

COMPLETION OF INFILL DRILLING TO RAPIDLY ADVANCE MALINGUNDE PRE-FEASIBILITY STUDY

Sovereign Metals Limited (“the Company” or “Sovereign”) is pleased to announce that 5,000m of aircore drilling to rapidly advance the exceptionally low cost Malingunde Saprolite-Hosted Graphite Project (“Malingunde” or “the Project”) in Malawi has been completed. One aircore rig has now moved on to test three separate additional saprolite hosted graphite targets within relative proximity to Malingunde.

Malingunde is the world’s largest reported saprolite-hosted graphite deposit with a mineral resource estimate of 28.8Mt @ 7.1% TGC (80% Indicated, 20% Inferred). The Scoping Study released in June 2017 contemplated a total production target of 8.0Mt @ 10.0% TGC over an initial 17 year mine life. The current resource drilling program was designed to further define and upgrade the resource classification levels for the Pre-feasibility Study (“PFS”) mine plan, as well as test a number of other prospects for high-grade saprolite hosted graphite mineralisation.

HIGHLIGHTS:

- ◆ 5,000m infill aircore drilling program to increase the classification level of the soft, shallow (<30 metres) saprolite hosted graphite resource for the Malingunde PFS mine plan is complete.
- ◆ One aircore rig has now moved to drill three other high-grade saprolite hosted graphite targets (Figure 3), which provide the potential to define additional resources and increase optionality in the production profile. These are:
 - Malingunde South Extension, approximately 2km along strike to the SE of the main Malingunde deposits.
 - The Thete and Chiziro Prospects, both located approximately 40km to the ESE of Malingunde.
- ◆ It is expected that all infill and regional drilling assay results will be received and reported to the market in Q1 2018.
- ◆ A second drill rig has commenced hydrogeological borehole drilling that will provide essential input data to define pit dewatering requirements, develop the flow model needed for PFS infrastructure design and to define the groundwater baseline conditions as part of the ESIA specialist studies.



Figure 1a (LHS) – 2017 infill aircore drill rig in operation at Malingunde.

Figure 1b (RHS) – High-grade graphitic-saprolite aircore drill samples ready for geological logging.

ENQUIRIES

+618 9322 6322

Julian Stephens

Dominic Allen

Managing Director

Business Development Manager

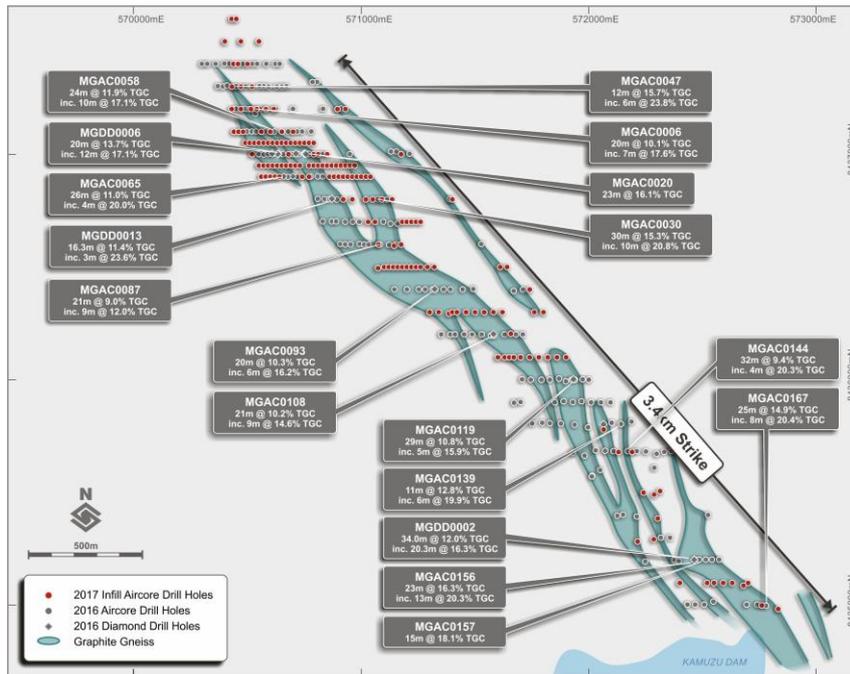


Figure 2 – Map showing the 2017 infill aircore drill program at Malingunde and selected 2016 diamond and aircore drilling results.

