



SOVEREIGN
METALS LIMITED

A NEW FORCE IN RUTILE

KASIYA: A VERY LARGE, HIGH-GRADE RUTILE DISCOVERY

APRIL 2021

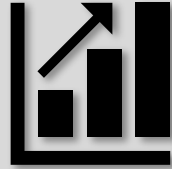
ABN: 71 120 833 427 | ASX: SVM



Sovereign Metals – A New Force in Rutile



VERY LARGE,
HIGH-GRADE
RUTILE DISCOVERIES



STRONG
MARKET
FUNDAMENTALS



EXCELLENT
INFRASTRUCTURE
IN PLACE



SIMPLE
MINING AND
PROCESSING



Titanium Dioxide - A Growing \$15B Global Market

5%
TITANIUM METAL



5%
WELDING



90%
PIGMENT MARKET

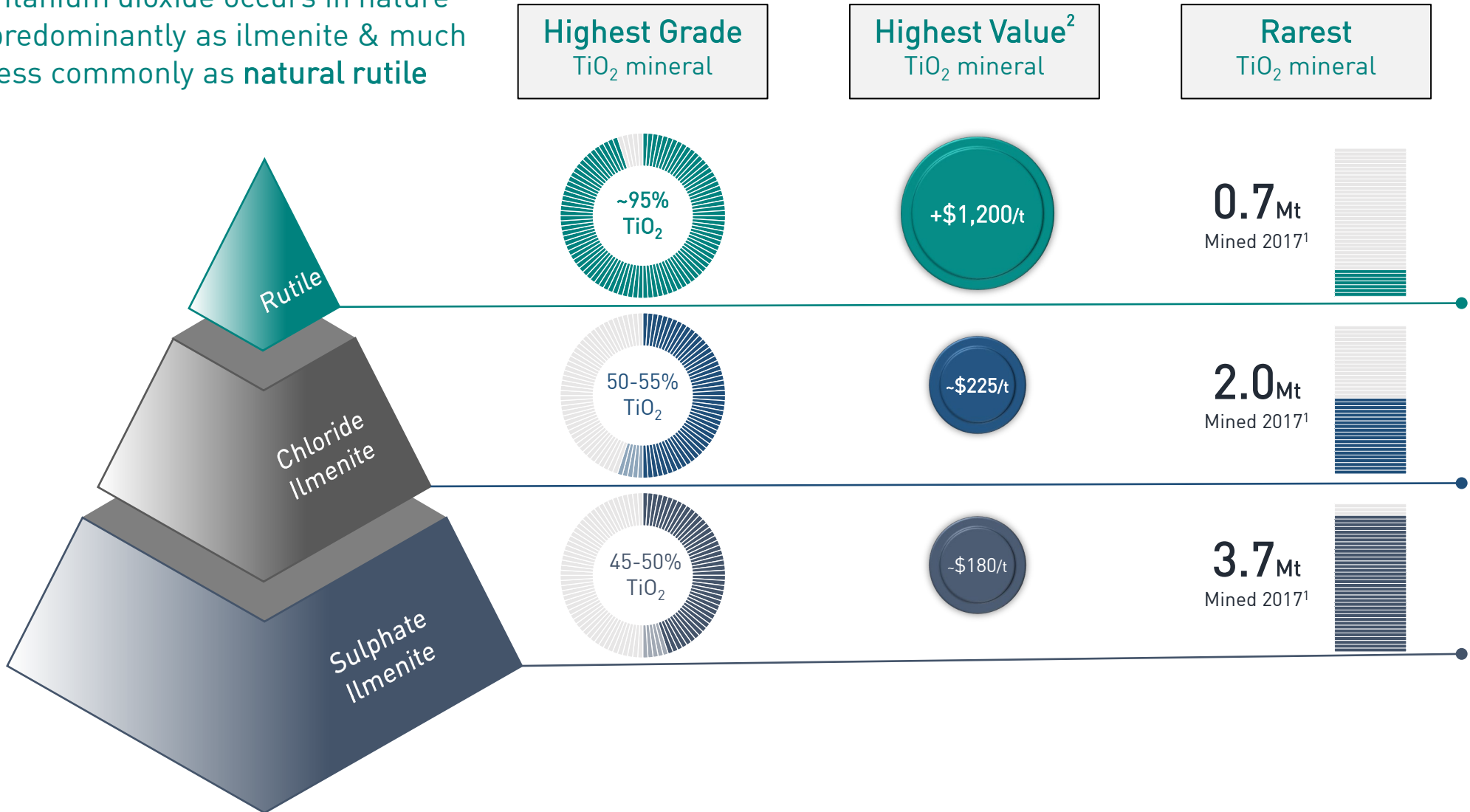


Source: TZMI

Rutile – Rarest, Highest Value & Grade Titanium Mineral



Titanium dioxide occurs in nature predominantly as ilmenite & much less commonly as **natural rutile**



1. Sulphate ilmenite includes sulphate slag production; chloride ilmenite includes chloride slag production; synthetic rutile and upgraded chloride slag ("UGS") not included. Mined volumes = TiO₂ units equivalent
 2. Rutile price: Iluka Resources Limited (ASX: ILU): December 2020 Quarterly Report (US\$1,220). Chloride Ilmenite: Base Resources Ltd (ASX:BSE): December 2020 Quarterly Report
 Source: TZMI

Natural Rutile has a Far Lower Carbon Footprint

Natural rutile is the cleanest, purest form of titanium dioxide. It is favoured by pigment producers over higher energy and carbon intensive “upgraded” titanium feed-stocks such as synthetic rutile or titanium slag

Mined natural rutile is extracted in a form ready for pigment production

Mining & Processing



Pigment Production

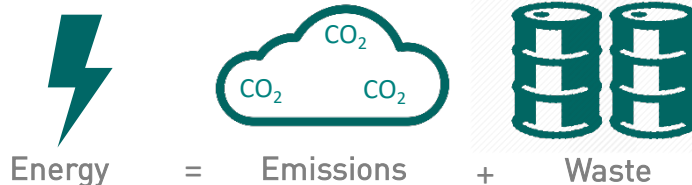


Synthetic rutile and titanium slag are products of energy & carbon-intensive upgrading of ilmenite prior to pigment production

Mining & Processing



Energy + Carbon Intensive Upgrading Process



Synthetic rutile (~92% TiO₂)
Titanium Slag (~85% TiO₂)

Pigment Production



“...alumina refining, aluminium smelting and the upgrading of titanium feedstocks are all high temperature, energy intensive processes...lifting the Group’s average carbon intensity...”¹

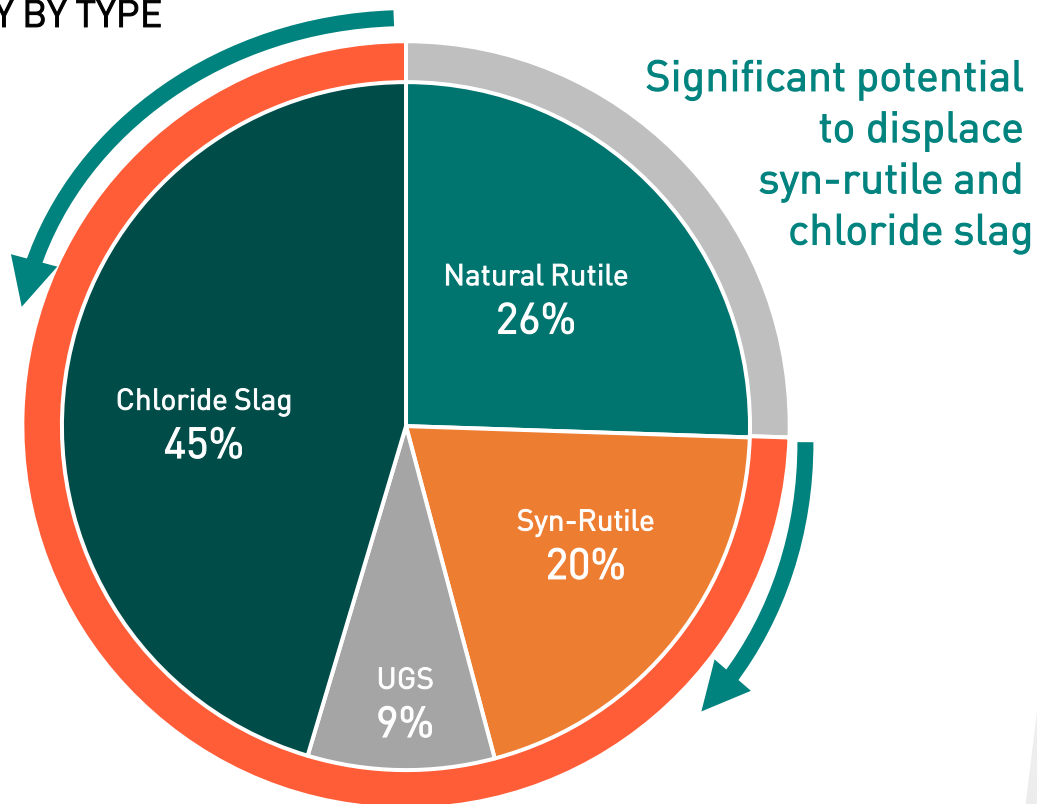
1. Rio Tinto’s Climate Change Report 2019

