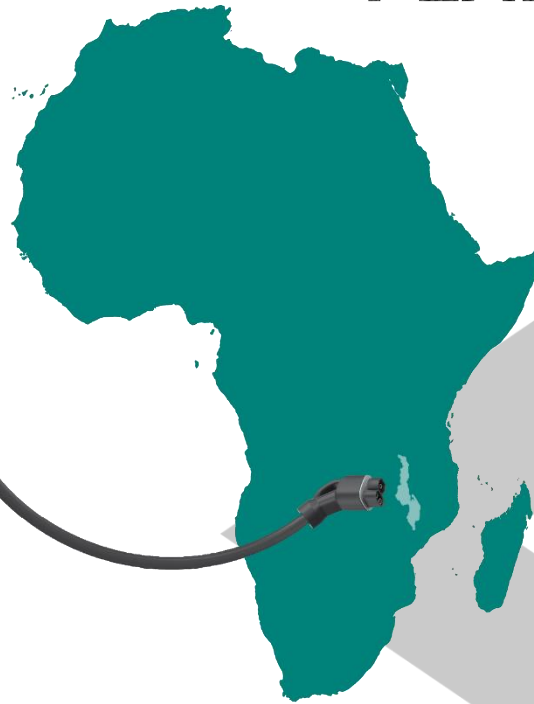
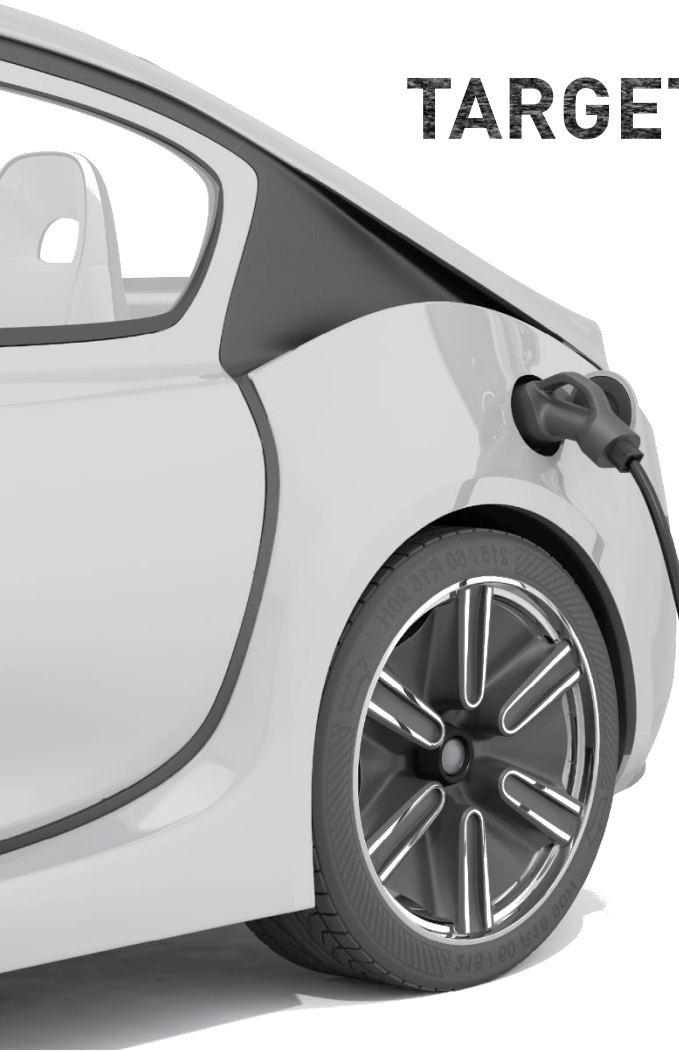


TARGETING LOW COST PRODUCTION OF PREMIUM QUALITY FLAKE GRAPHITE



MAY 2017

ASX:SVM

TARGETING A SIMPLE & PROFITABLE FLAKE GRAPHITE OPERATION.

FOCUSED ON DELIVERING LOW COST PRODUCTION, WITH BEST IN CLASS MARGINS

- 1. Very low operating costs.**
- 2. Very low capital costs.**
- 3. Entry to existing and developing markets.**
- 4. A simple mining & processing strategy.**



TARGETING VERY LOW OPERATING COSTS

MALINGUNDE SAPROLITE IS SIMPLE TO MINE AND PROCESS.

