

A NEW FORCE IN RUTILE

UNLOCKING A GLOBALLY SIGNIFICANT
RUTILE PROVINCE

121 MINING
INVESTMENT
3-4 FEBRUARY 2020 CAPE TOWN

FEBRUARY 2020

ABN: 71 120 833 427 | ASX : SVM



Sovereign Metals – A New Rutile Province Discovered



Discovery of a new province hosting a genuinely scarce commodity



MULTIPLE RUTILE PROSPECTS

Four advanced rutile prospects plus multiple targets encompassing two discrete styles of rutile mineralisation



2020 – A COMPANY DEFINING YEAR

Targeting maiden JORC rutile resource and initial technical studies for 2020



HUGE EXPLORATION UPSIDE

Huge exploration upside and scale potential across Sovereign's ground



STRONG MARKET FUNDAMENTALS

Highly robust market fundamentals – commodity in structural deficit

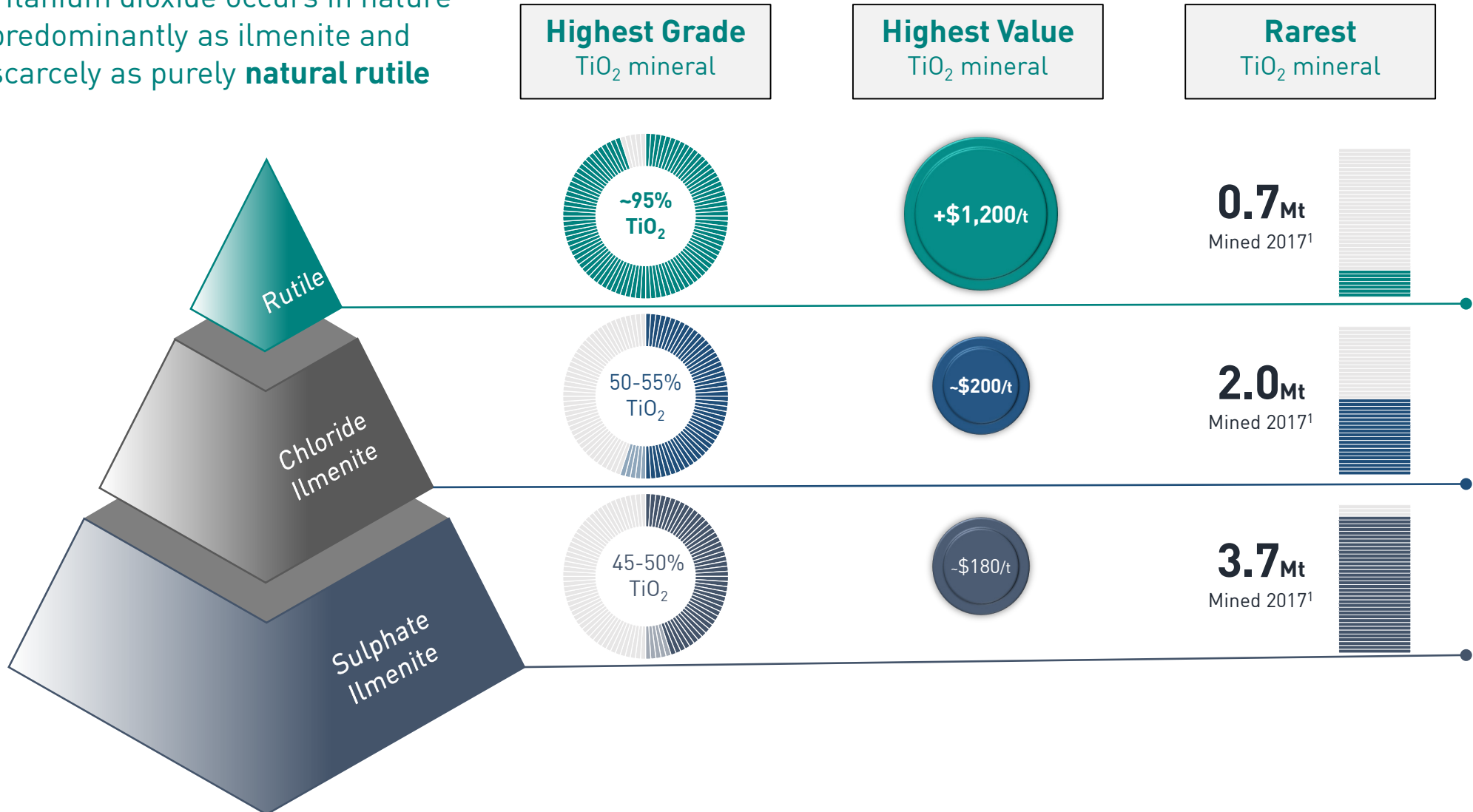


INFRASTRUCTURE IN PLACE

Operation-ready infrastructure in place to connect to global rutile markets

Rutile – Rarest, Highest Grade & Value Titanium Mineral

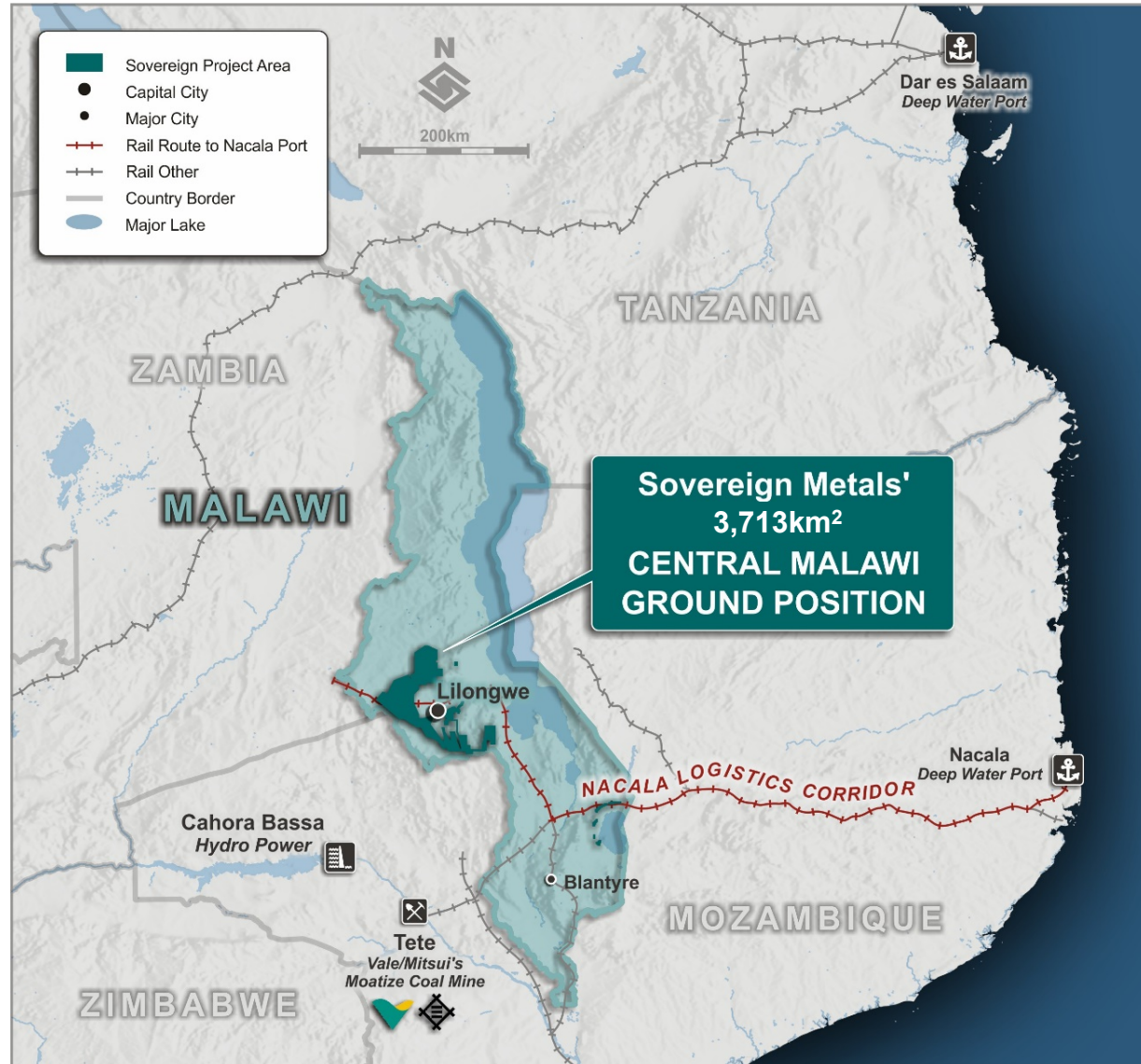
Titanium dioxide occurs in nature predominantly as ilmenite and scarcely as purely **natural rutile**



1. Sulphate ilmenite includes sulphate slag production; chloride ilmenite includes chloride slag production; synthetic rutile and upgraded chloride slag ("UGS") not included
Source: TZMI

