



**TARGETING LOW COST PRODUCTION
OF PREMIUM QUALITY
FLAKE GRAPHITE**

121 MINING
INVESTMENT
6-7 FEBRUARY 2017 CAPE TOWN
WELGEMEEND, GARDENS DISTRICT

1. INTRODUCTION

2. MALINGUNDE PROJECT

3. VALUE PROPOSITION

4. CORPORATE & NEWSFLOW

5. SUMMARY

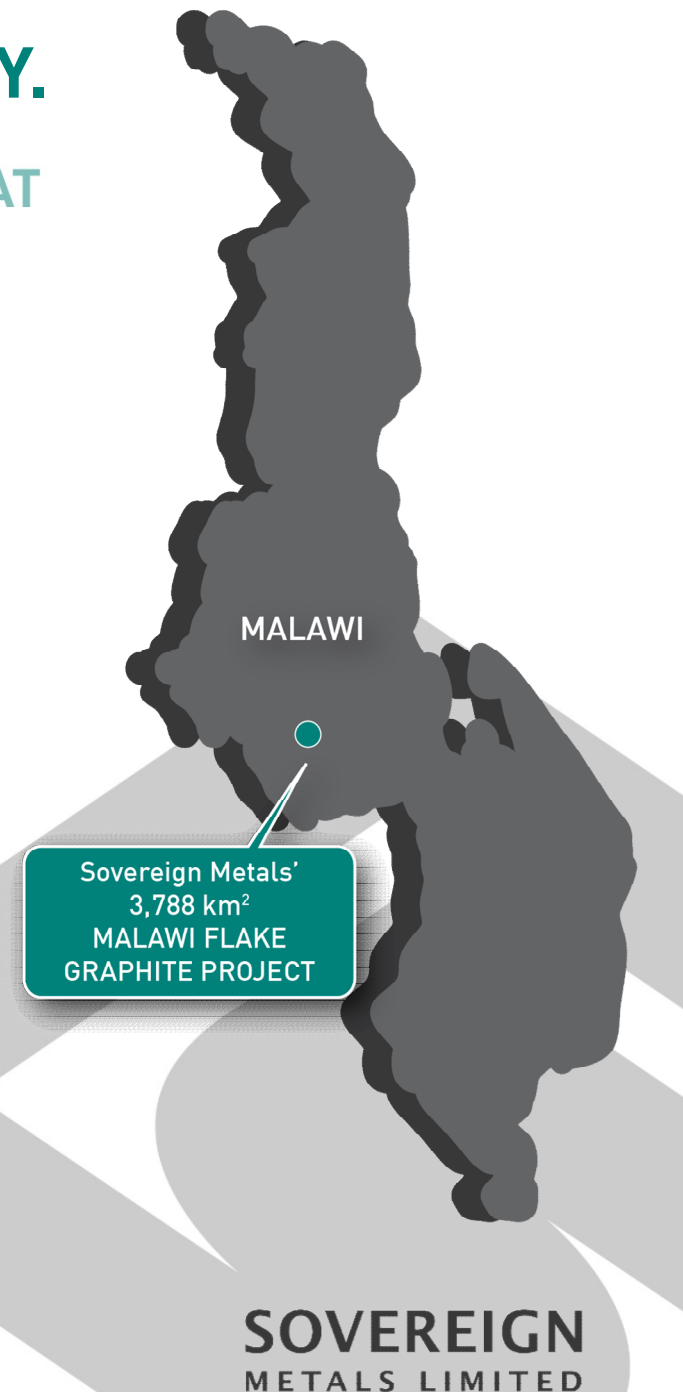


SOVEREIGN
METALS LIMITED

MALAWI FLAKE A WORLD-CLASS GRAPHITE OPPORTUNITY.

THE HIGH-GRADE, SOFT SAPROLITE-HOSTED DEPOSIT AT MALINGUNDE HAS THE POTENTIAL TO HAVE SIGNIFICANTLY LOWER CAPITAL AND OPERATIONAL COSTS THAN HARD ROCK GRAPHITE DEPOSITS.

- ❖ The Malingunde world class saprolite-hosted deposit has the potential to provide **material mining and processing cost benefits** versus our hard rock peers.
- ❖ Potential for low cost will allow **optimal path to development** and **access to diverse graphite markets** such as Li-ion batteries, expandable graphite products and refractories.
- ❖ **Very strong outlook** driven by Li-ion battery demand for electric/hybrid vehicles as well as traditional uses.



WHAT IS SAPROLITE AND WHAT ARE ITS BENEFITS?

SAPROLITE IS THE VERY SOFT, GRAPHITE-BEARING, CLAY-RICH OXIDE MATERIAL THAT IS FORMED FROM INTENSE WEATHERING OF THE ORIGINAL BEDROCK.