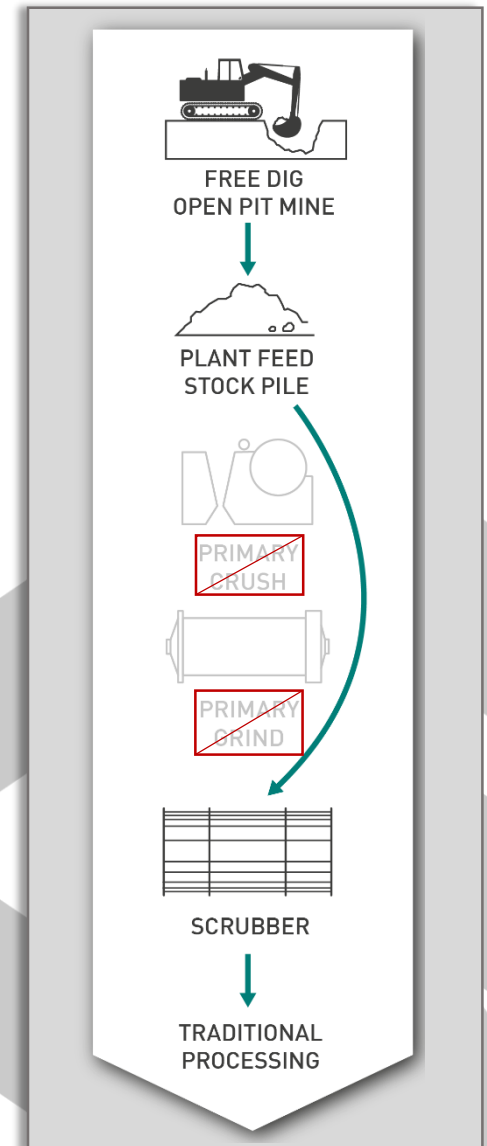
- ◆ Saprolite is the very soft, graphite-bearing, clay-rich oxide material that is formed from intense weathering of the original bedrock.
- ◆ Malingunde is the world's largest reported saprolite-hosted graphite resource:
 - ◆ Total: **28.8Mt @ 7.1% TGC** (4.0% TGC cut-off)
 - ◆ High-grade: **8.9Mt @ 9.9% TGC** (7.5% TGC cut-off)
- ◆ Near surface with free dig mining, low strip ratios and a simple flow sheet will equate to low cost production.
- ◆ Almost all graphite peers are hosted in hard rock.



TARGETING VERY LOW CAPITAL COSTS

SOFT SAPROLITE ORE = SIMPLE PLANT DESIGN WITH NO PRIMARY CRUSH OR GRIND.

- ◆ Low strip ratio and high grades will enable small mining fleet and process plant.
- ◆ The very soft material allows a very simple process plant.
- ◆ No requirement for primary crushing or grinding circuit.
- ◆ All plant and equipment is “off the shelf”.



ENTRY TO EXISTING AND DEVELOPING MARKETS.

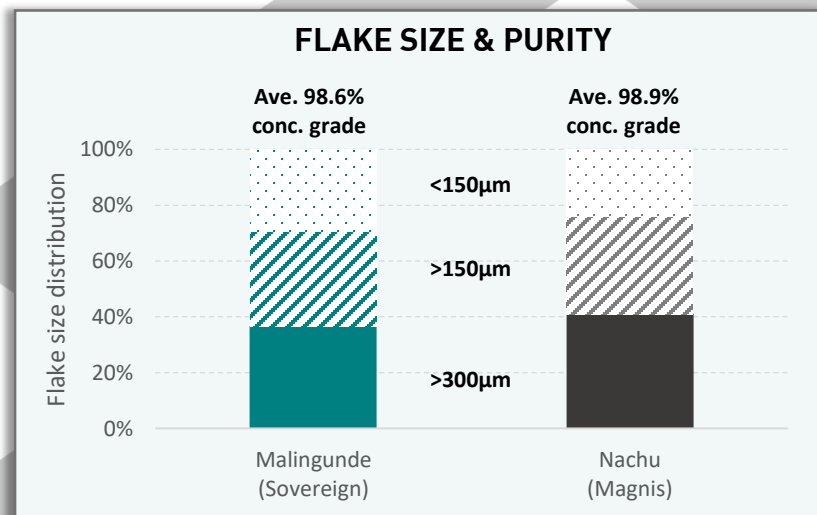
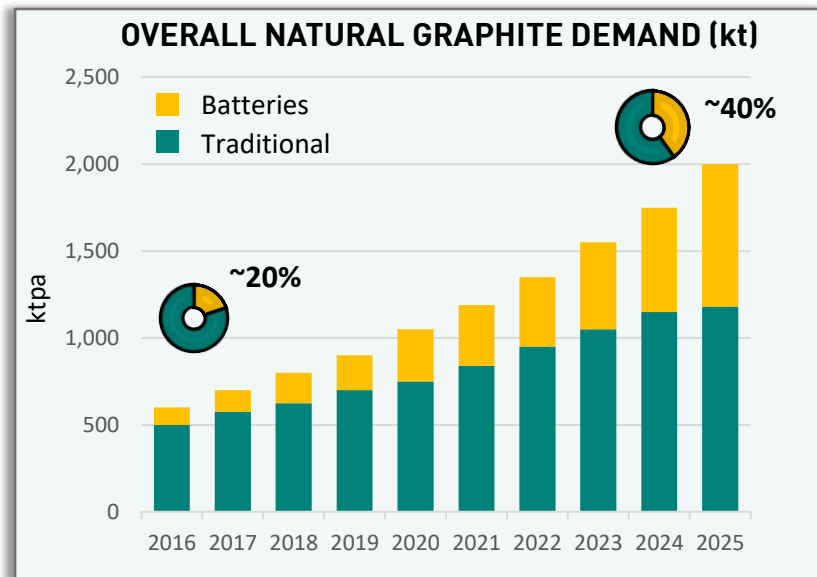
TARGETING LOW COST PRODUCTION WITH VERY HIGH QUALITY CONCENTRATES.

◆ Traditional uses (refractory, expandable & other industrial) account for ~80% of existing market.

◆ Entry to existing traditional markets reduces risk; not reliant on Li-ion battery demand.

◆ Very high quality product is comparable to Magnis Resources; considered by many analysts as the benchmark in quality.

◆ Entry to Li-ion battery markets retained as attractive upside.