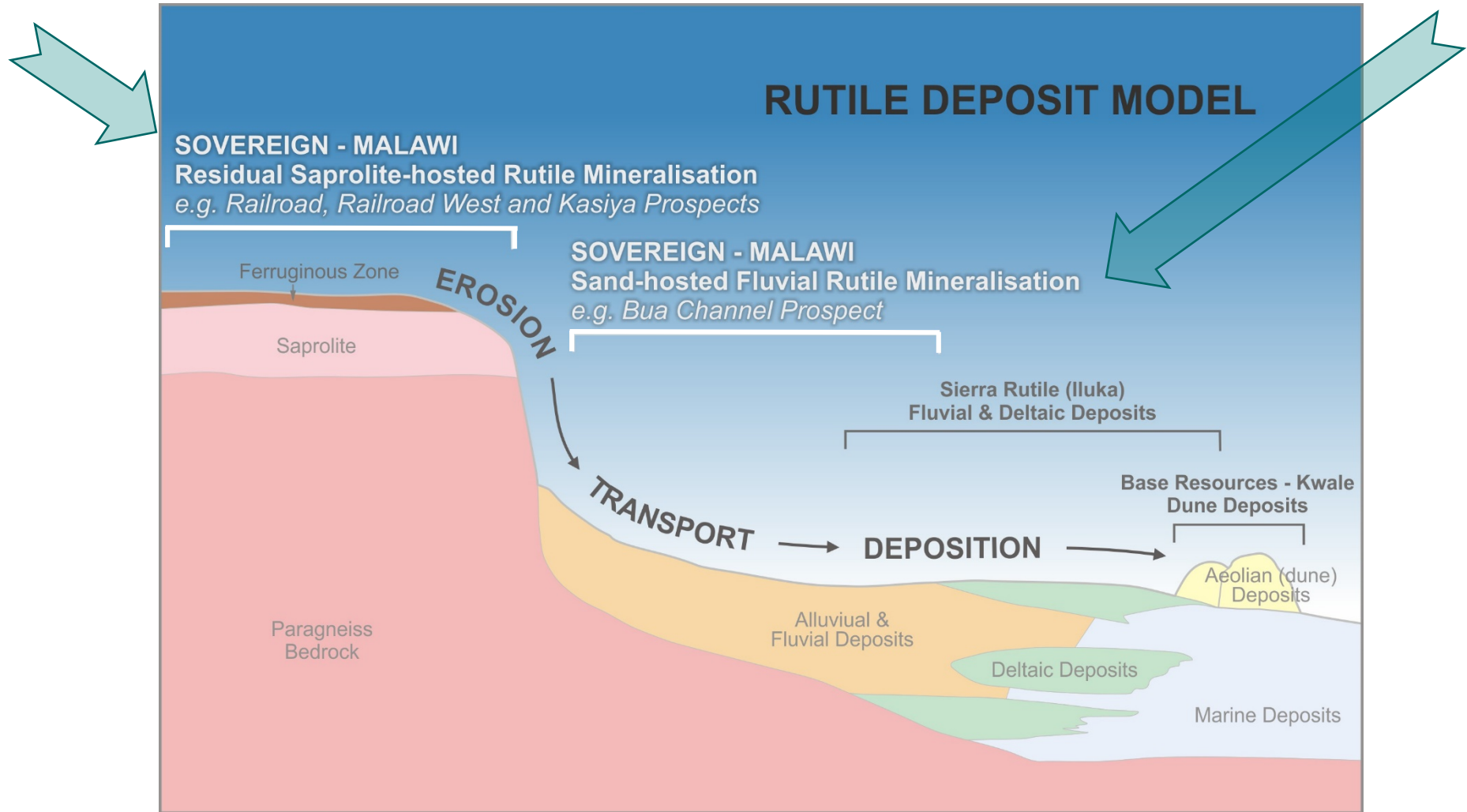
Malawi – Open for Business

- ◆ A stable, transparent jurisdiction
- ◆ Increasingly attracting international investment
- ◆ Significant potential and appetite for mining
- ◆ Excellent operating infrastructure in place



A Rutile Province - Double the Opportunity

Two discrete styles of rutile mineralisation discovered with multiple high-grade prospects identified



Two Distinct Rutile Mineralisation Styles



Targeting substantial rutile resources to support long life, large scale rutile operations

