ASSAYS CONTINUE TO CONFIRM CONSISTENCY OF HIGH GRADE SAPROLITE-HOSTED GRAPHITE AT MALINGUNDE

Sovereign Metals Limited ("the Company" or "Sovereign") is pleased to report further assay results from the aircore resource-drilling program completed in late 2016 at the Malingunde saprolite-hosted flake graphite deposit in Malawi.

Highlights:

- *Assays for the second batch of aircore samples (65 holes) continue to confirm the consistency of mineralisation along strike as well as substantial (20-30m) vertical thicknesses of the soft saprolite from surface.*
- *Assay results include:*
  - ***MGAC0058: 24m @ 11.9% TGC inc. 10m @ 17.1% TGC***
  - ***MGAC0065: 26m @ 11.0% TGC inc. 4m @ 20.0% TGC***
  - ***MGAC0047: 12m @ 15.7% TGC inc. 6m @ 23.8% TGC***
  - ***MGAC0055: 32m @ 9.2% TGC***
  - ***MGAC0057: 26m @ 9.1% TGC inc. 6m @ 16.8% TGC***
  - ***MGAC0064: 23m @ 9.2% TGC inc. 6m @ 17.0% TGC***
  - ***MGAC0087: 21m @ 9.0% TGC inc. 9m @ 12.0% TGC***
- *Assay results for the remaining 94 of 180 total aircore and the 5 of 13 diamond drill-holes are expected to be received over the coming few weeks and will be reported as they become available.*
- *Sovereign remains on track to report the **maiden Malingunde JORC resource estimate** during March, with a Scoping Study to follow early in Q2.*

Managing Director Dr Julian Stephens commented, "The Malingunde soft saprolite-hosted graphite deposit continues to tick all the boxes for Sovereign. These latest results further confirm the high-grade nature, strike extent and vertical thicknesses of the saprolite-hosted mineralisation. The deposit boasts high-grade, coarse and jumbo flake concentrates, as well as potentially very low capital and operating costs as a function of the soft and friable saprolite mineralisation."

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Continued Aircore Drilling Results

At Malingunde, saprolite-hosted graphite mineralisation has been identified in diamond, aircore and hand auger drilling over 3.4km of strike with cumulative across strike widths locally exceeding 200m and averaging about 120m.

The 2016 aircore program comprised 180 holes for 5,517 metres. To date, assay results for a total of 87 aircore holes have been returned, with the latest 65 holes presented in this report. A complete table of significant intercepts is shown in Table B. Appendix 1.

The results continue to highlight wide zones of saprolite-hosted flake graphite over the strike length of the Malingunde deposit, with aircore and diamond drilling assays received to date defining consistent high-grade mineralisation over a strike length of 1.3km. Assays are pending for an additional 94 aircore holes and 5 diamond holes that cover a further 2.1km of strike length initially defined by hand auger drilling.

Results reported include:

- ***MGAC0058 24m: @ 11.9% TGC inc. 10m @ 17.1% TGC***
- ***MGAC0065 26m: @ 11.0% TGC inc. 4m @ 20.0% TGC***
- ***MGAC0047 12m: @ 15.7% TGC inc. 6m @ 23.8% TGC***
- ***MGAC0055 32m: @ 9.2% TGC***
- ***MGAC0057 26m: @ 9.1% TGC inc. 6m @ 16.8% TGC***
- ***MGAC0064 23m: @ 9.2% TGC inc. 6m @ 17.0% TGC***
- ***MGAC0087 21m: @ 9.0% TGC inc. 9m @ 12.0% TGC***

Previously reported results include:

- ***MGAC0019: 13m @ 17.8% TGC***
- ***MGAC0020: 23m @ 16.1%TGC***
- ***MGAC0030: 30m @ 15.3% TGC inc. 10m @ 20.8% TGC***
- ***MGAC0006: 20m @ 10.1% TGC inc. 7m @ 17.6% TGC***
- ***MGAC0016: 20m @ 10.4% TGC inc. 10m @ 12.9% TGC***
- ***MGAC0017: 31m @ 10.8% TGC inc. 6m @ 25.3% TGC***
- ***MGDD0007: 25m @ 15.1% TGC inc. 15m @ 19.7% TGC***
- ***MGDD0006: 20m @ 13.7% TGC inc. 12m @ 17.1% TGC***