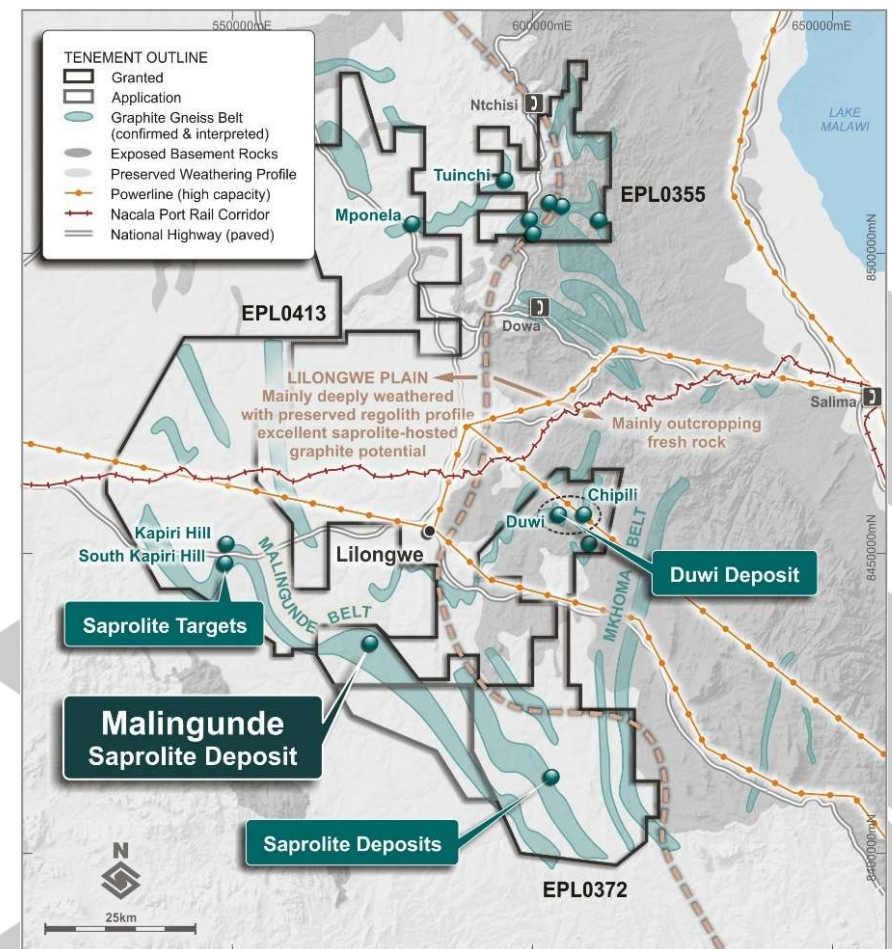
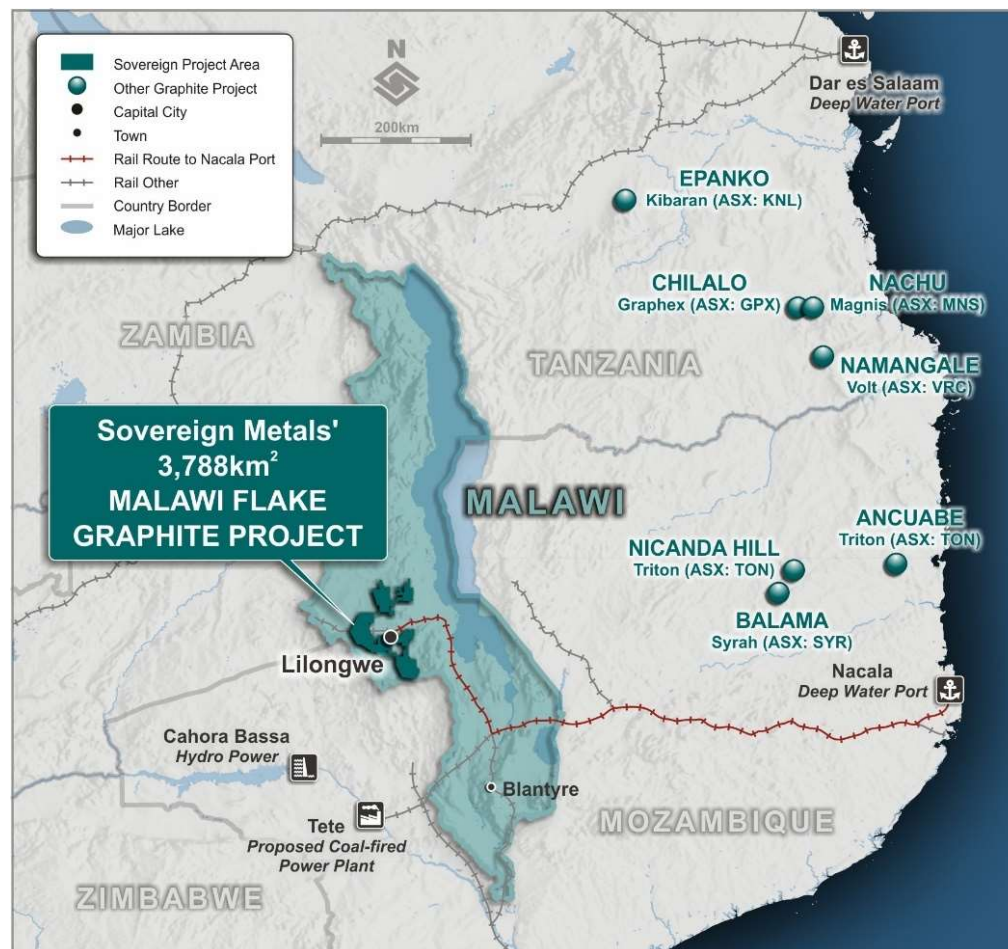
- ◆ Sovereign's Malingunde deposit is a **preserved, coherent body of saprolite**-hosted flake graphite mineralisation.
- ◆ As graphite is non-reactive during the weathering process, it is preserved whilst most of the **silicate gangue minerals are altered to clays**.
- ◆ Small Madagascan **saprolite deposits** have been a **major global source of flake graphite** since the early-1900's.
- ◆ Benefits of saprolite are **significantly lower capital and operating costs** compared to hard-rock deposits.



DOMINANT GROUND POSITION IN THE WORLD-CLASS EAST AFRICAN FLAKE GRAPHITE PROVINCE.

PRIMARY FOCUS UPON THE MALINGUNDE SAPROLITE-HOSTED DEPOSIT; A SUBSTANTIAL DISCOVERY.

- ◆ In addition, there is immense upside for further discoveries of saprolite-hosted flake graphite across the large (3,788km²) and 100%-owned tenement package.



