CLIMATE SMART MINING

CRITICAL RAW MATERIAL SUPPLY FROM THE WORLD'S LARGEST NATURAL RUTILE DEPOSIT AND ONE OF THE LARGEST GRAPHITE RESOURCES

SOVEREIGN METALS LIMITED

APRIL 2022 | AIM: SVML | ASX: SVM | ABN: 71 120 833 427

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Rutile – the world's purest natural source of titanium

Pigment (58%)

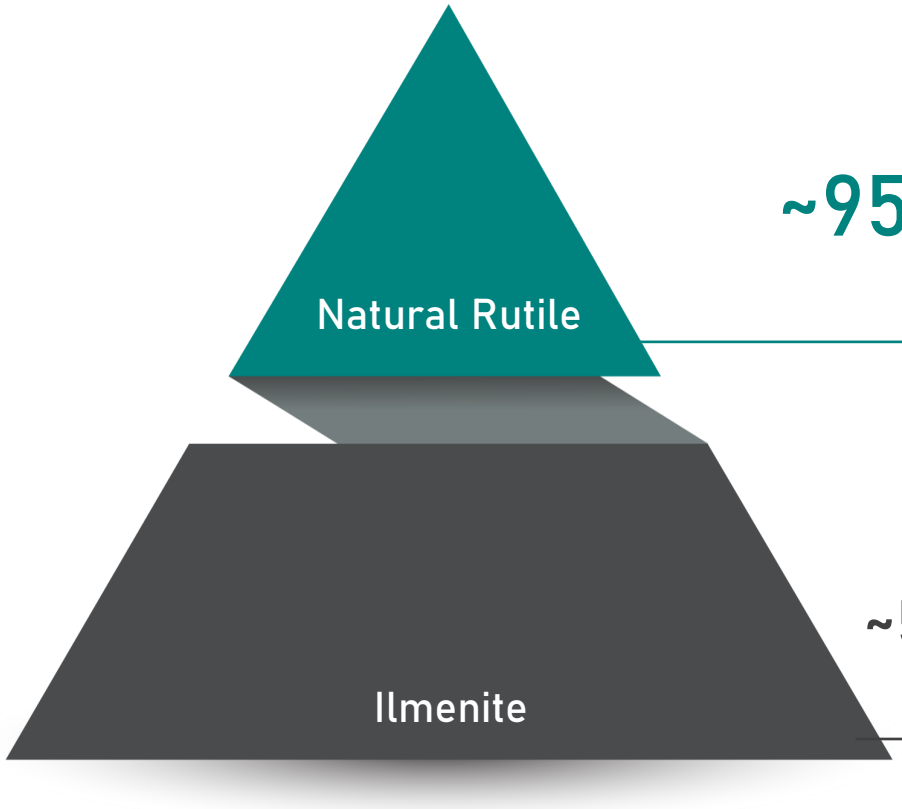
Welding (31%)

Titanium Metal (11%)

Titanium – designated a CRITICAL RAW MATERIAL by the US and EU based on "supply risk" and "economic importance"

Note: Percentages relate to uses of rutile as a titanium feedstock

Natural Rutile – the purest natural form of titanium

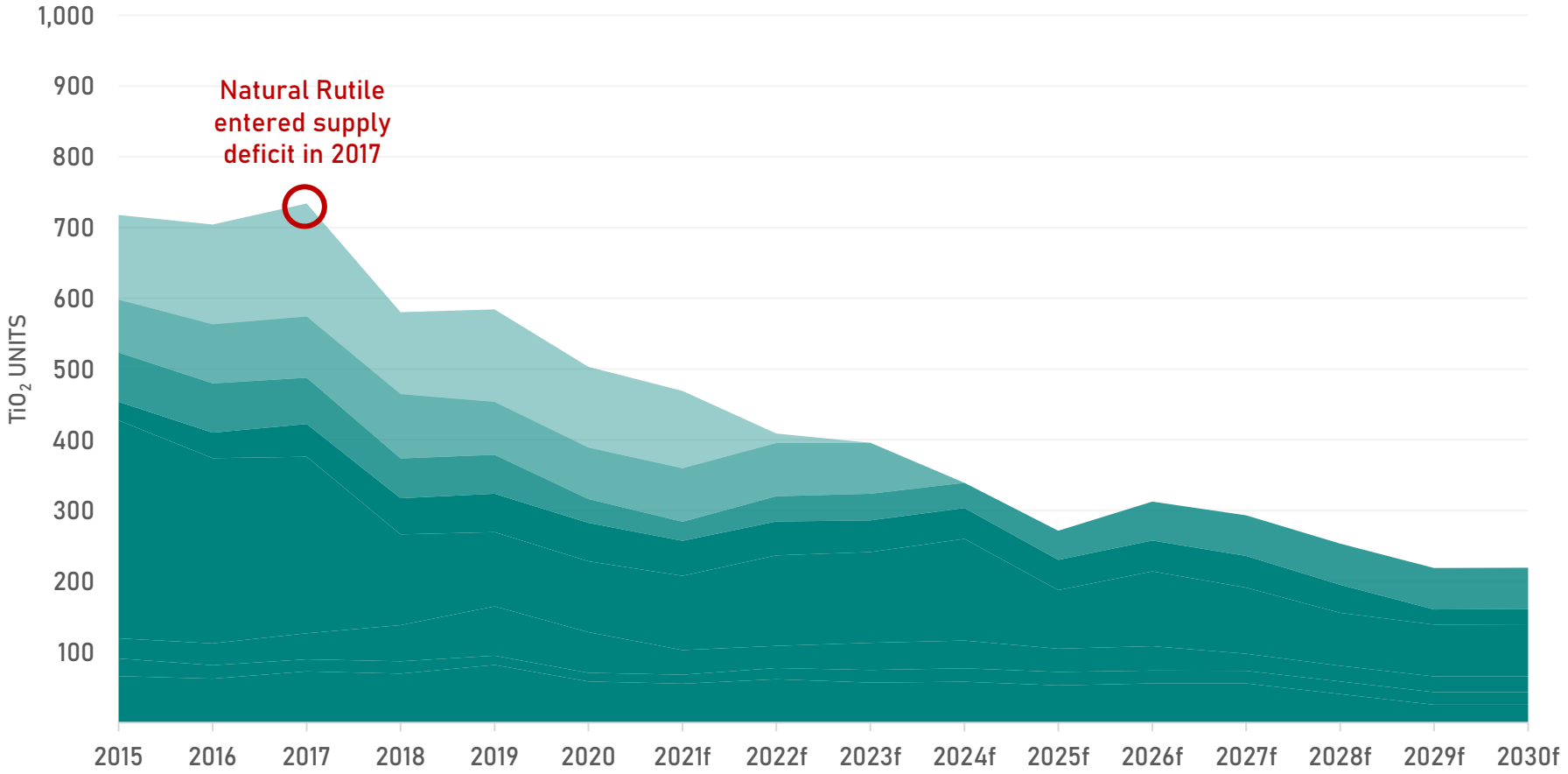


Natural Rutile	~95% TiO_2	+US$1,350/t Spot over US$2,200/t*	0.5Mt Supply 2020[1]
Ilmenite	~50% TiO_2	+$200/t Spot over US$400/t*	6.2Mt Supply 2020[1]

1.Titanium feedstock supply. Ilmenite includes sulphate slag production and chloride slag production; leucoxene, synthetic rutile and upgraded chloride slag ("UGS") not included. Source: TZMI
2.Rutile price: Iluka Resources Limited (ASX: ILU): December 2021 Quarterly Report (US$1,351). Chloride Ilmenite: TZMI (US$235)
* Spot price: Ruidow

Natural Rutile – genuinely scarce

EXPECTED GLOBAL RUTILE SUPPLY TO 2030



70%
Expected decrease in global rutile supply from 2017 to 2030 (~515kt)

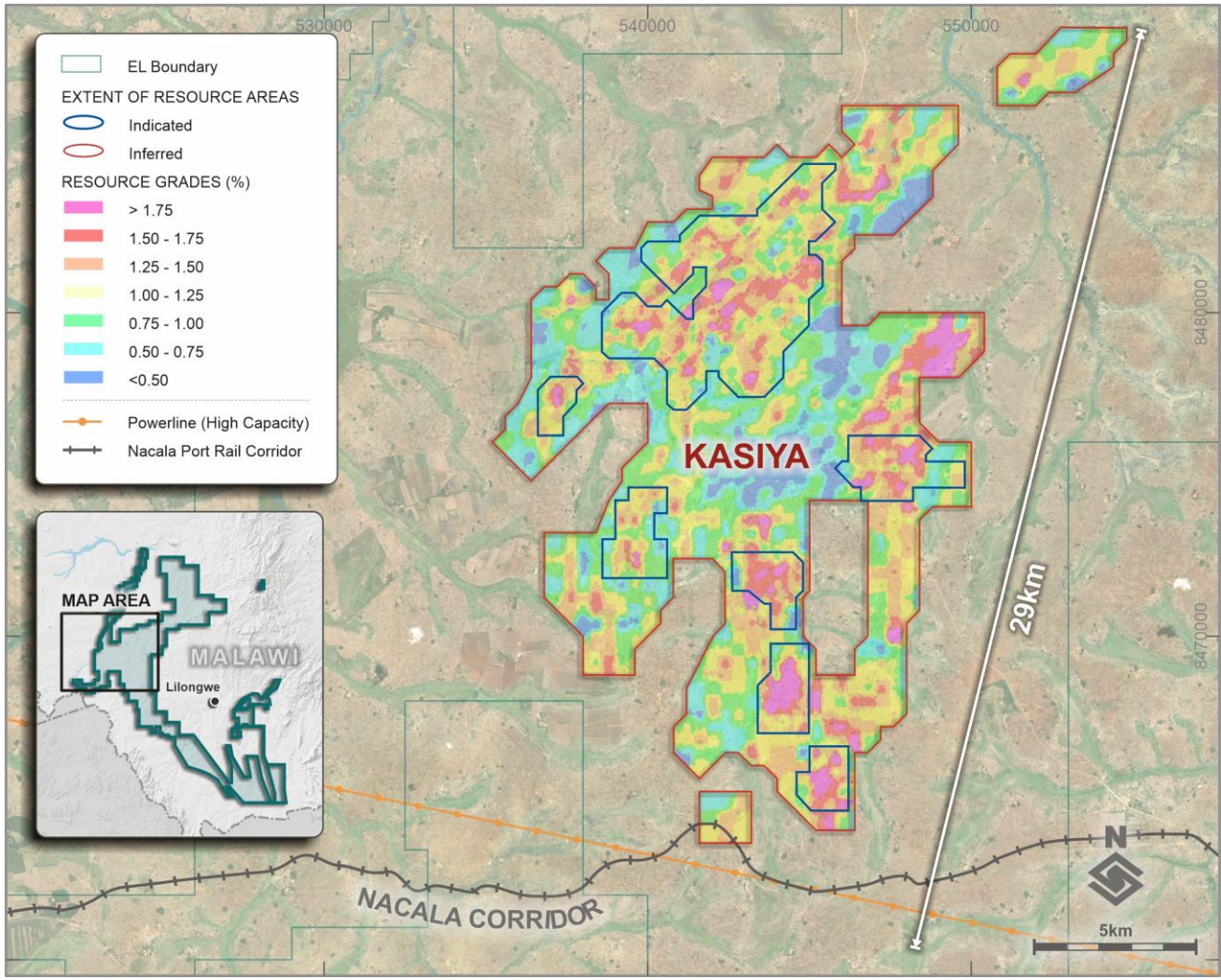
2.8Mt
Expected increase in global TiO_2 demand from 2017 to 2030

