








PRE-FEASIBILITY STUDY UPDATE: SOVEREIGN RAPIDLY PROGRESSES ACTIVITIES AT MALINGUNDE

Sovereign Metals Limited (“the Company” or “Sovereign”) is pleased to update the market on the progress of the Pre-feasibility Study (“PFS”) for the exceptionally low cost Malingunde Sapolite-Hosted Graphite Project (“Malingunde Project” or “the Project”).

The PFS has been designed to build on the outstanding results delivered in the Scoping Study, which highlighted the potential for a very low capital and operating cost operation with annual graphite concentrate production of ~44,000 tonnes over an initial mine life of 17 years.

SUMMARY OF KEY ACTIVITIES:

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Resource drilling: 210 holes for 6,212 metres of aircore drilling has been completed. The resource drilling program was designed to further define and upgrade the resource classification levels for the Pre-feasibility Study, as well as to test graphite mineralisation at Malingunde South Extension and other targets. First assay results are expected early in the new year and will be reported as they become available.
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Mining: Orelogy appointed as mining consultant for the study. Initial pit optimisations completed and further evaluation of the mine scheduling is underway.
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Processing: ALS Global (Perth) appointed, with a metallurgical program underway focusing on the front-end scrubbing process. Additional variability test-work is ongoing at SGS Lakefield in Canada.
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Infrastructure: SLR Consulting appointed, with a location study for the tailings storage facility (TSF), waste dumps, stockpiles and processing plant underway. TSF design and ground/surface water studies have commenced. A SLR hydrogeology team is currently on site for pump testing of approximately 17 new hydro-monitoring wells.
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Engineering: The selection of the project engineering consultant is in progress and the preferred engineer will be appointed before the end of the year.
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Environmental: Baseline specialist environmental studies have been ongoing since early 2017 with one wet season and one dry season of relevant data collected to date. Various consultants for non-seasonal specialist studies have been appointed and will commence field work shortly.
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Social: AECOM appointed, with the first round of stakeholder consultations in progress, and forums held with local communities, government and non-government organisations. As part of its social responsibility program Sovereign has installed two new water wells with hand pumps in villages surrounding the Malingunde project area.

PREVIOUS SCOPING STUDY OUTCOMES

US\$301/t

Average
**OPERATING
COST**



US\$29m

Total
**DEVELOPMENT
CAPEX**



44kt

Average
**ANNUAL
PRODUCTION**



17yrs

Total
MINE LIFE



<1.5 years

Capital
**PAYBACK
PERIOD**



ENQUIRIES

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Dr Julian Stephens – Managing Director

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Figure 1a (LHS): 2017 infill aircore drill rig at Malingunde main deposit.

Figure 1b (RHS): High-grade graphitic-saprolite (8-29m downhole) in samples from Malingunde South Extension.



Figure 2a (LHS): Newly constructed water well with hand pump installed being tested for water yields.

Figure 2b (RHS): Stakeholder engagement meeting in Lilongwe.



Figure 3a (LHS): PQ drill core sample from Malingunde ready for the scrubbing test-work program.

Figure 3b (RHS): Drum scrubber to be used for PFS test-work program at ALS Global (Perth).