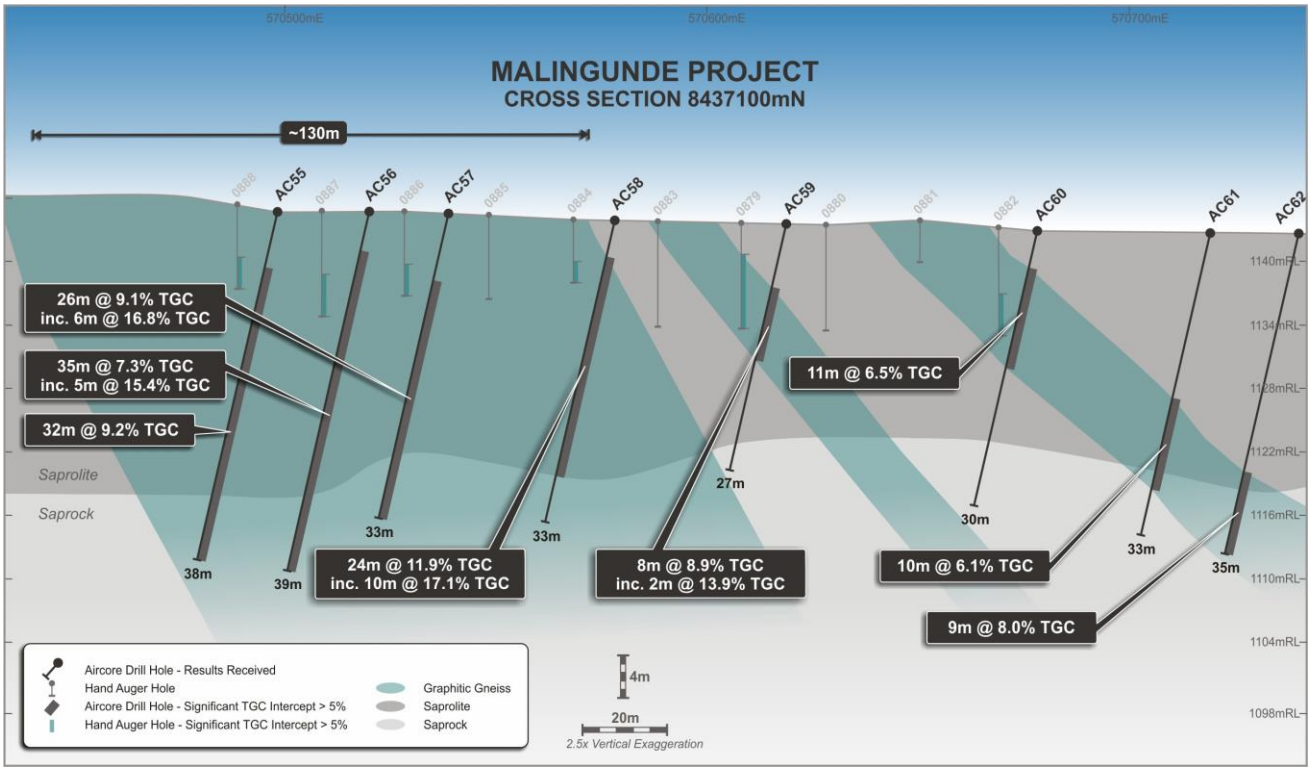

Figure 1. Cross-section 8437100mN showing high-grade, saprolite-hosted graphite mineralisation with recent aircore drilling results.

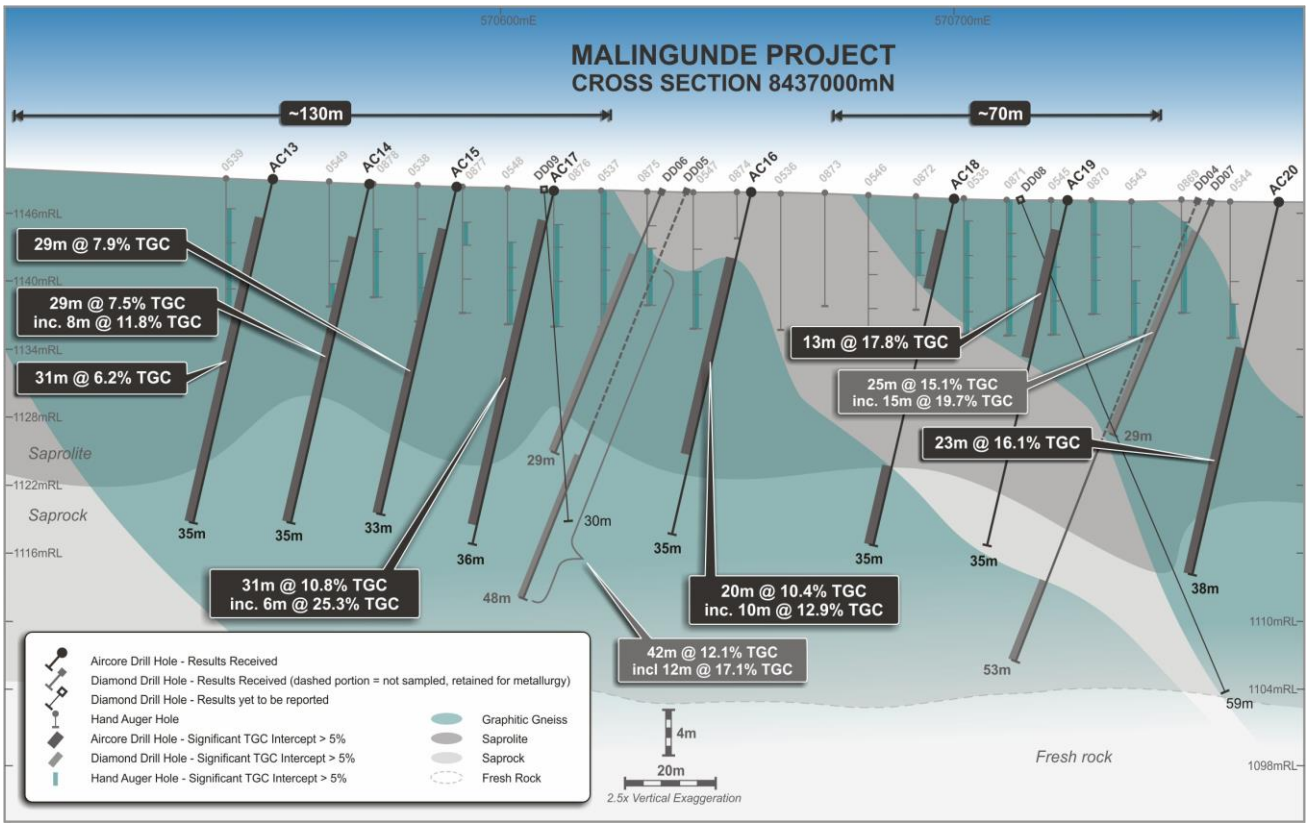

Figure 2. Cross-section 8437000mN showing high-grade, saprolite-hosted graphite mineralisation with previously reported aircore and diamond drilling results shown.