1. INTRODUCTION

2. MALINGUNDE PROJECT

3. VALUE PROPOSITION

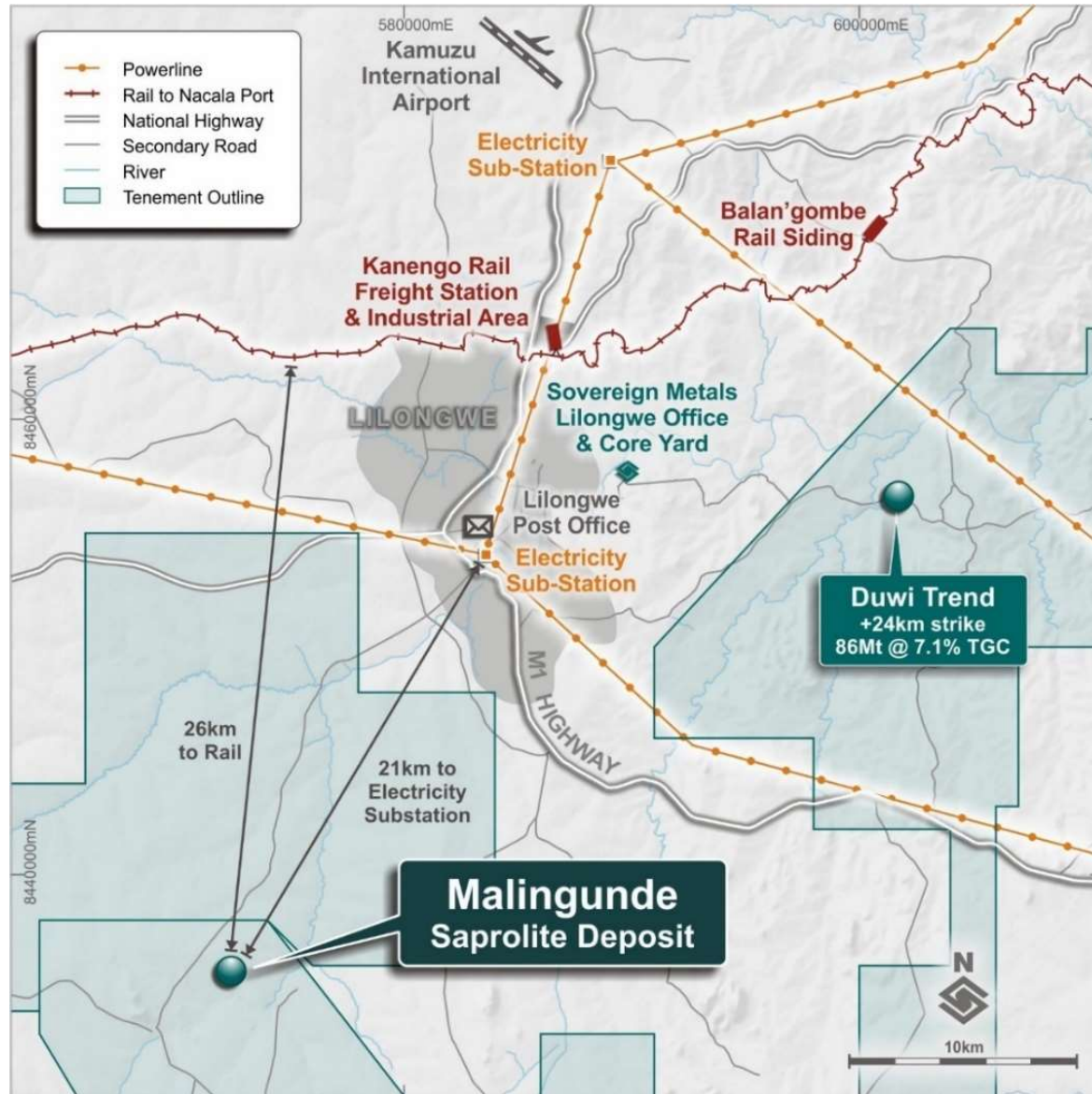
4. CORPORATE & NEWSFLOW

5. SUMMARY



ENVIABLE INFRASTRUCTURE.

MALINGUNDE IS LOCATED WITHIN 20KM OF MALAWI'S CAPITAL, LILONGWE. RAIL, POWER & PLENTIFUL FRESH WATER ARE ALL AVAILABLE.