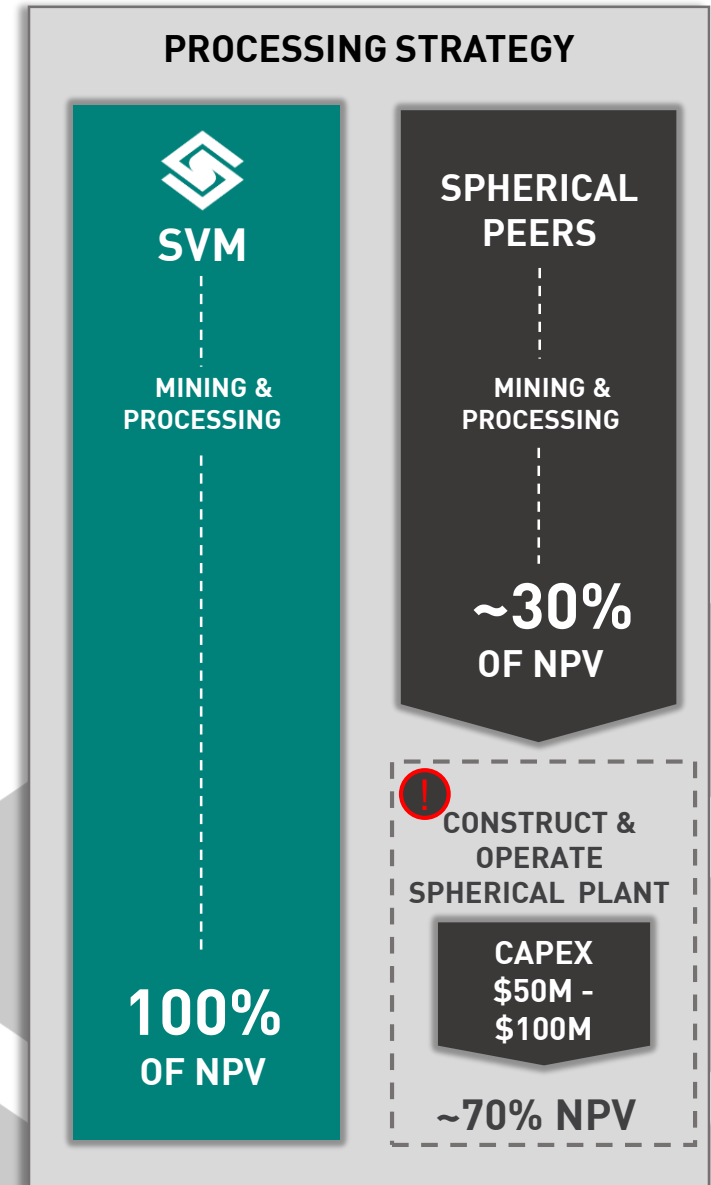


Source: Canaccord Genuity, Company estimates, Magnis company presentation

PURSuing A SIMPLE MINING & PROCESSING STRATEGY.

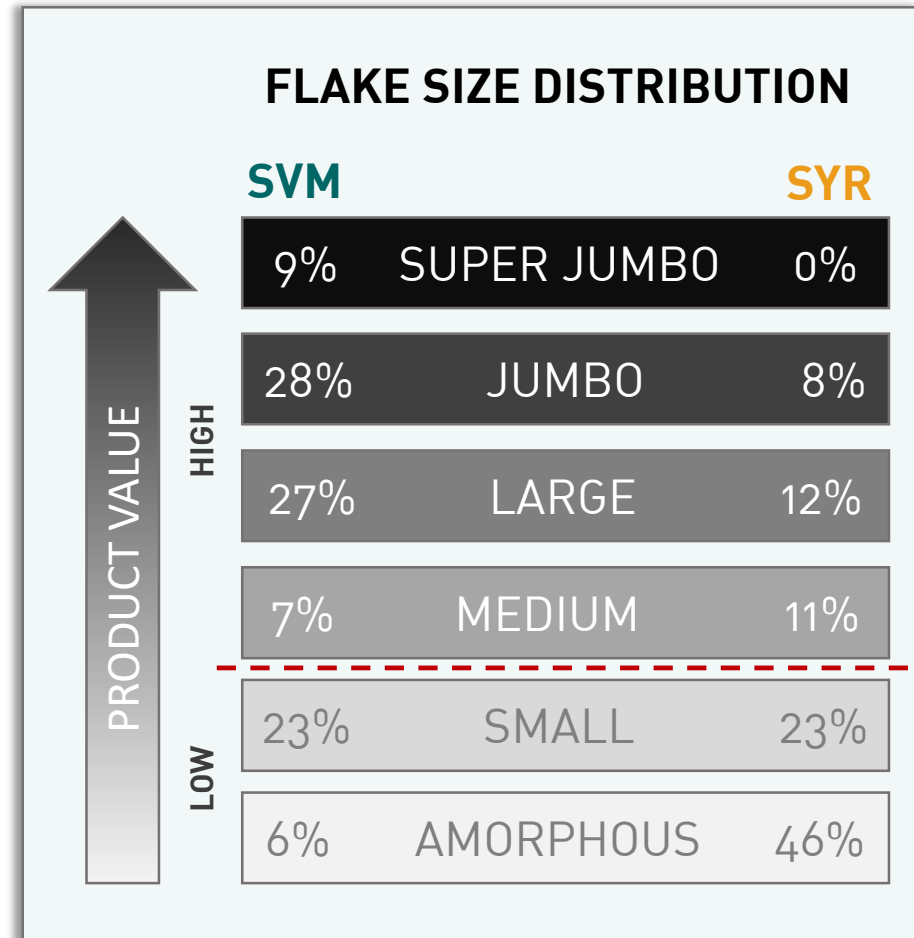
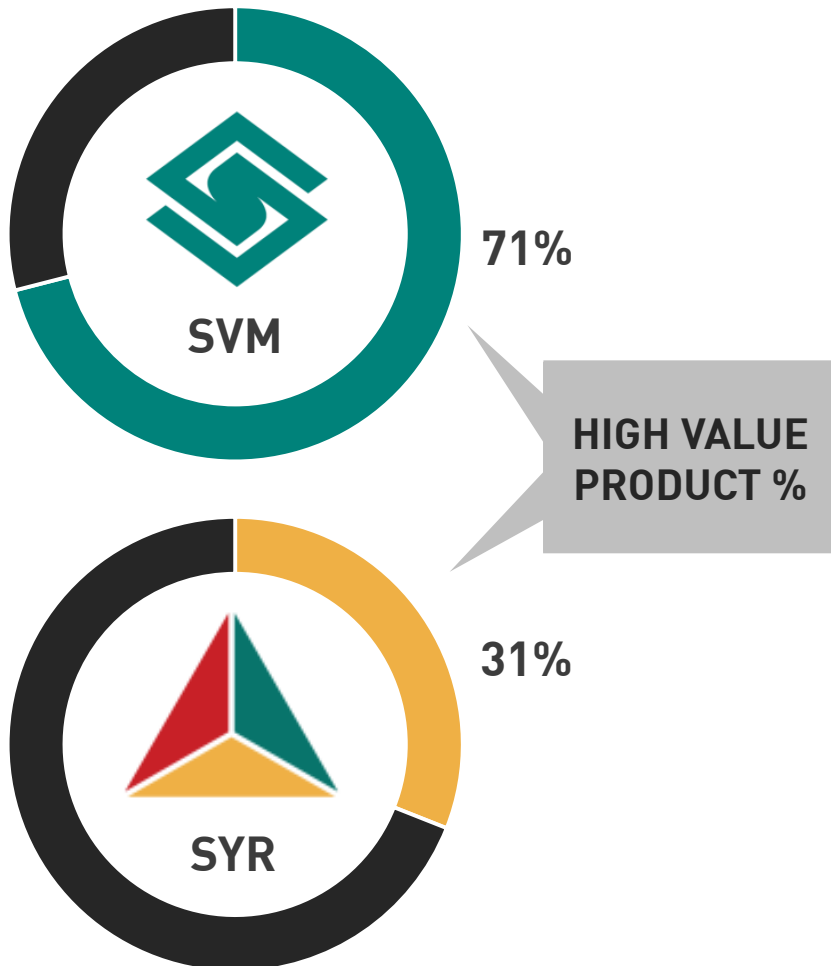
NO HIGH RISK DOWNSTREAM PROCESSING.