+50 Years
Since new significant, standalone rutile-dominant deposits discovered

Source: TZMI

Kasiya updated Mineral Resource Estimate – 1.8 Billion Tonnes

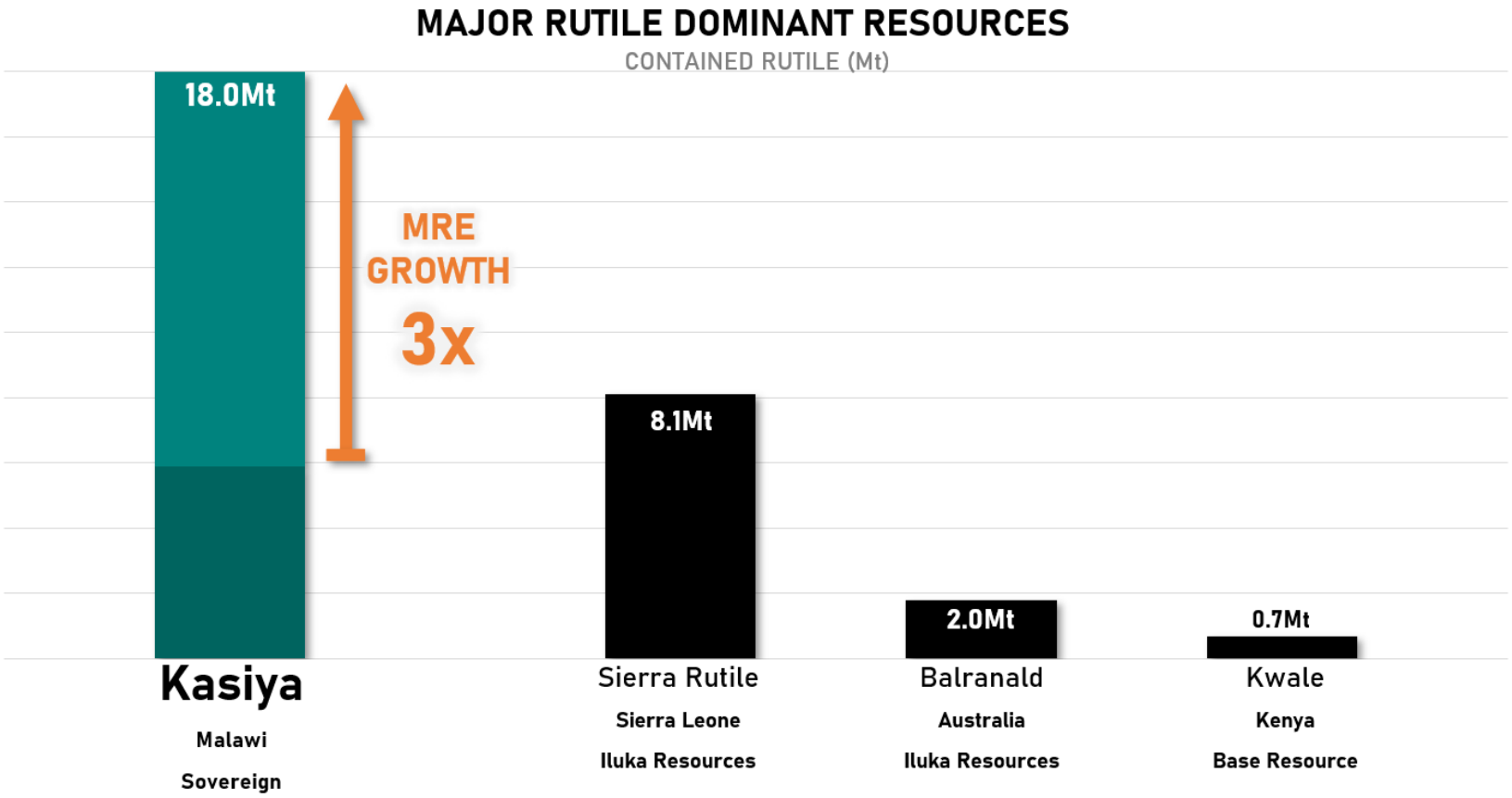
Kasiya Mineral Resource Estimate at 0.7% Rutile Cut-off						
Mineral Resource Category	Material Tonnes (millions)	Rutile Grade (%)	Rutile Tonnes (millions)	TGC (%)	TGC Tonnes (millions)	RutEq. Grade[1]
Indicated	662	1.05%	6.9	1.43%	9.5	1.73%
Inferred	1,113	0.99%	11.0	1.26%	14.0	1.59%
Total	1,775	1.01%	18.0	1.32%	23.4	1.64%



Source: Sovereign Metals
1. Rutile Grade x Recovery (97%) x Rutile Price (US$1,346/t) + Graphite Grade x Recovery (62%) x Graphite Price (US$1,085/t) / Rutile Price (US$1,346/t). All assumptions taken from the Company's 2021 Scoping Study released 16 December 2021

Kasiya – the largest rutile deposit ever discovered

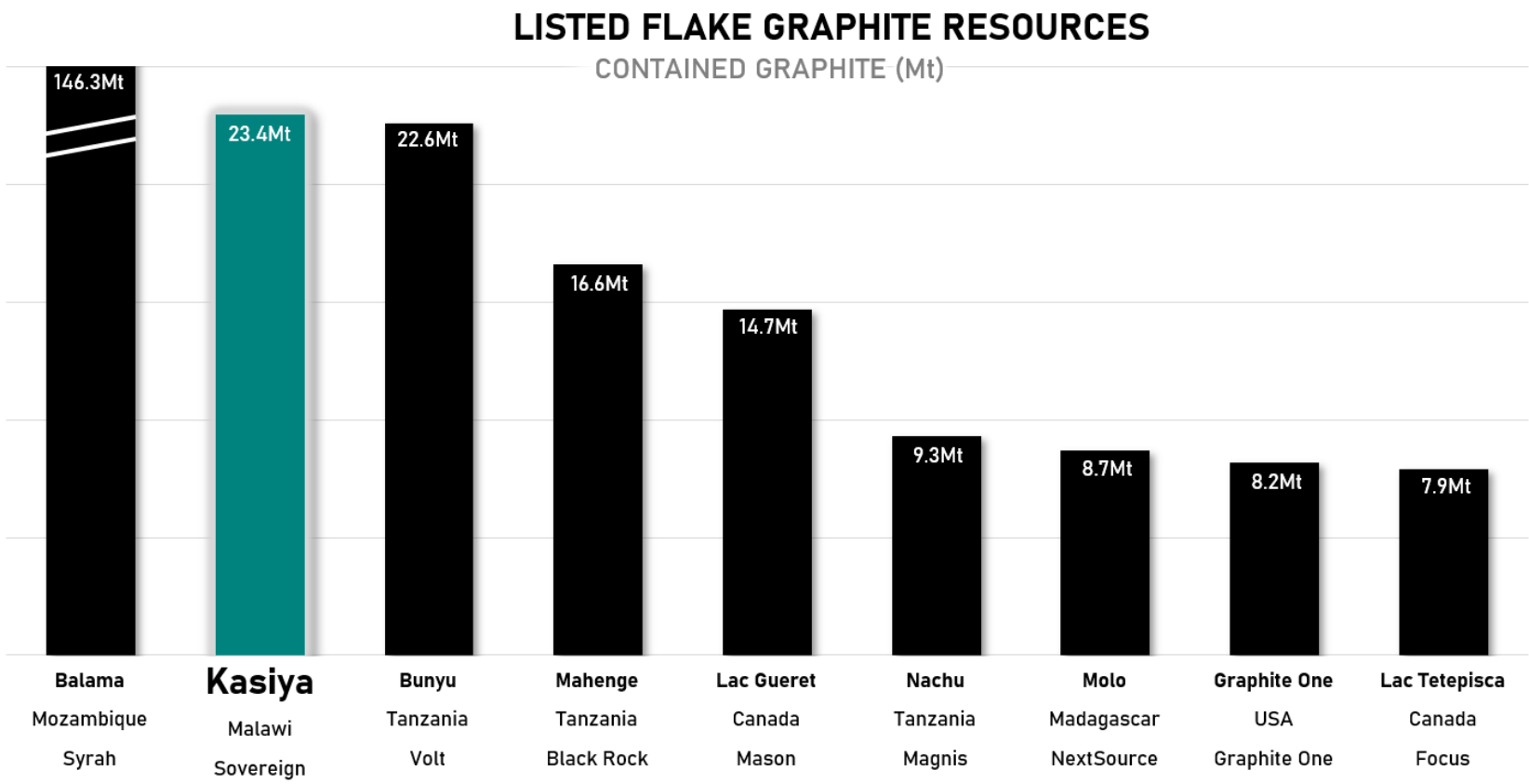
- Kasiya contains more than double the rutile resource as its nearest rutile peer, Sierra Rutile
- New MRE shows a number of new large, but generally discrete high grade rutile zones
- Discovery and delineation of these new high grade mineralised zones has been dominant factor in tripling of the resource base



Source: Sovereign Metals

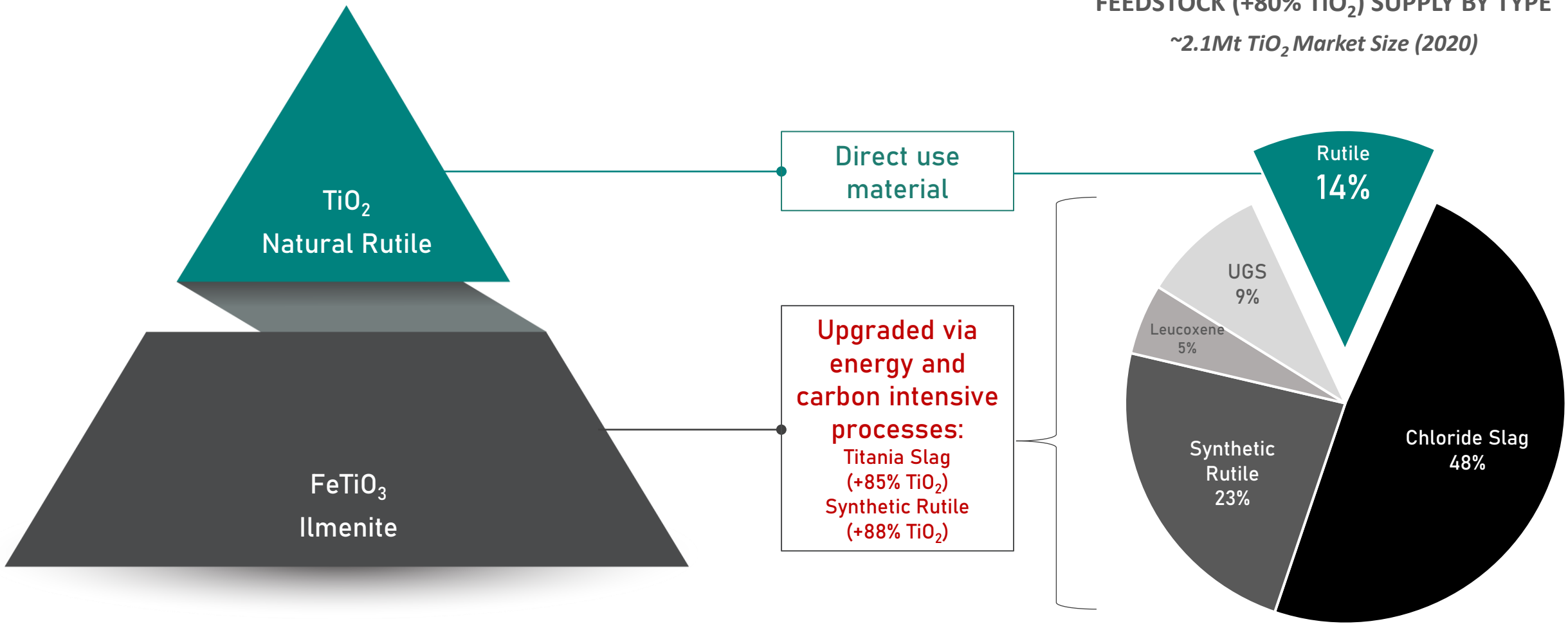
Kasiya – one of the largest flake graphite resource in the world

- Graphite by-product from potential rutile production to have a very low production cost compared to graphite-only projects
- Kasiya graphite is highly crystalline and of high purity – important features required for use in lithium-ion battery anodes
- Comprehensive bulk scale metallurgy and downstream test work program developed to confirm commercial potential



Source: Sovereign Metals

Natural rutile makes up a small percentage of the total high-grade titanium pigment feedstock market but has a much lower carbon footprint



Source: Sovereign Metals; TZMI
Note: High grade chloride pigment feedstock does not include chloride ilmenite as it is not considered high grade

Natural rutile – a lower carbon footprint alternative

Scope 1 & 2

Scope 3

Synthetic rutile and titania slag are products of energy and carbon intensive upgrading of ilmenite prior to pigment production

MINING AND PROCESSING

Ilmenite
~50% TiO_2

ENERGY - CARBON INTENSIVE UPGRADING PROCESSES

CO_2 Emissions and Waste

Synthetic Rutile (+88% TiO_2)
Titania Slag (+85% TiO_2)