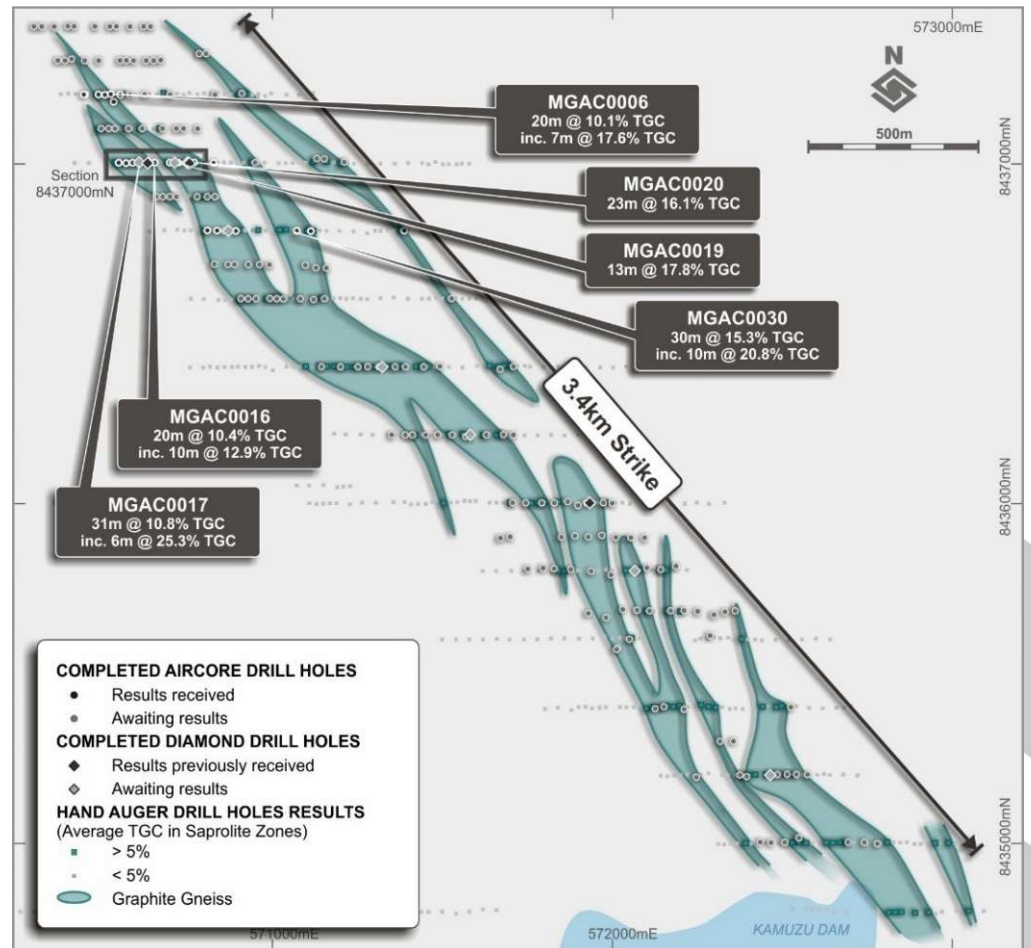


SOVEREIGN
METALS LIMITED

MALINGUNDE SAPROLITE-HOSTED GRAPHITE DEPOSIT.

HIGH-GRADE, NEAR SURFACE FLAKE GRAPHITE DEFINED OVER 3.4KM STRIKE.

- High-grade, near surface flake graphite has been defined by hand auger drilling over **3.4km strike length** with cumulative across strike widths averaging around **120m**.
- Diamond and aircore drilling assays have confirmed that high grades of saprolite continue to **vertical depths of between 20 and 30m**.
- A 5,500m aircore resource drill out program is complete, & a **maiden JORC resource estimate will be released in March**.



↑ Plan of Malingunde saprolite-hosted flake graphite deposit

RECENT DRILLING CONFIRMS THE ROBUST AND COHERENT NATURE OF THE DEPOSIT.

THICK ZONES OF HIGH GRADE SAPROLITE FROM NEAR SURFACE PROVIDE SIGNIFICANT CONFIDENCE IN THE DEPOSIT MOVING TOWARDS MAIDEN JORC RESOURCE ESTIMATE.

AIRCORE DRILL RESULTS INCLUDE:

| | |
|-----------------|--|
| MGAC0019 | 13m @ 17.8% TGC |
| MGAC0020 | 23m @ 16.1% TGC |
| MGAC0030 | 30m @ 15.3% TGC incl. 10m @ 20.8% TGC |
| MGAC0006 | 20m @ 10.1% TGC incl. 7m @ 17.6% TGC |
| MGAC0016 | 20m @ 10.4% TGC incl. 10m @ 12.9% TGC |
| MGAC0017 | 31m @ 10.8% TGC incl. 6m @ 25.3% TGC |

Assays received for 22 of 180 holes to date.

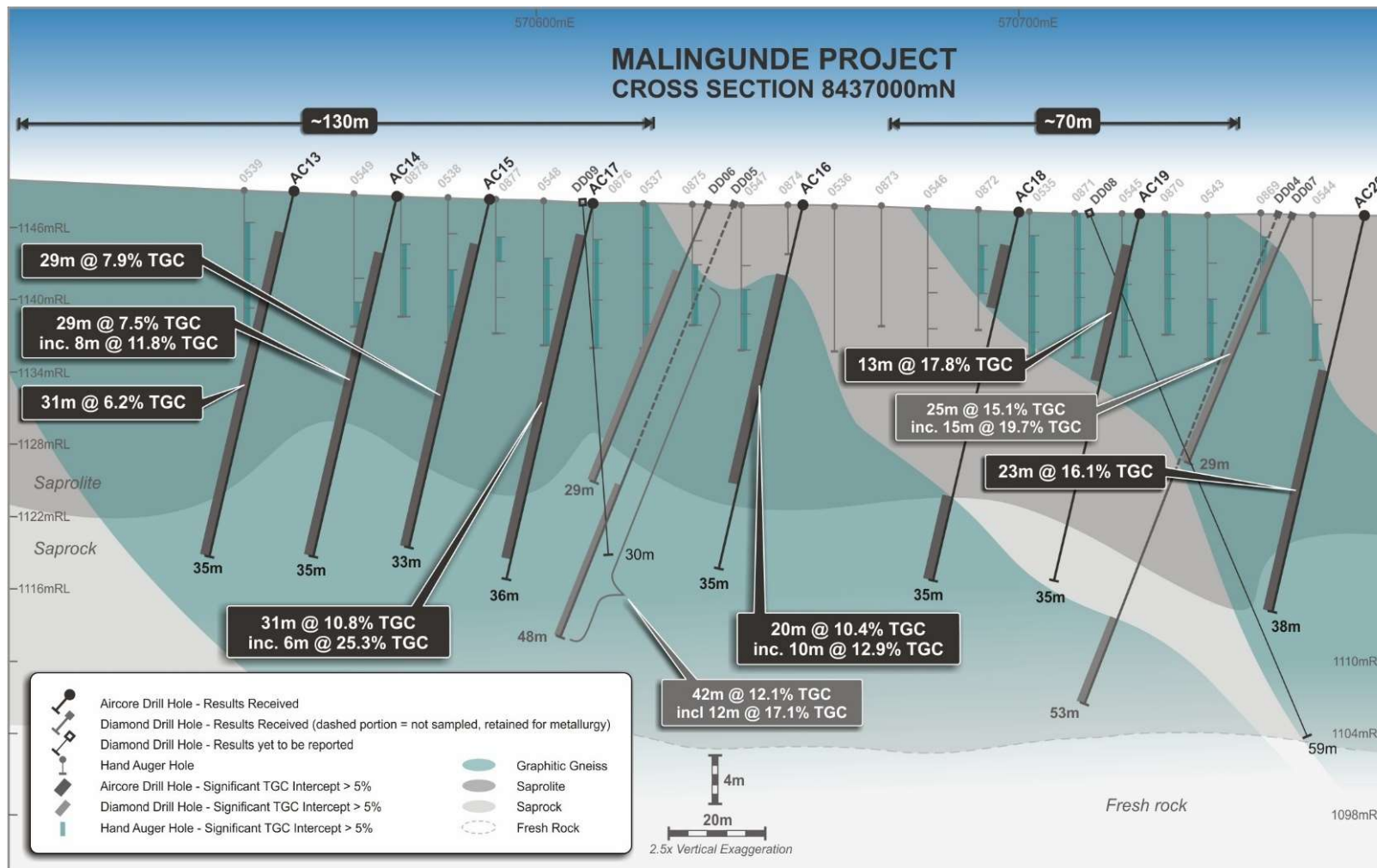
DIAMOND DRILL RESULTS INCLUDE:

| | |
|------------------|--|
| MGDD0007: | 25m @ 15.1% TGC incl. 15m @ 19.7% TGC |
| MGDD0006: | 20m @ 13.7% TGC incl. 12m @ 17.1% TGC |
| MGDD0003: | 25m @ 8.5% TGC incl. 13m @ 10.7% TGC |

Assays received for 5 of 13 holes to date.