Market Dominated by Upgraded Alternatives



Natural rutile only makes a small percentage of the total high-grade titanium feedstock market.

HIGH GRADE CHLORIDE PIGMENT FEEDSTOCK (+80 TiO₂)
SUPPLY BY TYPE



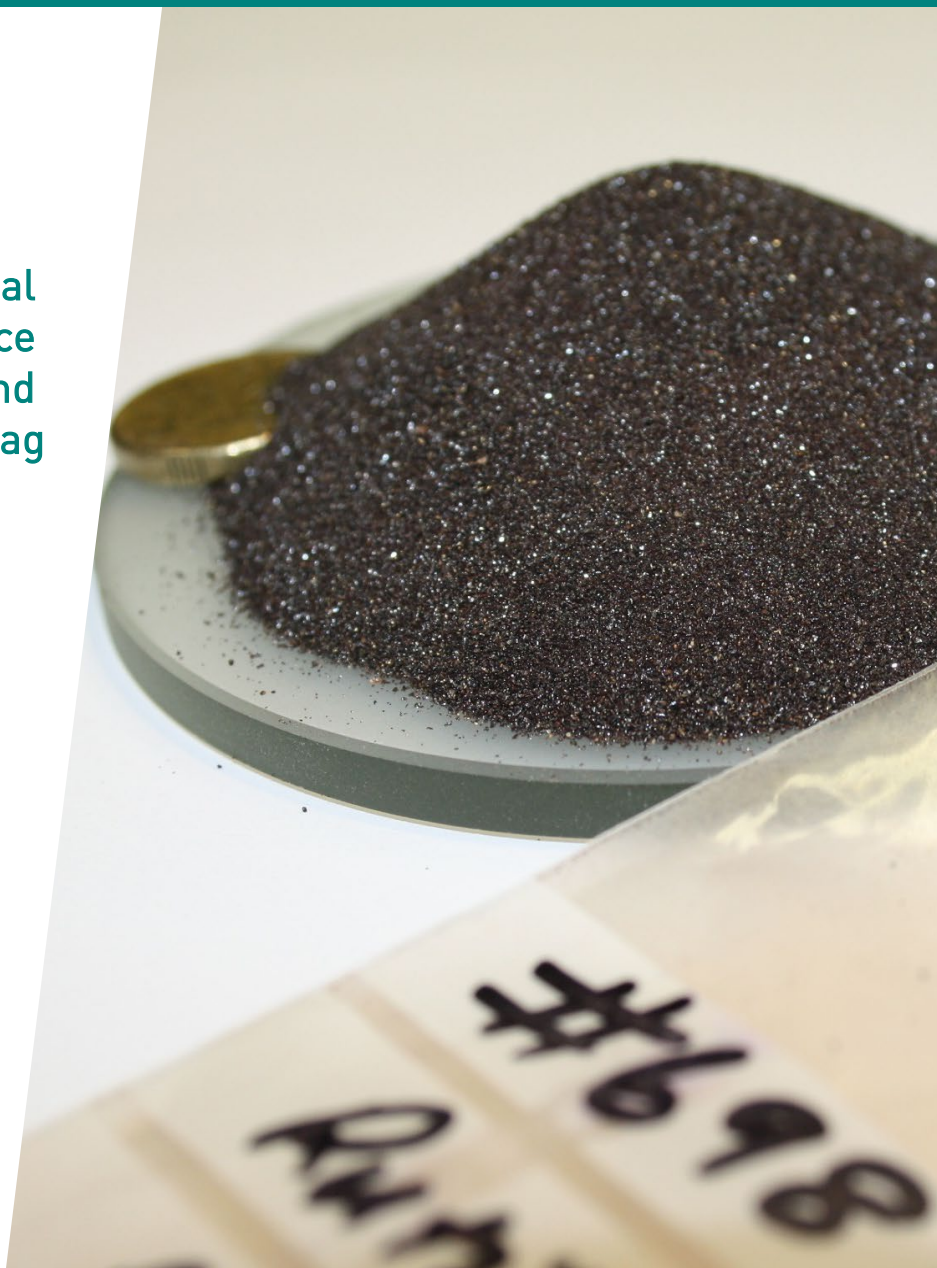
TOTAL MARKET SIZE

~2.5Mt

TiO₂ Units



Source: TZMI

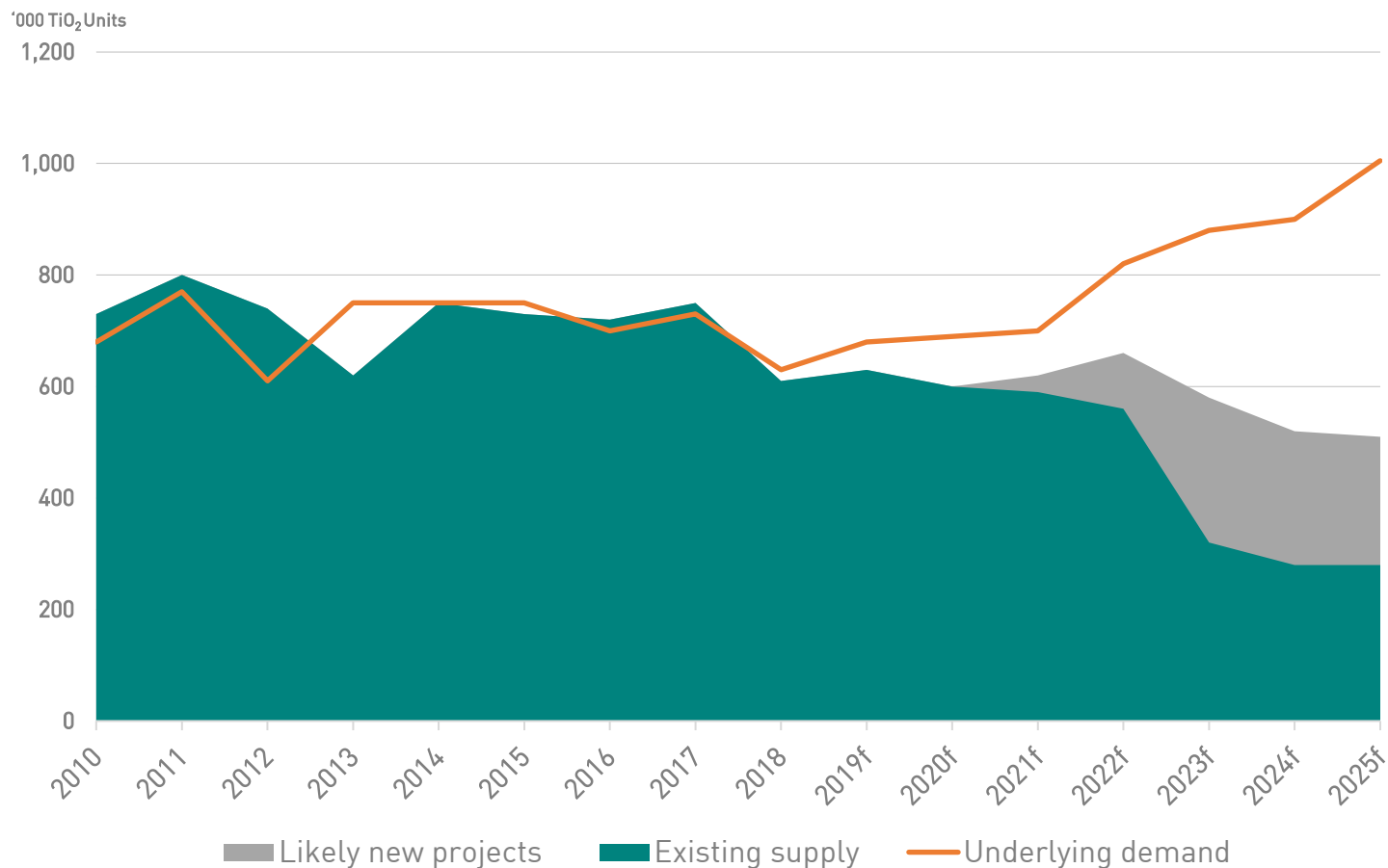


