



SOVEREIGN
METALS LIMITED

ASX ANNOUNCEMENT | 3 JULY 2024

RIO TINTO TO INVEST ADDITIONAL A\$18.5 MILLION VIA OPTION EXERCISE

- Rio Tinto to invest A\$18.5 million via the exercise of options, to increase its shareholding in Sovereign to 19.76%
- Investment proceeds to be used to continue advancing the Kasiya Rutile-Graphite Project in Malawi
- Rio Tinto's further investment represents another significant step towards unlocking a major new supply of low-CO₂-footprint natural rutile and flake graphite
- Under the Investment Agreement between Sovereign and Rio Tinto, Rio Tinto continues to provide assistance and advice on technical and marketing aspects of Kasiya

Sovereign Metals Limited (ASX: SVM; AIM: SVML) (**Sovereign** or the **Company**) is pleased to announce that Rio Tinto Mining and Exploration Limited (**Rio Tinto**) has notified the Company that it has exercised all its share options to increase its shareholding in Sovereign to 19.76%.

Rio Tinto has exercised 34,549,598 share options to acquire the same number of new fully paid ordinary shares (**Shares**) in Sovereign at A\$0.535 per Share for proceeds of A\$18,484,035.

The Company will use the proceeds from Rio Tinto's additional strategic investment to continue advancing Sovereign's Tier 1 Kasiya Rutile-Graphite Project (**Kasiya** or the **Project**) in Malawi. This includes progressing the current optimisation study for Kasiya which is focused on the development of a world-class mine capable of supplying critical minerals to the titanium pigment, titanium metal and lithium-ion battery industries. Under the Investment Agreement between Sovereign and Rio Tinto, Rio Tinto continues to provide assistance and advice on technical and marketing aspects of Kasiya.

Funds from the option exercise are expected to be received by Friday, 5 July 2024.

Sovereign's Chairman, Ben Stoikovich, commented: "Rio Tinto's further investment in Sovereign reaffirms Kasiya's position as one of the most significant critical minerals projects globally. With Rio Tinto's wealth of experience as one of the world's largest and most accomplished global mining companies, Kasiya is well-positioned to potentially become a market leader in low-CO₂-footprint natural rutile and graphite."

Sovereign's Managing Director, Frank Eagar, commented: "In collaboration with Rio Tinto, we have made significant progress in advancing Kasiya over the course of this year, including the successful launch of the pilot phase mining in May. We are excited about Rio Tinto's further investment in Sovereign, which represents another significant step towards unlocking a major new supply of low-CO₂-footprint natural rutile and flake graphite."

BACKGROUND TO RIO TINTO'S STRATEGIC INVESTMENT

In July 2023, Rio Tinto agreed to initially subscribe for and purchase 83,095,592 Shares in Sovereign at a price of A\$0.486 per Share for aggregate proceeds of A\$40.4 million. Rio Tinto's initial subscription price reflected a 10% premium to the 45-day volume weighted average price on the ASX as at close on 14 July 2023 and resulted in Rio Tinto holding approximately 15% of the ordinary shares of the Company.

The subscription also involved Rio Tinto being granted options to acquire 34,549,598 further Shares in Sovereign within 12 months of the initial subscription.

Sovereign and Rio Tinto also entered into an Investment Agreement pursuant to which a joint technical committee has been established between Sovereign and Rio Tinto to advance the development of Kasiya. Please refer to the Company's announcement on 17 July 2023 for further details.

For acting as financial advisor and subject to receipt of exercise funds, an advisory fee of 3% is payable to SCP Resource Finance (SCP) on the amount of Rio Tinto's exercise of options investment and, subject to shareholder approval, can be paid by way of the issue of ordinary shares to SCP, with 1,036,488 shares being issuable to SCP. A notice of meeting (and explanatory statement) will be sent out to shareholders in the coming weeks.

ENQUIRIES

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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.

This announcement has been approved and authorised for release by the Company's Managing Director & CEO, Frank Eagar.