WIDE AND VERTICALLY THICK MINERALISATION PROFILE.

- Vertical saprolite **depths averaging 20-30m.**
- Thickness & consistency of saprolite indicates **substantial overall tonnage potential.**
- Large, coherent and high grade deposit** with a number of discrete, high grade zones.



SOFT, FRIABLE SAPROLITE MATERIAL CAN BE EASILY DISAGGREGATED.



SOVEREIGN
METALS LIMITED

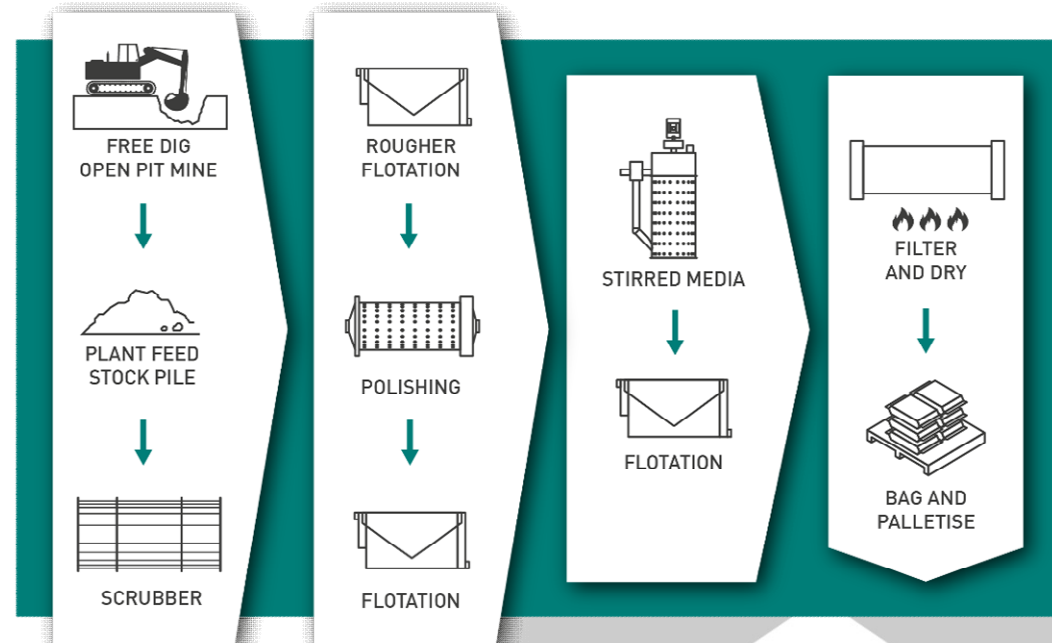
INITIAL METALLURGY RESULTS.

HIGH GRADE CONCENTRATES WITH EXCELLENT FLAKE DISTRIBUTION CAN BE PRODUCED VIA A SIMPLE PROCESS FLOW-SHEET.

- ◆ Results from the initial flotation test program on this material showed:
 - ◆ **High grade** concentrate across all flake size fractions grading 98.2% C(t).
 - ◆ **Large flake** ~55% of the concentrate in the jumbo and large size fractions (i.e. +149µm).

- ◆ **Simple process flowsheet** – no primary crush or grind.

- ◆ Potential for **significant capital and operational cost benefits** over traditional hard-rock crushing and milling.



MALINGUNDE 2016 FLOTATION RESULTS – TEST #6

| PARTICLE SIZE | | C (%) | Distribution (wt. %) | Flake Category |
|---------------|-------------|-------|----------------------|---------------------|
| Tyler Mesh | (µm) | | | |
| + 48 | + 297 | 98.4 | 21.9 | Extra Large (Jumbo) |
| -48 + 100 | - 297 + 149 | 98.1 | 33.3 | Large-Medium |
| -100 + 200 | - 149 + 74 | 98.4 | 28.6 | Small |
| -200 | - 74 | 97.7 | 16.2 | Amorphous |
| TOTAL | | 98.2 | 100.0 | |

MALINGUNDE – A UNIQUE FLAKE GRAPHITE DEPOSIT.

TARGETING A LOW CAPITAL AND LOW OPERATING COST MODEL.

- ◆ **Excellent quality concentrate** produced by a **simple flowsheet** highlights the metallurgical & processing simplicity.
- ◆ **Thick and consistent preserved saprolite profile** – large tonnage potential.
- ◆ **Free-dig mining** and very **low strip ratios** with mineralised material at or near surface.
- ◆ Simple processing with **no primary crushing and grinding** – potential for substantial capital and operating cost advantages.



IMAGE CENTRE: Mining of saprolite-hosted graphite deposits in Madagascar. Source Stratmin/Bass Metals (ASX:BSM)

IMAGE BOTTOM: Attrition scrubber of the type that could be used for a saprolite-hosted graphite operation.

1. INTRODUCTION

2. MALINGUNDE PROJECT

3. VALUE PROPOSITION

4. CORPORATE & NEWSFLOW

5. SUMMARY



SOVEREIGN
METALS LIMITED

SOVEREIGN METALS SIGNIFICANT COMPETITIVE ADVANTAGE VERSUS PEERS.