Rutile – A Genuinely Scarce Commodity



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

High-grade Rutile Province

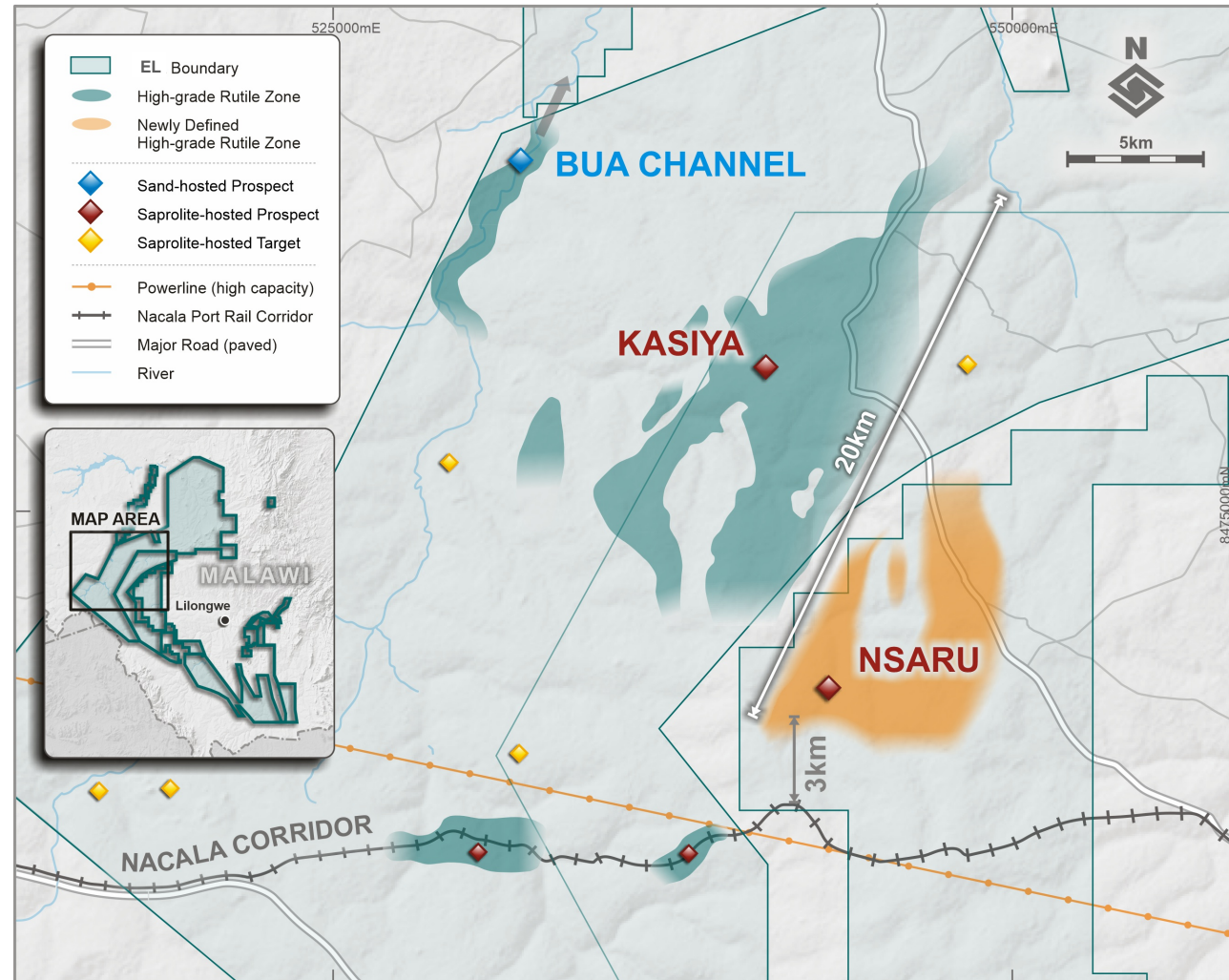
Sovereign has identified a globally significant, strategic rutile province in Malawi

- Expansive area with high-grade rutile from surface
- Mineralisation remains open in most directions