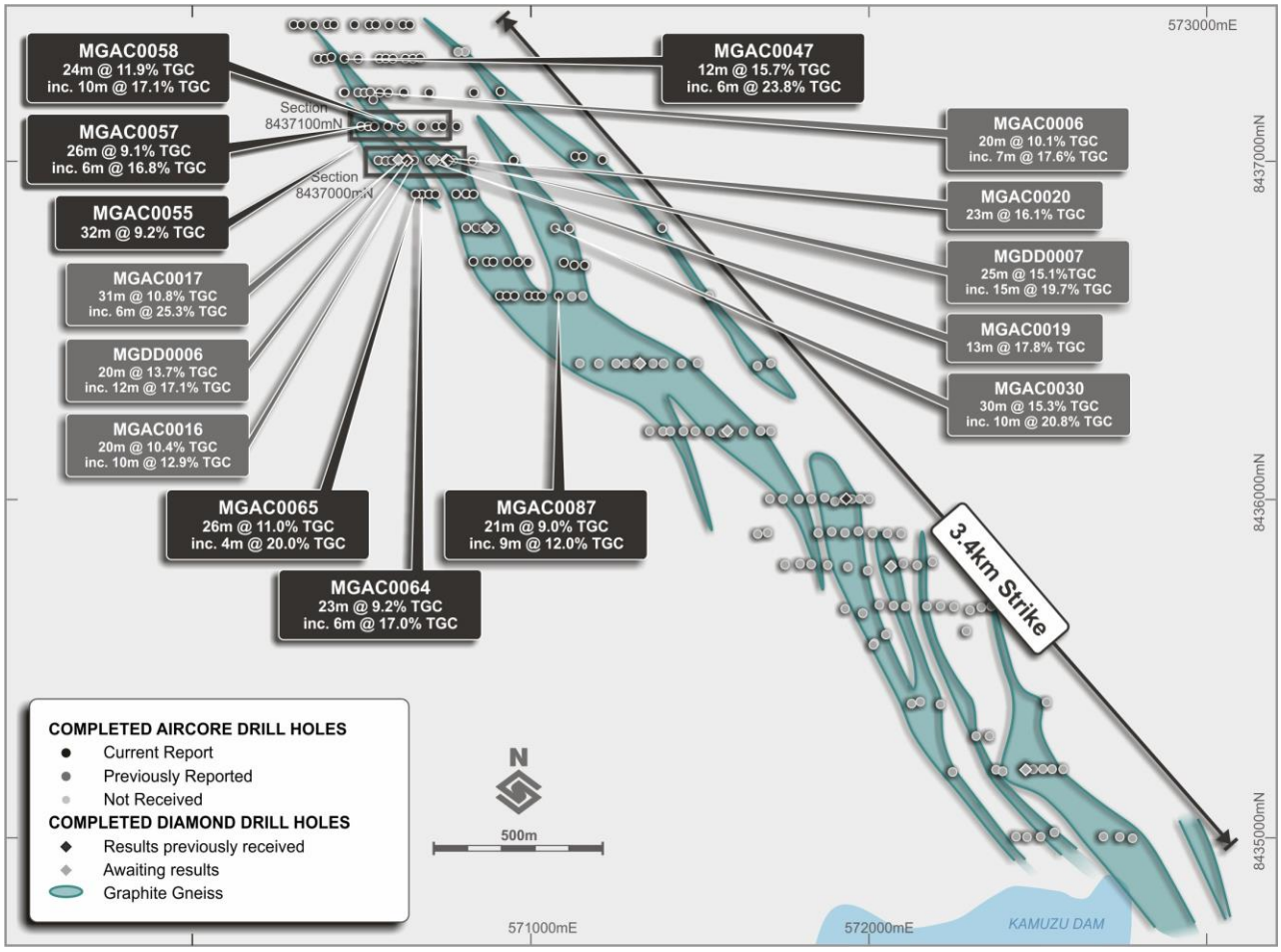

Figure 3. Map showing recently received aircore drilling results over mineralised outlines at

Ongoing Activities

Activities at Malingunde remain on schedule, and include:

- **Reporting of Aircore & Diamond Drilling Results:** Assays for a further 94 aircore and 5 diamond holes are pending and will be reported when received.
- **Metallurgy**: Ongoing flowsheet optimisation and variability test-work continues. Work in H1 2017 will include production of larger quantities of concentrates for evaluation by potential offtake partners.
- **Downstream Test-work:** A program of downstream test-work focussed on Li-Ion battery suitability and expandable graphite applications has commenced at a renowned German industrial minerals laboratory. Results are expected in early Q2.
- **Initial Resource Estimate**: Targeted for Q1 2017.
- **Scoping Study:** Targeted for early Q2 2017.
- **Offtake:** Discussions with potential offtake and strategic partners are ongoing.
- **2017 Exploration Program**: Planning is underway to undertake mineralisation extension exploration within the vicinity of the Malingunde deposit, utilising low cost exploration methods as previously employed, such as auger drilling.

Background

In 2015, Sovereign's in-country geological team made a new and significant graphite discovery using hand auger drilling techniques in an area of no outcrop. The new deposit is located at Malingunde, just 15km SW of Lilongwe, Malawi's capital city, and has access to enviable infrastructure; being 25km from rail access, 15km from the high-capacity Lilongwe power sub-station and with plentiful fresh water.