Saprolite-Hosted Rutile Prospects

KASIYA, RAILROAD, RAILROAD WEST AND OTHER LOCATIONS



Sand-Hosted Rutile Prospect

BUA CHANNEL



Multiple Highly Prospective Rutile Zones Discovered



SHALLOW DRILLING



SAMPLE PREPARATION



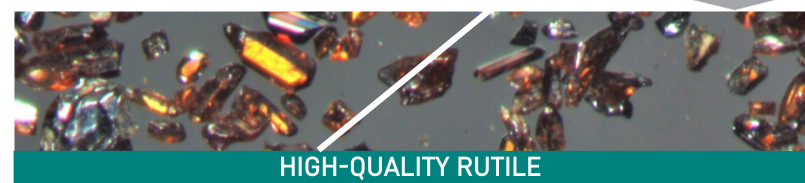
DE-SLIMING



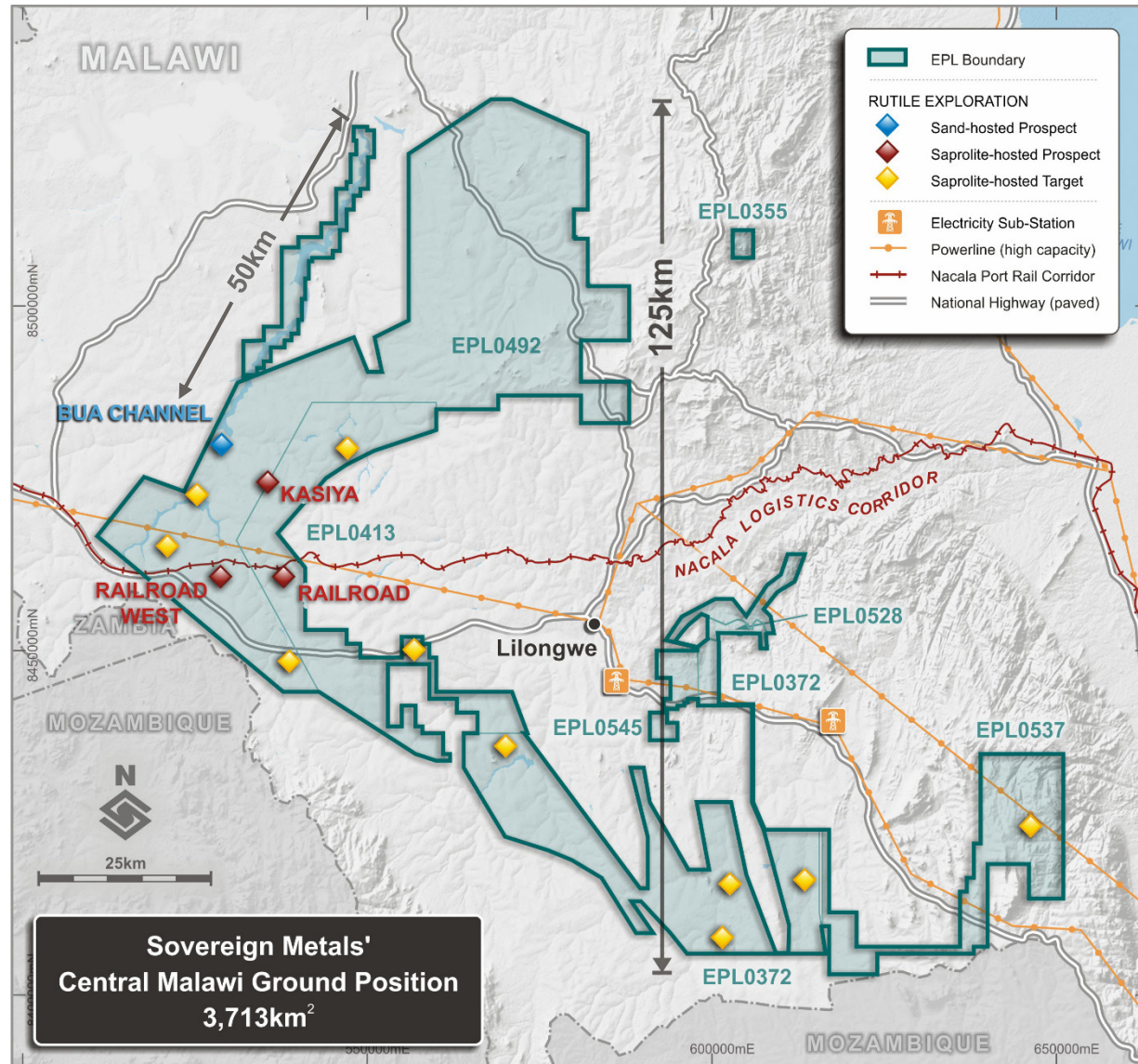
WET TABLING



XRF, WEIGHING & MAGNET SEPARATION



HIGH-QUALITY RUTILE



Saprolite-Hosted Rutile Prospects

Kasiya Prospect

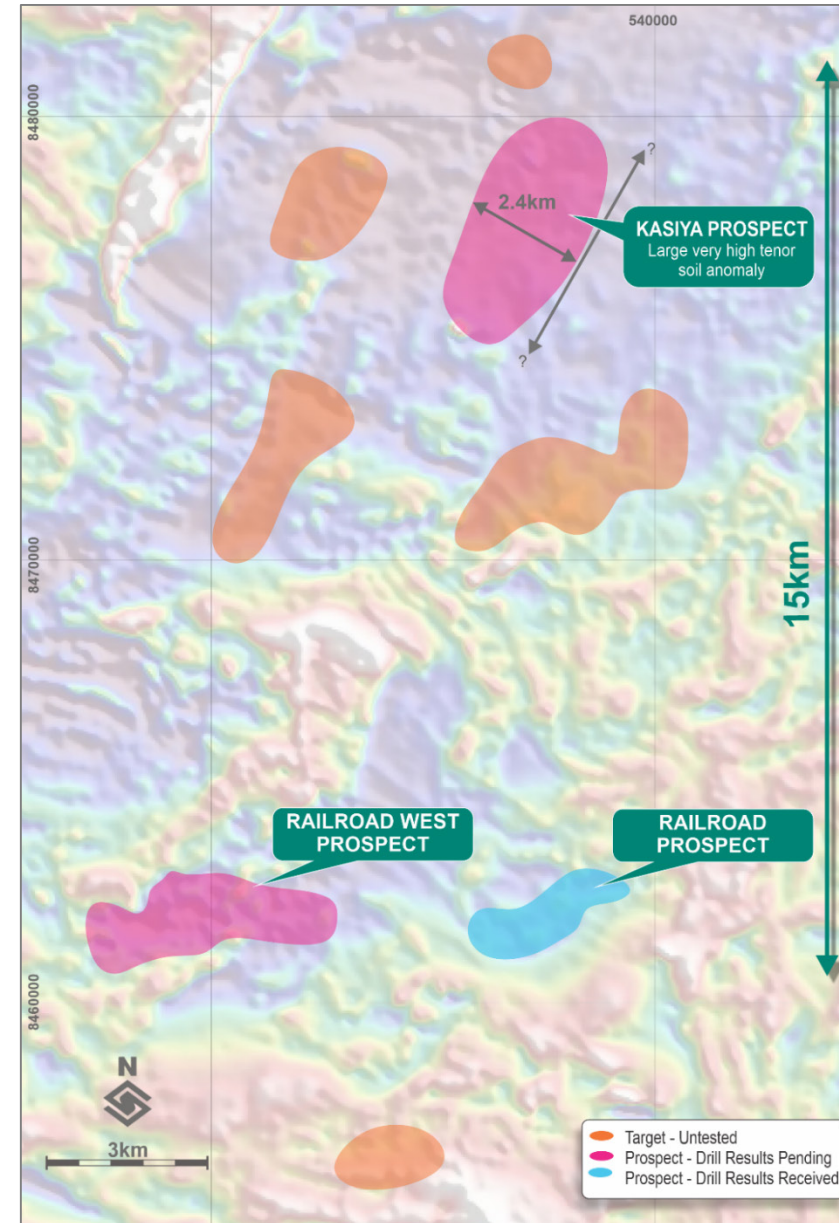
- Very large soil anomaly with very high observed rutile content
- Shallow drilling underway – results pending on first batch
- Strong indication of scale potential- regional proximity to Railroad and Railroad West

Railroad and Railroad West

- Mineralised footprint at Railroad is at least 1.6km long, 300m-500m wide
- Drilling results confirm **rutile mineralisation** occurs over large areas

