



SOVEREIGN
METALS LIMITED

MALINGUNDE GRAPHITE PROJECT

THE SAPROLITE ADVANTAGE

LOW COST, HIGH MARGIN

PFS IMMINENT

RIU ROADSHOW, SEPTEMBER 2018



ASX:SVM

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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.

COMPETENT PERSONS STATEMENT

The information in this presentation that relates to Malingunde Exploration Results is extracted from announcements dated 29 August 2016, 5 September 2016, 12 October 2016, 26 October 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 ASX Announcements that related to Malingunde 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, 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 Mineral Resources is extracted from an announcement dated 12 June 2018. This 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 in this presentation that relates to Metallurgical Testwork Results is extracted from announcements dated 23 November 2016, 27 February 2017 and 29 May 2018. These announcements 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.

SOVEREIGN METALS: INVESTMENT HIGHLIGHTS

QUALITY

AN EXCEPTIONALLY LOW COST, COARSE FLAKE GRAPHITE DEVELOPMENT

STRATEGY

SALES TO EXISTING GRAPHITE MARKETS; UPSIDE IN EMERGING MARKETS

CASHFLOW

SIGNIFICANT CASH RETURNS IN ALL PRICING ENVIRONMENTS

PARTNERSHIPS

EXPORT LOGISTICS PARTNERSHIP WITH VALE & MITSUI

JURISDICTION

MINING FRIENDLY JURISDICTION & STRONG SUPPORT FROM GOVERNMENT

MALINGUNDE: A VERY LOW COST COARSE FLAKE GRAPHITE DEVELOPMENT

SAPROLITE MATERIAL IS VERY 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:	45.7Mt @ 7.2% TGC (4.0% TGC cut-off)
◆ High-grade:	14.5Mt @ 9.7% TGC (7.5% TGC cut-off)

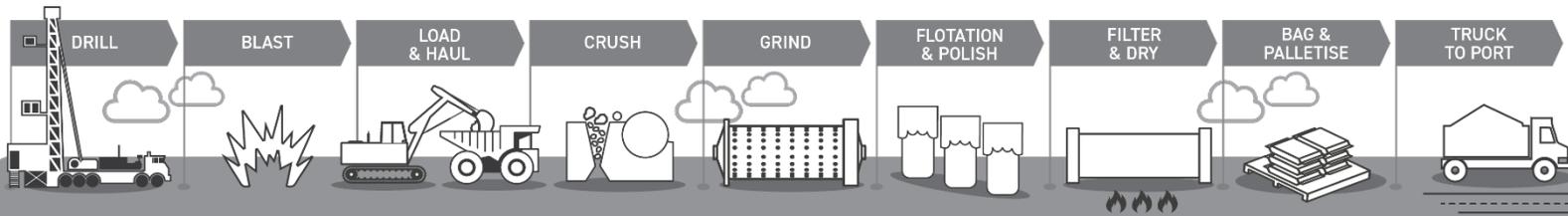
- Coarse flake deposit with ~ 60% of concentrate over 150µm → **High value concentrate.**
- Near surface with free dig mining, low strip ratios and a simple flow sheet equates to low cost production.
- Scalable to match demand: small portion of resource included in proposed mine plan. Huge exploration upside.



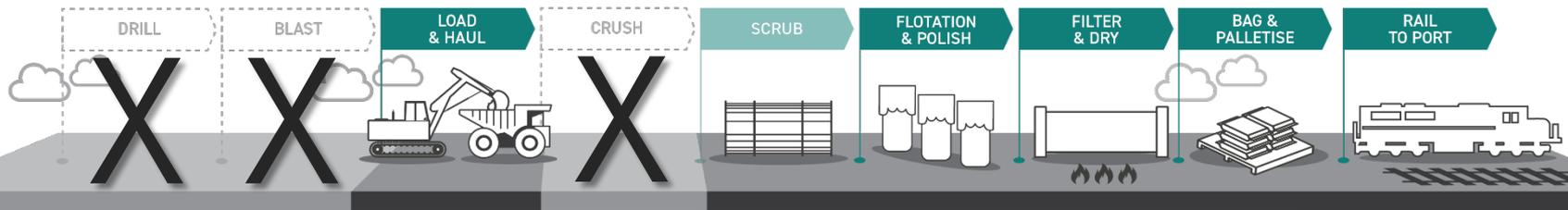
SAPROLITE ADVANTAGE: VERY SIMPLE OPERATIONS WITH SIGNIFICANT OPERATING COST ADVANTAGES VERSUS HARD ROCK PEERS