- ◆ Sole focus on profitable mining & processing.
- ◆ No downstream capital requirement reduces technical and financing risk.
- ◆ Low cost and high quality products achieve best in class margins.
- ◆ Strategy provides a clear investment case and focused pathway to development.



SOVEREIGN'S HIGH QUALITY PRODUCT LIMITS THE IMPACT OF POTENTIAL NEW SUPPLY.

LIMITED MARKET OVERLAP WITH SYRAH'S LOWER QUALITY, HIGH VOLUME PRODUCT.



MALINGUNDE PROJECT DETAIL

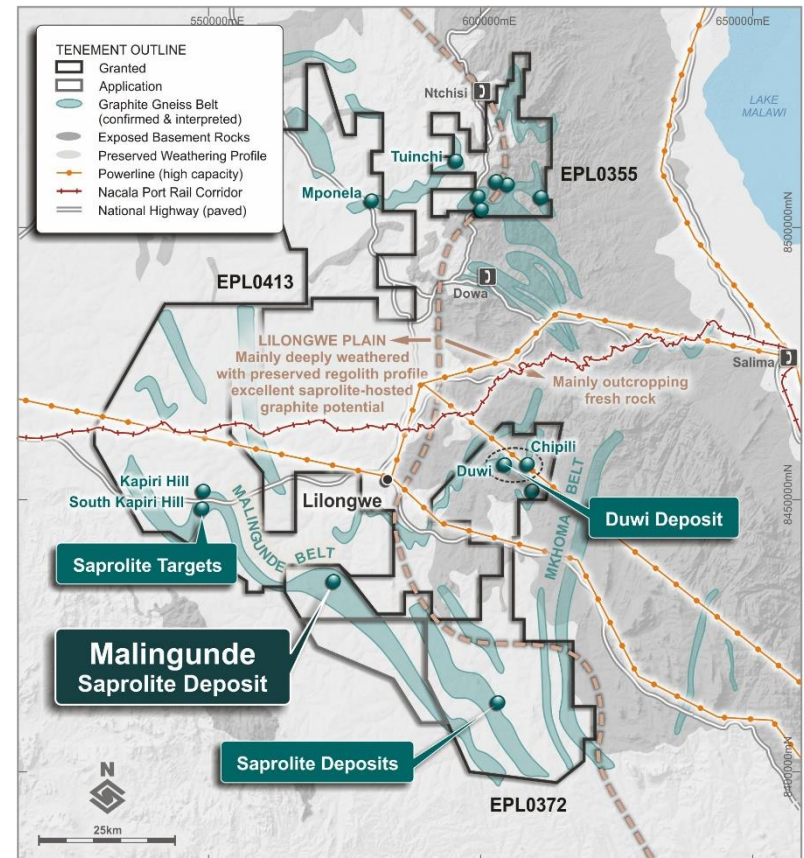
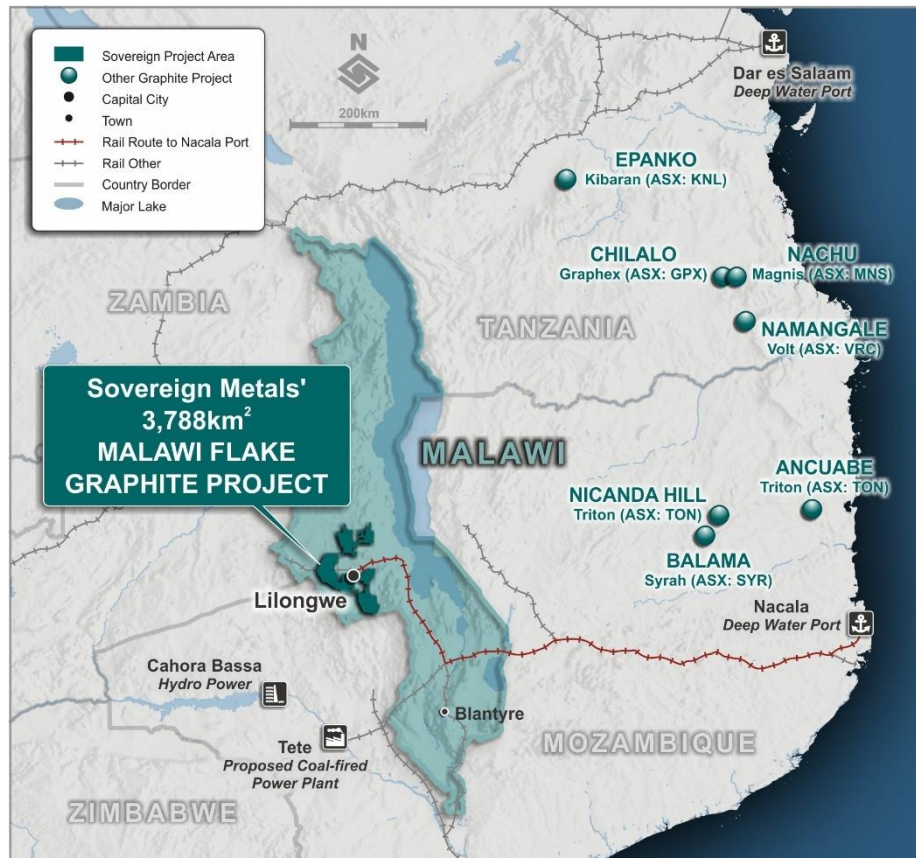


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DOMINANT GROUND POSITION IN THE WORLD-CLASS EAST AFRICAN FLAKE GRAPHITE PROVINCE.

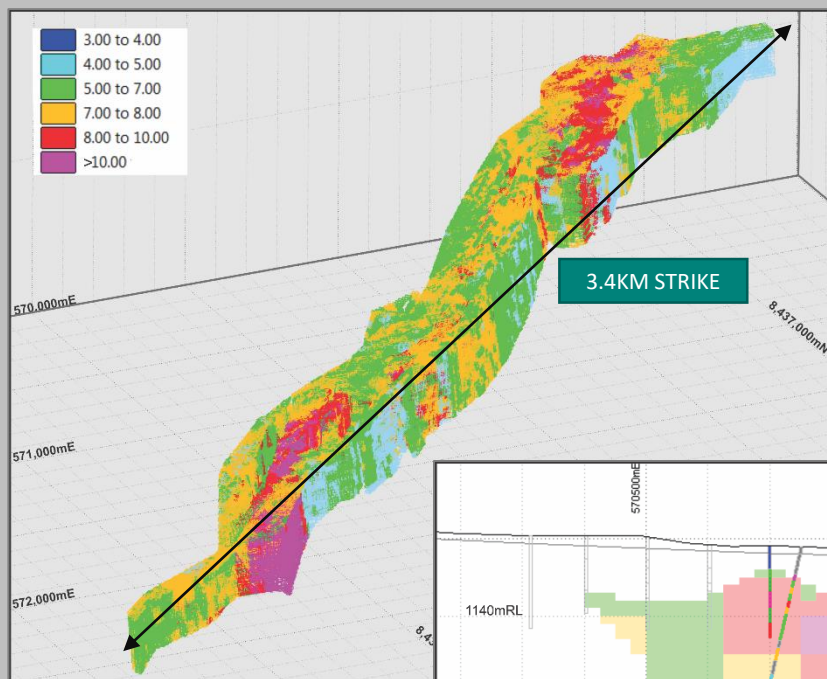
MALINGUNDE: THE WORLD'S LARGEST, SAPROLITE-HOSTED GRAPHITE RESOURCE LOCATED IN CLOSE PROXIMITY TO KEY INFRASTRUCTURE.

- ◆ Immense upside for further discoveries of sapolite-hosted flake graphite across the large (3,788km²) and 100%-owned tenement package.



MALINGUNDE: A LONG-LIFE, LOW-COST, TIER-1 ASSET.

THE WORLD'S LARGEST REPORTED SAPROLITE-HOSTED GRAPHITE RESOURCE.