Kasiya - 66km²

Nsaruru - 25km²
New Discovery

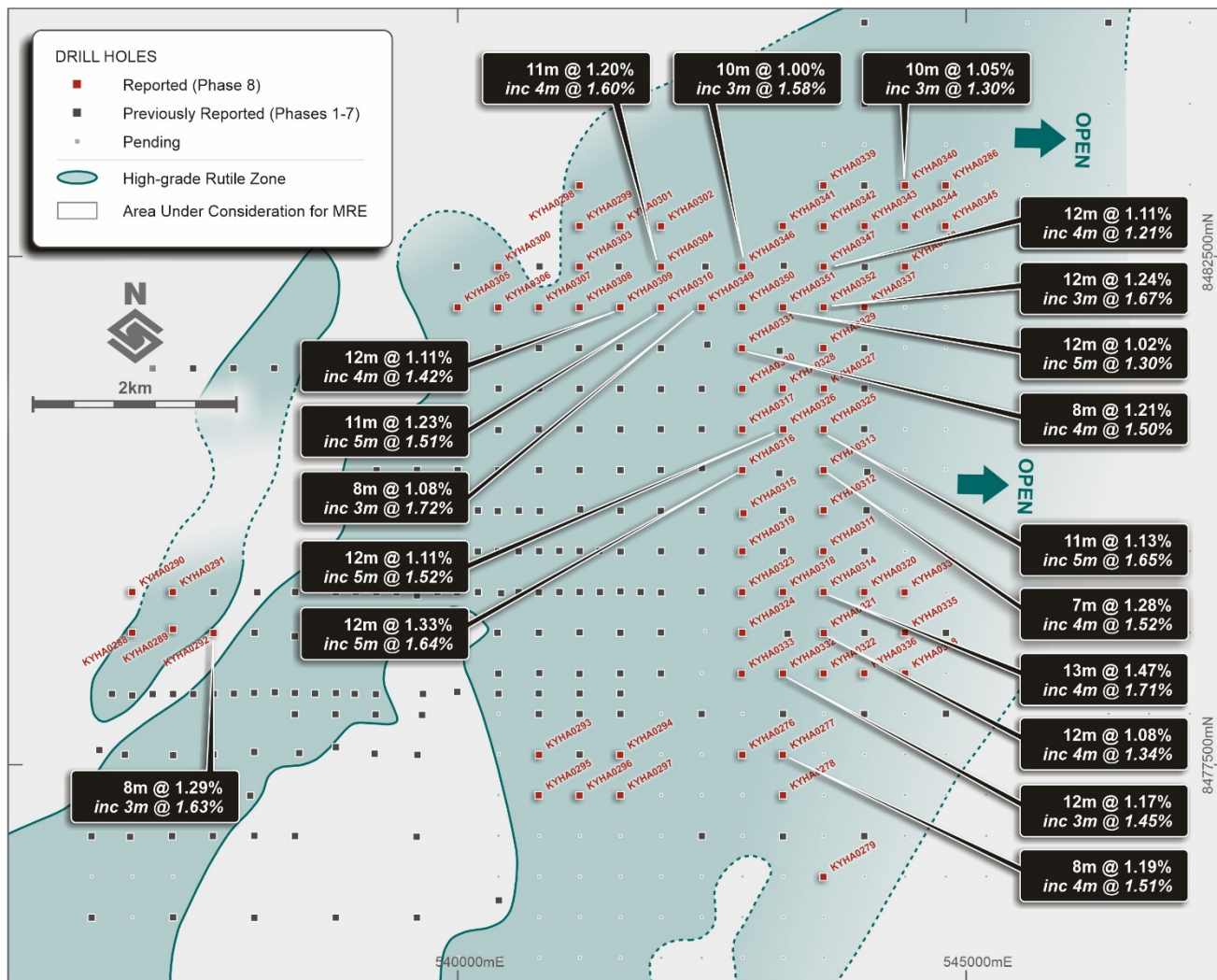
Total mineralised area +91km²



Kasiya Deposit – High-Grade & Expansive



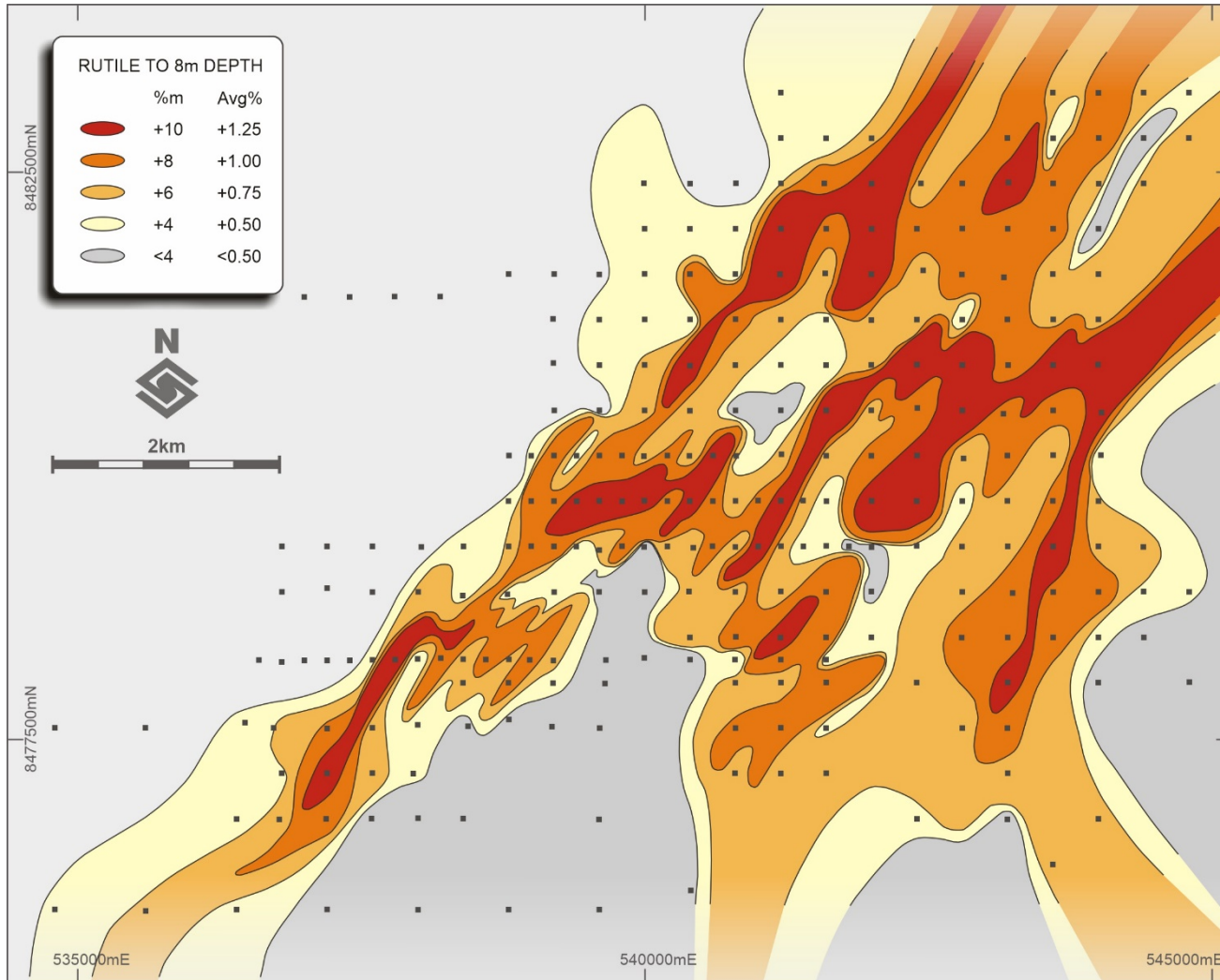
High-grade rutile consistency intercepted from surface across the mineralisation footprint.



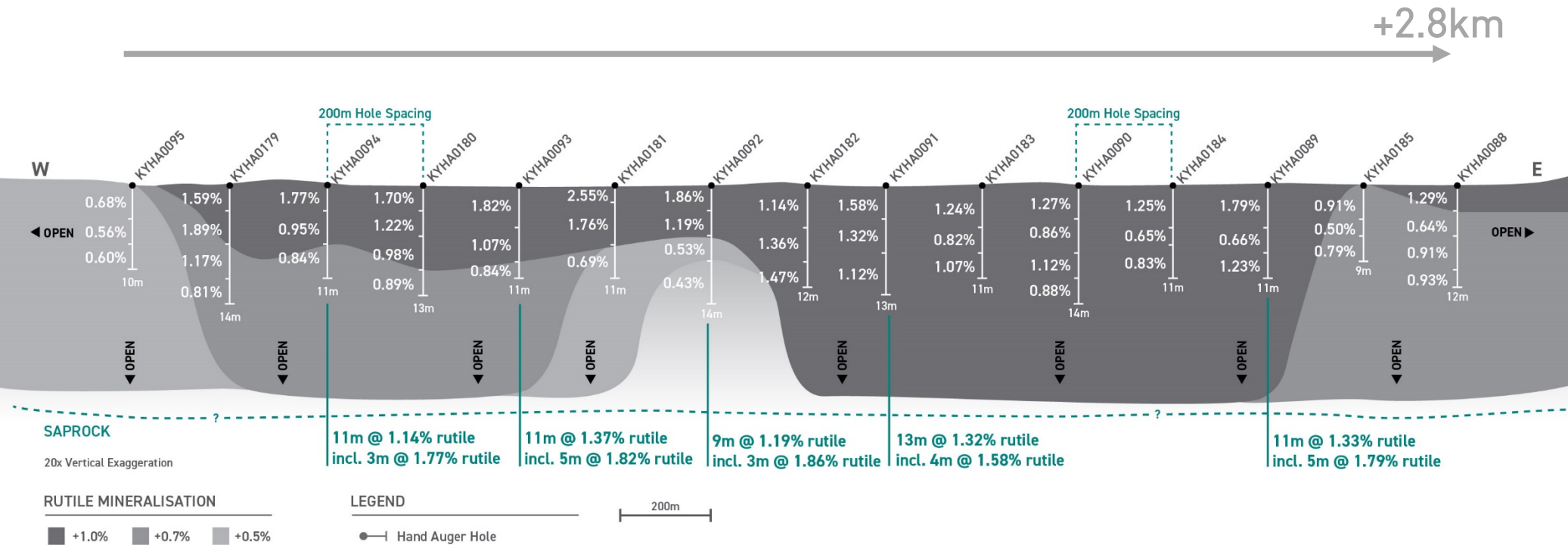
Kasiya Deposit – Broad Zones of High-Grade



Broad zones of very high-grade rutile from surface within the extensive 66km² mineralisation footprint.