FREE DIG, NO DRILL & BLAST, NO PRIMARY CRUSHING OR GRINDING REQUIRED

Peers – Hard rock material



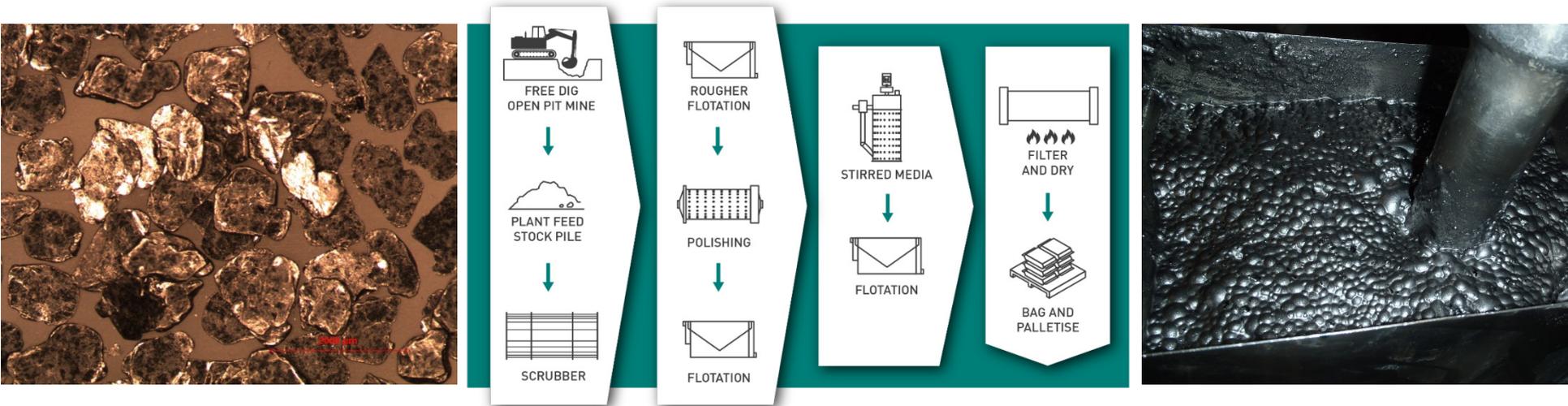
Sovereign – Soft saprolite (clay) material



SAPROLITE + COARSE FLAKE = LOW COST & HIGH REVENUE

COARSE FLAKE: HIGH VALUE CONCENTRATES PRODUCED VIA A SIMPLE PROCESS FLOW-SHEET

- Simple process flowsheet – no primary crush or grind.
- High recoveries of **~90%**.
- High grade concentrates ranging between **96% and 98% TGC**.
- High value concentrates dominated by coarse flake sizes – **~60% >150µm**.



POTENTIAL FOR A SIMPLE & HIGHLY PROFITABLE FLAKE GRAPHITE OPERATION

MALINGUNDE SOFT SAPROLITE-HOSTED DEPOSIT TO DELIVER VERY LOW COST PRODUCTION, WITH HIGH VALUE CONCENTRATES.