PIGMENT PRODUCTION

Mined natural rutile is extracted in a form ready for direct pigment production

MINING AND PROCESSING

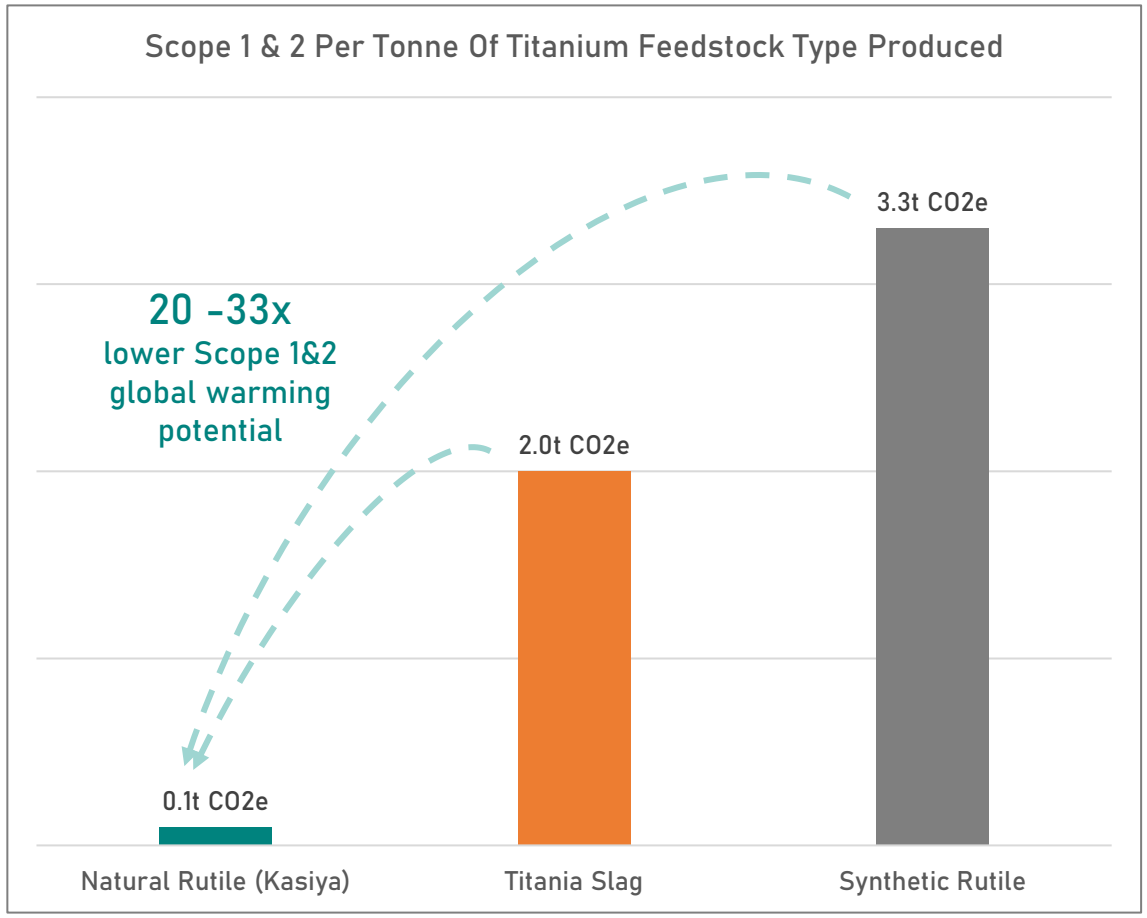
Natural Rutile
~95% TiO_2

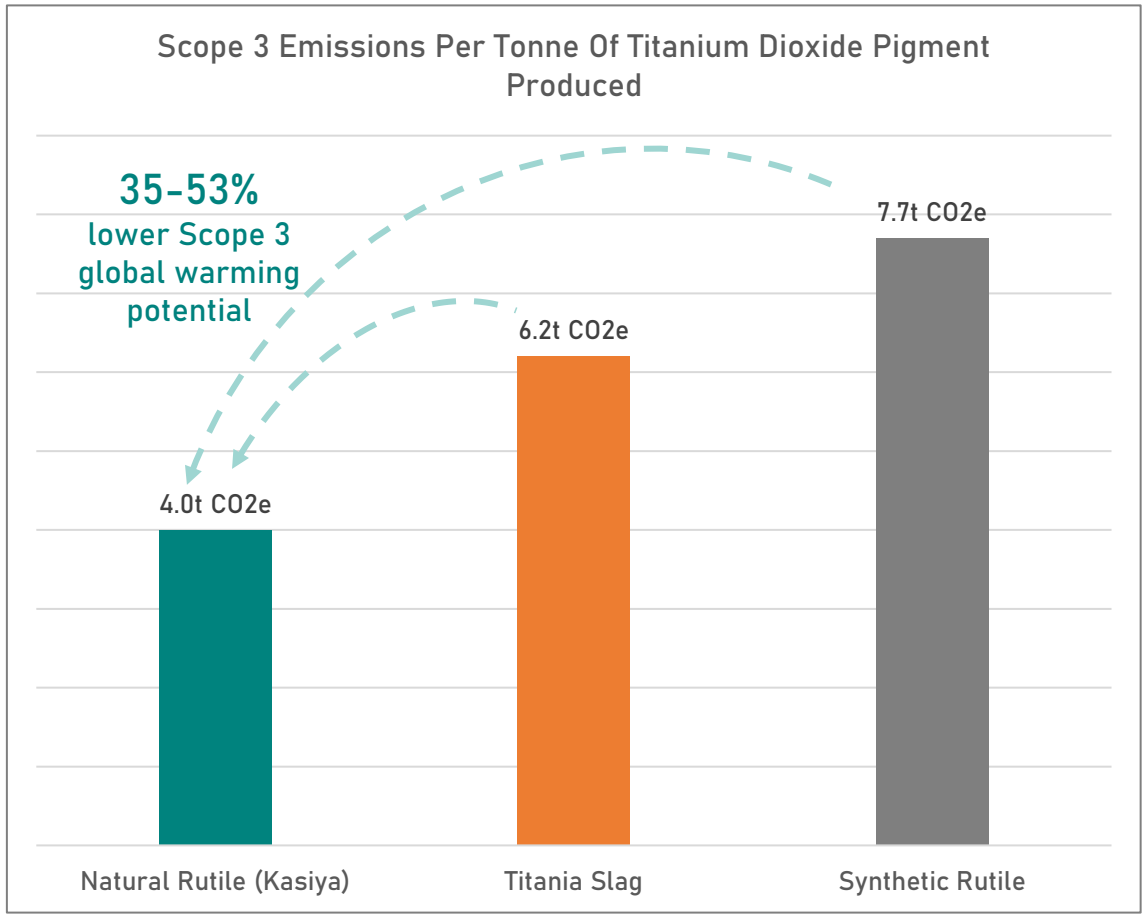
SAVING UP TO 2.8 TONNES CO_2 eq. per tonne

PIGMENT PRODUCTION

Source: Minviro Ltd; Sovereign Metals

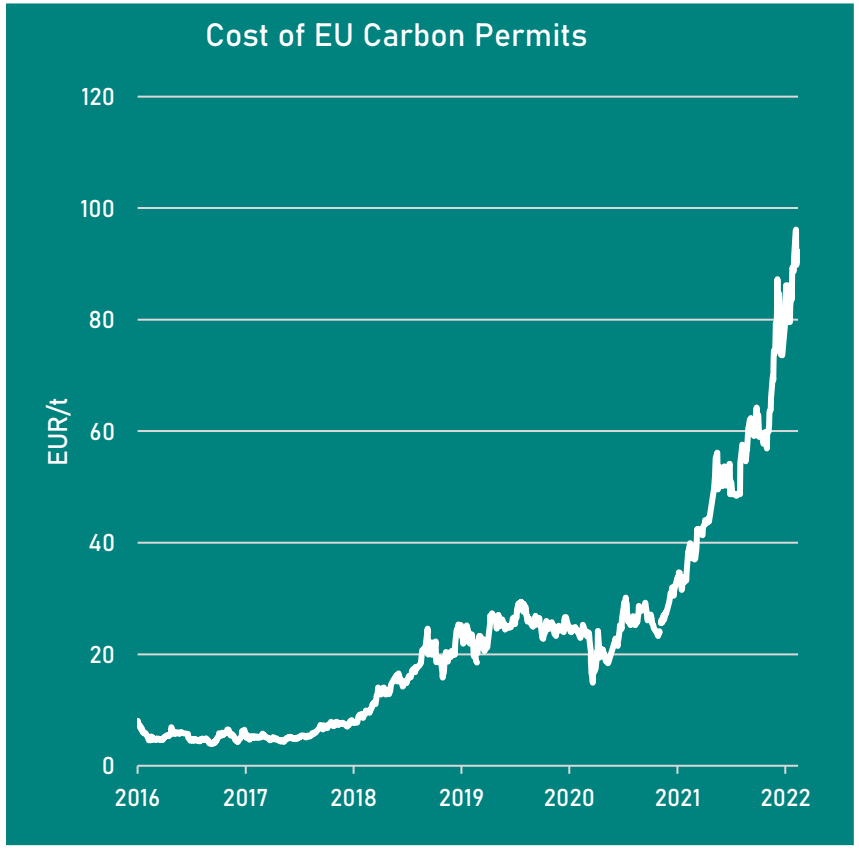
Life Cycle Assessment shows carbon emissions reduction potential

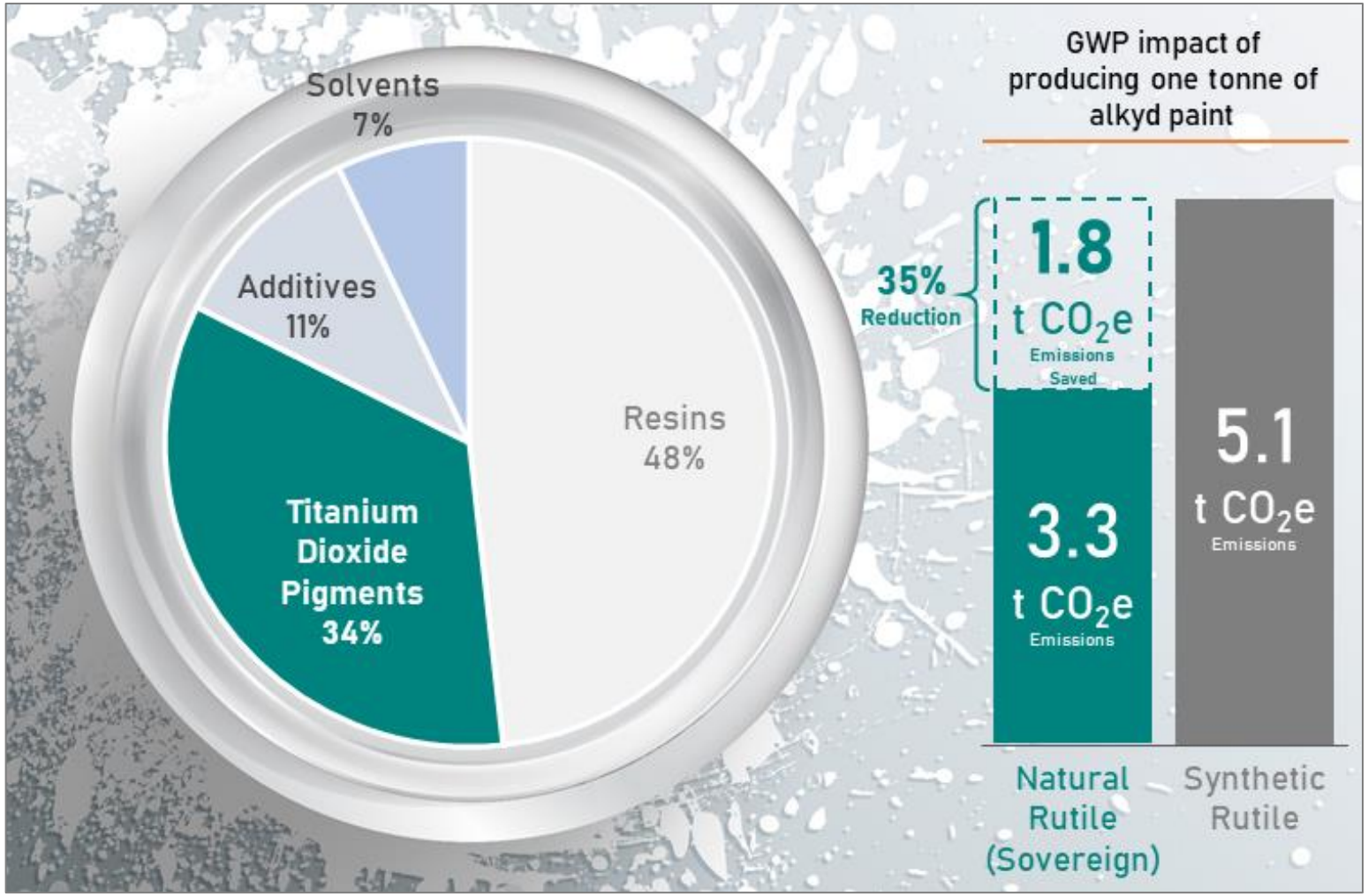




Lower carbon footprint product demand is consumer driven but also has value-in-use for manufacturers

