

FORMAL APPOINTMENT OF CHINESE AGENT

Sovereign Metals Limited (“**Sovereign**” or “**Company**”) is pleased to advise that the Company has today formally appointed Shanghai Bewin Corporation Management Consulting Co (Shanghai Bewin) as its agent in China to assist in discussions with potential offtake and financing partners in the graphite sector.

Shanghai Bewin is an independent consulting firm based in China, with long relationships and strong networks in Chinese industry, including the steel and industrial products sectors. Mr KG Goh, the Managing Partner of Shanghai Bewin who will represent Sovereign in China, is a qualified engineer with considerable experience advising clients in the Energy and Commodity Sectors with Fortis Corporate Finance, BNP Paribas and Standard Chartered (Beijing).

China is the dominant supplier of graphite products, accounting for approximately 60-70% of the global market. The rapidly growing number of offtake agreements struck between Chinese graphite companies and foreign graphite developers, particularly with East African assets, underlines the level of interest in China for securing new long term sources of LARGE FLAKE graphite. Sovereign’s large Duwi Project has an Indicated and Inferred Mineral Resource Estimate of 86Mt at 7.1% total graphitic carbon, with over 6M tonnes of contained graphite (5% TGC cut-off – see announcement dated 17 October 2014) and world class coarse flake characteristics (64% > 150µm – see announcement dated 21 October 2014).

Consideration for Shanghai Bewin’s services will be on normal commercial terms and should the Company enter into a suitable offtake agreement with a partner, will include up to 2 million unlisted options. These options will be exercisable at premiums of 25% - 50% greater than the 20-day VWAP on the date the offtake agreement is announced and will be exercisable on or before a date that is three years after the grant date. The grant of these options will be subject to Shareholder approval.

Enquiries: Matt Syme Managing Director +61 417 906 717

Competent Person Statement

The information in this Report that relates to Mineral Resources is extracted from the report entitled 'Maiden JORC Resource Confirms Duwi as one the World's Largest Graphite Deposits' dated 17 October 2014. 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.