OPERATING COST

TARGETING BOTTOM OF THE COST CURVE

OPERATIONS

SIMPLE MINING & PROCESSING ONLY

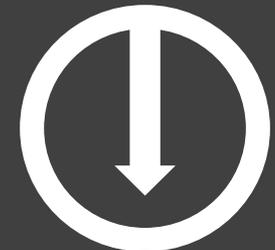
MARKETING

EXISTING MARKETS + BATTERY SUPPLY CHAIN

HIGHEST MARGINS

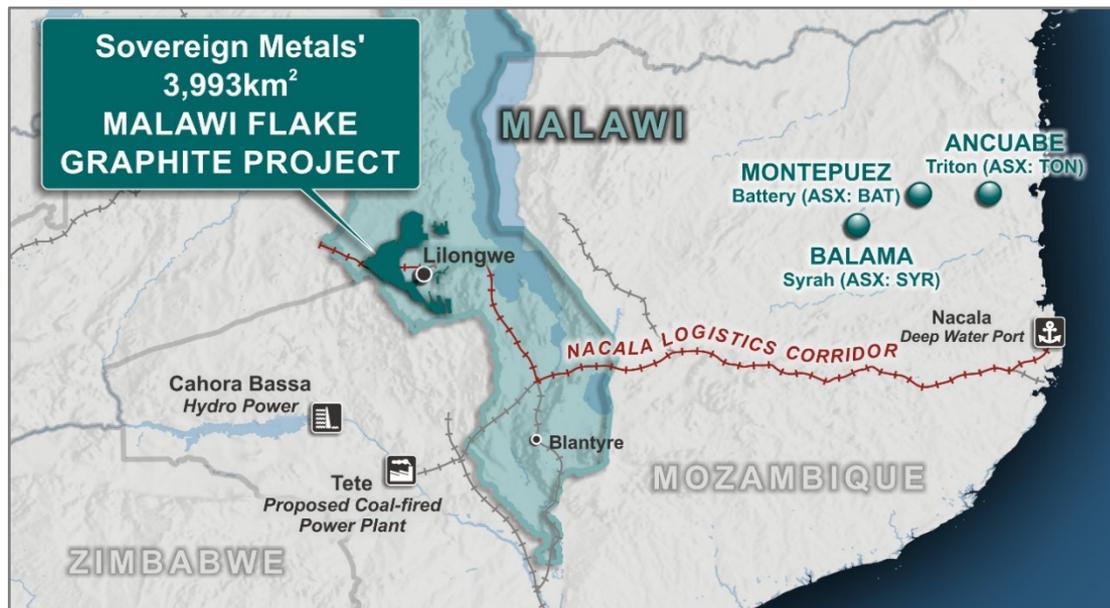


LOWEST RISK



MALAWI: A MINING FRIENDLY JURISDICTION WITH LOGISTICS SOLUTION IN PLACE

- Enviaible access to infrastructure; just 20km from Lilongwe, the capital of Malawi.
- A stable, transparent jurisdiction, increasingly attracting significant international investment.
- Transport MoU signed with Vale & Mitsui.



US\$65/t*
Total transport
**MINE GATE
TO PORT**



"The Government actively encourages foreign investment in Malawi's mining industry, and provides a friendly and stable environment for investors. To this end, the Government of Malawi offers its full support and assistance to Sovereign Metals in order to develop Malawi's first flake graphite operation at Malingunde."

**Hon. Aggrey Masi, Minister of Natural Resources, Energy and Mining,
September 2017**

* Based on transportation study

FORWARD PLAN

PFS (PENDING)	<ul style="list-style-type: none">• High quality PFS study
DOWNSTREAM TEST-WORK	<ul style="list-style-type: none">• Test-work continues on suitability for battery and other high-end applications
PILOT PLANT	<ul style="list-style-type: none">• Accelerated pilot program to produce bulk concentrates for marketing purposes.
OFFTAKE & PRODUCT MARKETING	<ul style="list-style-type: none">• Well advanced discussions with a number of Tier 1 and other high quality off-take parties across a number of industrial sectors and global locations.
DFS	<ul style="list-style-type: none">• Significant components of technical work completed to DFS standard as part of the PFS.

PFS NEAR COMPLETION

PFS DESIGNED TO BUILD ON OUTSTANDING RESULTS DELIVERED IN THE SCOPING STUDY (JUNE 2017).

- ❖ World class study managed by Minnovo.
- ❖ Low technical risk with well-validated inputs.
- ❖ Study to be used to commence financing strategy.
- ❖ Focused on costs utilising the saprolite advantage.