Exceptionally High-Grades from Surface

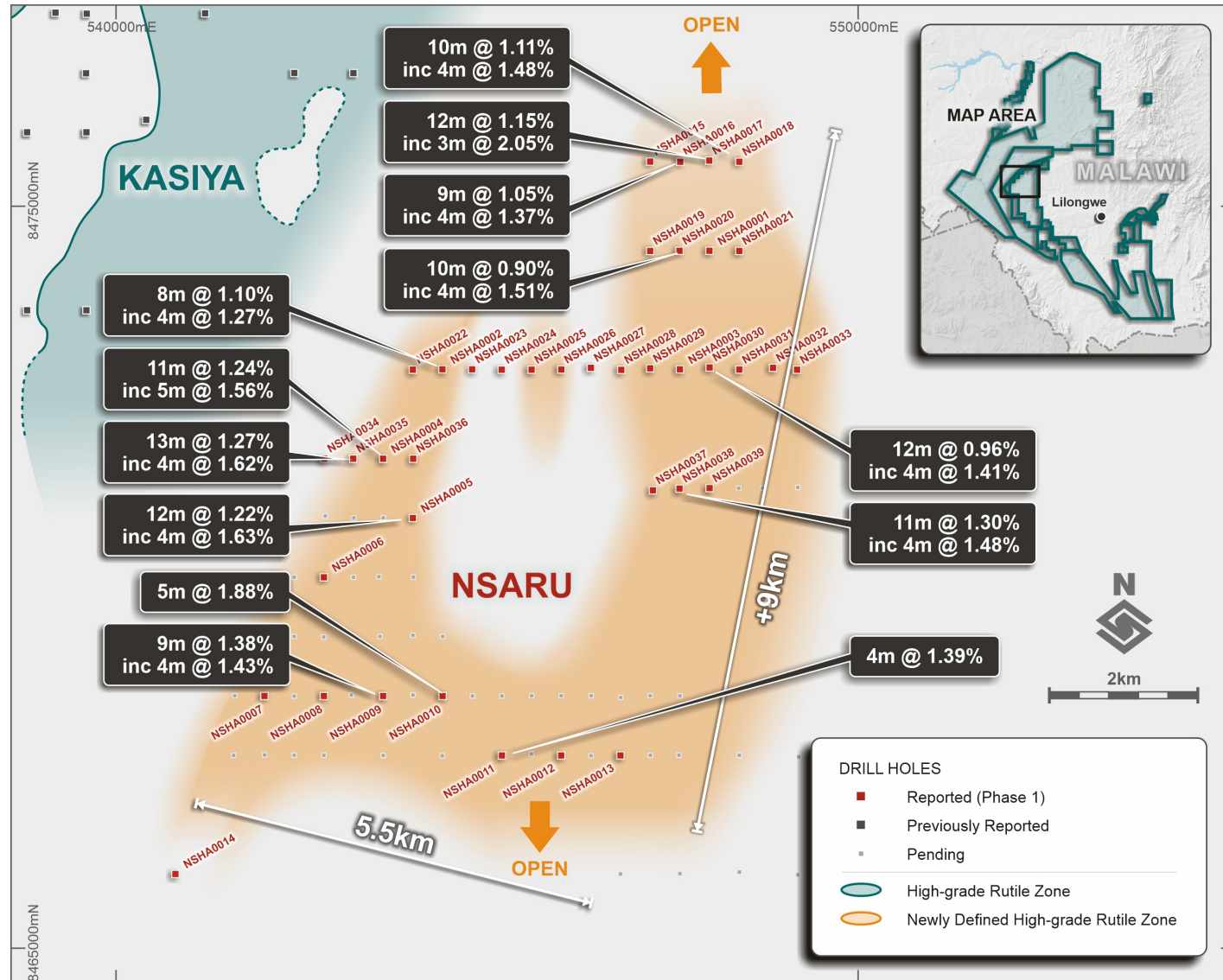


- ✦ A large percentage of intercepts remain open at depth
- ✦ High-grade rutile mineralisation is interpreted to extend to the base of the soft saprolite at around 25m
- ✦ Exceptionally high rutile grades from surface substantially enhance the economic potential of Kasiya

Nsaru Discovery – Growing the Province

The Company's recent discovery significantly enhancing the rutile province

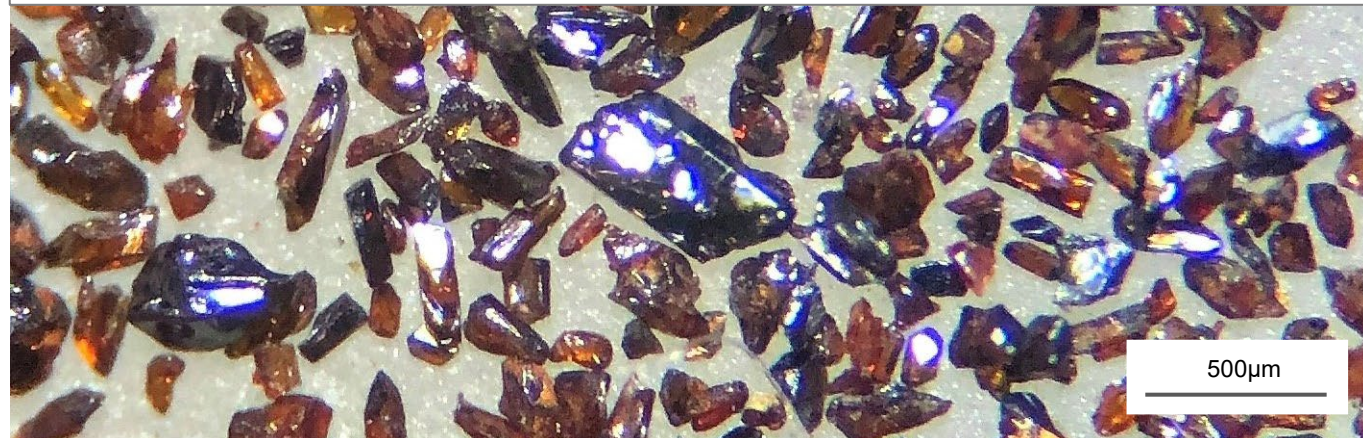
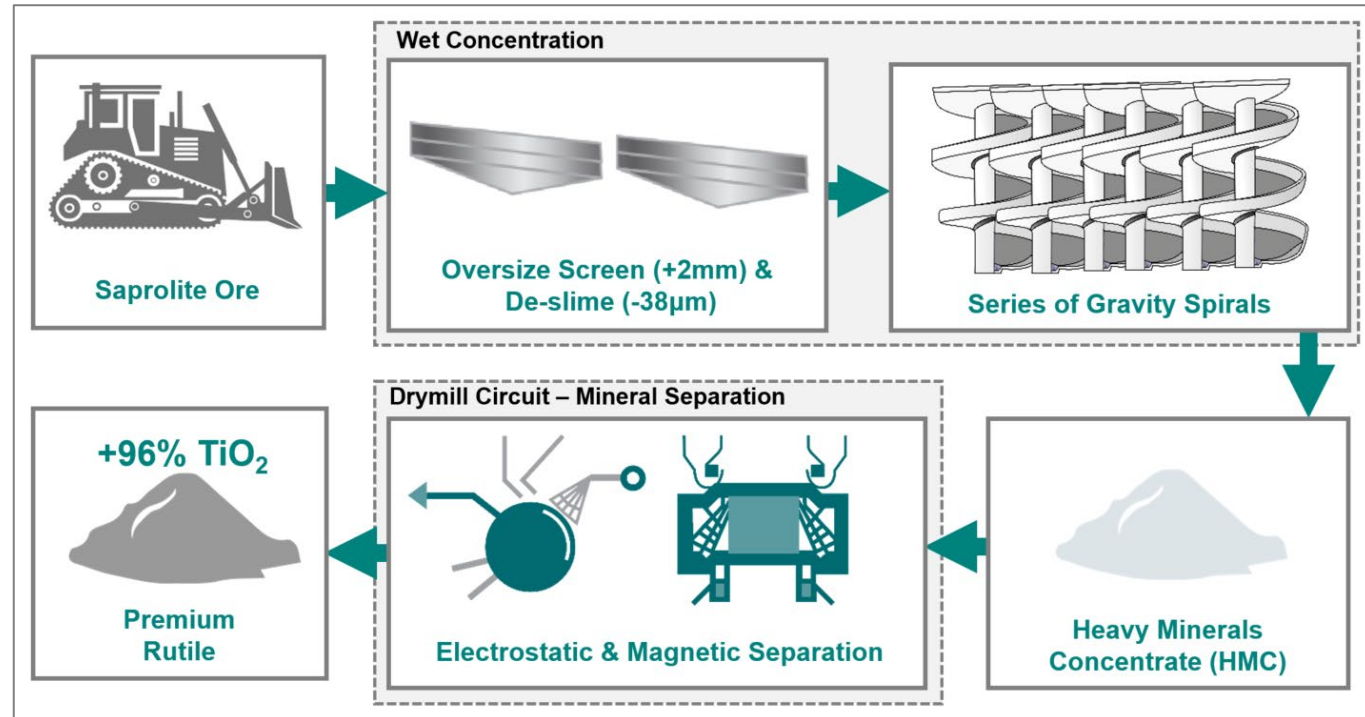
- ◆ New area of high-grade mineralisation within kilometres of Kasiya
- ◆ Extensive 25km² mineralisation footprint
- ◆ Remains open to the north and importantly to the south at its widest zone
- ◆ Very high-grades demonstrated in the top 3-5m from surface