KEY RESULTS

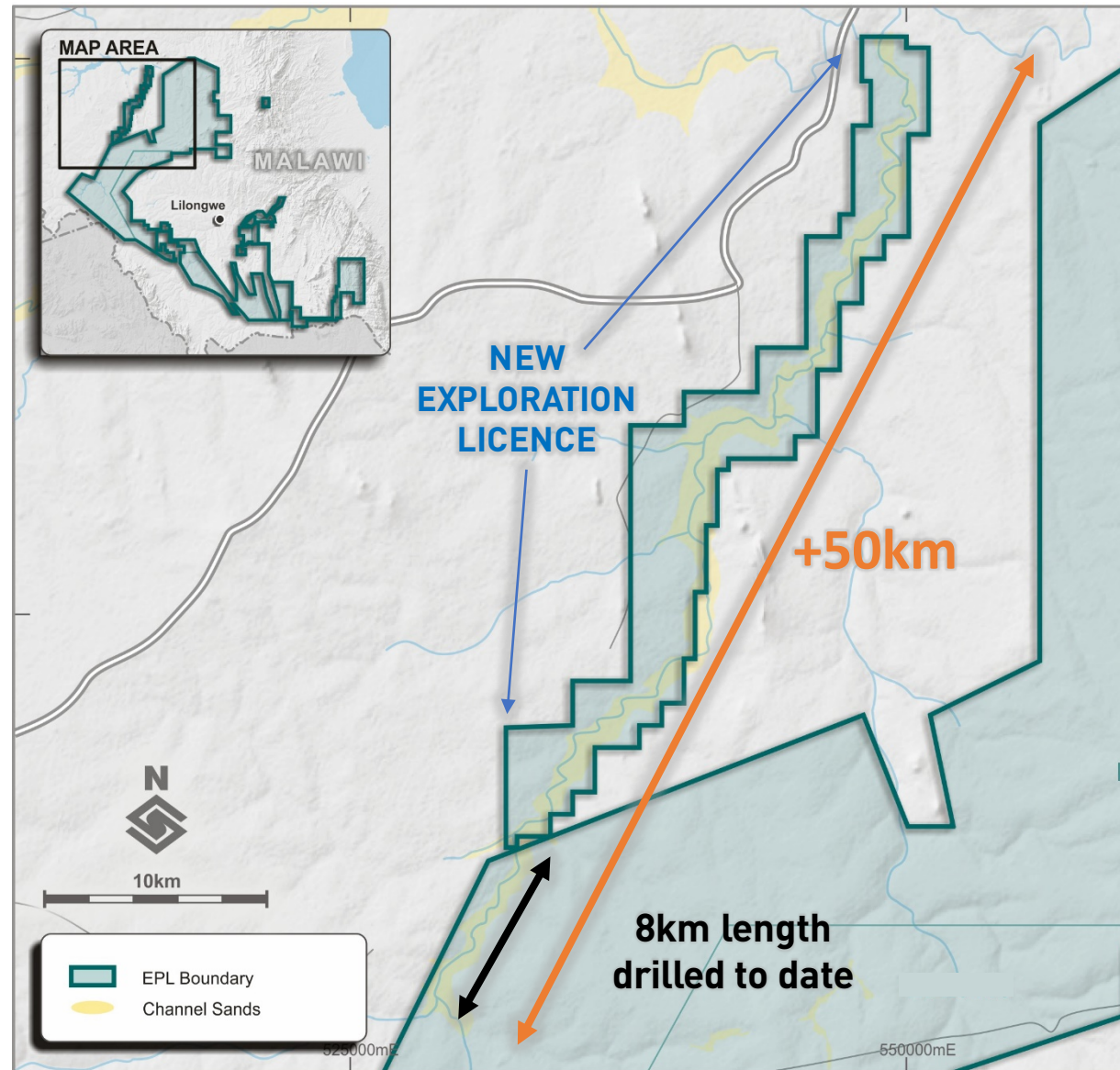
- 13m @ 1.08% including 6m @ 1.25% rutile
- 8m @ 0.92% including 5m @ 1.06% rutile
- 5m @ 1.16% rutile
- 7m @ 0.86% rutile



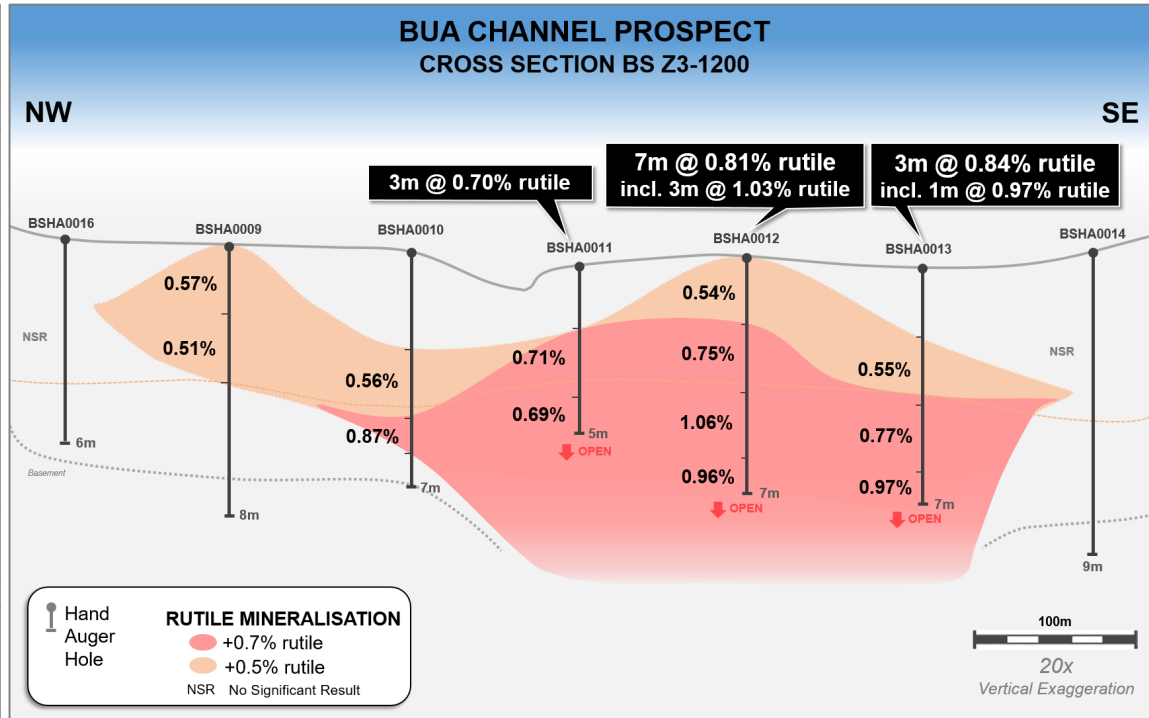
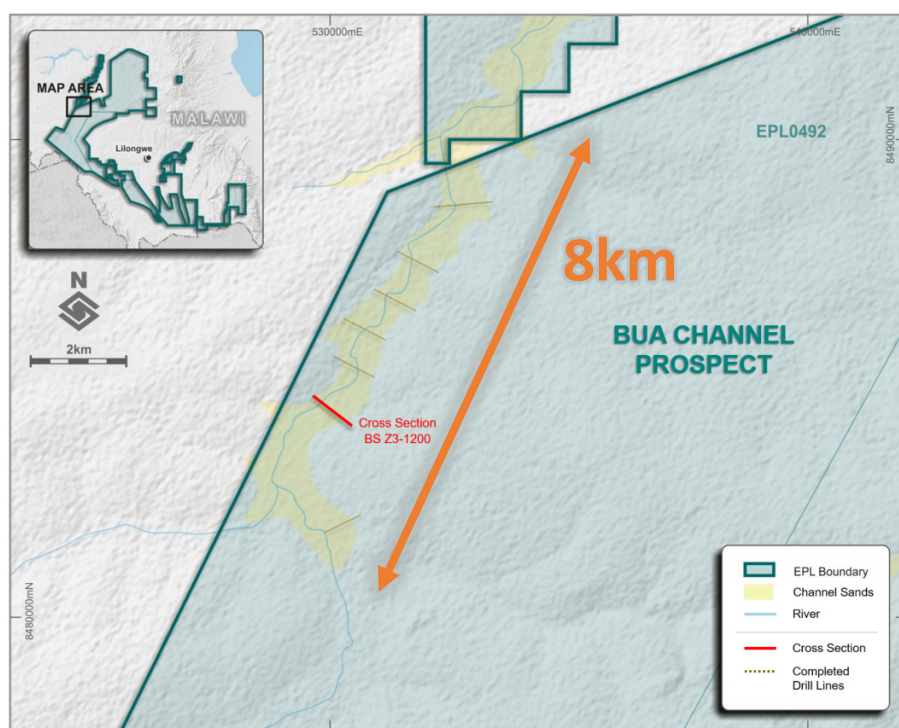
Sand-hosted Placer Rutile