- **TARGETING BEST IN CLASS MARGINS.**
Low cost base will ensure project viability; **strong margins protect against global graphite pricing volatility.**
- **TARGETING LOW CAPEX.**
Low capex and high margins will enable a **short payback** period and facilitate **increased likelihood of financing.**
- **TARGETING TRADITIONAL MARKETS AND THE GROWING BATTERY MARKET.**
Low costs will allow competition with existing supply and enable **entry to traditional markets**; project success **not reliant upon Li-ion battery demand growth.**
- **FOCUS ON PROFITABLE MINING AND PROCESSING.**
Targeting Malingunde development as a stand-alone mining & processing operation; **not contingent upon higher-risk downstream margins** (e.g. construction of spherical plant).

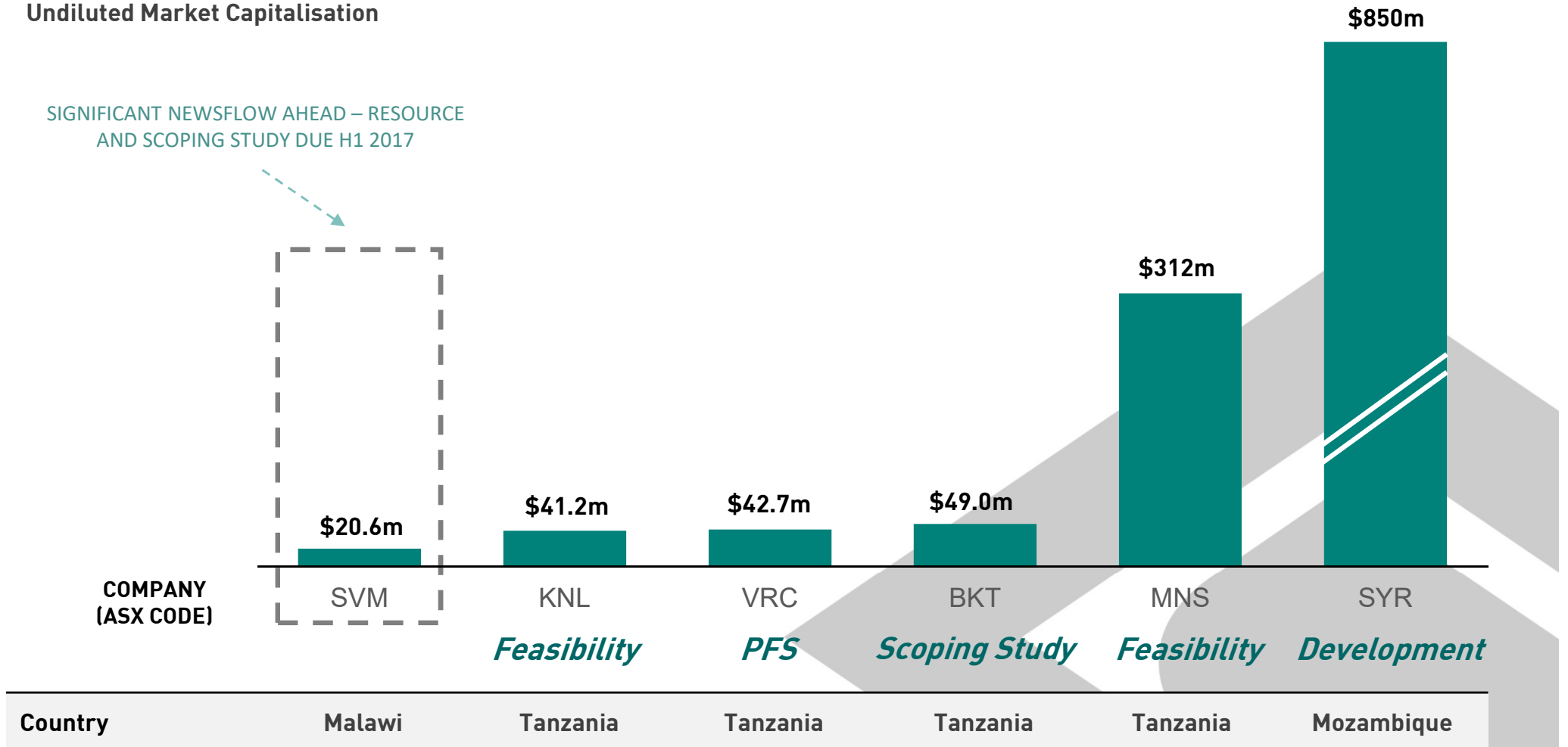
POTENTIAL FOR LOW COST WILL ENABLE OPTIMAL PATH TO DEVELOPMENT AND ACCESS TO DIVERSE GRAPHITE MARKETS.

MASSIVE VALUATION UPSIDE.

THE VALUE ATTRIBUTABLE TO LOW COST PRODUCTION IS YET TO BE FULLY RECOGNISED BY MARKET: LARGE VALUATION UPSIDE WHEN COMPARED TO PEERS.