BULK SAMPLE DRILLING FOR PILOT PLANT PROGRAM COMMENCED AT MALINGUNDE

- ❖ Bulk drilling program completed September 2018.
- ❖ **~100 tonnes** of soft saprolite graphite ore extracted.
- ❖ Acceleration of the pilot program and production of bulk concentrates driven by significant demand from potential offtake partners.
- ❖ Pilot plant program is an early DFS activity which will have the added benefit of de-risking the process flow sheet.



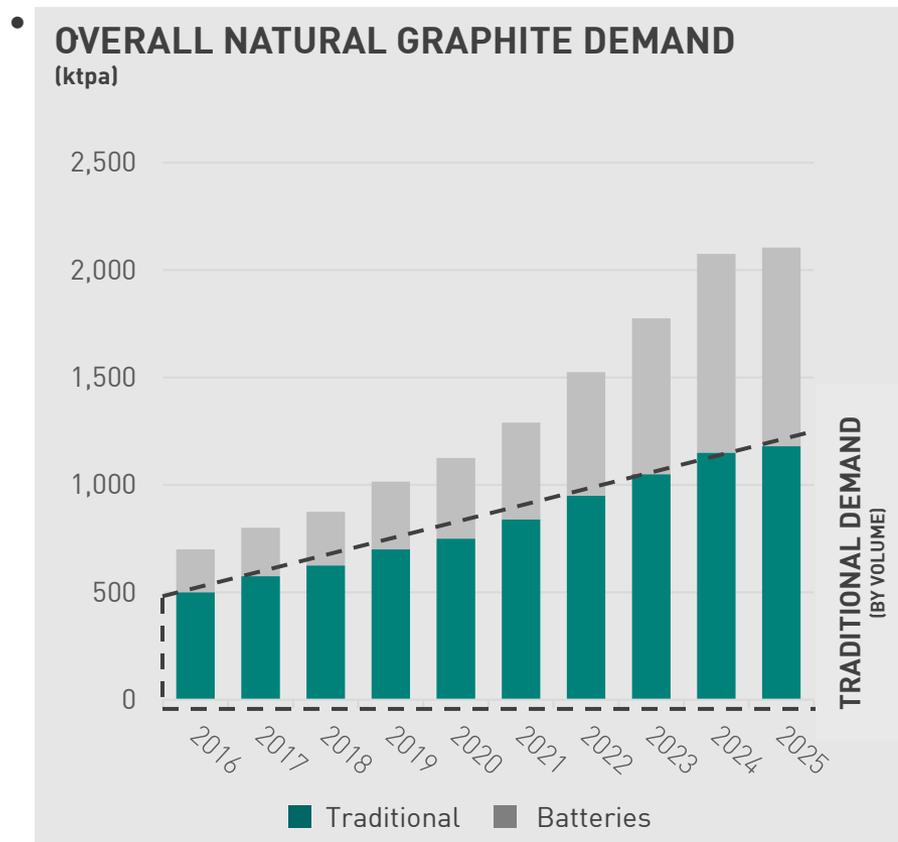
MARKETING STRATEGY

- ❖ Targeting sales into existing traditional markets (refractories, foundries etc.).
- ❖ Upside to emerging high-tech markets including Li-ion batteries.
- ❖ Well advanced discussions with Tier 1 and high quality offtake parties across a number of industrial sectors and global locations.
- ❖ Accelerated pilot program driven by requirements of potential offtake partners.