Bua Channel Prospect

- ❖ Vast Channel
 - 50km in length (8km drilled to date)
 - 300m to 700m wide
- ❖ Highest grade rutile zones remain open at depth
- ❖ New exploration licence just granted



Bua Channel Prospect



KEY RESULTS

- **7m @ 0.81% rutile**, 1.0% ilmenite & 0.11% zircon (from surface)
Inc. **3m @ 1.03% rutile** (from 4m)
- **5m @ 0.72 % rutile**, 0.9% ilmenite & 0.09% zircon (from 2m)
Inc. **1m @ 0.97% rutile** (from 6m)
- **5m @ 0.64% rutile**, 0.9% ilmenite & 0.10% zircon (from surface)
Inc. **3m @ 0.70% rutile** (from 2m)

- ◆ Potential additional 40km of mineralised channel in new exploration licence
- ◆ Exploration activities commencing on new exploration licence
- ◆ **Substantial number of drill results pending**

Operation-Ready Infrastructure

Infrastructure in place to connect Sovereign to global rutile markets



Established rail network direct to Nacala Port



Paved roads surrounding project locations



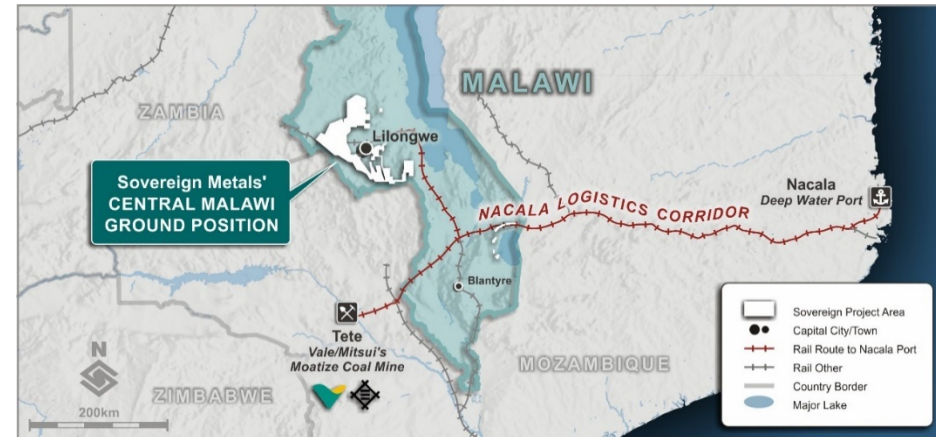
Grid power becoming available across license areas



