

BULK SAMPLE DRILLING FOR PILOT PLANT PROGRAM COMMENCES AT MALINGUNDE GRAPHITE PROJECT

Sovereign Metals Limited (“the Company” or “Sovereign”) is pleased to announce of the commencement of a drilling program to extract ~100 tonnes of ore to be used for a pilot processing program and production of bulk graphite concentrates from its world-class Malingunde Saprolite Hosted Graphite Project in Malawi.

Acceleration of the pilot program and the production of bulk concentrates has been driven by significant demand from potential offtake partners, as they seek greater quantities of product for continuation and upscaling of testing and qualification.

Sovereign is committed to a strategy of working with credible, Tier 1 end users and traders of graphite, and is ramping up its product sales and marketing activities as the project is de-risked and development and production timeframes are established.

The Company is currently completing the final stages of the Pre-feasibility Study (“PFS”) for the Malingunde project with results expected in the coming weeks.

HIGHLIGHTS:

- ❖ Large, 65 cm diameter spiral-auger drilling commenced to extract ~100 tonnes of ore for a pilot plant program.
- ❖ The initial pilot plant program will process ~40 tonnes of ore to produce approximately 3.5 tonnes of graphite concentrates for assessment by various potential offtake partners.
- ❖ Sovereign is targeting sales of premium flake graphite concentrates into existing traditional markets (refractories, foundries etc.) as well as to emerging markets (Li-ion batteries).
- ❖ The Company is focused on developing relationships with high-quality offtake partners with established industry and market presence and to date has engaged with a diverse range of credible off-take parties across a number of industrial sectors and global locations.
- ❖ The pilot plant program is an early Definitive Feasibility Study (“DFS”) activity which will have the added benefit of providing confidence in, and de-risking the process flow sheet.



Figure 1. Bulk spiral auger drilling and sampling of the soft, saprolite ore at Malingunde

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Bulk Drilling and Pilot Plant Program

The bulk drilling program will be undertaken by a 0.65m diameter auger drill-bit. A total of 9 holes are planned to maximum depths of ~25m in order to gather ~100 tonnes of representative soft saprolite graphite ore from Malingunde.

Initially, the Company plans to ship ~40 tonnes of the material to SGS Lakefield in Canada for production of high-quality flake graphite concentrates at a pilot plant scale. The pilot plant program will be based on Malingunde's simple and robust process flowsheet that requires no primary crush or grind and no chemical or heat purification to produce high-quality graphite concentrates with over 60% greater than 150µm in size. The test-work will also serve to further validate the flowsheet for detailed plant design in the upcoming Definitive Feasibility Study ("DFS").

Marketing Update

The Company has engaged with a diverse range of potential off-takers across a number of industrial sectors and global locations. To date, concentrate samples have been provided to a significant number of potential partners for assessment. Larger quantities of sample are now being requested by a number of these groups in order to validate and qualify Sovereign's flake graphite concentrates for their particular requirements.

Industry participants confirm that the highest value graphite concentrates remain the large, jumbo and super-jumbo flake fractions, primarily used in industrial applications such as refractories, foundries and expandable products. These sectors currently make up the significant majority of total global natural flake graphite market by value.

The Malingunde Project's bias to large, jumbo and super-jumbo flake concentrates has resulted in the Company receiving significant interest from potential purchasers of these high-value graphite products. Sovereign is pursuing credible sales agreements with these respected and credible organisations to support the project's development.

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.



Figure 2. A – example of spiral auger bit used for bulk sampling. B- sample tray containing mineralised saprolite after removal from spiral auger bit. C – example of high grade saprolite-hosted graphite mineralisation with original foliation still evident. D – bulk sample extracted by spiral auger drilling. E – close-up of high grade saprolite-hosted mineralisation within spiral auger bit. F – removal of mineralised saprolite from spiral auger bit. G – bags containing completed bulk spiral auger samples from drill-hole MGSA0001.