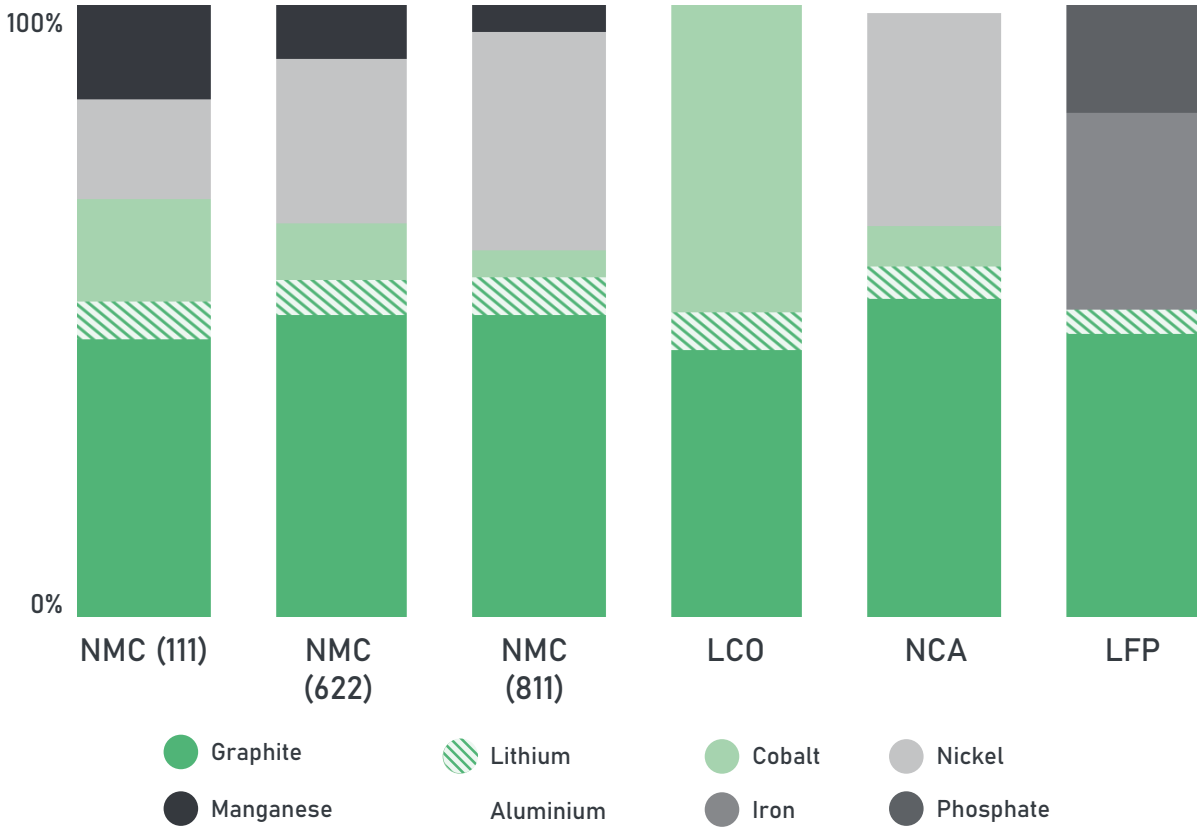
Industrial plants in the EU must pay for carbon emissions under the EU's Emissions Trading System

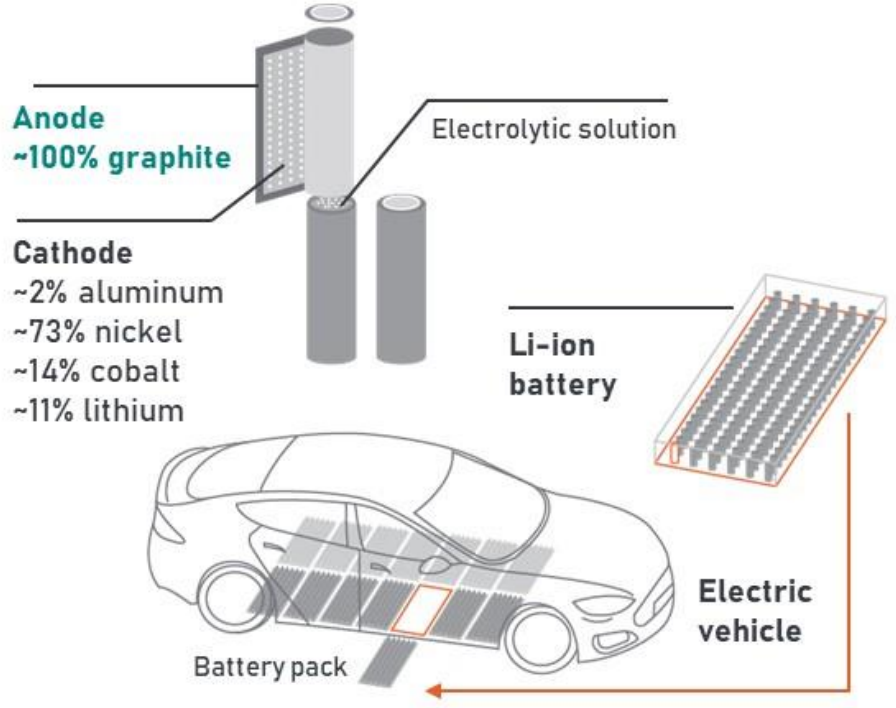




Not one, but two raw materials critical for a sustainable future

Graphite is the major active material in lithium-ion batteries by volume





> Our battery should be called Nickel-Graphite
>
> Elon Musk (Tesla Battery Day 2016)

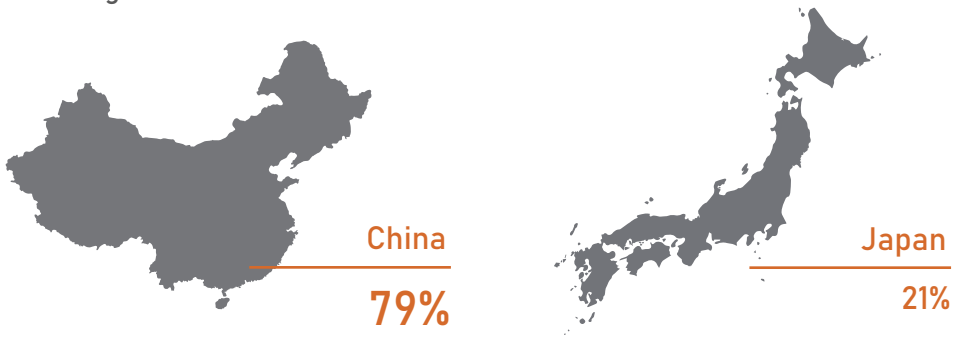
Source: Benchmark Metals Intelligence

Chinese graphite dominance threatens electric vehicle ambitions

Synthetic Graphite

Produced from needle coke via graphitization process.

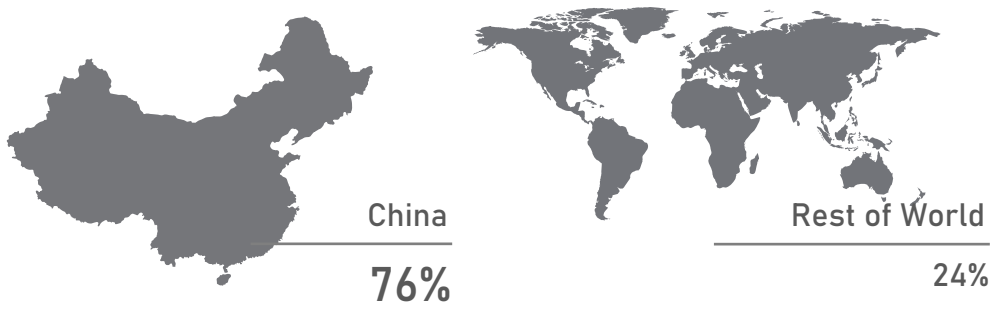
Processing location



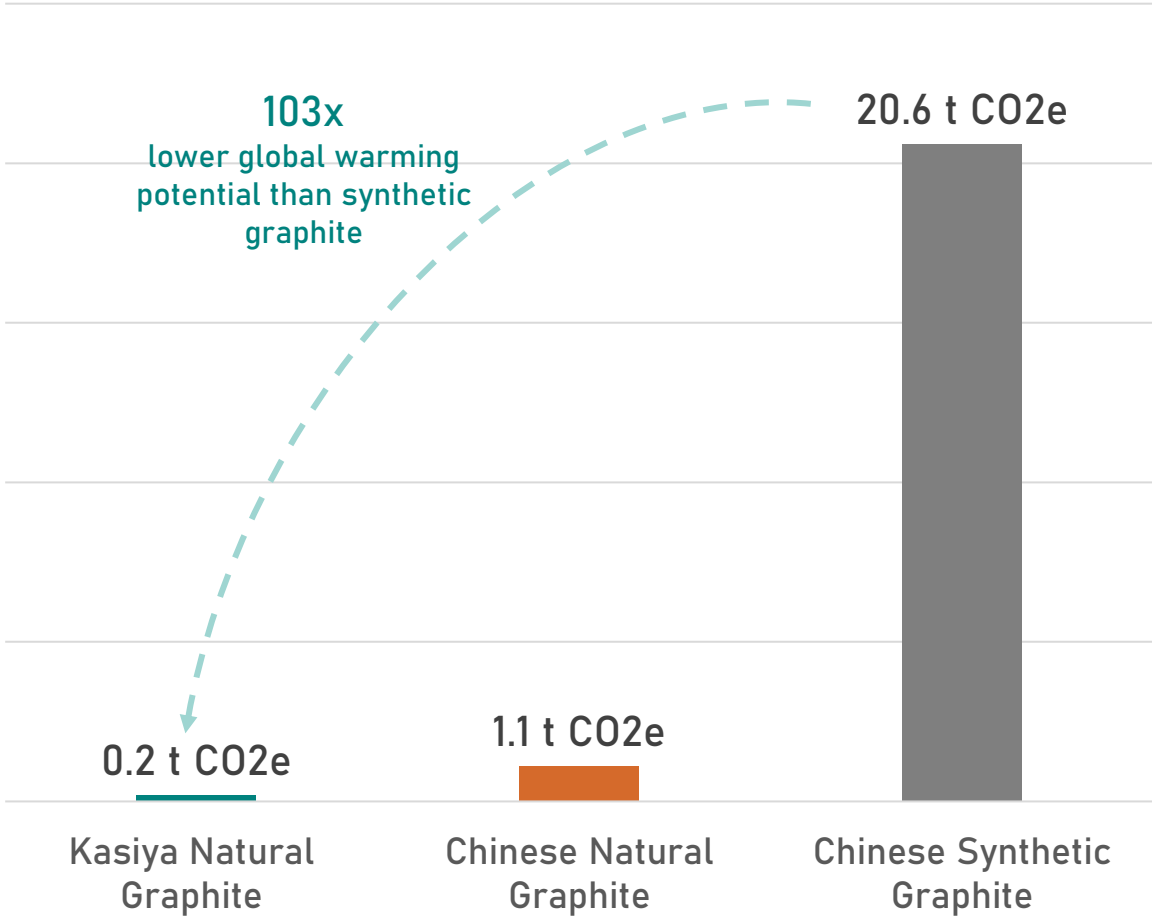
Natural Graphite

Extracted from mining (natural graphitization occurred over time) and purified.