Undiluted Market Capitalisation

SIGNIFICANT NEWSFLOW AHEAD – RESOURCE AND SCOPING STUDY DUE H1 2017



Source: ASX
As at market close 3 February 2017

1. INTRODUCTION

2. MALINGUNDE PROJECT

3. VALUE PROPOSITION

4. CORPORATE & NEWSFLOW

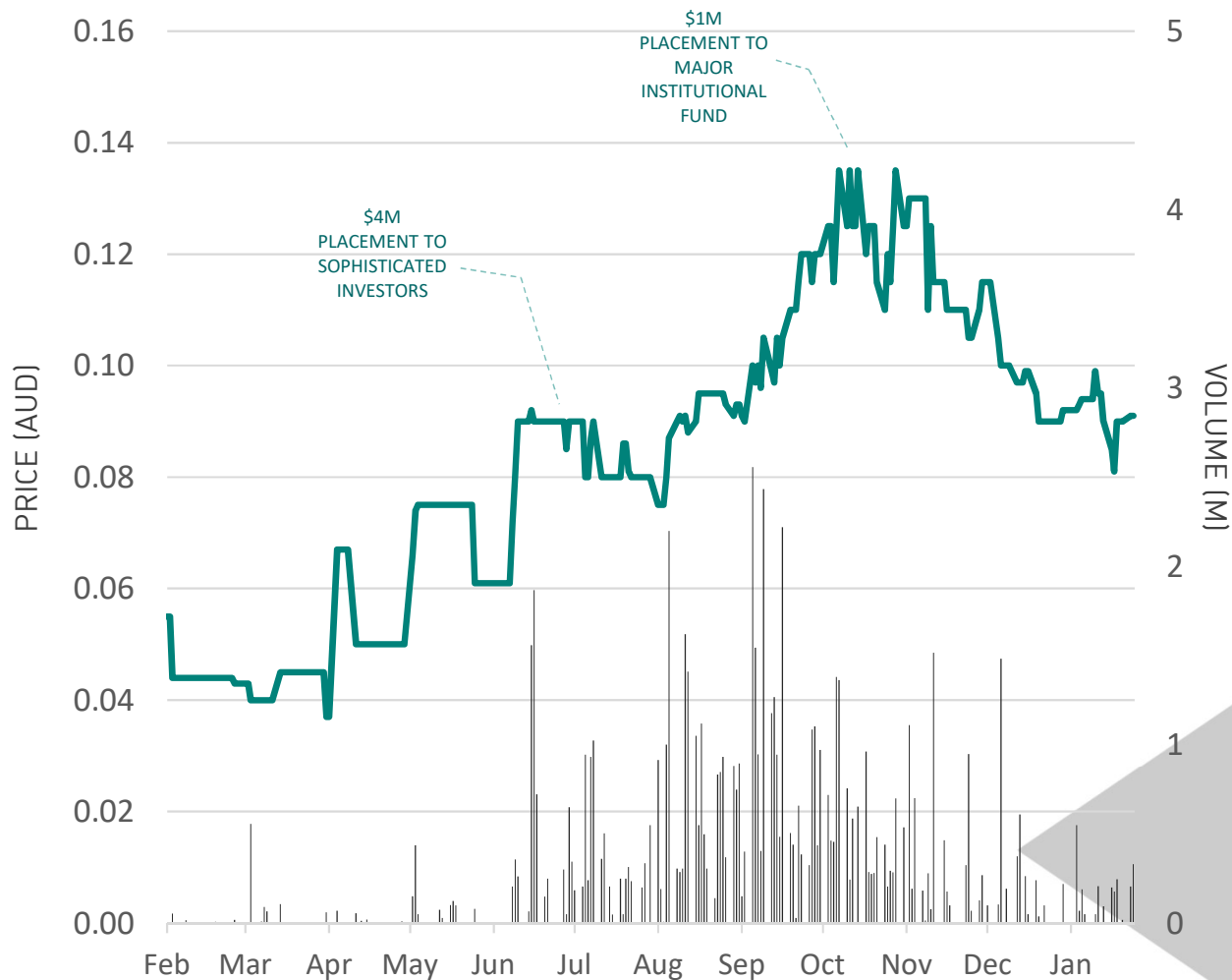
5. SUMMARY



SOVEREIGN
METALS LIMITED

MARKET INFORMATION.

ASX : SVM SHARE PRICE MOVEMENT



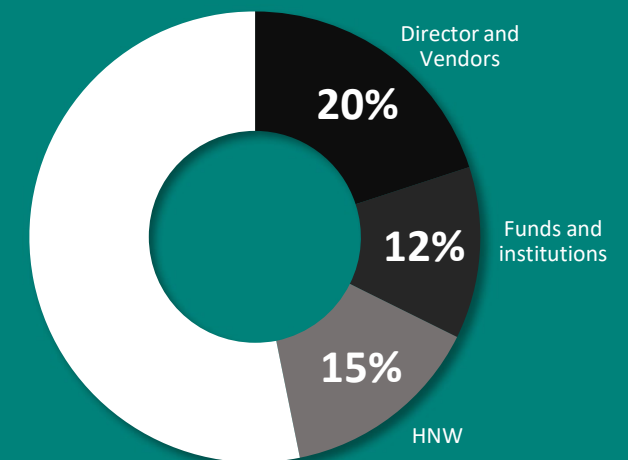
Source: ASX as at market close 3 February 2017

CAPITAL STRUCTURE

| | |
|-------------------------------------|-------------|
| Current Shares on Issue * | 217,329,083 |
| Unlisted Options (\$0.10 to \$0.47) | 14,916,667 |
| Performance Rights | 1,400,000 |
| Un-Diluted Market Capitalisation * | A\$20.6 m |
| Cash (31 December 2016) | ~A\$3.7 m |

* As at 3 February 2017

SHAREHOLDERS



SOVEREIGN
METALS LIMITED

FORWARD PLAN AND NEWS FLOW FOR MALINGUNDE.

| 2017 | | | |
|----------|----|----|-------------|
| Q1 | Q2 | Q3 | Q4 |
| Complete | | | |
| | | | |
| → | | | |
| → | | | & Ongoing → |
| | | → | |
| | | | → |

RESOURCE DRILLING

6,000m aircore and diamond drill program complete. Thicknesses & high-grade saprolite-hosted graphite mineralisation confirmed. Further assays pending.

RESOURCE

Maiden Malingunde JORC resource estimate from all 2015 and 2016 hand auger, diamond and aircore drilling.

SCOPING STUDY

Scoping Study to examine initial economic parameters for producing graphite from soft saprolite ore at Malingunde.

DOWNSTREAM TEST-WORK

Spherical graphite test-work program for Li-ion battery anode suitability. Development of expandable graphite products.

FURTHER METALLURGY

Bulk scrubber test-work and production of larger quantities of concentrates for evaluation by potential offtake partners.

NEXT PHASE OF STUDY

Nature and scope of next phase of study to be assessed at completion of Scoping Study. Funds are available for commencement of next phase of study in Q2 2017.