Established labour pool and other industrial services



Plentiful water sources for operations

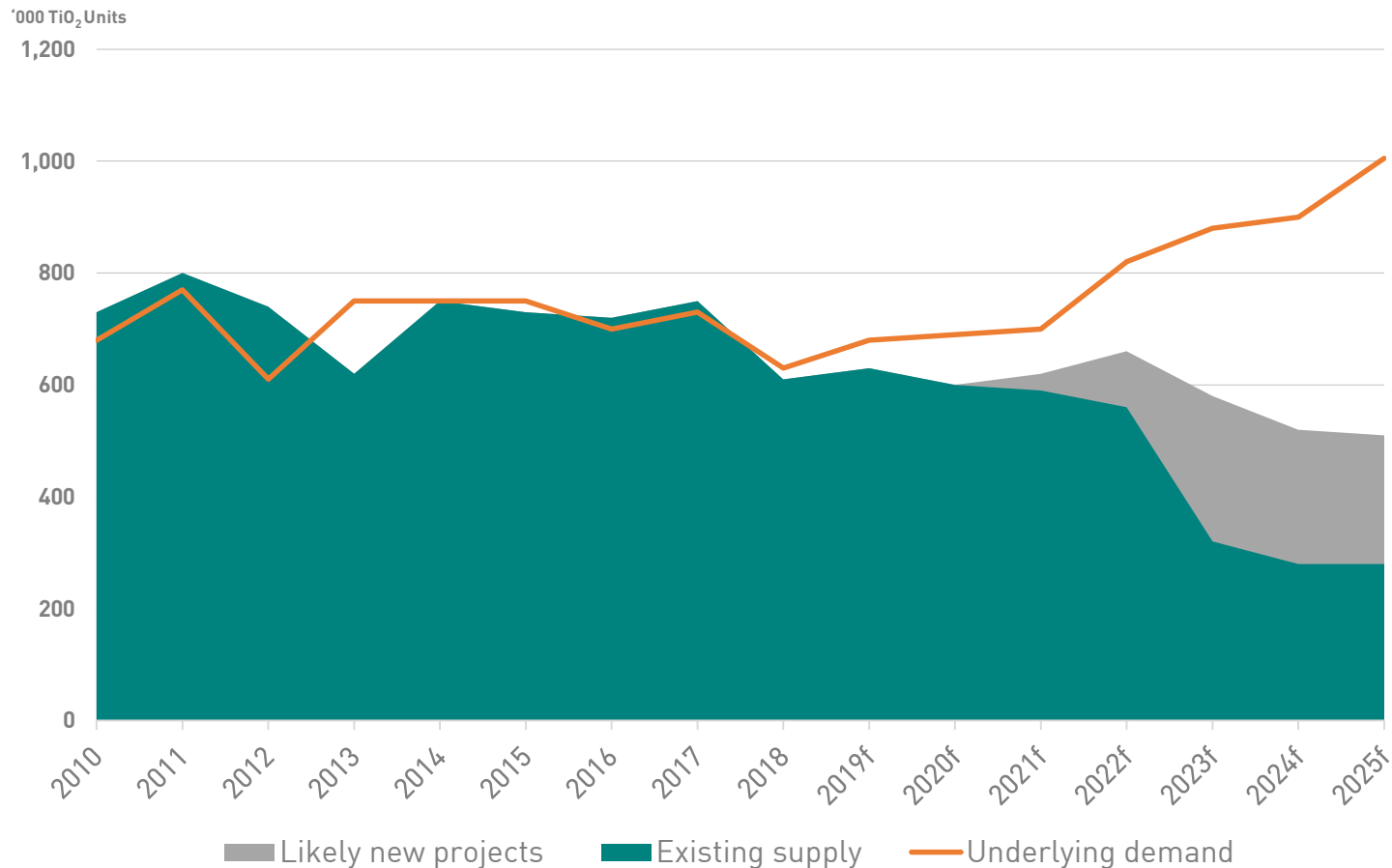


Rutile – A Genuinely Scarce Commodity



No high-grade rutile discoveries in over a decade... until now

Global rutile supply/demand



Source: TZMI

SUBSTANTIAL MARKET SPACE FOR A NEW RUTILE PRODUCER

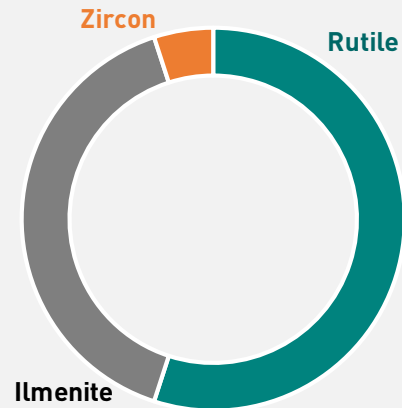
- Global supply of rutile in structural deficit
- Mature mines with declining grades
- General lack of new rutile-rich deposits to fill the gap

Rutile's Scarcity Means Limited Comparable Projects

Two projects with the most similarities make up over 32%* of global rutile production



Assemblage –
based on resource



Current rutile resource ¹ -

714Mt @ 1.1% rutile

Current rutile reserve ¹ -

290Mt³ @ 1.4% rutile

Annual rutile production –
12 months to 31 December 2019

137,000 tonnes

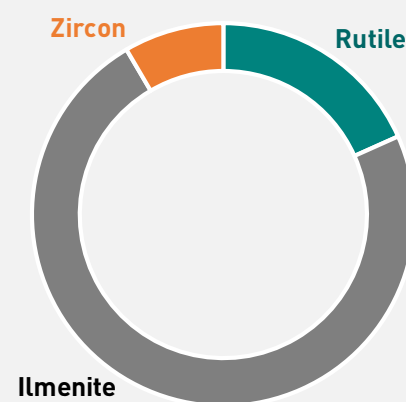
Ore mined –

12 months to 31 December 2019

8,278,000 tonnes



Assemblage –
based on resource



Current rutile resource ² -

285Mt @ 0.27% rutile

Current rutile reserve ² -

62Mt @ 0.49% rutile

Annual rutile production –
12 months to 31 December 2019

78,961 tonnes

Ore mined –

12 months to 31 December 2019

17,483,529 tonnes

1. Resource and Reserve as at 31 December 2018.

2. Resource and Reserve as at 30 June 2019.

3. 70% of Ore Reserves relate to the Sembehun expansion project.

* Sovereign's estimate based on Iluka Resources Limited and Base Resources Limited's reported 2019 production calculated against TZMI's forecasted 2019 production (680,000 tonnes).

All information sourced from Company Reports.

Very Strong Rutile Market Fundamentals

The natural rutile market has recently shifted to a supply deficit

Historical and Forecast Rutile Pricing



Source: TZMI (February 2019)

“

“Iluka was fully sold in the first half, with sales constrained by production volumes.”



ILUKA

“

“Tight market conditions from the ongoing constraints on global supplyhigh-grade chloride feedstocks (including rutile) resulted in further price gains... .”



BASE
RESOURCES

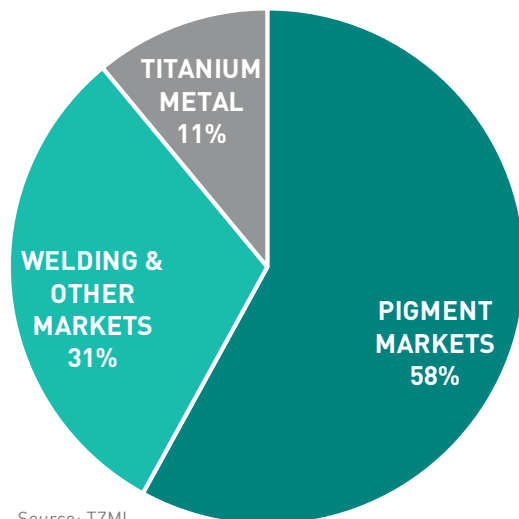
Supply tightness driving price upwards – very strong short, medium and long-term outlook

Premium Rutile Product For All End Markets

Initial metallurgical results show highly favourable, premium rutile product specification