Conventional Proven Flowsheet

Significantly de-risked

- ◆ Simple, conventional flowsheet
- ◆ Excellent overall rutile recovery from bulk feed (1 tonne) to product of over 98.3%
- ◆ Single heavy mineral product = simplified back-end mineral separation plant (MSP)



Top End Product Specifications

Bulk scale (1t) metallurgical results on saprolite-hosted mineralisation show highly favourable, premium rutile product specifications

- ◆ +96% TiO₂
- ◆ No critical impurities
- ◆ Standout chemical parameters
- ◆ Highly favourable grain size distribution
- ◆ d50 of 145µm comparable to leading market products
- ◆ Suitable for all major natural rutile end-use markets

Continued engagement with potential rutile off-takers, particularly those in the pigment industry from which highly favourable feedback on chemical and physical specifications has already been received

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	%	96.27	96.29	93.30	96.18	94.50
ZrO ₂ +HfO ₂	%	0.52	0.78	1.30	0.72	1.10
SiO ₂	%	1.18	0.62	2.00	0.94	2.00
Fe ₂ O ₃	%	0.59	0.38	0.70	1.25	0.8
Al ₂ O ₃	%	0.41	0.31	0.90	0.23	0.6
Cr ₂ O ₃	%	0.12	0.19	0.11	0.17	0.14
V ₂ O ₅	%	0.66	0.58	0.40	0.52	0.33
Nb ₂ O ₅	%	0.39	0.15	0.30	-	0.04
P ₂ O ₅	%	0.01	0.01	0.03	0	0.02
MnO	%	0.01	0.01	-	0.03	0.4
MgO	%	0.02	<0.01	-	0.1	0.01
CaO	%	0.01	0.01	-	0.04	0.04
S	%	0.01	<0.01	<0.05	-	0.01
U+Th	ppm	39	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. Sovereign's results are extracted from the Company's ASX Announcement dated 24 June 2019.

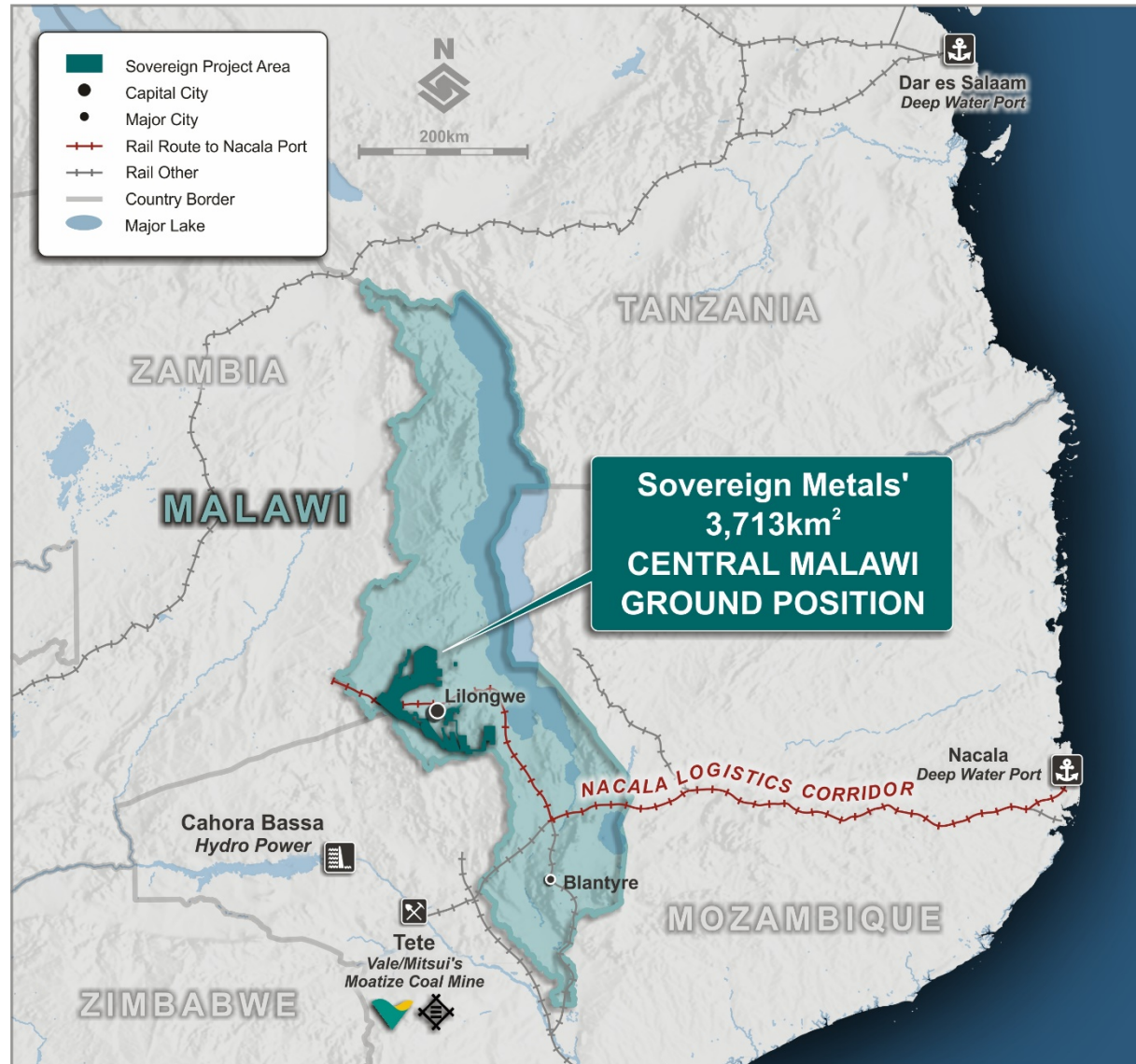
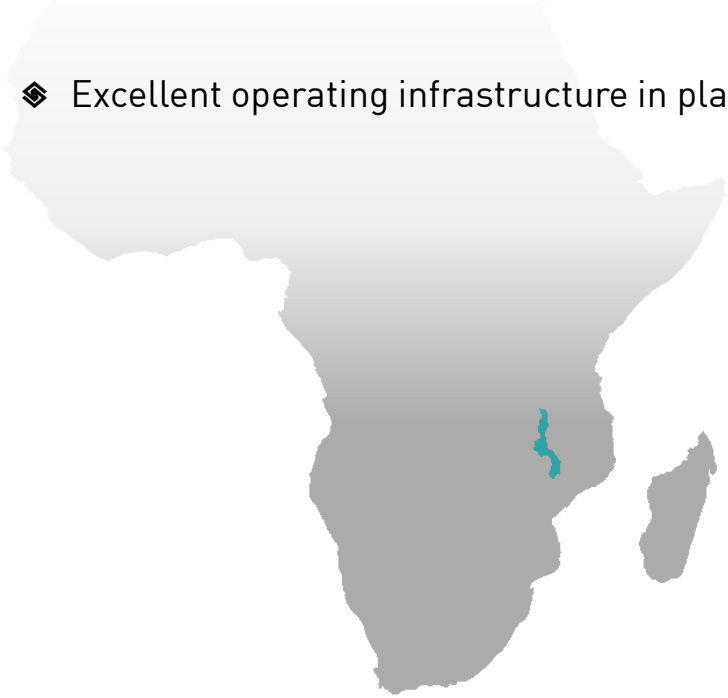
Comparison of Sovereign's Rutile d50 to Leading Global Producers			
Constituent	Malawi Rutile (Sovereign)	RBM (Rio Tinto)	Namakwa Sands (Tronox)
d50	145 µm	124 µm	124 µm

