplying the TGC grades (%) by the block tonnage. The total sum of all metal for the deposit for the filtered blocks was divided by 100 to derive the reportable tonnages of graphite metal.
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.	The statement relates to global estimates of tonnes and grade.
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	No production data is available to reconcile model results.