Processing location



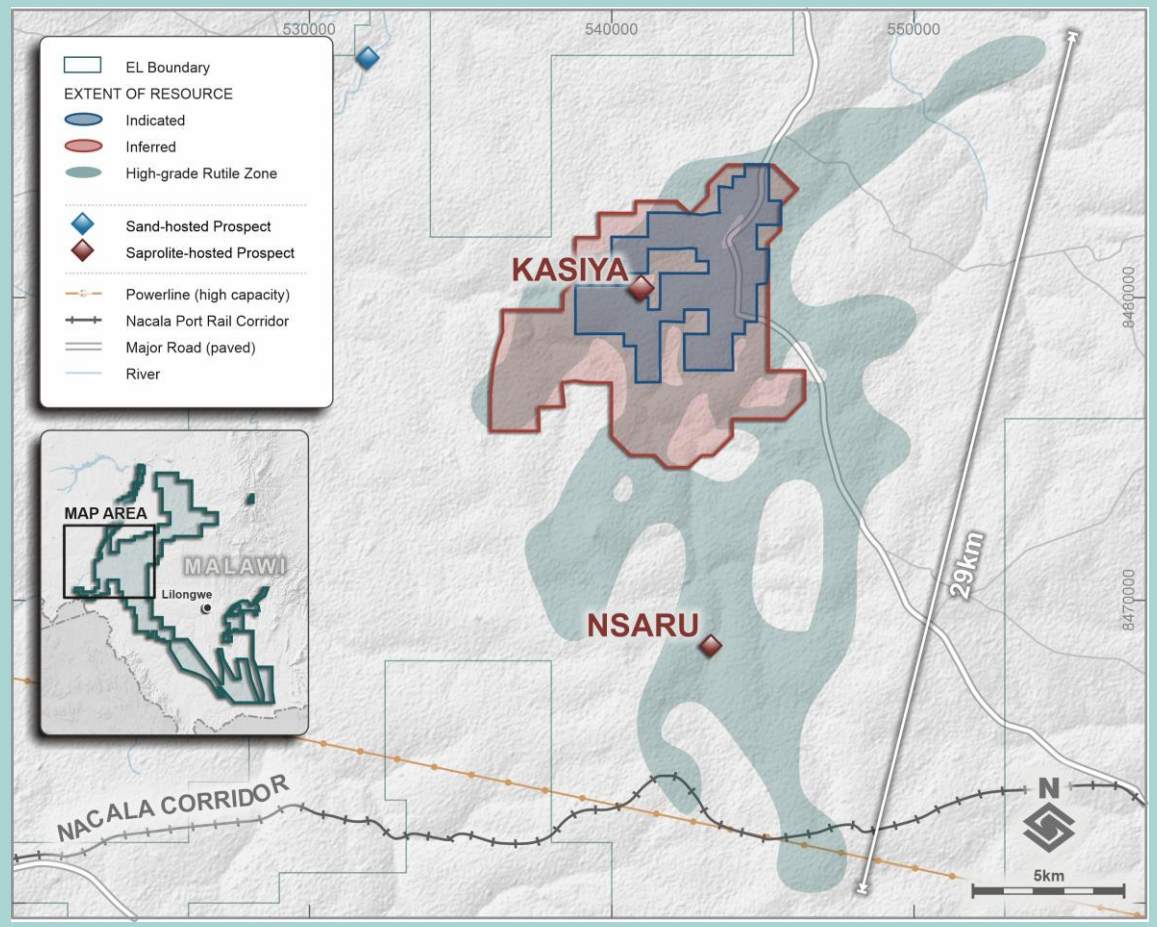
Global Warming Potential of Producing One Tonne of Graphite



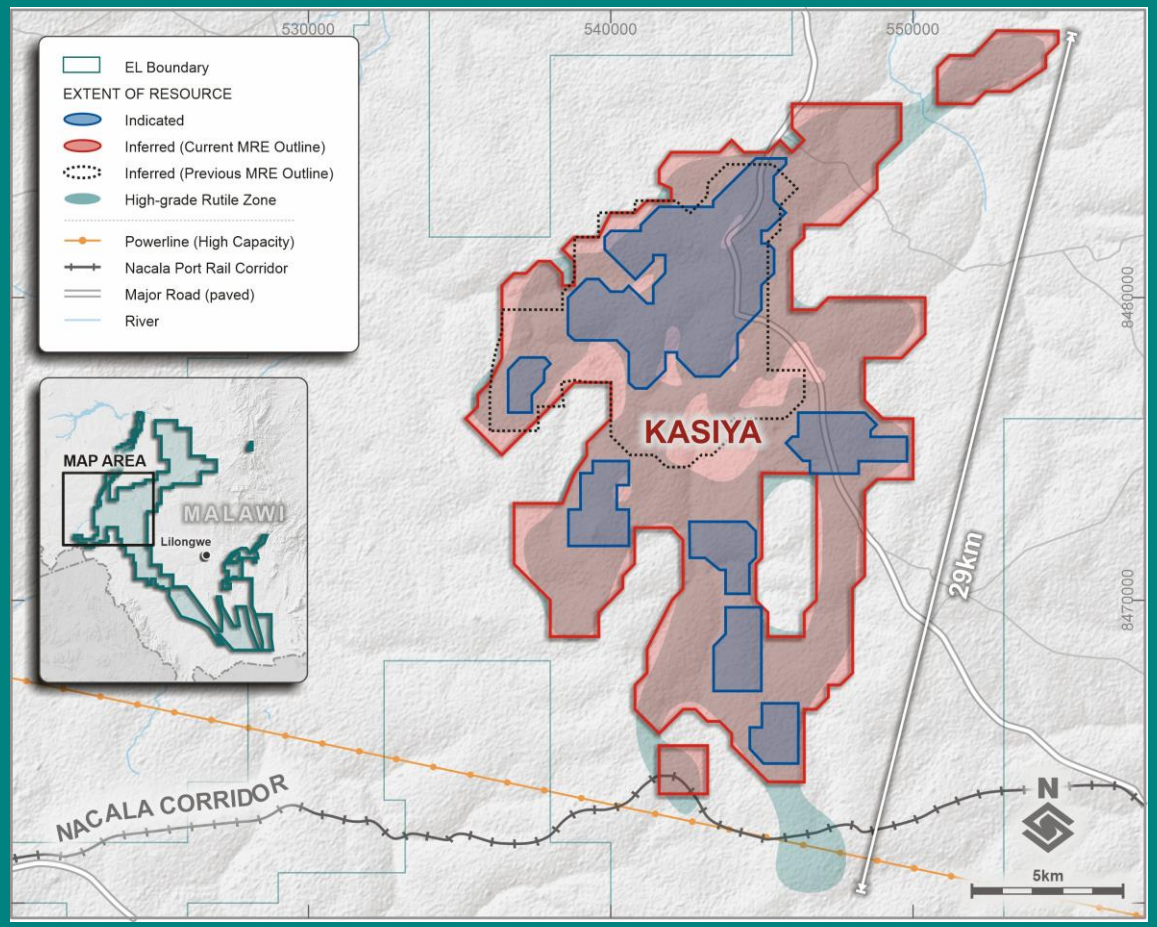
Source: Morgan Stanley Equity Research "Better Anode, Safer Batteries", June 2019; Deutsche Rohstoffagentur "Supply and Demand of Natural Graphite", July 2020

Initial Scoping Study based on only 30% of total-drill defined mineralisation

December 2021



April 2022



Source: Sovereign Metals

Initial Scoping Study results: rutile and by-product graphite

Mine life	25 years
Annual throughput	12,000,000 tonnes
Annual production – rutile	122,000 tonnes
Annual production – graphite	80,000 tonnes

NPV_8 (real post-tax)	IRR (after-tax)	Payback
US$861m	36%	2.5 years

Total Revenue (LoM)	Revenue (annual average LoM)	EBITDA (annual average LoM)
$6,266m	US$251m	US$161m

Total Capital Cost	Operating Costs (FOB per tonne product)	NPV_8/CAPEX
US$332m	US$352/t	2.6

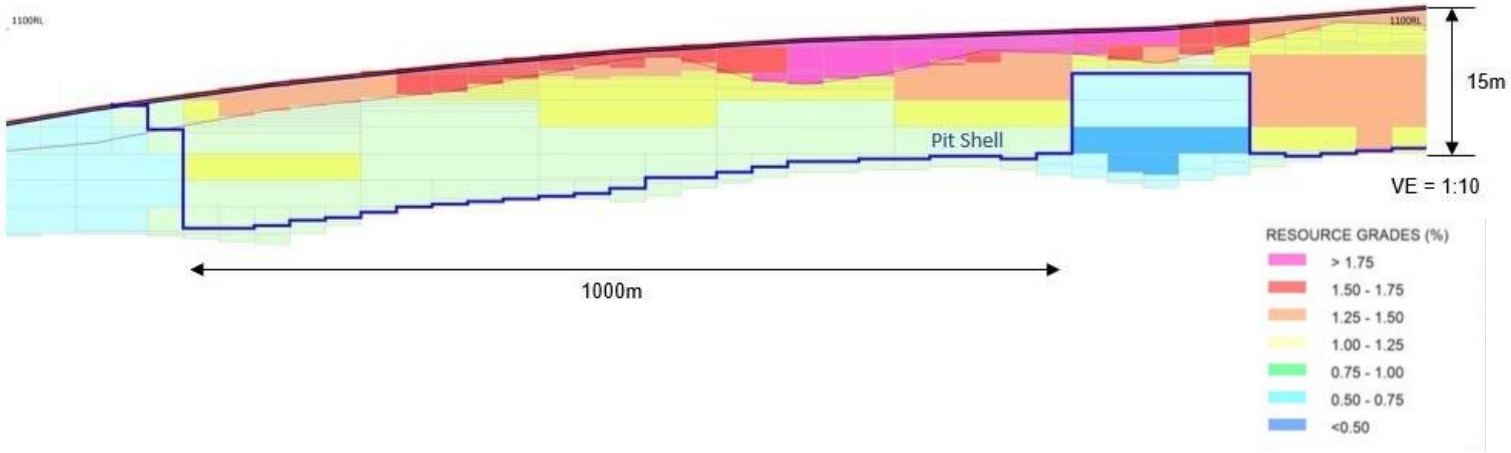
- Multi-decade mine concept to provide stable, sustainable supply of environmentally-friendlier rutile and graphite
- Very significant contribution to the economy of Malawi and creating over 480 direct jobs and well over 3,000 indirect jobs
- Highly strategic in a rutile market experiencing extreme supply deficit

Source: Sovereign Metals

Simple geology

High grade rutile mineralisation from surface

- Rutile mineralisation lies in laterally extensive flat “blanket” style bodies
- All mineralisation occurs in a single, large, and coherent deposit with much of the high-grade material occurring within the top ~5 metres from surface
- Several high-grade mineralised corridors strike NE – SW providing significant exploration targets at depth



Source: Sovereign Metals

Simple mining

Hydro-mining a proven mining technique

- Long history of successful hydro-mining of heavy mineral deposits across southern Africa

- Numerous African heavy minerals operations use hybrid hydro / dozer mining methods that provide significant operational flexibility

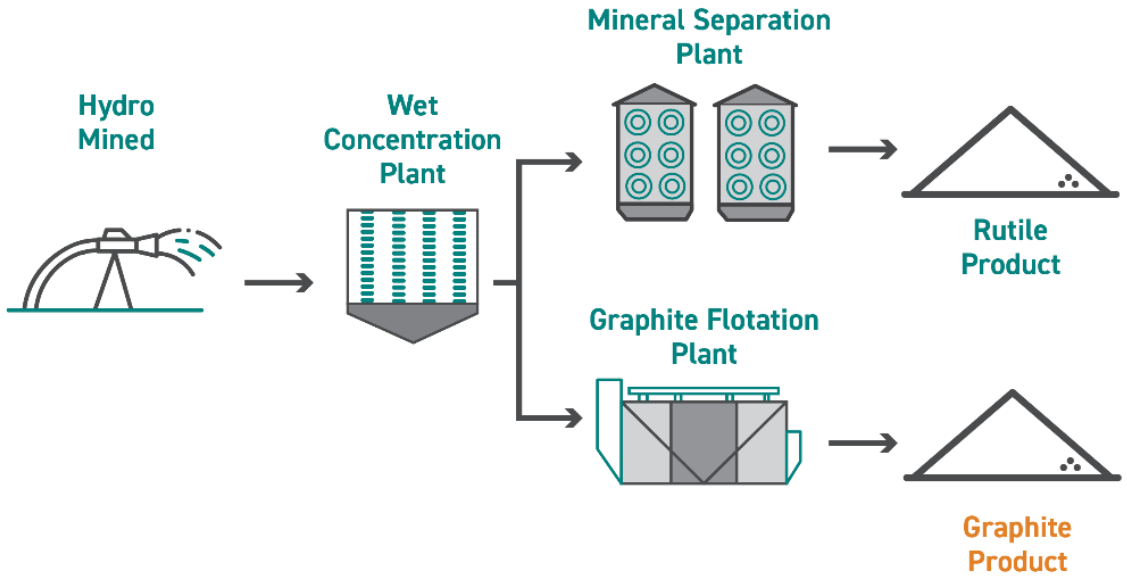
Homogenous, soft, friable saprolite

Source: Sovereign Metals; Image of hydro mining from Base Resources

Simple processing

Premium-grade rutile produced via conventional flowsheet

- Robust metallurgy now confirmed from two distinct bulk test work programs
- Significant interest from Tier 1 rutile off-takers
  - First rutile offtake MoU signed with US-based welding product distributor Hascor International
- Conventional graphite flotation plant at marginal incremental cost