Malingunde is particularly significant for Sovereign as it is hosted within weathered, soft saprolite (clay) material. Saprolite-hosted flake graphite mining operations, similar to those in China and Madagascar, usually have significant cost and environmental advantages over hard rock mining operations due to:

- The free-dig nature and very low strip ratios of the near surface mineralised material
- Simple processing, generally with no primary crushing and grinding circuit resulting in large capital and operating cost advantages;
- The preservation of coarse flakes in the weathering profile due to graphite's chemically inert properties; and
- The absence of sulphides offers substantial tailings and waste management advantages.

Recently reported results for a saprolite-hosted graphite mining operation in Madagascar processing material grading 4-5% TGC, suggest mine-gate operating costs significantly lower than those of similar hard rock operations.

Geology

Saprolite is the very soft, graphite-bearing, clay-rich oxide material that is formed from intense weathering of the original underlying bedrock. Sovereign's Malingunde saprolite-hosted flake graphite deposit is located on the Lilongwe Plain which is underlain by a paragneiss basement rock package containing extensive graphitic units. This area has a largely preserved, deep tropical weathering profile containing significant thicknesses of saprolite. Graphite is preserved in the weathering profile, a function of its inert nature, at the expense of the silicate and micaceous minerals which are altered to clays.

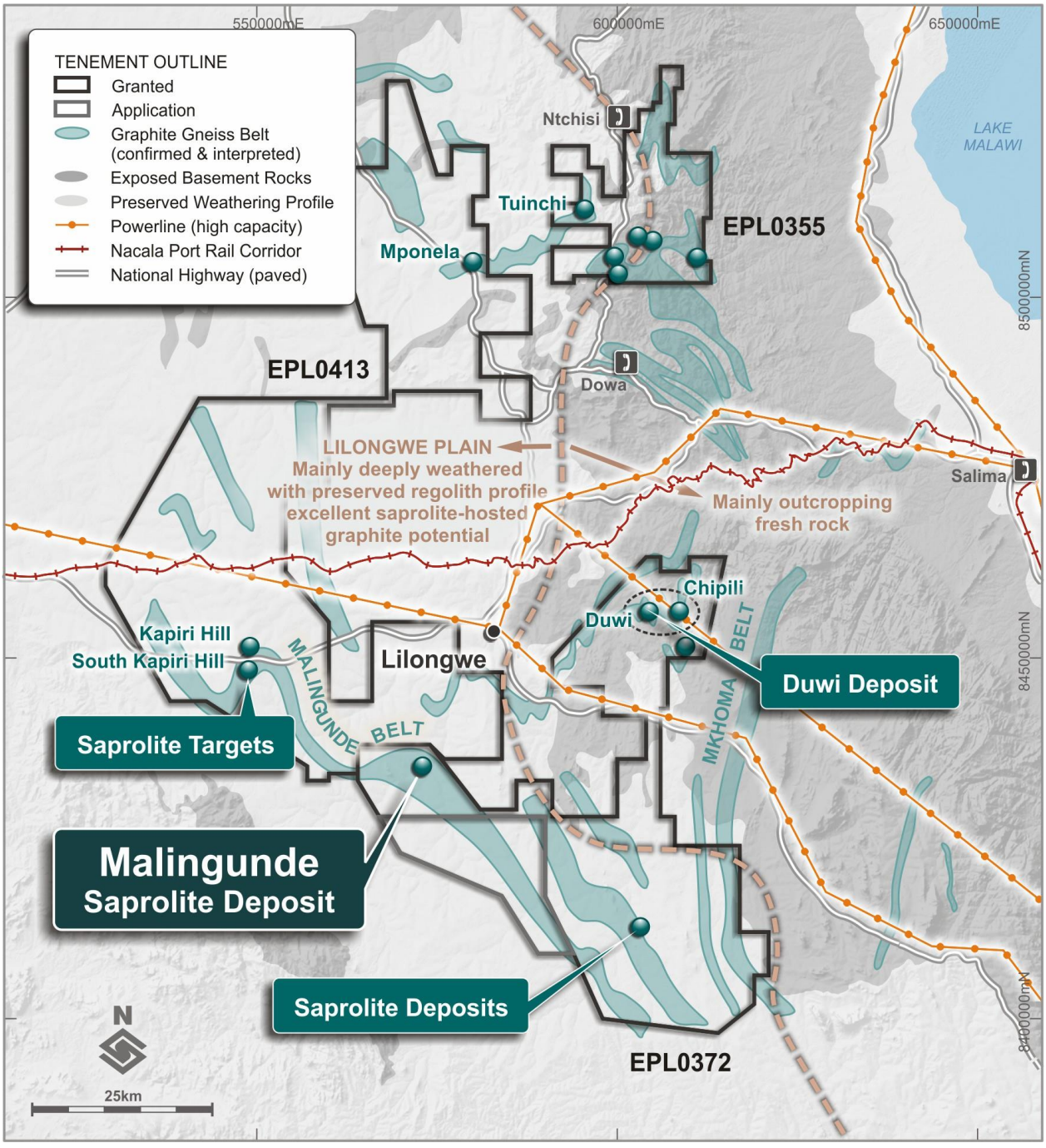

Figure 4. Map showing Sovereign's large 3,788km² ground package in Central Malawi with the major flake graphite deposits and target areas shown.

Competent Person Statement

The information in this report that relates to the Aircore Drilling Results is based on information compiled by Dr Julian Stephens, a Competent Person who is a member of the Australian Institute of Geoscientists (AIG). Dr Stephens is the Managing Director of Sovereign Metals Limited and a 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'. Dr Stephens 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 announcement that relates to previous Exploration Results is extracted from announcements dated 29 August 2016, 12 October 2016, 26 October 2016 and 18 January 2017. These announcements are available to view on www.sovereignmetals.com.au. The information in the original announcements that related to 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 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.