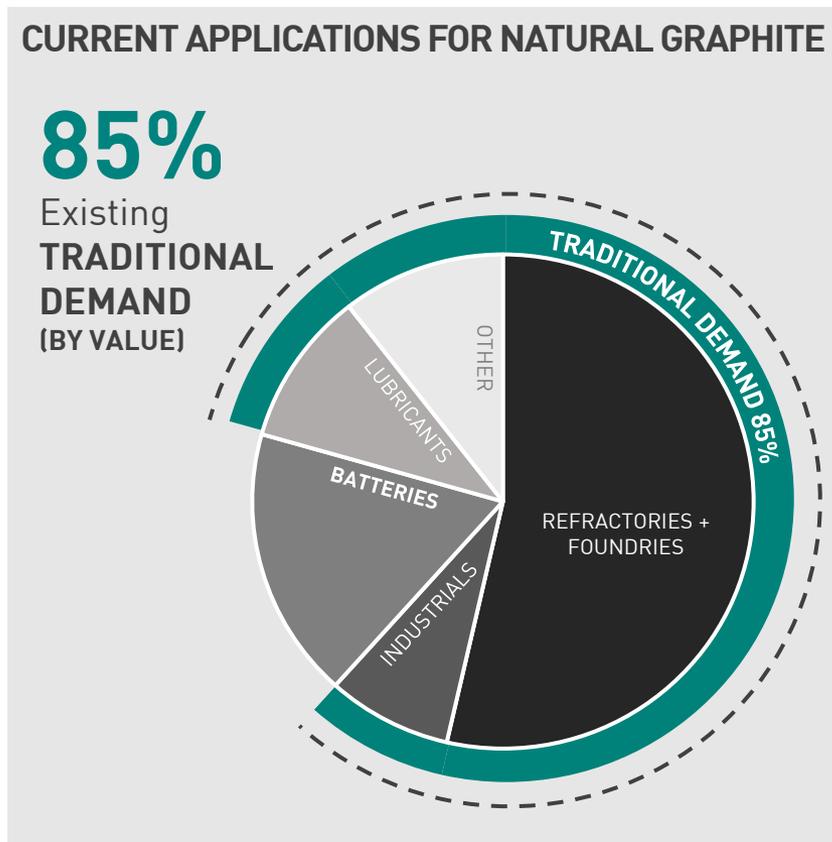


NATURAL FLAKE GRAPHITE: UNDERSTANDING DEMAND

- Significant graphite demand driven by traditional industrial applications – **particularly refractories and expandables.**
- Long term growth forecasts for energy storage are very compelling.