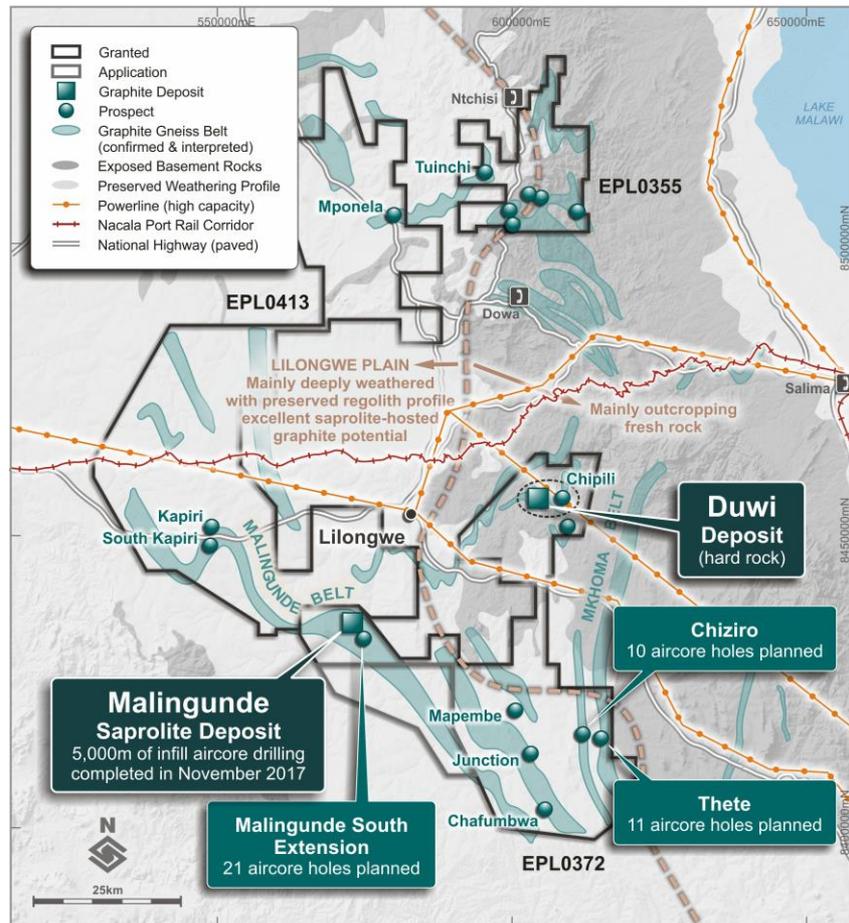


Figure 3 – Map showing locations of additional target areas to be drilled for saprolite-hosted graphite mineralisation in the 2017 program: Malingunde South Extended, Chiziro and Thete.

Competent Person Statements

The information in this Announcement that relates to Exploration Results is extracted from announcements on 29 August 2016, 12 October 2016, 26 November 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 announcements related to Exploration Results were based on, and fairly represent, 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 a 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 Announcement that relates to Mineral Resources is extracted from an announcement dated 18 April 2017. 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 Announcement that relates to Production Targets is extracted from an announcement entitled "Malingunde Scoping Study Delivers Rare Combination of Exceptionally Low Capex & Opex" dated 20 June 2017. This announcement is available to view on www.sovereignmetals.com.au. The information in the original announcement that related to Production Targets is based on and fairly represents information compiled or reviewed by Mr David Dodd, who is a Fellow of the Southern Africa Institute of Mining and Metallurgy. Mr Dodd has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities undertaken. 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 that all material assumptions underpinning the Production Target included in the original 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.

Production Target

The Production Target referred to in this announcement is based on Sovereign Metals Limited's Scoping Study for the Malingunde Project released to the ASX on 20 June 2017. The information in relation to the Production Target that the Company is required to include in a public report in accordance with ASX Listing Rules 5.16 and 5.17 was included in SVM's ASX Announcement released on 20 June 2017. The Company confirms that the material assumptions underpinning the Production Target referenced in the 20 June 2017 release continue to apply and have not materially changed.

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.