94%-100%
Stand-out Rutile Metallurgical Recoveries

95.0%-97.2% TiO_2
Premium Specification Rutile

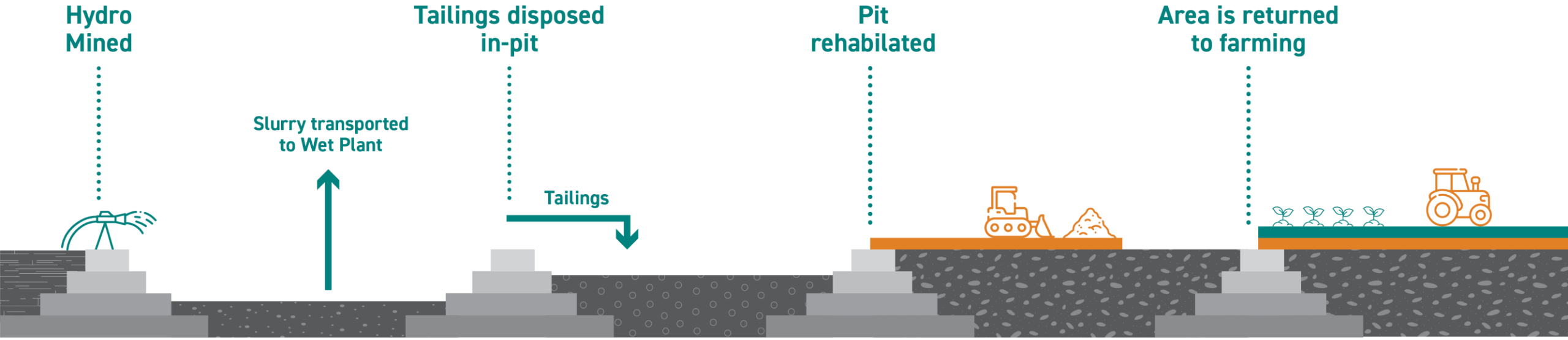
96% TGC
Coarse Flake High-grade Graphite

Final rutile product from test work

Source: Sovereign Metals

Simple progressive rehabilitation

Socially responsible and sustainable



- In-pit disposal minimises disturbance
- Progressive returning of land to communities
- Efficient closure campaign at end of mine life

Example of progressive rehabilitation of a mineral sands mine

Source: Images from Minerals Council of Australia

Low-risk and low carbon-footprint operation

Simple Mining

High-grade rutile mineralisation from surface

Soft, friable material suitable for efficient hydro and dozer-trap mining methods

Simple Processing

Simple, conventional flowsheet

Single heavy mineral product means simplified back-end mineral separation plant

Progressive Rehabilitation

Positioned for effective ESG outcomes

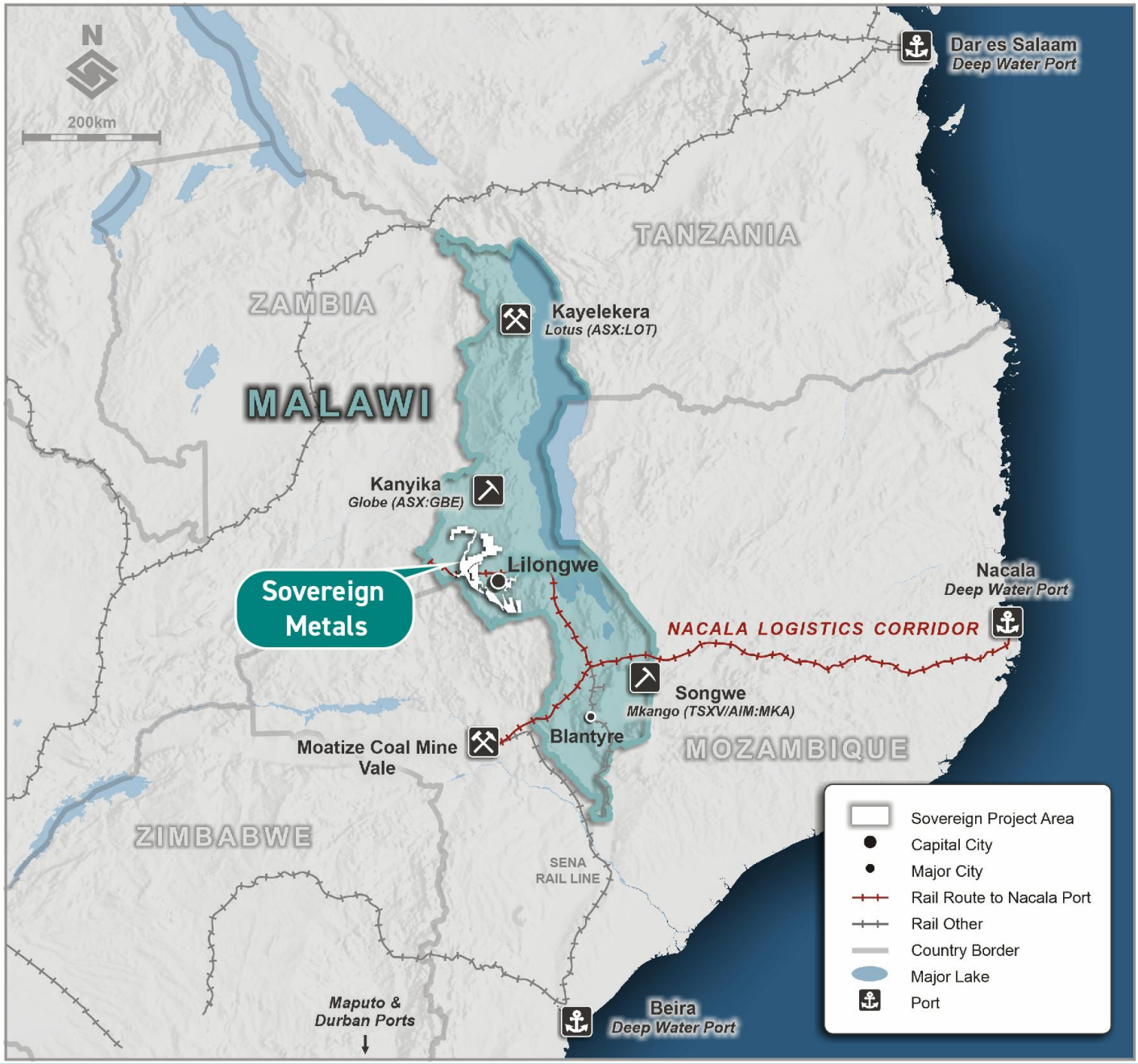
Land to be progressively returned to original condition (farms/bushland)

Malawi

Stable, Transparent Jurisdiction

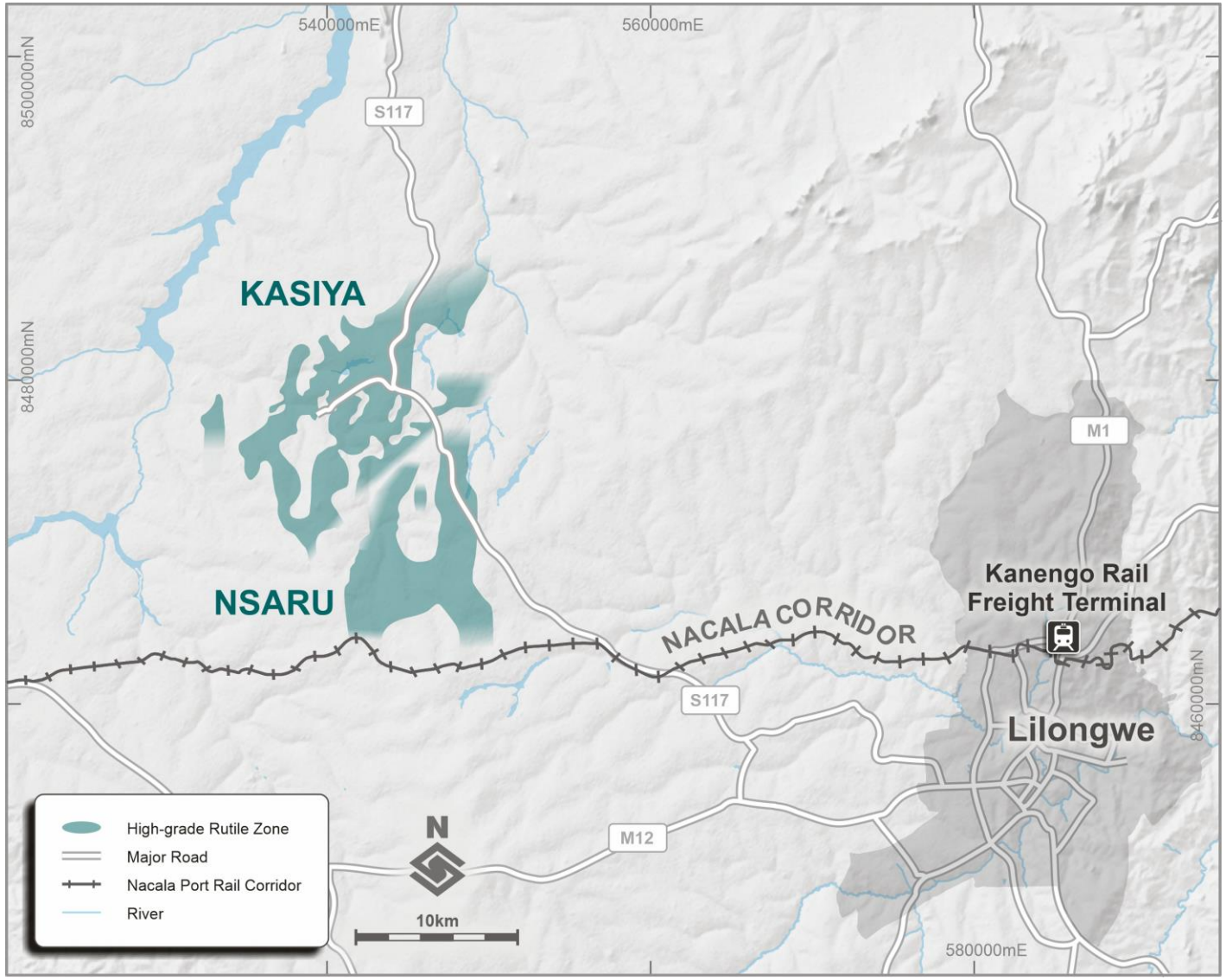
- Member country of the Commonwealth
- Attracting significant investment
- Demonstrable aspiration for mining
- Excellent operating infrastructure

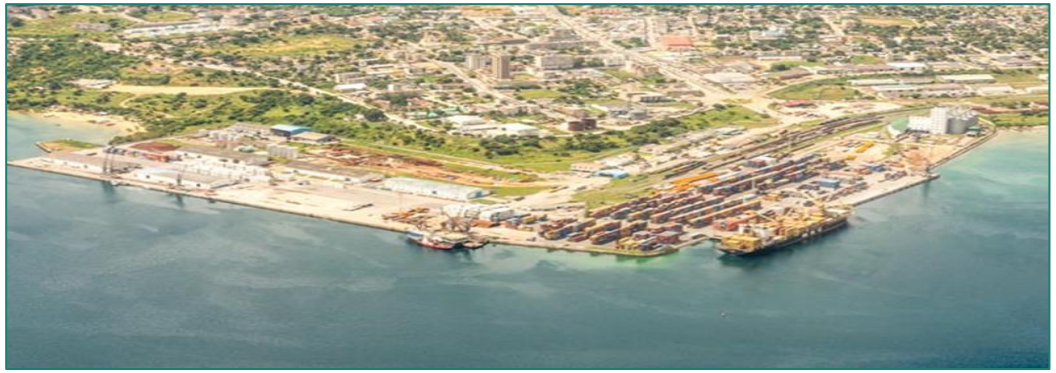
The Economist
2020 Country of the Year



Source: Sovereign Metals

Operation-ready infrastructure





Source: Sovereign Metals

Upcoming news flow

- Updated Scoping Study based on new resource – *H1 2022*
- Commencement of Pre-Feasibility Study and ESIA baseline surveys
- Ongoing rutile offtake discussions
- Kasiya graphite characterisation work program

CAPITAL STRUCTURE

441,089,255
Shares on Issue[1]