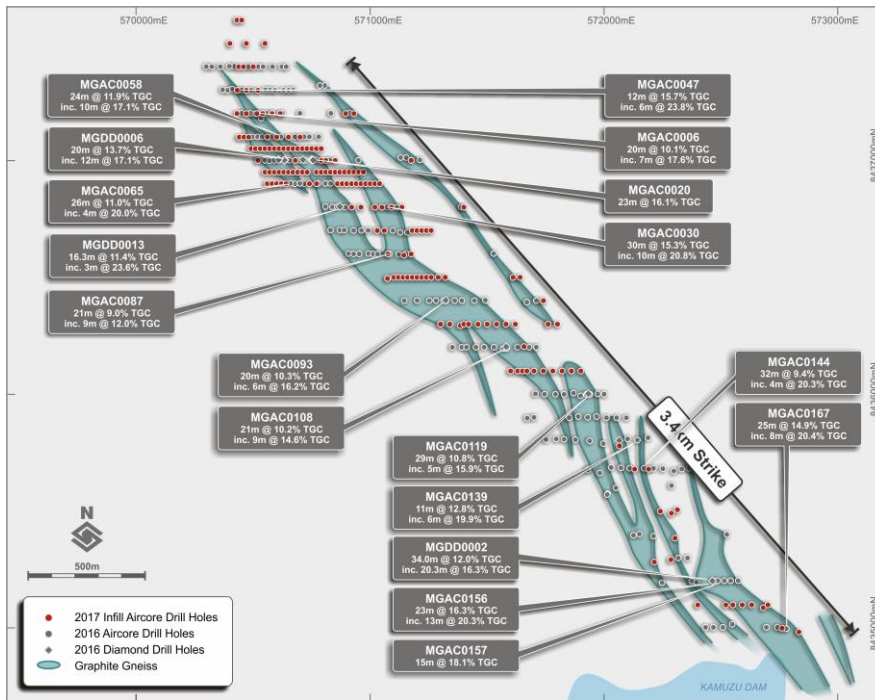


Figure 4: Map showing 2016 & 2017 drilling with selected results (previously reported) at Malingunde main deposit.

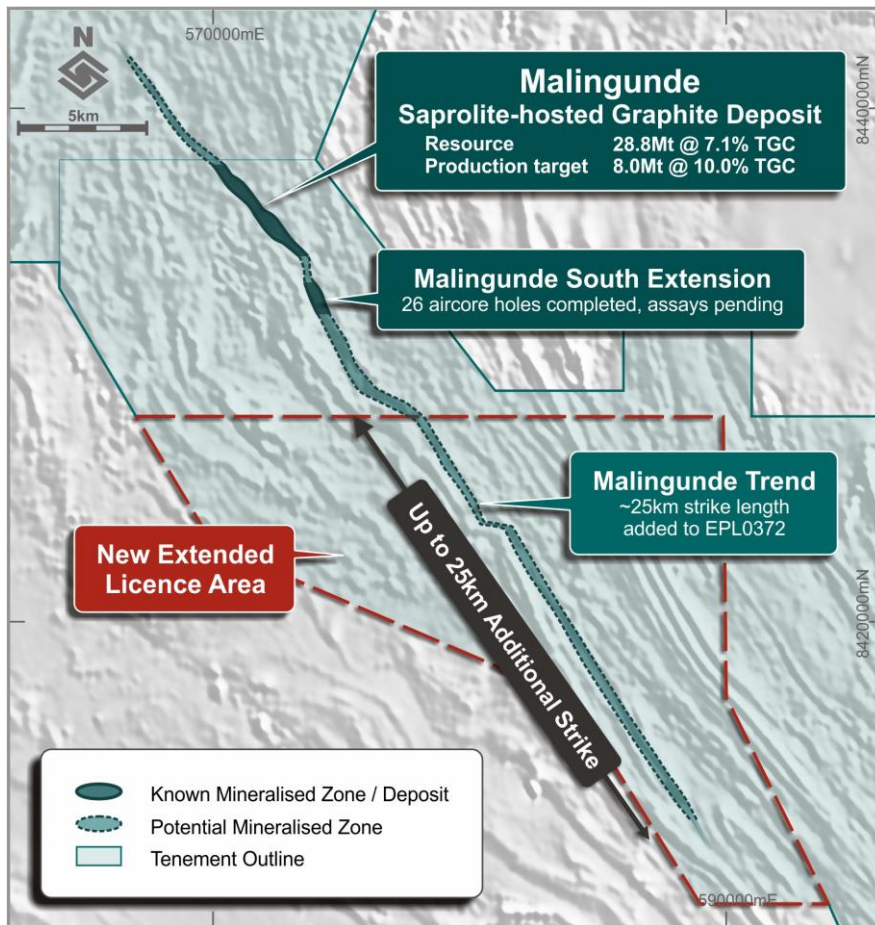


Figure 5: Map showing the Malingunde Trend, including the location of the main deposit, Malingunde South Extension and the newly extended licence area.

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.

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.