Source: Canaccord Genuity

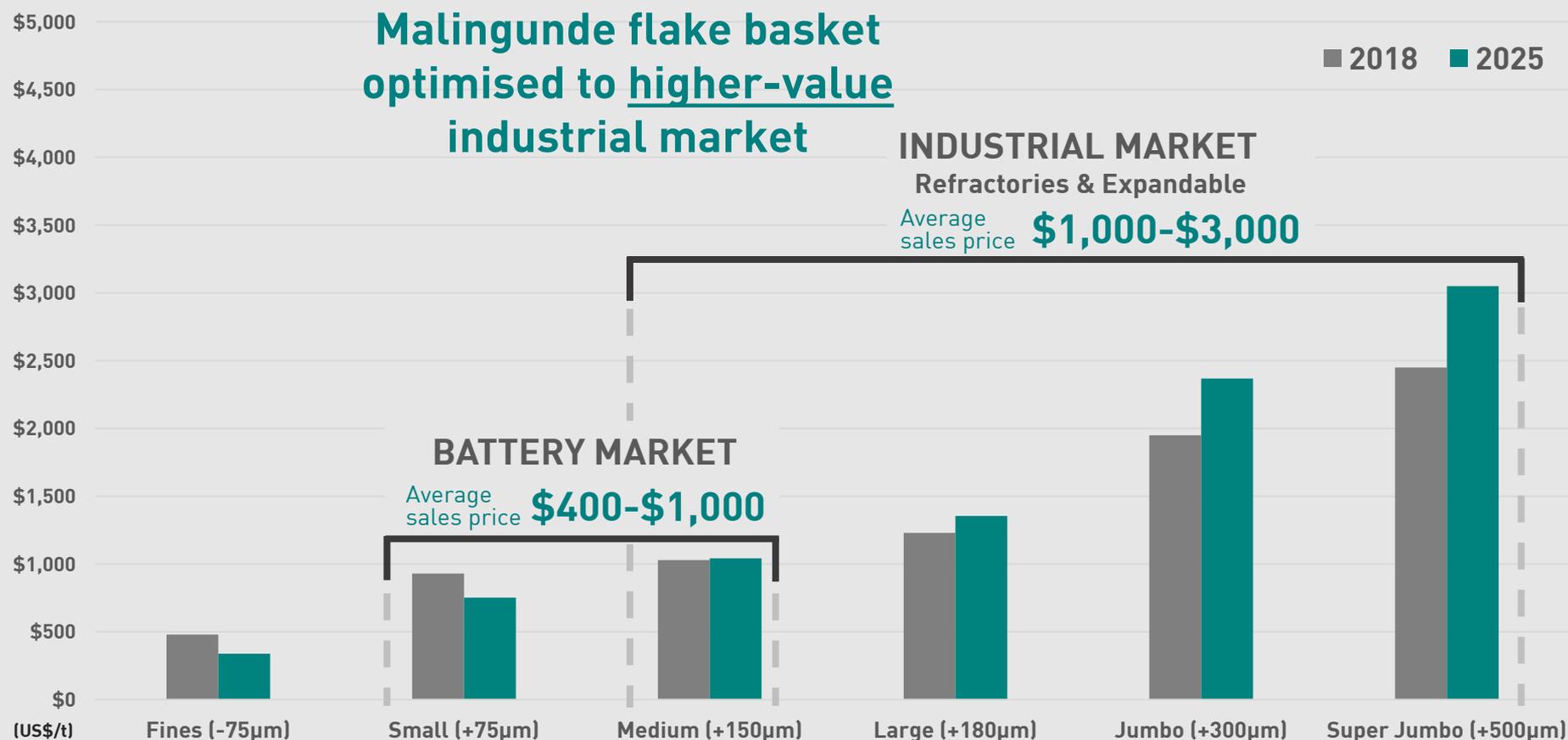


Source: Canaccord Genuity, UBS, Metal Bulletin & Company estimates

THE RIGHT MARKET

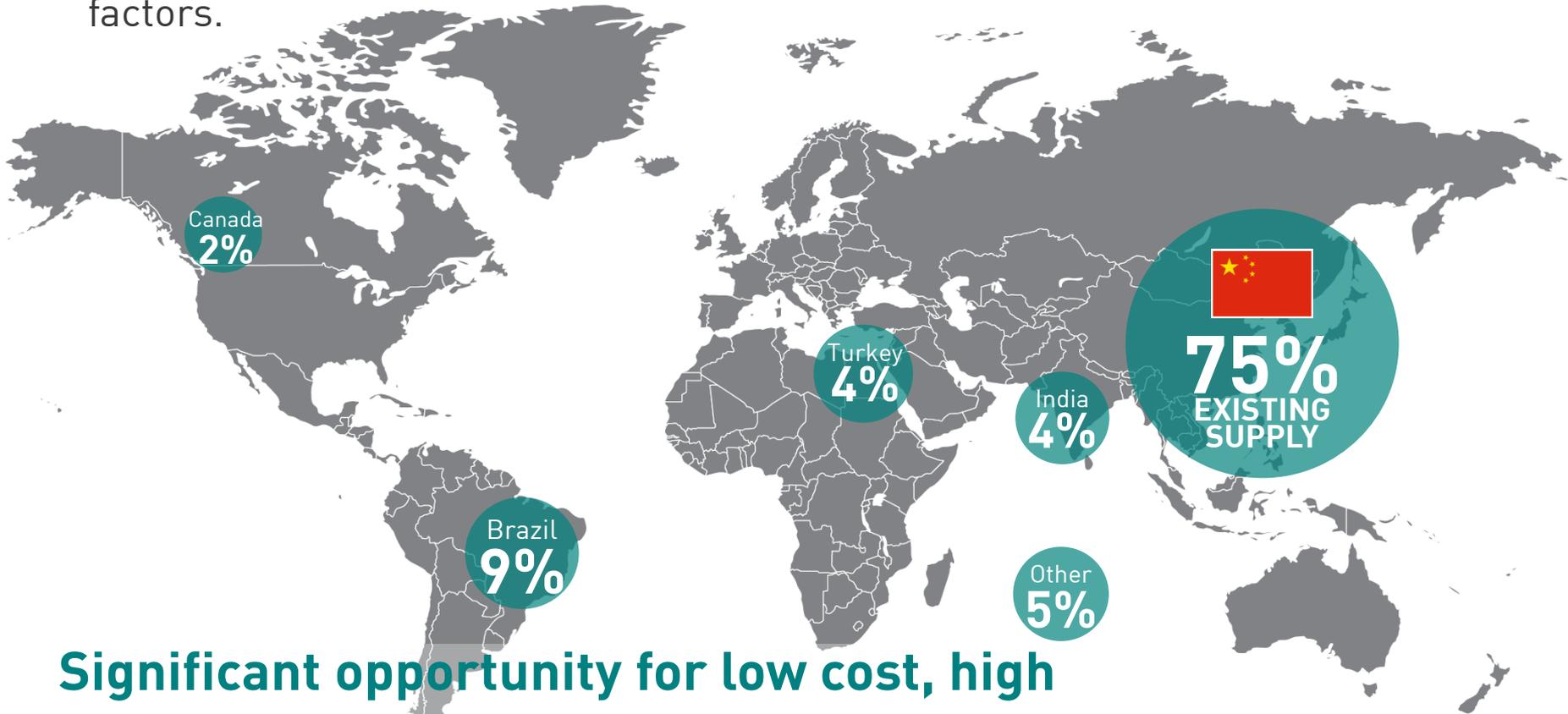
MAJORITY OF SOVEREIGN'S REVENUE TARGETED TO BE FROM HIGH VALUE COARSE FLAKE

FORECASTED GRAPHITE PRICES



NATURAL FLAKE GRAPHITE: UNDERSTANDING SUPPLY