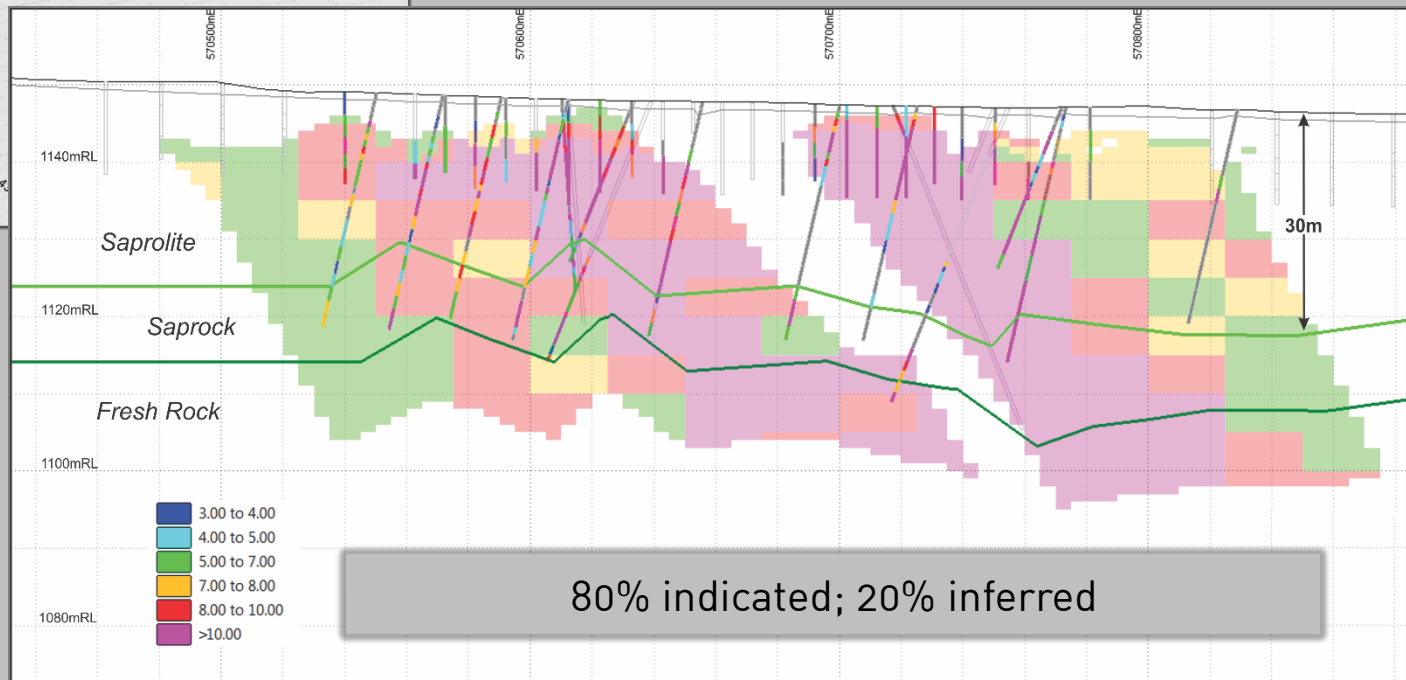


Saprolite Mineral Resource Estimate:

28.8Mt @ 7.1% TGC (4.0% TGC cut-off)

High Grade Component:

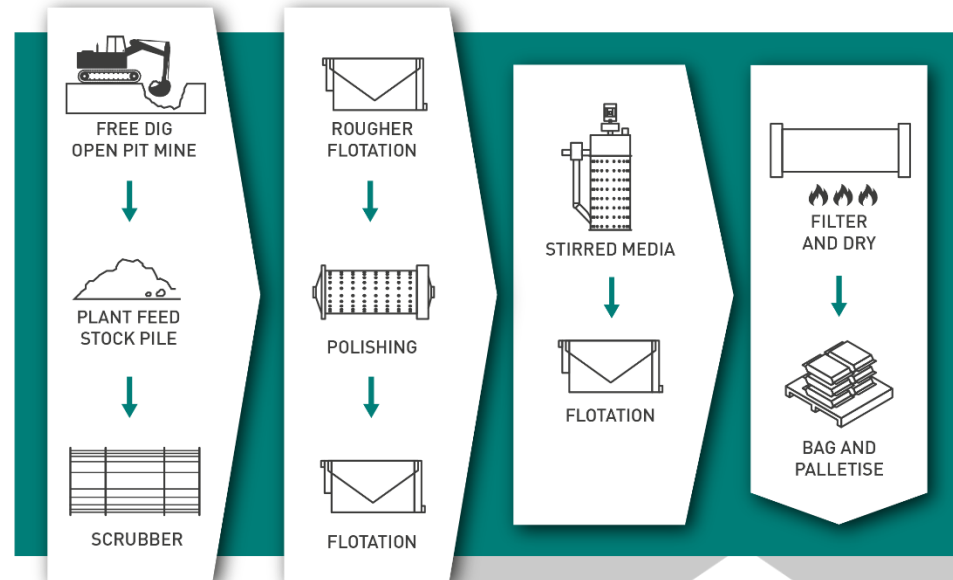
8.9Mt @ 9.9% TGC (7.5% TGC cut-off)



INITIAL METALLURGY RESULTS.

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

- Results from the initial flotation test program on this material showed:
 - Large flake** ~55%-78% of the concentrate in the super jumbo, jumbo and large size fractions (i.e. +149µm).
 - High grade** concentrate across all flake size fractions, consistently grading above 98% C(t).



