

APPOINTMENT OF AGENT FOR ONGOING DISCUSSIONS WITH POTENTIAL FINANCE AND OFFTAKE PARTNERS

Sovereign Metals Limited ("**Sovereign**" or "**Company**") is pleased to advise that the Company has engaged Empire Capital Partners ("Empire") to advise and represent the Company in ongoing discussions with potential offtake and financing partners in the graphite sector in South East Asia.

Empire is a boutique corporate advisory and investment firm focussed on investments in the Australian resources sector, with strong connections in China. Through its Hong Kong office, Empire has been involved in a number of financing transactions with Chinese investors in a range of mineral commodities.

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.

As part of Empire's engagement, the Company will undertake an immediate placement of \$0.5 Million at \$0.06 per share to sophisticated investors introduced by Empire. These funds will be used to continue exploration activities, including the current Scoping Study for the Duwi Project which is examining two production scenarios producing ~40,000t and ~100,000t of graphite concentrate per annum, and the next stage of metallurgical testwork for Duwi underway at SGS in Canada.

Empire will receive a placement fee of 5% of the amount raised and 416,667 unlisted option exercisable at \$0.15 each on or before 30 September 2018 ("\$0.15 Options"). In accordance with the mandate, Empire will also receive 1,000,000 unlisted options exercisable at \$0.10 each on or before 30 June 2018 ("\$0.10 Options") and 1,000,000 \$0.15 Options in consideration for its services in advising and representing the Company in ongoing discussions with potential offtake and financing partners. In the event that the Company secures an offtake agreement, investment by strategic investor or enters an agreement for substantial assistance with the development of Sovereign's graphite projects, with a party introduced by Empire, an additional 1,000,000 \$0.10 Options and 1,000,000 \$0.15 Options will also be granted.

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