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.

Appendix 1

Table A. Aircore Drill-hole Collar Details

Hole ID	Easting UTM (Zone 36S)	Northing UTM (Zone 36S)	RL AMSL (m)	Final depth (m)	Dip	AZI (UTM)	Hole Type
MGAC0008	570583.24	8437199.82	1141.74	21	-90	360	Aircore
MGAC0009	570625.44	8437200.09	1141.35	26	-60	270	Aircore
MGAC0010	570700.6	8437199.97	1140.56	29	-60	270	Aircore
MGAC0011	570832.5	8437199.89	1139.54	19	-90	360	Aircore
MGAC0012	570911.17	8437202.98	1138.84	30	-60	270	Aircore
MGAC0022	570450.47	8437200.12	1143.87	32	-60	270	Aircore
MGAC0023	570949.99	8437000.27	1143.5	33	-60	270	Aircore
MGAC0024	571131.62	8437011.81	1142.73	29	-60	270	Aircore
MGAC0025	571154.22	8437010.95	1142.74	34	-60	270	Aircore
MGAC0026	571212.71	8437001.99	1143.04	34	-60	270	Aircore
MGAC0033	570300.25	8437400.08	1143.39	19	-60	270	Aircore
MGAC0034	570323.12	8437399.99	1142.99	23	-60	270	Aircore
MGAC0035	570418.73	8437400.82	1142.2	26	-60	270	Aircore
MGAC0036	570399.92	8437401.24	1142.5	30	-60	270	Aircore
MGAC0037	570479.62	8437400.31	1140.83	27	-60	270	Aircore
MGAC0038	570523.53	8437400.01	1140.37	24	-60	270	Aircore
MGAC0039	570582.61	8437400.04	1139.27	33	-60	270	Aircore
MGAC0040	570542.56	8437400.06	1139.93	24	-60	270	Aircore
MGAC0041	570622.9	8437400.18	1138.9	34	-60	270	Aircore
MGAC0042	570642.72	8437399.85	1138.75	25	-60	270	Aircore
MGAC0043	570360.1	8437399.99	1138.75	20	-60	270	Aircore
MGAC0044	570371.11	8437300.13	1144.38	22	-60	270	Aircore
MGAC0045	570391.7	8437299.83	1143.84	29	-60	270	Aircore
MGAC0046	570411.17	8437304.3	1143.44	30	-60	270	Aircore
MGAC0047	570449.75	8437299.99	1142.16	24	-60	270	Aircore
MGAC0048	570490.68	8437300.02	1141.9	33	-60	270	Aircore
MGAC0049	570571.69	8437300.47	1140.26	26	-60	270	Aircore
MGAC0050	570652.07	8437299.93	1139.43	32	-60	270	Aircore
MGAC0051	570630.41	8437300.12	1140.07	30	-60	270	Aircore
MGAC0052	570672.88	8437301.67	1139.29	30	-60	270	Aircore
MGAC0053	570553.39	8437300.2	1140.52	22	-60	270	Aircore
MGAC0054	570592.95	8437299.77	1139.98	28	-60	270	Aircore
MGAC0055	570498.28	8437099.97	1144.73	38	-60	270	Aircore
MGAC0056	570520.06	8437100.02	1144.56	39	-60	270	Aircore

Hole ID	Easting UTM (Zone 36S)	Northing UTM (Zone 36S)	RL AMSL (m)	Final depth (m)	Dip	AZI (UTM)	Hole Type
MGAC0057	570538.72	8437099.78	1144.34	33	-60	270	Aircore
MGAC0058	570578.21	8437100.03	1143.98	33	-60	270	Aircore
MGAC0059	570618.84	8437100.04	1143.7	27	-60	270	Aircore
MGAC0060	570678.23	8437100.13	1142.94	30	-60	270	Aircore
MGAC0061	570719.19	8437100.18	1142.73	33	-60	270	Aircore
MGAC0062	570740.06	8437100.07	1142.7	35	-60	270	Aircore
MGAC0063	570781.5	8437099.55	1142.41	28	-60	270	Aircore
MGAC0064	570678.93	8436899.81	1147.37	37	-60	270	Aircore
MGAC0065	570660.13	8436900.17	1147.37	33	-60	270	Aircore
MGAC0066	570719.1	8436899.77	1146.92	30	-60	270	Aircore
MGAC0067	570700.02	8436899.96	1147.06	35	-60	270	Aircore
MGAC0068	570780.07	8436900.06	1146.31	27	-90	360	Aircore
MGAC0069	570809.89	8436900.02	1146.26	36	-60	270	Aircore
MGAC0070	570831.99	8436900.17	1146	33	-60	270	Aircore
MGAC0071	570871.07	8436700.87	1148.69	33	-60	270	Aircore
MGAC0072	570889.64	8436701.06	1148.47	33	-60	270	Aircore
MGAC0073	570830.75	8436701.6	1148.93	36	-60	270	Aircore
MGAC0074	570930.57	8436700.47	1147.98	27	-60	270	Aircore
MGAC0075	570962.99	8436700.36	1147.54	33	-60	270	Aircore
MGAC0076	570992.55	8436699.93	1147.21	30	-60	270	Aircore
MGAC0077	571098.07	8436698.98	1145.9	30	-60	270	Aircore
MGAC0078	571129.15	8436690.94	1145.77	33	-60	270	Aircore
MGAC0079	571159.86	8436690.52	1145.53	30	-60	270	Aircore
MGAC0080	570860.02	8436799.85	1147.43	25	-90	360	Aircore
MGAC0081	570908.91	8436600.28	1148.82	30	-60	270	Aircore
MGAC0082	570929.77	8436599.89	1148.61	33	-60	270	Aircore
MGAC0083	570952.75	8436599.98	1148.49	30	-60	270	Aircore
MGAC0084	570993.91	8436600.68	1147.72	28	-60	270	Aircore
MGAC0085	571014.42	8436599.82	1147.54	31.5	-60	270	Aircore
MGAC0086	571033.1	8436599.39	1147.18	34.5	-60	270	Aircore
MGAC0087	571083.21	8436599.88	1146.5	28	-90	360	Aircore