- ✓ 96% TiO₂
- ✓ No critical impurities
- ✓ Standout chemical parameters
- ✓ Highly favourable grain size distribution
- ✓ d50 of 123µm comparable to leading market products
- ✓ Suitable for all major natural rutile end-use markets

Natural End Users of Rutile



Source: TZMI

Comparison of Sovereign's Rutile Specifications to Leading Global Producers

Constituent		Malawi Rutile (Sovereign)	Sierra Rutile (Iluka)	RBM (Rio Tinto)	Kwale (Base Resources)	Namakwa Sands (Tronox)
TiO ₂	%	96.0	96.29	93.30	96.18	94.50
ZrO ₂ +HfO ₂	%	0.14	0.78	1.30	0.72	1.10
SiO ₂	%	1.29	0.62	2.00	0.94	2.00
Fe ₂ O ₃	%	0.97	0.38	0.70	1.25	0.8
Al ₂ O ₃	%	0.33	0.31	0.90	0.23	0.6
Cr ₂ O ₃	%	0.046	0.19	0.11	0.17	0.14
V ₂ O ₅	%	0.50	0.58	0.40	0.52	0.33
Nb ₂ O ₅	%	0.25	0.15	0.30	-	0.04
P ₂ O ₅	%	0.036	0.01	0.03	0	0.02
MnO	%	<0.01	0.01	-	0.03	0.4
MgO	%	0.01	<0.01	-	0.1	0.01
CaO	%	0.02	0.01	-	0.04	0.04
SO ₃ /S	%	0.048	<0.01	<0.05	-	0.01
Sn	%	0.005	-	-	-	-
U+Th	ppm	30	26	100	-	-

"Iluka" is Iluka Resources Limited; "Rio Tinto" is Rio Tinto plc; "Base Resources" is Base Resources Limited; "Tronox" is Tronox Holdings plc. "-" is not disclosed. Sources: RBM data from World Titanium Resources Ltd TZMI Conference Presentation November 2011 (Updated January 2012); Sierra Rutile, Kwale and Namakwa Sands data from BGR Assessment Manual titled "Heavy Minerals of Economic Importance" 2010.

Comparison of Sovereign's Rutile d50 to Leading Global Producers

Constituent	Malawi Rutile (Sovereign)	RBM (Rio Tinto)	Namakwa Sands (Tronox)
d50	123 µm	124 µm	124 µm

"Rio Tinto" is Rio Tinto plc; "Tronox" is Tronox Holdings plc.

Source: BGR Assessment Manual titled "Heavy Minerals of Economic Importance" 2010

2020 – A Company Defining Year

Ongoing work programs

- ◆ Laboratory processing of 2019 and 2020 drill samples
- ◆ Commence drilling on several new saprolite-hosted prospects
- ◆ Additional air-core drilling to extend known rutile mineralisation at depth and along strike
- ◆ Mining and tailings studies in advance of future Scoping Studies
- ◆ Further metallurgical test-work on prospects which may develop into Mineral Resource(s).





Corporate Information

Management team with a proven track record of success

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, 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 14 years working on minerals projects in Malawi.

Dr Stephens identified, secured and led the team that discovered rutile and graphite mineralisation across Sovereign's large ground position in Malawi.

BEN STOIKOVICH
Project Consultant

Mr Stoikovich is a Mining Engineer with 25 years experience in mine operations and mineral project development and finance. He has extensive experience in Africa having previously worked for Lonmin and Standard Bank. Mr Stoikovich is based in London. He commenced his career with BHP Billiton.

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.

CAPITAL STRUCTURE

Shares on Issue ¹	382,287,561
Unlisted Options (\$0.10 to \$0.18)	37,525,000
Un-Diluted Market Capitalisation @A\$0.011 ^{1,2}	A\$42.0 m
Cash ^{1,3}	~A\$3.7 m

1. Share on issue, market capitalisation and cash all updated to represent the placement announced 29 January 2020
2. Closing price 29 January 2020
3. Cash is calculated based on the 31 December 2019 closing balance (\$1.7) plus the gross placement (\$2.0m).

SOVEREIGN
METALS LIMITED

DISCLAIMERS & DISCLOSURES

AUTHORISATION STATEMENT

This presentation has been approved and authorised for release by the Company's Managing Director, Dr Julian Stephens.

DISCLAIMER NOTICE

This presentation has been prepared as a summary only, and does not contain all information Sovereign Metals Limited's ("SVM") assets and liabilities, financial position and performance, profits and losses, prospects, and the rights and liabilities attaching to SVM's securities. The securities issued by SVM are considered speculative and there is no guarantee that they will make a return on the capital invested, that dividends will be paid on the shares or that there will be an increase in the value of the shares in the future. SVM does not purport to give financial or investment advice. No account has been taken of the objectives, financial situation or needs of any recipient of this report. Recipients of this report should carefully consider whether the securities issued by SVM are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. The material in this presentation ("material") is not and does not constitute an offer, invitation or recommendation to subscribe for, or purchase any security in SVM nor does it form the basis of any contract or commitment. SVM makes no representation or warranty, express or implied, as to the accuracy, reliability or completeness of this material.

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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.

COMPETENT PERSONS STATEMENT

The information in this presentation that relate to Exploration Results (Rutile) and QEMSCAN results are extracted from announcements on 7 November 2018, 24 January 2019, 24 June 2019, 7 August 2019, 23 September, 6 November 2019, 16 January 2020 and 3 February 2020. These announcements are available to view on www.sovereignmetals.com.au. The information in the original announcements that related to 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 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 presentation that relates to Metallurgical Testwork Results (Rutile) is extracted from an announcement dated 24 June 2019. This announcement is 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 compiled by Mr Gavin Diener, a Competent Person who is a member of the AusIMM. Mr Diener is the Chief Operating Officer of TZMI, an independent mineral sands consulting company and is not a holder of any equity type in Sovereign Metals Limited. Mr Diener 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 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.



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