- China remains the dominant and lowest cost global producer.
- The ability to **compete on price with China** is critical to project success, noting Chinese supply is increasingly constrained by quality, cost & environmental factors.



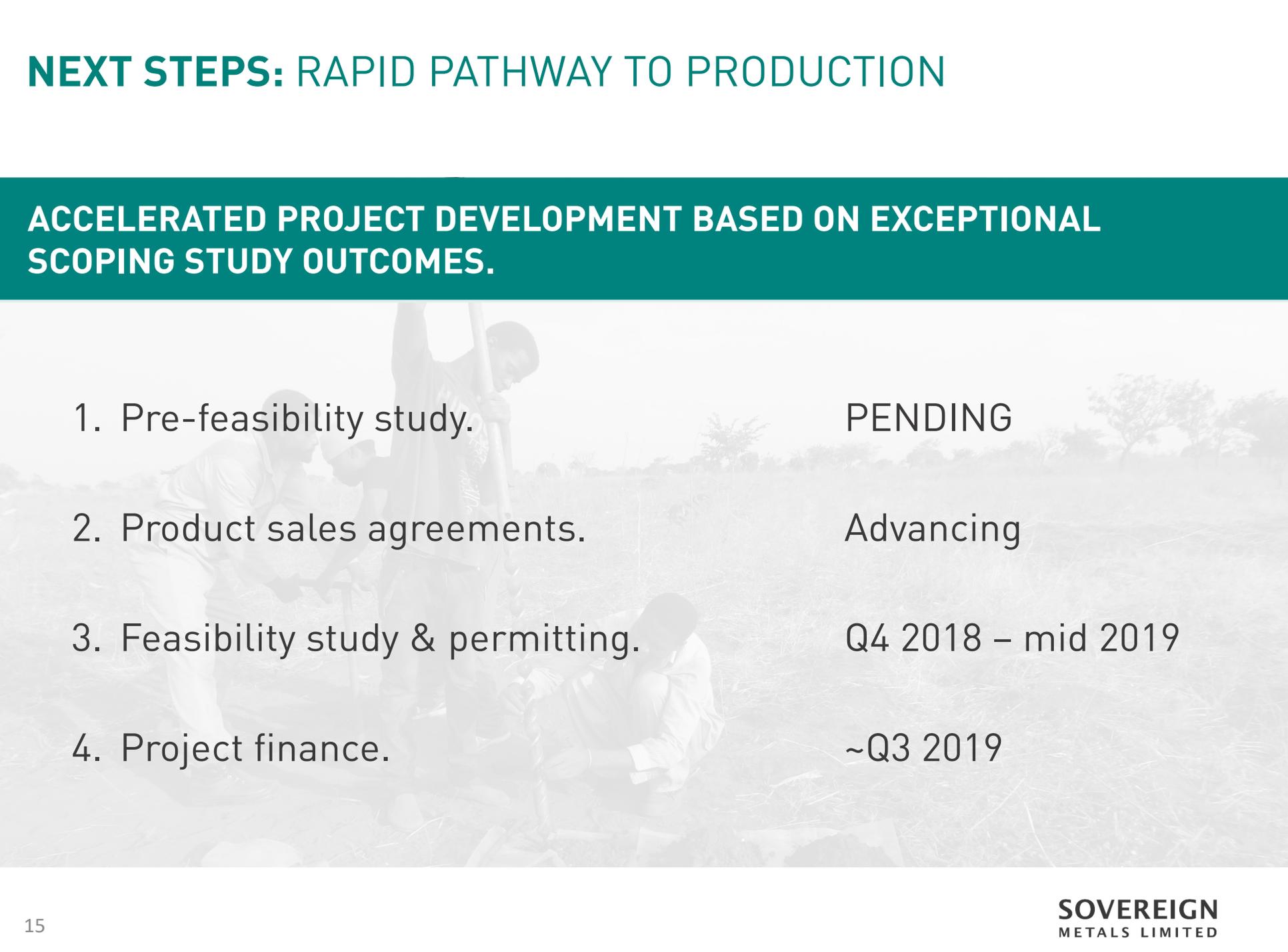
Significant opportunity for low cost, high quality, non-Chinese production to displace China's existing supply.