Table B. Aircore Drill-hole Significant Intercepts (>=5.0% TGC)

Hole ID	From (m)	To (m)	Width (m)	Grade (%)	Saprolite From (m)	Saprolite To (m)	Saprock From (m)	Saprock To (m)
MGAC0008	8	21	13	5.9	8	21 (EOH)		
MGAC0009	NSI							
MGAC0010	4	16	12	7.1	4	16		
MGAC0011	NSI							
MGAC0012	9	25	16	7.4	9	25		
MGAC0022	8	17	9	10.9	8	17		
incl	8	11	3	14.4				
MGAC0023	NSI							
MGAC0024	2	11	9	7.9	2	11		
MGAC0025	3	28	25	7.1	3	27	27	28
MGAC0026	17	25	8	5.1	17	25		
MGAC0033	NSI							
MGAC0034	NSI							
MGAC0035	5	13	8	7.4	5	13		
MGAC0036	8	16	8	8.7	8	16		
MGAC0037	3	25	22	6.4	3	25		
MGAC0038	4	19	15	7.4	4	19		
MGAC0039	7	33	26	5.7	7	25	25	33 (EOH)
MGAC0040	7	21	14	6.0	7	19	19	21
MGAC0041	NSI							
MGAC0042	3	6	3	7.5	3	6		
MGAC0043	NSI							
MGAC0044	NSI							
MGAC0045	9	19	10	12.6	9	19		
MGAC0046	3	13	10	7.3	3	13		
and	22	27	5	7.0	22	25	25	27
MGAC0047	4	16	12	15.7	4	16		
incl	10	16	6	23.8				
MGAC0048	3	21	18	8.2	3	21		
MGAC0049	NSI							
MGAC0050	18	32	14	6.4	18	24	24	32 (EOH)
MGAC0051	7	27	20	6.42	7	23	23	27
MGAC0052	NSI							
MGAC0053	11	19	8	5.93	11	17	17	19
MGAC0054	6	13	7	5.1	6	13		
MGAC0055	6	38	32	9.2	6	31	31	38 (EOH)
MGAC0056	4	39	35	7.3	4	31	31	39 (EOH)
incl	6	11	5	15.4				
MGAC0057	7	33	26	9.1	7	26	26	33 (EOH)
incl	17	23	6	16.8				
MGAC0058	4	28	24	11.9	4	28		
incl and incl	10	12	2	15.3				

Hole ID	From (m)	To (m)	Width (m)	Grade (%)	Saprolite From (m)	Saprolite To (m)	Saprock From (m)	Saprock To (m)
	17	27	10	17.1				
MGAC0059	7	15	8	8.9	7	15		
incl	12	14	2	13.9				
MGAC0060	4	15	11	6.5	4	15		
MGAC0061	18	28	10	6.1	18	26	26	28
MGAC0062	26	35	9	8.0	26	28	26	35 (EOH)
MGAC0063	NSI							
MGAC0064	4	11	7	5.8	4	11		
and	14	37	23	9.2	14	24	24	37 (EOH)
incl	30	36	6	17.0				
MGAC0065	7	33	26	11.0	7	32	32	33 (EOH)
incl	11	14	3	22.2				
and incl	27	31	4	20.0				
MGAC0066	7	30	23	7.1	7	27	27	30 (EOH)
MGAC0067	5	34	29	5.8	5	28	28	34
MGAC0068	3	27	24	6.7	3	24	24	27 (EOH)
MGAC0069	4	36	32	8.0	4	24	24	36 (EOH)
incl	8	14	6	16.7				
MGAC0070	4	19	15	11.0	4	19		
incl	11	17	6	16.3				
MGAC0071	4	28	24	7.3	4	28		
incl	15	21	6	10				
MGAC0072	4	11	7	5.9	4	11		
MGAC0073	NSI							
MGAC0074	13	23	10	5.9	13	19	19	23
MGAC0075	10	30	20	5.4	10	24	24	30
MGAC0076	5	27	22	5.8	5	27		
MGAC0077	NSI							
MGAC0078	9	15	6	7.1	9	15		
MGAC0079	4	13	9	8.4	4	13		
incl	4	7	3	13.8				
MGAC0080	2	18	16	9.3	2	18		
incl	2	4	2	14.3				
MGAC0081	7	11	4	6.0	7	11		
MGAC0082	3	24	21	6.4	3	24		
incl	4	7	3	15.1				
MGAC0083	7	25	18	7.2	7	25		
MGAC0084	5	28	23	5.2	5	15	15	28
MGAC0085	10	28	18	7.5	10	20	20	28
incl	10	16	6	11.6				
MGAC0086	14	34	20	5.4	14	22	22	34
MGAC0087	4	25	21	9.0	4	25		
incl	16	25	9	12.0				