1. INTRODUCTION
2. MALINGUNDE PROJECT
3. VALUE PROPOSITION
4. CORPORATE & NEWSFLOW
5. SUMMARY



SOVEREIGN
METALS LIMITED

SOVEREIGN METALS SIGNIFICANT COMPETITIVE ADVANTAGE VERSUS PEERS.

TARGETING A HIGH QUALITY, LOW COST NATURAL FLAKE GRAPHITE OPERATION AT MALINGUNDE, MALAWI.

QUALITY

- ✓ High-grade deposit
- ✓ Premium quality flake graphite concentrates
- ✓ Soft, friable saprolite

OPEX

- ✓ Free dig with low strip ratio
- ✓ Simple process flowsheet with no primary crushing or grinding required

CAPEX

- ✓ No crushing or primary grinding circuit required

INFRA.

- ✓ Enviably access to existing rail and power networks

MARKETS

- ✓ Targeting Li-B and traditional markets (expandables & refractories)

JON HYKAWAY, STORMCROW CAPITAL (INVESTINGNEWS.COM 22 JUNE 2016)

"There are preferred sources, there are preferred supplies, but really it's a game that's going to go to the inexpensive producer. To be able to compete in this space, you have to be able to compete with the Chinese producers on a cost-per-tonne basis."

"What we're going to be looking for are fairly high-grade deposits, hosted in friable rock or in sediments, in clays, so that the mining required is very inexpensive...."

SOVEREIGN
METALS LIMITED

COMPETENT PERSONS STATEMENT & DISCLAIMER.

COMPETENT PERSONS STATEMENT

The information in this report that relates to Malingunde Exploration Results is extracted from the reports dated 29 August 2016, 5 September 2016, 12 October 2016, 26 October 2016 and 18 January 2017. These reports are available to view on www.sovereignmetals.com.au. The information in the original ASX Announcements that related to Malingunde Exploration Results were based on, and fairly represents, information compiled by Dr Julian Stephens, a Competent Person who is a member of the Australasian Institute of Geoscientists (AIG). Dr Stephens is the Managing Director of Sovereign Metals Limited and is also a substantial holder of shares, options and performance rights in Sovereign Metals Limited. Dr Stephens 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'. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. 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 announcements.

The information in this presentation that relates to Metallurgical Testwork Results is extracted from the reports dated 7 September 2016 and 23 November 2016. These reports are available to view on www.sovereignmetals.com.au. The information in the original ASX Announcements that related to Metallurgical Testwork Results was based on, and fairly represents, information compiled by Mr Oliver Peters, M.Sc., P.Eng., MBA, who is a Member of the Professional Engineers of Ontario ('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 including in the original market announcements. 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 announcements.

DISCLAIMER NOTICE

The material in this presentation ("material") is not and does not constitute an offer, invitation or recommendation to subscribe for, or purchase any security in Sovereign Metals Ltd ("SVM") nor does it form the basis of any contract or commitment. SVM makes no representation or warranty, express or implied, as to the accuracy, reliability or completeness of this material.

SVM, its directors, employees, agents and consultants shall have no liability, including liability to any person by reason of negligence or negligent misstatement, for any statements, opinions, information or matters, express or implied, arising out of, contained in or derived from, or for any omissions from this material except liability under statute that cannot be excluded. Statements contained in this material, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of SVM, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

FORWARD LOOKING STATEMENT

This release may include forward-looking statements, which may be identified by words such as "expects", "anticipates", "believes", "projects", "plans", and similar expressions. These forward-looking statements are based on Sovereign's expectations and beliefs concerning future events. Forward looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of Sovereign, which could cause actual results to differ materially from such statements. There can be no assurance that forward-looking statements will prove to be correct. Sovereign makes no undertaking to subsequently update or revise the forward-looking statements made in this release, to reflect the circumstances or events after the date of that release.

MANAGEMENT TEAM WITH A PROVEN TRACK RECORD OF SUCCESS.

IAN MIDDLEMAS
Chairman

Mr Middlemas is a Chartered Accountant and was a Senior Group Executive for Normandy Mining for more than ten years, which was Australia's largest gold miner (+2m ounces per annum) before merging with Newmont Mining. He is currently Chairman of Salt Lake Potash Limited, Berkeley Energia Limited and a number of other listed resource companies. Mr Middlemas was also previously Chairman of Papillon Resources Limited and Mantra Resources Limited.

JULIAN STEPHENS
Managing Director

Dr Stephens is a Geologist with over 20 years experience in mineral exploration across many commodity types who has spent 10 years working on minerals projects in Malawi. Julian identified and secured the Malawi flake graphite projects. He led the team that discovered the Malawi Flake Graphite Projects.

MATTHEW WHEELER
Technical Manager

Mr Wheeler is a Geologist with over 20 years experience in mineral exploration. He has held various exploration and resource development roles on gold and uranium projects within Western Australia and the Philippines. Mr Wheeler was a co-discoverer of the Malawi Flake Graphite Project.

COLLIN DAVY
Exploration Manager - Malawi

Mr Davy is a Geologist with over 13 years experience in mineral exploration. He has managed exploration projects for polymetallic deposits, copper sulphide and oxide, nickel sulphide, iron, graphite, and heavy mineral sands in Australia and in multiple overseas jurisdictions including Eastern Europe, Canada and various parts of Africa.

DOMINIC ALLEN
Business Development Manager

Mr Allen is a Chartered Accountant with over 10 years commercial experience, including senior roles with Rio Tinto Limited and Oyu Tolgoi LLC. Mr Allen previously worked for Ernst & Young Transaction Advisory Services, completing numerous major resource and industrial transactions.

SOVEREIGN
METALS LIMITED



SOVEREIGN METALS LIMITED

Sovereign Metals Limited | ASX : SVM

T: +61 8 9322 6322 | F: +61 8 9322 6558

E: info@sovereignmetals.com.au | www.sovereignmetals.com.au

Level 9, BGC Centre, 28 The Esplanade, PERTH WA 6000 | ABN: 71 120 833 427

FOLLOW US