10,875,000
Unlisted Options[1]
($0.14 to $0.18)

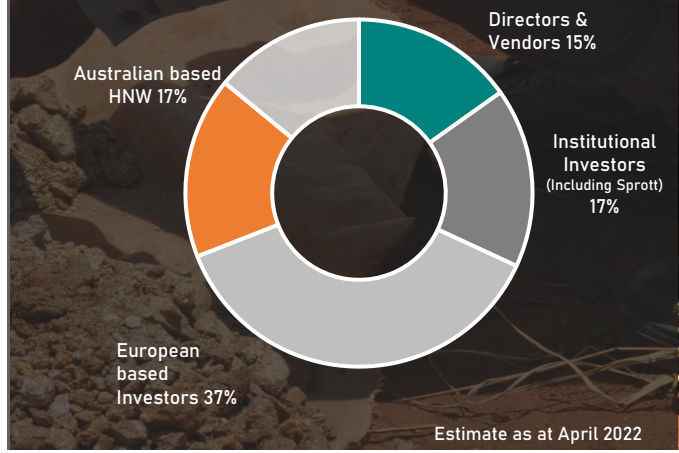
12,440,000
Performance Rights
(milestone vesting conditions)

A$322m / £175m
Un-Diluted Market Capitalisation
@A$0.73 / 39.80p[1,2]

~A$6.5m
Cash[1,3]

1. Shares on issue, unlisted options and cash adjusted for firm commitments received for 50c option exercise (8.7m shares for net A$4.3m)
2. Closing price and equities as at 7 April 2022
3. Cash at Bank as of 11 April 2022 including A$4.3m for 50c option exercise

REGISTER BREAK-DOWN



Estimate as at April 2022

Source: Sovereign Metals; ASX; London Stock Exchange

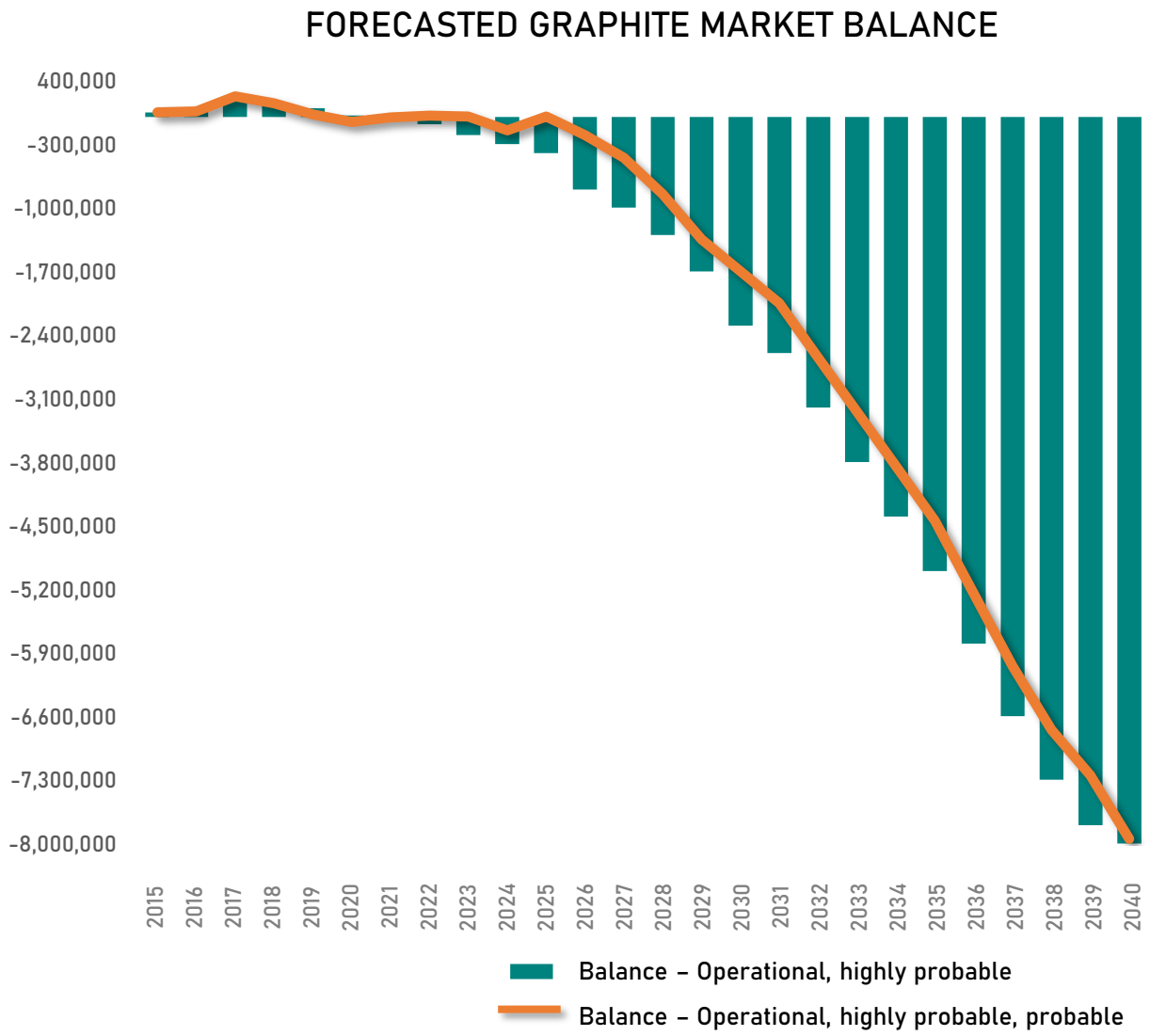
Unlocking the next major source of natural rutile and natural graphite

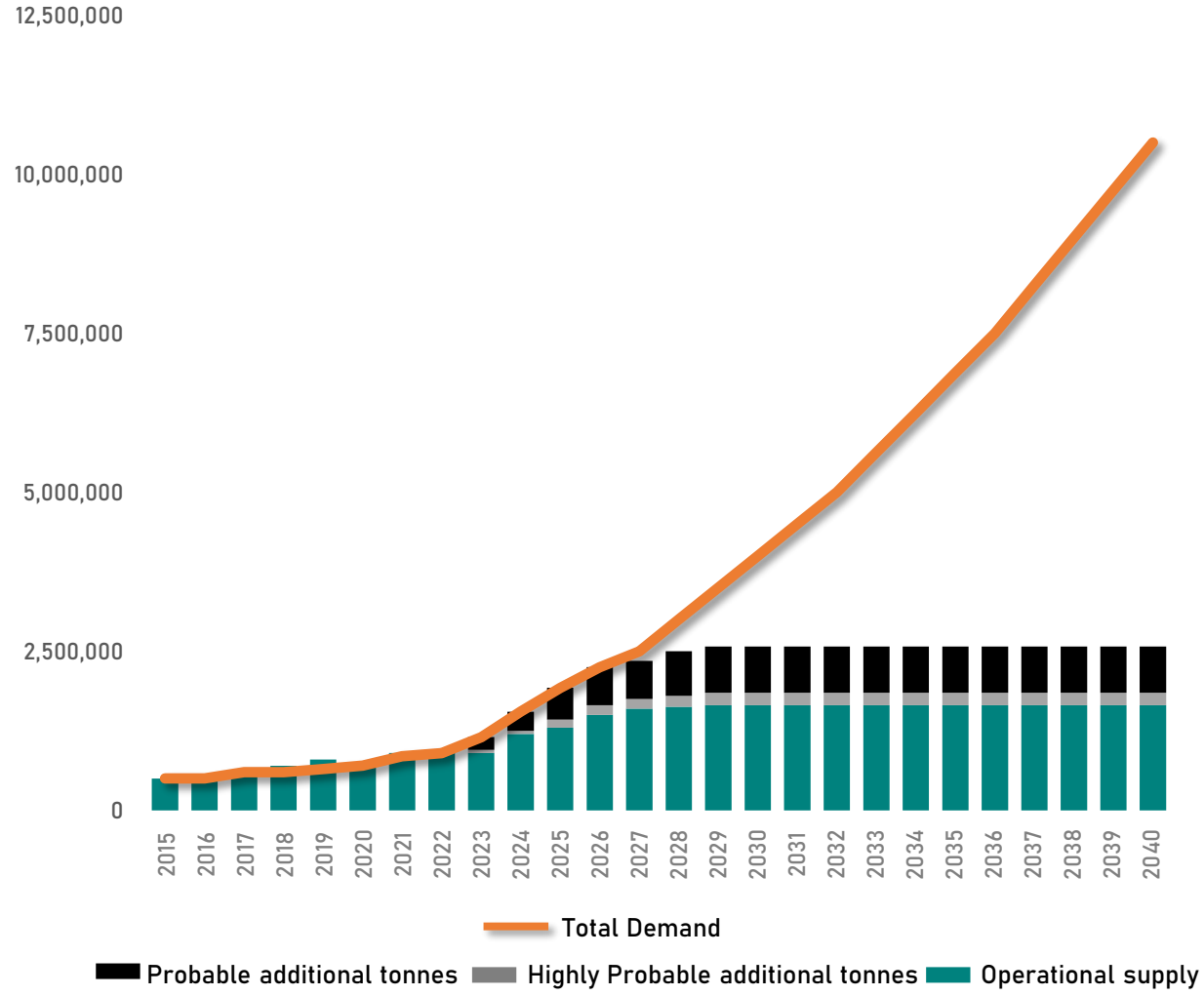
- Largest natural rutile deposit in the world
- One of the largest graphite resources in the world
- Two commodities with low carbon footprint compared to current alternatives
- Critical minerals for the US and EU based on supply risk and economic importance
- Strong relationships with government and other stakeholders to support the development of Kasiya

SOVEREIGN METALS LIMITED

Thank you

Appendix I: Graphite forecasted to be in extreme deficit

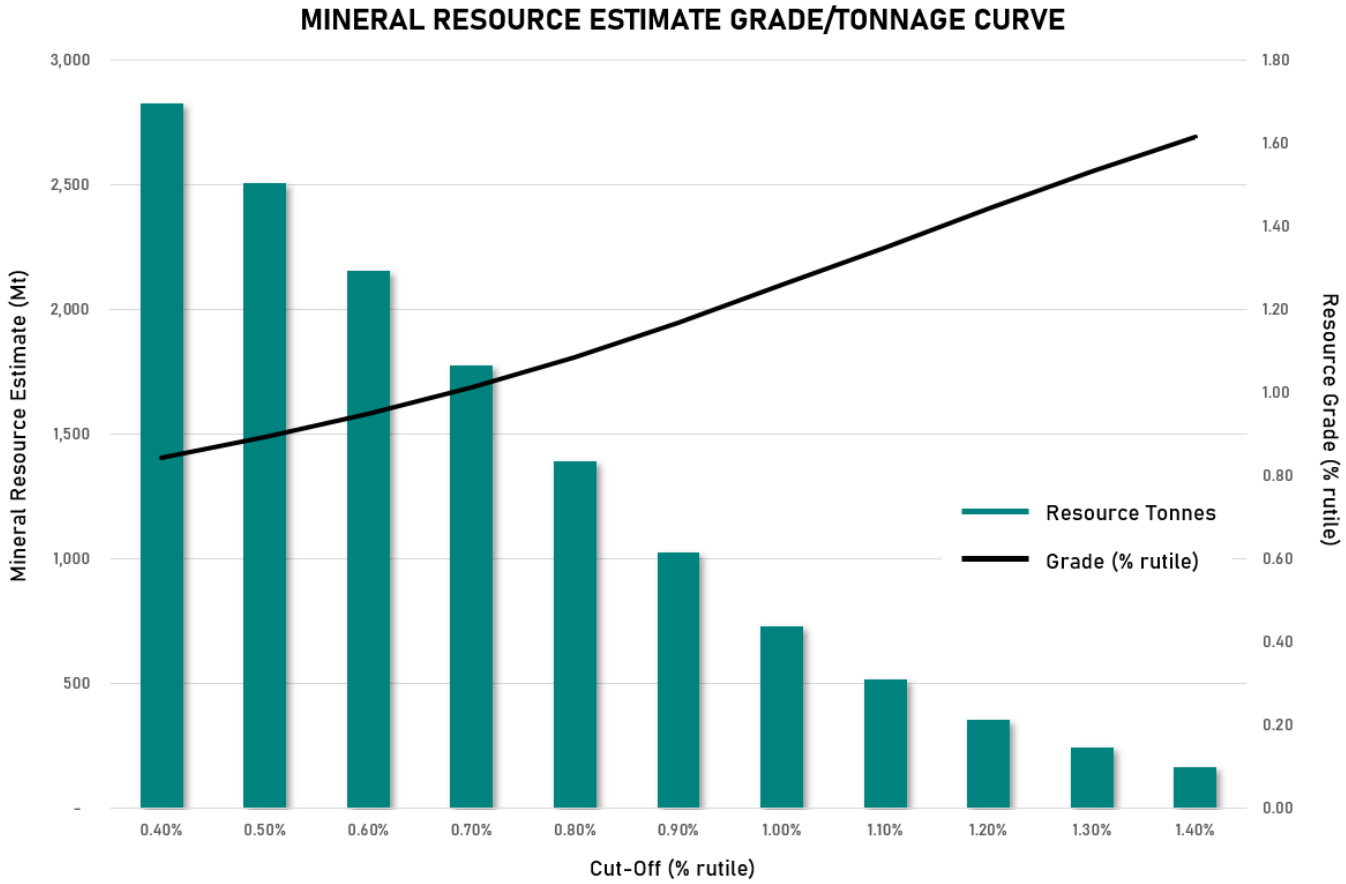




Source: Benchmark Mineral Intelligence, Q4 2021 Forecast

Appendix II: Kasiya Total Indicated + Inferred Mineral Resource Estimate at various rutile cut-offs