"Rio Tinto" is Rio Tinto plc; "Tronox" is Tronox Holdings plc.
Source: BGR Assessment Manual titled "Heavy Minerals of Economic Importance" 2010



Malawi – Stable, Transparent Jurisdiction

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



Operation-Ready Infrastructure

Infrastructure in place to connect Sovereign to global rutile markets



Established rail network direct to Nacala Port
MoU in place with rail & port operator



Paved roads surrounding project locations



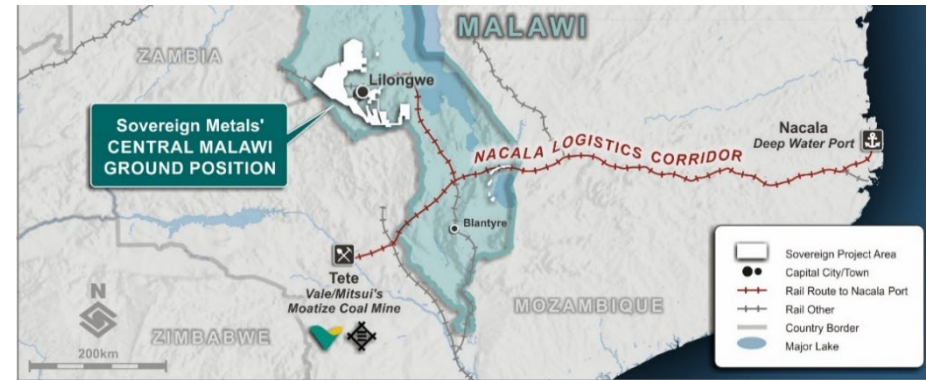
Grid power becoming available
across license areas



Established labour pool and other industrial
services



Plentiful water sources for operations



Kasiya – Simple and Lower Risk



Mining

High-grade rutile mineralisation from surface

Soft, friable material – should be suitable for efficient hydro or dozer-trap mining methods



Processing

Simple, conventional flowsheet already demonstrated

Single heavy mineral product = simplified back-end mineral separation plant (MSP)



Progressive Rehabilitation

Positioned for effective ESG outcomes

Land to be progressively returned to original condition (farms/bushland)

Ongoing Work Programs

- ◆ Maiden JORC Mineral Resource estimate for Kasiya
- ◆ Step-out and regional drilling at Kasiya, Nsaru and the broader surrounding area to identify extensions and new zones of rutile mineralisation
- ◆ Metallurgical variability test-work planned for a large representative sample from Kasiya
- ◆ Mining and tailings studies continue and will feed into a future Scoping Study
- ◆ Continued engagement with potential rutile off-takers, with highly favourable feedback on chemical and physical specifications has already been received
- ◆ Investigation of potential graphite by-product from Kasiya
- ◆ Re-examination of the Company's Malingunde Graphite Project in light of renewed market interest for graphite, particularly related to sustainability and EVs.



Sovereign – A Compelling Rutile Opportunity



- ✓ VERY LARGE SCALE, HIGH-GRADE & AT SURFACE
- ✓ NEW, GLOBALLY SIGNIFICANT RUTILE PROVINCE
- ✓ RUTILE MARKET IN DEFICIT
- ✓ EXCELLENT INFRASTRUCTURE
- ✓ STABLE, TRANSPARENT JURISDICTION
- ✓ MANAGEMENT WITH PROVEN AFRICAN EXPERIENCE
- ✓ WELL FUNDED FOR ACCELERATED ACTIVITIES



THANK YOU

APPENDICES

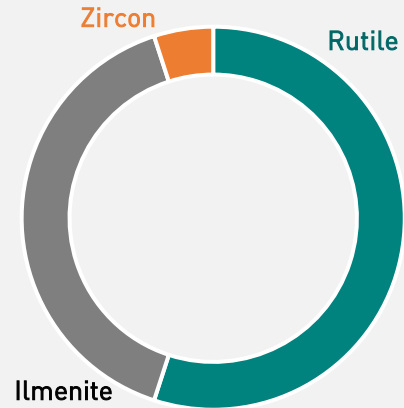


Rutile's Scarcity Means Limited Comparable Projects

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



Assemblage – based on resource



Current rutile resource ¹ -

715Mt @ 1.1% rutile

Current rutile reserve ¹ -

268Mt² @ 1.4% rutile

Annual rutile production – 12 months to 31 December 2020

120,200 tonnes

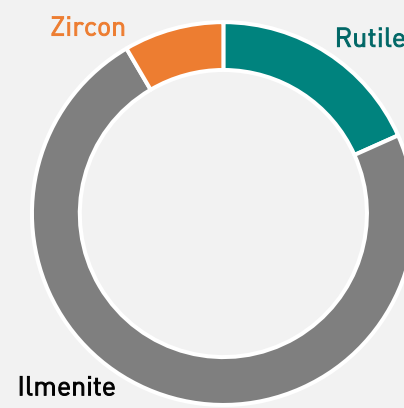
Ore mined –

12 months to 31 December 2020

8,928,000 tonnes



Assemblage – based on resource



Current rutile resource ³ -

275Mt @ 0.25% rutile

Current rutile reserve ³ -

40Mt @ 0.44% rutile

Annual rutile production – 12 months to 31 December 2020

76,402 tonnes

Ore mined –

12 months to 31 December 2020

17,106,122 tonnes

1. Iluka Resources Limited, Sierra Rutile: Resource and Reserve as at 31 December 2020. Resource also includes 715Mt @ 0.9% Ilmenite & 0.1% Zircon

2. 70% of Ore Reserves relate to the Sembahun expansion project.

3. Base Resources Limited, Kwale: Resource and Reserve as at 30 June 2020 plus update announced 19 February 2021. Resource also includes 275Mt @ 1.0% Ilmenite & 0.1% Zircon. Reserve also includes 40Mt @ 1.9% Ilmenite & 0.2% Zircon

* 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).

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's sales constrained by production in 2019"¹



ILUKA



"Rutile demand remains strong and ongoing restricted supply is currently maintaining a tight market"²



**BASE
RESOURCES**

Source:

1. Iluka Resource's Presentation released 26 February 2020
2. Base Resource's 31 March 2020 Quarterly Report

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

Titanium will play a key role in the Green Revolution



Titanium is a 100% recyclable, eco metal

Making Electric Vehicles Safe



- ❖ The underbody of Electric Vehicles such as the Tesla Model S are made from ultra high-strength titanium.
- ❖ According to Tesla, the addition of a titanium underbody shield in 2014 reduced the risk of battery fires to “virtually zero”

Lowering CO₂ Emissions



- ❖ Next-generation commercial aircraft (e.g., Boeing 787 and Airbus A350) use a significantly higher percentage of both titanium and carbon fiber reinforced composites to reduce weight and therefore increase fuel efficiency.

Protecting Renewable Energy



- ❖ In renewable energy applications, titanium provides material advantages over traditional alloys.
- ❖ Titanium’s resistance to corrosion allows design engineers to specify a zero-corrosion rate in seawater for e.g. off-shore wind farms

Titanium – a Critical Raw Material



The US and Europe all consider titanium as a critical mineral with growing importance

US Critical Minerals - Department of the Interior, United States Government

Aluminium	chromium	helium	potash	tellurium
antimony	cobalt	indium	REEs	tin
arsenic	fluorspar	lithium	rhenium	titanium
barite	gallium	magnesium	rubidium	tungsten
beryllium	germanium	manganese	scandium	uranium
bismuth	graphite (natural)	niobium	strontium	vanadium
cesium	hafnium	PGMs	tantalum	zirconium

The United States is highly import reliant on titanium mineral concentrates

The United States has a moderate import reliance on titanium metal (sponge), and imports mostly scrap and raw metal

Titanium mineral reserves exist in the southeastern United States; however, these reserves are small compared to foreign supplies

Titanium is critical in aerospace components, in rotating parts in turbine engines, and for its use in corrosive environments.