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

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

MALINGUNDE 2017 FLOTATION RESULTS – TEST #F18

PARTICLE SIZE		C (%)	Distribution (wt. %)	Flake Category
Tyler Mesh	(µm)			
+32	+500	99.0	9.1	Super jumbo
+ 48	+ 297	98.8	27.5	Jumbo
-48 + 100	- 297 + 149	98.2	34.1	Large-Medium
-100 + 200	- 149 + 74	99.0	23.1	Small
-200	- 74	98.3	6.2	Amorphous
TOTAL		98.6	100.0	

MALINGUNDE: A TIER 1 GRAPHITE DEPOSIT.

TARGETING A LOW CAPITAL AND LOW OPERATING COST MODEL.

- ◆ **World's largest reported saprolite resource** – including a significant high grade component.
- ◆ **Free-dig mining** and **low strip ratios** with mineralised material at or near surface – very low overall mining costs expected.
- ◆ Simple processing with **no primary crushing and grinding** – substantial capital and operating cost advantages.
- ◆ **Excellent quality concentrates** produced via a **simple flowsheet** – metallurgical consistency & processing simplicity.

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

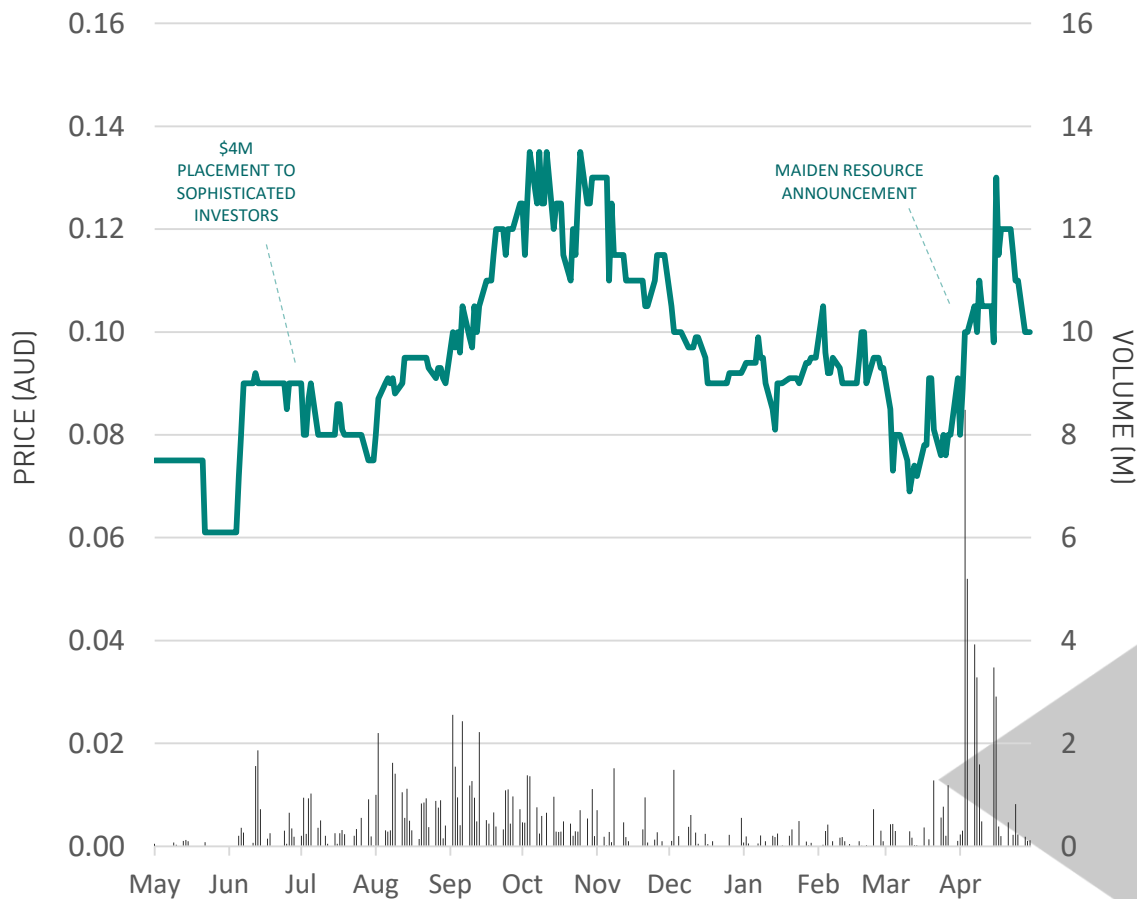
IMAGE BOTTOM: Attrition scrubber of the type that could be used for a saprolite-hosted graphite operation.



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MARKET INFORMATION.

ASX : SVM SHARE PRICE MOVEMENT



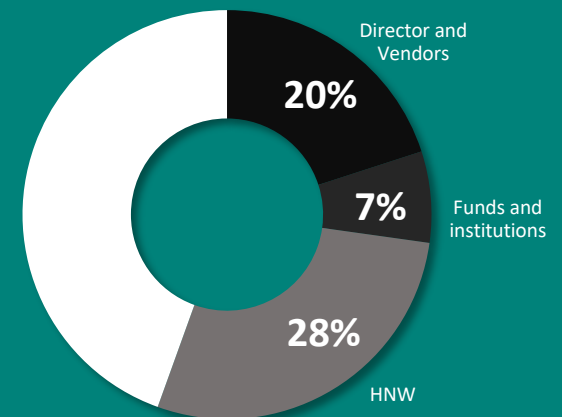
Source: ASX as at market close 3 May 2017

CAPITAL STRUCTURE

Current Shares on Issue *	217,329,083
Unlisted Options (\$0.10 to \$0.47)	15,216,667
Performance Rights	1,400,000
Un-Diluted Market Capitalisation *	A\$21.7 m
Cash (31 March 2017)	~A\$2.8 m