Appendix 2: JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling Techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	The aircore drilling method was employed to obtain bulk drill cuttings at nominal 1-metre (downhole) intervals from surface. All 1-metre samples were collected in plastic bags directly beneath the drilling rig cyclone underflow. The entire 1-metre sample was manually split using either a 3-tier (87.5:12.5 split) or single tier (50:50 split) riffle splitter or a combination thereof to facilitate the mass reduction of a laboratory assay split. Compositing of the laboratory sample split was performed on a geological basis. Mineralised (>=3% v/v visual) laboratory splits of 1-metre intervals from surface to the top of the saprolite zone were not composited whereas mineralised splits of the underlying saprolite and saprock intervals were composited nominally at 2-metres. Unmineralised (=<3% v/v visual), laboratory splits of 4-metre intervals from top of hole to bottom of hole were composited. Laboratory splits were submitted Intertek Perth for assay sample preparation. Total Graphitic Carbon (TGC) analysis of all assay pulps samples was undertaken by Intertek Perth.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Drilling and sampling activities were supervised by a suitably qualified Company geologist who was present at the drill rig at all times. All bulk 1-metre drill samples were geologically logged by the geologist at the drill site. All 1-metre downhole drill samples collected in plastic bags from directly beneath the cyclone underflow were individually weighed and moisture content was quantitatively logged prior to further splitting and sampling. All mass reduction (field and laboratory splitting) of samples were performed within Gy's Sampling Nomogram limits relevant to this style of mineralisation. Field duplicate splits were undertaken nominally every 20th sample to quantify sampling and analytical error. A program of field replicate splitting of selected (~5%) mineralised intervals was completed at the conclusion of the drill program.
	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.	Flake graphite content is visually estimated as volume % (% v/v) of each 1-metre bulk drill samples during geological logging by Company geologist. A nominal lower cut-off of 5% TGC assay has been applied to define zones of 'mineralisation'.
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.).*	Conventional blade bit aircore drilling was employed to obtain all drill cuttings from surface. Drilling was completed using a P900 drill rig mounted on a 4x4 truck. Drilling was completed using standard 3-inch diameter/3m length drill rods equipped with inner tubes. Drilling was performed with standard face discharge aircore blade bits. The nominal drill hole diameter is 87mm.
Drill Sample Recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	All 1-metre downhole drill samples collected in plastic bags from directly beneath the cyclone underflow were individually weighed and moisture content (dry/damp/moist/wet/saturated) recorded prior to further splitting and sampling. The outside diameter of the drill bit cutting face was measured and recorded by the driller prior to the commencement of each drill hole. Each 1-metre sample interval was separately geologically logged using standard Company project specific logging codes. Logging of weathering and lithology along with drill hole diameter, recovered sample weight, moisture content and dry bulk density measurements of PQ diamond core allow the theoretical sample recovery to be calculated. Preliminary analysis of actual sample recoveries indicate an average recovery of greater than 75% for mineralised intervals.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Drill bits (face discharge) used were appropriate for the type of formation to maximise amount of drill cutting recovered. Drill bits were replaced where excessive wearing of the tungsten cutting teeth had occurred. A number of the 2016 PQ diamond core holes were twinned by aircore holes to assess the representivity of drill samples.
	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.	Twin hole comparison of aircore vs hand auger and diamond core drill hole visually estimated grades indicates that no sample bias exists. There does not appear to be any relationship between aircore sample recovery and TGC % v/v grade.
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 drill holes were geologically logged by a suitably trained Company geologist using standard Company code system. Relevant data for each individual 1-metre sample was initially recorded using a standard A4 paper template and later digitally entered into customised Company MS Excel spreadsheets designed with fully functional validation. Excel files are checked and loaded to MS Access by the Database Administrator. Upon loading into the Access database further validation is performed. This information is of a sufficient level of detail to support appropriate Mineral Resource estimation.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.	Logging is both qualitative and quantitative. Geological logging includes but is not limited to lithological features, volumetric visual estimates of graphite content and flake characteristics.

Criteria	JORC Code explanation	Commentary
	The total length and percentage of the relevant intersection logged	100% of aircore drill hole sample intervals 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 aircore drilling.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	The entire 1-metre sample was manually split using either a 3-tier (87.5:12.5 split) or single tier (50:50 split) riffle splitter or a combination thereof to facilitate the mass reduction of a laboratory assay split. Compositing of the laboratory sample split was performed on a geological basis. Mineralised (>=3% v/v visual) laboratory splits of 1-metre intervals from surface to the top of the saprolite zone were not composited whereas mineralised splits of the underlying saprolite and saprock intervals were composited nominally at 2-metres. Unmineralised (=<3% v/v visual), laboratory splits of 4-metre intervals from top of hole to bottom of hole were composited. All wet samples were removed from the drill site without splitting and relocated to the Company's premises in Lilongwe. The wet samples were transferred into large metal trays and sun dried. Samples were subsequently hand pulverised and thoroughly homogenised prior to splitting 50:50 with a single tier riffle splitter. One of the off-splits was submitted to the laboratory for assay. All rejects splits (i.e. the material not sent for assaying) of each individual 1-metre interval were returned to original sample bag, cable tied and placed in storage for future reference.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Sample preparation is conducted at either Intertek in Perth or Johannesburg. The entire submitted sample (=< ~3kg) is pulverised to 85% -75µm in a LM5. Approximately 100g pulp is collected and sent to Intertek-Genalysis Perth for chemical analysis.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	All sampling was carefully supervised. Ticket books were used with pre-numbered tickets placed in the laboratory sample bag and double checked against the sample register. Subsequent to splitting an aluminium tag inscribed with hole id/sample interval was placed inside the bulk 1-metre sample bag. 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 in 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.	A program of field replicate splitting of selected (5%) mineralised intervals was completed at the conclusion of the drill program. In addition, a number of air core holes have been drilled to "twin" diamond holes, to assess the representivity of the air drilling. The results of these programs will be assessed when results are received.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	All mass reduction of aircore drill samples undertaken during field sampling and laboratory sample preparation were guided by standard sampling nomograms and fall within Gy's safety limits for the type of mineralisation sampled.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	The assaying and laboratory procedures are considered to be appropriate for reporting graphite mineralisation, according to industry best practice. Each entire sample was pulverised to 85% -75µm. Approximately 100g pulp is collected for analysis at Intertek-Genalysis Perth. 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 chemical 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.	Field QC procedures involve the use of certified reference material assay standards, blanks, duplicates and 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 in 20.
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. An independent resource consultant conducted a site visit during December 2016 during the aircore drilling program. All drilling and sampling procedures were observed by the consultant during the site visit.
	The use of twinned holes.	Several of the 2016 PQ diamond core holes were twinned by aircore holes to assess sampling representivity.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	All data is initially collected 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. Assay data is provided as .csv files from the laboratory and loaded into the project specific drill hole database. Spot checks are made against the laboratory certificates.
	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.*	Collars were tape measured from 20m separated DGPS surveyed auger holes (accuracy 0.02m x/y). All collars have been picked-up by the Company's consulting surveyor, using a Leica GPS System 1200 in RTK mode to define the drill-hole collar coordinates to centimetre accuracy. Down-hole surveying was undertaken on selected holes to determine drill hole deviation. Surveys were carried out using a Reflex Ez-Trak multi-shot survey tool at nominal 30m intervals down hole on selected holes was used to show that significant deviation does not occur over the relatively short length of the aircore holes. As such drill hole deviation is not considered material throughout the program.
	Specification of the grid system used.	WGS84 (GRS80) UTM Zone 36 South
	Quality and adequacy of topographic control.	The Company's consulting surveyor used a Leica DGPS System 1200 in RTK mode to accurately locate the x, y, z of drill collars. Previous checking of Hand Auger holes with the Shuttle Radar Topographic Mission (SRTM) 1-arc second digital elevation data has shown that the Leica GPS System produces consistently accurate results. Given the low topographic relief of the area it is believed that this represents high quality control.