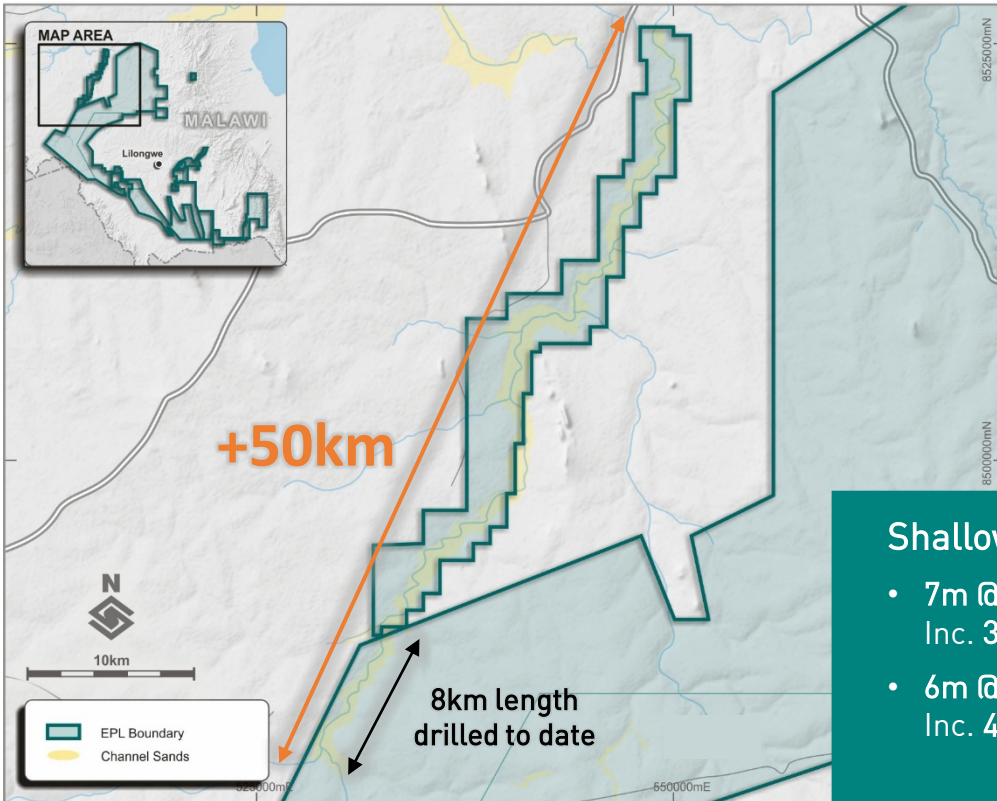
- U.S. Geological Survey Technical Input Document in Response to Secretarial Order No. 3359

In 2020, Titanium became a Critical Raw Material based on the EU's Criticality Assessment of its Economic Importance and Supply Risk

The UK Government has not yet defined a Critical Materials strategy post-Brexit, but its recent consultation, "National Security and Investment Bill: Sectors in Scope of the Mandatory Regime", acknowledges the EU list and the British Geological Survey's Risk List 2015 which both contain Titanium

Bua Channel Prospect

Drilling confirms Bua Channel as a high-grade, rutile dominant, sand-hosted, channel placer deposit within the emerging Malawi Rutile Province.



Exploration well underway

- ◆ Excellent grades of rutile and high-quality chloride ilmenite with a TiO_2 content of ~60%
- ◆ Further extensional drilling over its full ~50km length is in the advanced planning and permitting stage

Shallow drilling results

- 7m @ 0.81% rutile, 1.0% ilmenite & 0.11% zircon (from surface)
Inc. 3m @ 1.03% rutile, 1.2% ilmenite & 0.13% zircon (from 4m)
- 6m @ 1.09% rutile, 1.6% ilmenite & 0.13% zircon (from surface)
Inc. 4m @ 1.28% rutile, 1.9% ilmenite & 0.15% zircon (from 2m)

Air-core results

- 8m @ 0.88 % rutile, 1.5% ilmenite & 0.08% zircon (from surface)
Inc. 5m @ 1.02% rutile, 1.7% ilmenite & 0.09% zircon (from 3m)
- 7m @ 0.86% rutile, 1.4% ilmenite & 0.08% zircon (from surface)
Inc. 3m @ 1.05% rutile, 1.7% ilmenite & 0.09% zircon (from 4m)

Corporate Information

Management team with a proven track record of success

<p>IAN MIDDLEMAS <i>Chairman</i></p>	<p>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.</p> <p>Mr Middlemas was also previously Chairman of Papillon Resources Limited and Mantra Resources Limited.</p>
<p>JULIAN STEPHENS <i>Managing Director</i></p>	<p>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.</p> <p>Dr Stephens identified, secured and led the team that discovered rutile and graphite mineralisation across Sovereign's large ground position in Malawi.</p>
<p>BEN STOIKOVICH <i>Director</i></p>	<p>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.</p>
<p>SAM CORDIN <i>Business Development Manager</i></p>	<p>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.</p>
<p>ANDRIES KRUGER <i>Country Manager</i></p>	<p>Mr Kruger is a Geologist with over 20 years experience in mineral exploration.</p> <p>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.</p>

CAPITAL STRUCTURE

Shares on Issue ¹	414,237,561
Unlisted Options ¹ (\$0.10 to \$0.50, Weighted Average \$0.26)	30,025,000
Performance Rights (milestone vesting conditions)	9,800,000
Un-Diluted Market Capitalisation @A\$0.47 ²	A\$194.7 m
Cash ³	~A\$10.3 m

- Equities on issue adjusted for placement announced 30 March 2021
- Closing price 30 March 2021
- Cash as at 31 December 2020 plus gross proceeds of placement (A\$8m) announced 30 March 2021

ANALYST COVERAGE

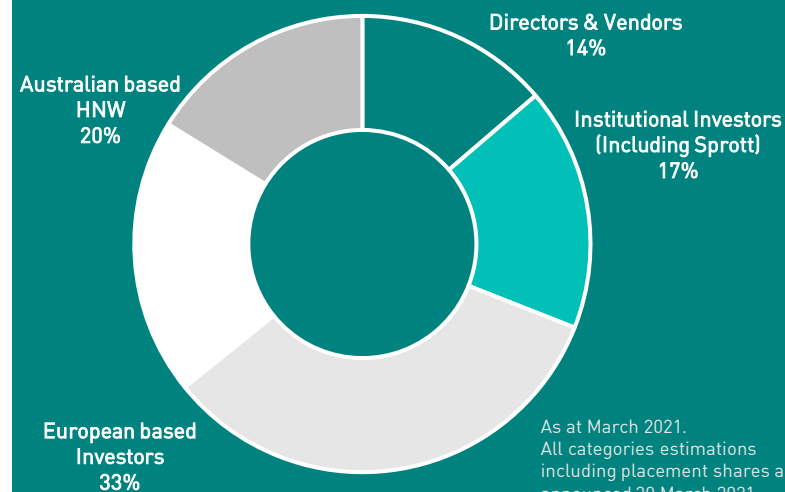
Sprott

EUROZ HARTLEYS



TAYLOR COLLISON

REGISTER BREAK-DOWN



DISCLAIMERS & DISCLOSURES

AUTHORISATION STATEMENT

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

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FORWARD LOOKING STATEMENT

This presentation 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, 3 February 2020, 24 February 2020, 17 March 2020, 8 April 2020, 22 April 2020, 26 May 2020, 22 June 2020, 13 July 2020, 5 August 2020, 21 September 2020, 4 February 2021 and 30 March 2021. 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 9 September 2020. 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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