* As at 3 May 2017

SHAREHOLDERS

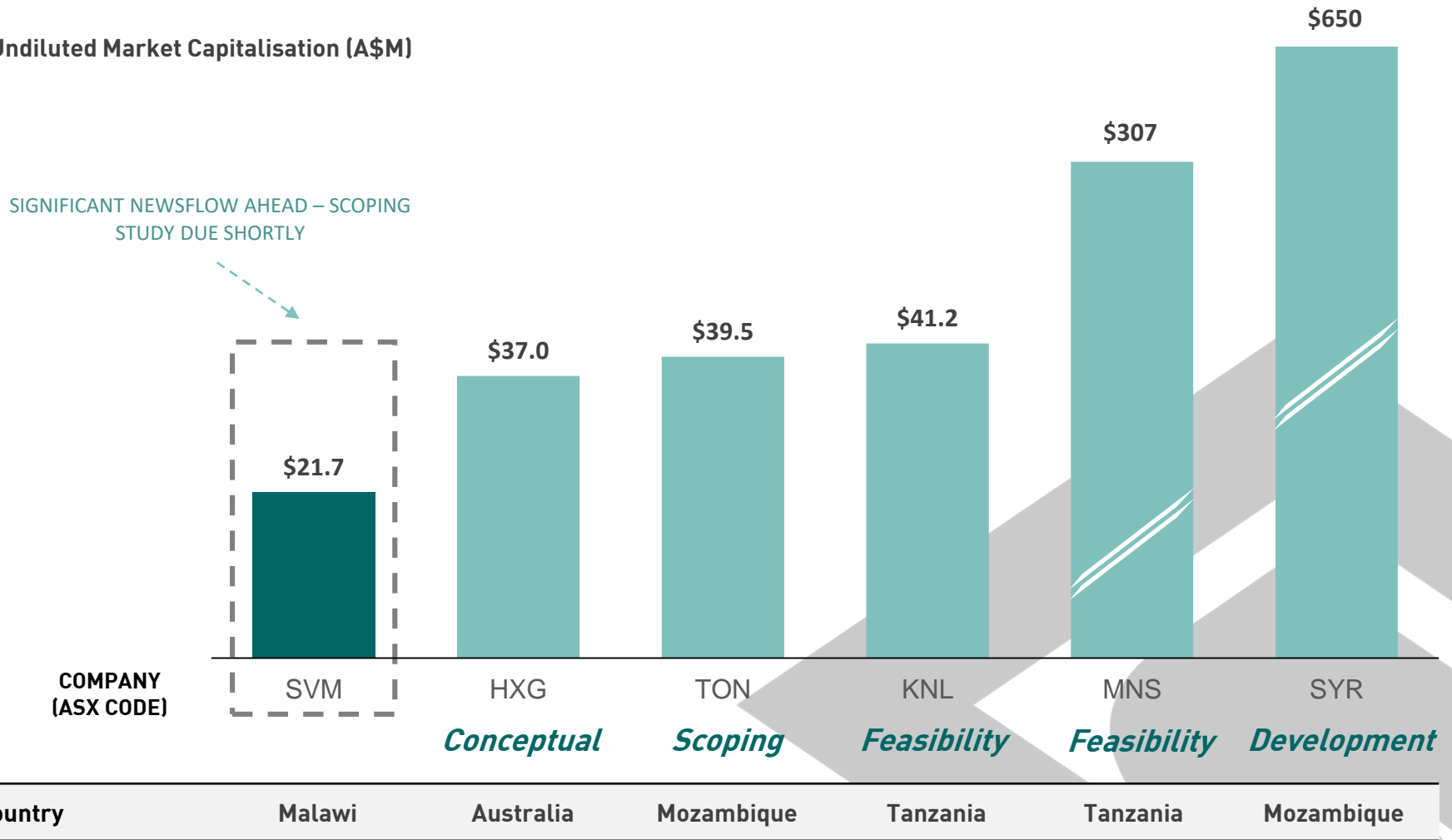


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MASSIVE VALUATION UPSIDE.

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

Undiluted Market Capitalisation (A\$M)



Source: ASX
As at market close 3 May 2017

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FORWARD PLAN AND NEWS FLOW FOR MALINGUNDE.

RESOURCE	Malingunde JORC resource estimate delivered.
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.
OFFTAKE	Discussions with potential offtake partners are well advanced. Further product marketing activities ongoing.
LOGISTICS	Discussions with Nacala Corridor port & rail concessionaire (consortium including Mitsui & Co and Vale) have commenced.

2017			
Q1	Q2	Q3	Q4
Complete			
		Ongoing	→
			→
		Ongoing	→
			Commenced
			→

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.

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 several major resource and industrial transactions.

COMPETENT PERSONS STATEMENT & DISCLAIMER.

COMPETENT PERSONS STATEMENT

The information in this Report that relates to Mineral Resources is extracted from the report entitled 'Malingunde: The world's largest reported saprolite-hosted graphite resource' dated 18 April 2017. The announcement is available to view on www.sovereignmetals.com.au. The information in the original ASX Announcement that related to Mineral Resources was 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'. 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 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. 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 that relates to Exploration Results is extracted from announcements on 29 August 2016, 12 October 2016, 26 November 2016, 18 January 2017, 21 February 2017 and 15 March 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 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'. 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 27 February 2017 and 20 March 2017. 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.

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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.



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