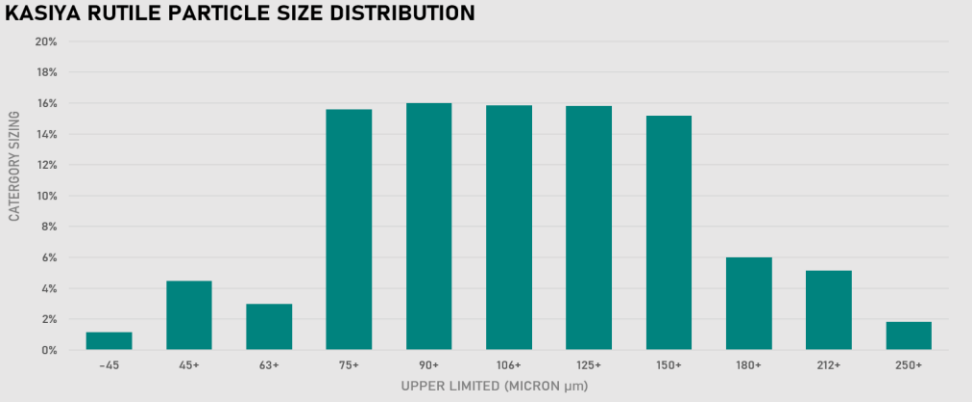
Kasiya Total Indicated + Inferred Mineral Resource Estimate at various rutile cut-offs					
Cut-off (rutile)	Resource (Mt)	Rutile Grade (%)	Contained Rutile (Mt)	Graphite Grade (%)	Contained Graphite (Mt)
0.40%	2,825	0.84%	23.8	1.26%	35.5
0.50%	2,503	0.89%	22.4	1.30%	32.5
0.60%	2,155	0.95%	20.4	1.33%	28.6
0.70%	1,775	1.01%	18.0	1.32%	23.4
0.80%	1,391	1.09%	15.1	1.24%	17.3
0.90%	1,024	1.17%	12.0	1.09%	11.2
1.00%	727	1.26%	9.2	0.92%	6.7
1.10%	516	1.35%	7.0	0.76%	3.9
1.20%	352	1.44%	5.1	0.55%	1.9
1.30%	241	1.53%	3.7	0.46%	1.1
1.40%	165	1.62%	2.7	0.43%	0.7



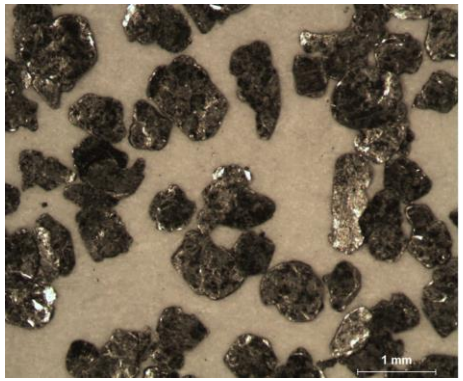
Source: Sovereign Metals

Appendix III: Premium product specifications

Constituent		Kasiya Products		Peer Comparisons	
		100% Recovery Product	94% Recovery Product	Sierra Rutile (Iluka)	Base Resources (Kwale)
TiO_2	%	95.0	97.2	96.3	96.2
ZrO_2+HfO_2	%	0.20	0.21	0.78	0.72
SiO_2	%	0.67	0.61	0.62	0.94
Fe_2O_3	%	0.99	0.42	0.38	1.25
Al_2O_3	%	0.45	0.38	0.31	0.23
Cr_2O_3	%	0.13	0.13	0.19	0.17
V_2O_5	%	0.67	0.70	0.58	0.52
Nb_2O_5	%	0.37	0.39	0.15	-
P_2O_5	%	0.01	0.001	0.01	0.00
MnO	%	0.02	0.01	0.01	0.03
MgO	%	0.003	b/d	0.01	0.10
CaO	%	0.003	0.001	0.01	0.04
S	%	0.01	0.01	<0.01	-
U+Th	ppm	31	23	26	53



Particle Size		Carbon	Weight Distribution	Flake Category
Tyler Mesh	Micron (µ)	(%)	(% w/w)	
+32	+500	96.0	5.4	Super Jumbo
-32 +48	-500 +300	96.6	25.1	Jumbo
-48 +80	-300 +180	96.7	30.9	Large
-80 +100	-180 +150	96.8	10.9	Medium
-100 +150	-150 +106	96.11	14.4	Small/Medium
-150 +200	-106 +75	95.8	7.5	Small
-200	-75	93.8	5.8	Amorphous
Total		96.3	100	



Source: Sovereign Metals

Appendix IV: Commodity price deck

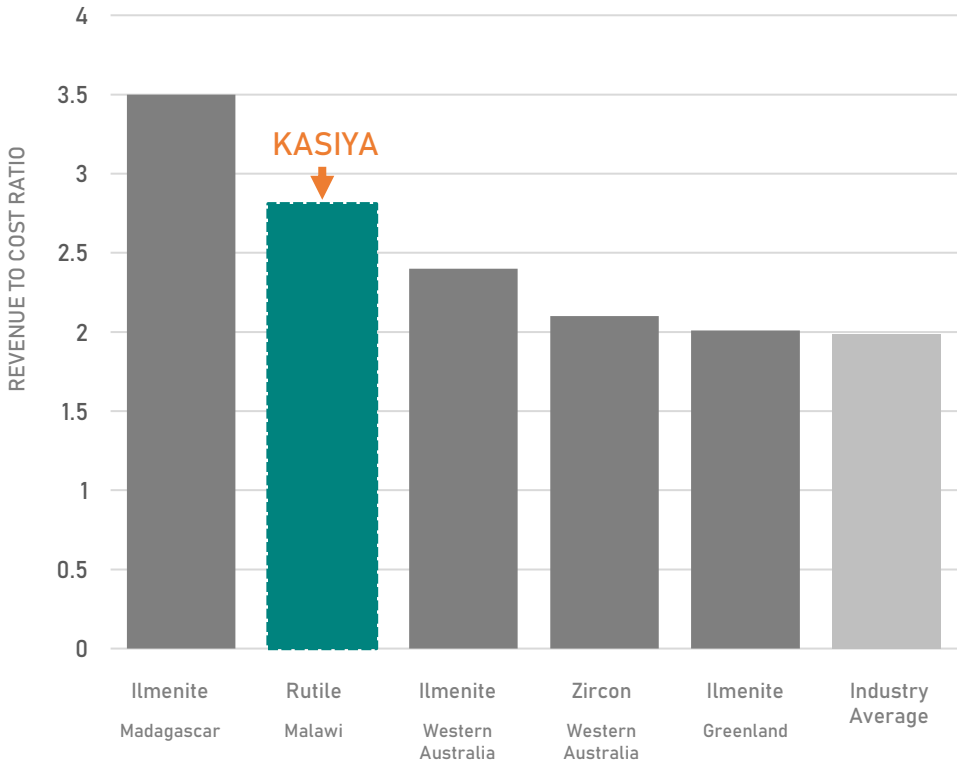
Rutile Price Assumption	Sales Mix	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Long- term
TZMI Forecast Price –Base (real)		$1,336	$1,334	$1,314	$1,336	$1,328	$1,311	$1,287	$1,255	$1,221	$1,180	$1,180
Bulk sales (pigment inducement price)	60%	$1,336	$1,334	$1,314	$1,336	$1,328	$1,311	$1,287	$1,255	$1,221	$1,180	$1,180
Bagged sales (25% premium)	40%	$1,670	$1,667	$1,642	$1,670	$1,660	$1,639	$1,609	$1,569	$1,526	$1,475	$1,475
Weighted Price		$1,470	$1,467	$1,445	$1,470	$1,461	$1,442	$1,416	$1,381	$1,343	$1,298	1,298
LoM Average												$1,346

Graphite Price Assumption				
Flake Category	Micron (µm)	Distribution (% w/w)	Forecast Price US$/t	Contribution US$/t
Super Jumbo	+500	5.4	$2,100	$114
Jumbo	-500 +300	25.1	$1,600	$402
Large	-300 +180	30.9	$1,085	$335
Medium	-180 +150	10.9	$775	$86
Medium/Small	-150 +106	14.4	$605	$87
Small	-106 +75	7.5	$515	$38
Amorphous	-75	5.8	$425	$24
Total		100	-	$1,085

Source: Sovereign Metals

Appendix V: One of the world's best undeveloped mineral sands projects

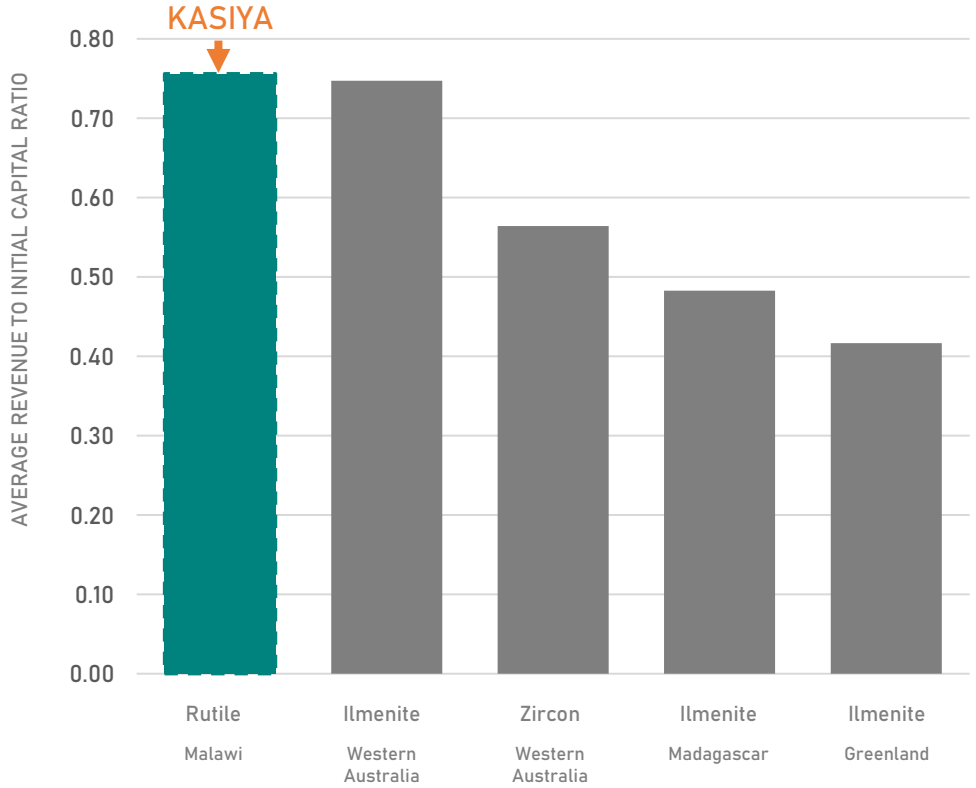
REVENUE TO COST RATIO UNDEVELOPED PROJECTS



*Revenue based on average life of mine & costs = operating cost plus royalties
Industry Average: TZMI 2022 Estimate

UNDEVELOPED MINERAL SANDS PROJECT PIPELINE

ANNUAL AVERAGE REVENUE TO CAPEX



*Average Revenue based on average life of mine revenue
Capital costs: Initial capital costs disclosed in study. Total capital used for phased developments

Source: Sovereign Metals