Source: Canaccord Genuity, Metal Bulletin Research.

**SOVEREIGN
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NEXT STEPS: RAPID PATHWAY TO PRODUCTION

ACCELERATED PROJECT DEVELOPMENT BASED ON EXCEPTIONAL SCOPING STUDY OUTCOMES.

- 
1. Pre-feasibility study. PENDING
 2. Product sales agreements. Advancing
 3. Feasibility study & permitting. Q4 2018 – mid 2019
 4. Project finance. ~Q3 2019

KEY TAKEAWAYS: WORLD CLASS PROJECT WITH MULTIPLE ADVANTAGES

A SIMPLE OPERATION WITH SUBSTANTIAL COST BENEFITS AND HIGH PRODUCT MARKETABILITY.

HIGH GRADE SAPROLITE DEPOSIT: FREE DIG, SIMPLE AND CHEAP TO MINE

LOW COST: VERY SIMPLE OPERATIONS WITH SIGNIFICANT OPERATING COST ADVANTAGES

COARSE FLAKE: HIGH VALUE CONCENTRATES PRODUCED

MARKETABLE PRODUCT: TARGETING SALES INTO EXISTING, HIGH VALUE TRADITIONAL MARKETS

MANAGEMENT TEAM WITH A PROVEN TRACK RECORD OF SUCCESS

RAISED OVER \$1 BILLION TO FUND NATURAL RESOURCE PROJECTS, INCLUDING TWO PROJECTS CURRENTLY IN CONSTRUCTION.

IAN MIDDLEMAS
Chairman

Mr Middlemas was a Senior Group Executive for Normandy Mining for more than ten years, which was Australia's largest gold miner before merging with Newmont Mining. He is currently Chairman of Salt Lake Potash, Berkeley Energia, Paringa Resources, Prairie Mining & 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, and has spent 10 years working on minerals projects in Malawi. Julian identified, secured and led the team that discovered the Malawi Flake Graphite Project.

SAM CORDIN
Business Development Manager

Mr Cordin is an experienced Chartered Accountant who commenced his career at a large international accounting firm and has since been involved with a number of ASX and AIM listed exploration and development companies operating in the resources sector, including most recently Salt Lake Potash Limited.

ANDRIES KRUGER
Country Manager

Mr Kruger is a Geologist with over 20 years experience in mineral exploration. Mr Kruger has spent 10 years working on major Malawian minerals projects for ASX listed companies, directing all in-country activities relating to project development.



THANK YOU

**SOVEREIGN
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