Criteria	JORC Code explanation	Commentary
Data spacing & distribution	*Data spacing for reporting of Exploration Results.*	Aircore core drill holes occur along east-west sections spaced at between 100-400m north-south between 8,435,400mN to 8,437,200mN.
	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.	Not applicable. No Mineral Resource Estimate (MRE) has been completed for the Malingunde deposit.
	Whether sample compositing has been applied.	No sample compositing has occurred.
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. Flake graphite mineralisation is conformable with the main primary layering of the gneissic and schistose host lithologies. Drill hole inclination of -60 degrees are generally near orthogonal to the interpreted regional dip of the host units and dominant foliation.
Sample security	*The measures taken to ensure sample security*	Samples are securely stored at the Company's compound in Lilongwe. Chain of custody is maintained from time of sampling in the field until sample is dispatched to the laboratory.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data*	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	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 (EPLs) in Malawi. EPL0355 granted in 2015 for 2 years, EPL0372 granted in 2016 for 2 years, EPL0413 granted in 2014 for 3 years. All EPLs are renewable for two additional periods of 2 years each upon expiry.
	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*	The graphite mineralisation occurs as multiple bands of graphite gneisses, hosted within a broader Proterozoic paragneiss package. In the Malingunde and Lifidzi areas specifically, a deep topical weathering profile is preserved, resulting in significant vertical thicknesses from near surface of saprolite-hosted graphite mineralisation.
Drill hole information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: easting and northings of the drill hole collar; elevation or RL (Reduced Level-elevation above sea level in metres of the drill hole collar); dip and azimuth of the hole; down hole length and interception depth; and hole length*	Refer to Tables A and B in Appendix 1.
	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.*	All sample assays contribute to significant intercepts, while adhering to a minimum total significant intercept grade of >=5%. For simplification of reporting following positive metallurgical results in the treatment of pedolith material, all material above the saprolite-saprock boundary is considered as saprolite during generation of significant intercepts.
	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.	Significant intercepts were calculated using an outer (edge) sample lower cut-off grade of >=5% TGC, minimum intercept width of 3m, and a maximum of 6m internal dilution where the final intercept averages >=5% TGC. Substantial higher grade zones are reported as separate "including" intercepts within Table B. NSI denotes no significant intercept.
	The assumptions used for any reporting of metal equivalent values should be clearly	No metal equivalent values are used in this report.

Criteria	JORC Code explanation	Commentary
	stated.	
Relationship between mineralisation widths & intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	Preliminary interpretation of mineralised zones in aircore holes supported by DD (2016) orientated core measurements suggests that mineralised zones are shallow-moderate east dipping.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	Flake graphite mineralisation is conformable with the main primary layering of the gneissic and schistose host lithologies. Drill hole inclination of -60 degrees are generally near orthogonal to the regional dip of the host units and dominant foliation and hence specific drill hole intercepts for -60 degree holes may only approximate true width. The averaged strike of mineralised zones is approximately 160° grid whereas all -60 inclined aircore holes were orientated at grid east.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'.	Not Applicable, refer to explanation directly above.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of the drill collar locations and appropriate sectional views.*	See Figures 1, 2 and 3 within the main text of this report.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high-grades and/or widths should be practiced to avoid misleading reporting of exploration results.*	Representative reporting of low and high-grades has been effected within this report.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to: geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	No additional meaningful and material exploration data has been excluded from this report that has not previously been reported to the ASX.
Further work	*The nature and scale of planned further work (e.g. test for lateral extensions or depth extensions or large-scale step-out drilling).*	The next phase of exploration is to complete additional infill, extensional and step-out air core drilling.
	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 Figure 3 within the main text of this report.