

## MALINGUNDE PROJECT RECEIVES STRONG SUPPORT FROM MALAWI GOVERNMENT

Sovereign Metals Limited (“the Company” or “Sovereign”) Executives recently presented the outstanding Malingunde Scoping Study results to various government agencies and stakeholders in Malawi. The Company is pleased to report that strong support was received from the Malawi Government to progress the Malingunde saprolite-hosted graphite project to production.

### MALAWI – A MINING FRIENDLY JURISDICTION

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 The Malawi Government has offered its support and resources to Sovereign in order to progress the Malingunde project to development.
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 Malawi has recently joined the Extractive Industries Transparency Initiative (“EITI”), the global standard for the good governance of oil, gas and mineral resources, providing significant fiscal transparency and accountability.
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 Significant new road, rail, port and power infrastructure is currently being developed in Malawi, including the inauguration of the Nacala Logistics Corridor in August 2017, providing opportunity for an efficient, low cost export solution for Malingunde graphite.

*The Hon. Aggrey Masi, Minister of Natural Resources, Energy and Mining, said “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.*

*Malawi has taken significant action to provide an attractive environment for investors in our national mining industry. We have successfully joined the Extractive Industries Transparency Initiative (“EITI”), a global standard for the good governance of oil, gas and mineral resources, which will provide accountability and transparency around mining and petroleum revenues.”*

*Sovereign’s Managing Director, Dr Julian Stephens, said “Direct support from the Malawi Government is a huge vote of confidence in the Malingunde project and provides the Company with assistance in rapidly progressing towards development. We look forward to working with the government and all other stakeholders to deliver a world class graphite operation in Malawi.”*



**Left: Hon. Masi (centre) launches the EITI in Malawi and delivers the first EITI report in July 2017.**

**Right: Transport Minister Hon. Mhango inaugurates the Malawi stretch of the Nacala Logistics Corridor in August 2017.**

### ENQUIRIES

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**Dr Julian Stephens – Managing Director**

**Dominic Allen – Business Development Manager**

## GOVERNMENT CONSULTATION

Sovereign has been actively engaged in consultation with the following government agencies that will be directly involved in the progress of the Malingunde Project:

- **The Office of His Excellency Professor Peter Mutharika** – the President of the Republic of Malawi.
- **The Department of Mines** – lead department for development of the Malingunde project.
- **The Department of Environmental Affairs** – environmental and social impact assessment.
- **The Lilongwe Water Board** – provision of mine water supply from the nearby Kamuzu Dam.
- **The Lilongwe District Commission** – local community consultation.
- **The Honourable Peter Dimba** – MP for Lilongwe South encompassing the Malingunde Project.

## EITI MEMBERSHIP

Malawi has joined the Extractive Industries Transparency Initiative which will provide accountability and transparency around mining and petroleum revenues. The EITI is a global initiative, requiring countries to publish timely and accurate information on key aspects of their natural resource management, including how licences are allocated, how much tax and social contributions companies are paying and where this money ends up in the government at the national and regional level.

Through the EITI, companies, governments and citizens increasingly know who is operating in the sector and under what terms, how much revenue is being generated, where it ends up and who it benefits.

EITI data is used to:

- inform legal and fiscal reforms.
- strengthen tax collection.
- create financial models to deal with high and low commodity prices.
- monitor if contracts are being adhered to.
- clarify the investment environment for companies.

## NACALA LOGISTICS CORRIDOR

Significant investment in infrastructure has been made in Malawi, recently underpinned by ~US\$1.2b invested by Vale and Mitsui in the Nacala Logistics Corridor rail and port infrastructure.

The Nacala Logistics Corridor is essential in facilitating the transport of coal across Malawi from the Moatize region in Mozambique, as well as general freight from Lilongwe and Zambia for export - highlighting an efficient route to market for Malingunde graphite.

The inauguration of the component of the line associated with general freight from Malawi occurred on 18 August, with the Malawian Minister of Transport and Public Works, The Honourable Jappie Mhango is quoted as stating:

*“The new railway section will help Malawi realise its aspirations in transport and infrastructure development. The hallmark of government policy in the sector is to create a safe and sustainable transport system that can foster a competitive operation of commercially viable, financially sustainable and environmentally friendly services.”*

An additional US\$160m is planned to be invested in the Nacala Logistics Corridor in the near term to further improve general cargo capacity in the region.

## **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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