

MALAWI RAIL UPGRADES UNDERWAY

- Upgrading of the 399km Nkaya-Mchinji section of railway currently underway as part of Government of Malawi's "Rail Strategy and Growth Plan"
- Railway runs across Sovereign's Kasiya Rutile-Graphite tenements from Mchinji at the Malawi-Zambia border to Nkaya Junction, where it connects to the Nacala Logistics Corridor providing an export route through the deep-water port of Nacala
- Refurbishment of the railway will improve efficiency and capacity, and is being undertaken by Central and Eastern African Railway Company (CEAR) with completion expected by end of 2024
- Upgrade works include refurbishing rail bridges and reballasting along the section through Kasiya to increase maximum axle load from 15 tonnes to 18 tonnes
- Upgrade of the line section through the Kasiya Project area is near complete, running from Lilongwe District southward to the Nacala Logistics Corridor
- Nacala Logistics Corridor is the preferred logistics route for exporting Sovereign's rutile and graphite products to global customers, with the Sena Rail Line to the Port of Beira offering a secondary route

Sovereign Metals Limited (ASX:SVM; AIM:SVML) (the **Company** or **Sovereign**) is pleased to report that upgrading of the 399km Nkaya-Mchinji Section Railway (**Railway**) connecting the Malawi-Zambia border to the Nacala Logistics Corridor (**NLC**) and which runs across the Company's Kasiya Rutile-Graphite Project (**Kasiya** or **Project**) tenements, is underway. Refurbishment of that part of the Railway mainline which connects the Kanengo junction in the Lilongwe District, where Kasiya is located, to the NLC junction at Nkaya is near completion.



Figure 1: CEAR undertaking upgrade works on a railway bridge connecting Kasiya to the NLC

Rehabilitation of the Railway is an initiative by Malawi's Ministry of Transport and Public Works and forms part of the Government of Malawi's Rail Strategy and Growth Plan, which has the stated mission *"to facilitate the provision of a safe, efficient, and sustainable rail transport system"* to *"promote socio-economic development."*

Upgrade works will increase efficiency and capacity of the Railway and are being undertaken by CEAR. Completion is planned for the end of 2024. Works include refurbishing railway bridges and rebalasting to handle increased load-bearing capacity from a current maximum axle load of 15 tonnes to 18 tonnes.

Managing Director Frank Eagar commented: *"Kasiya already benefits from exceptional existing infrastructure in central Malawi. This refurbishment project re-affirms Kasiya's logistics solution with sufficient rail capacity, enhanced reliability and a direct connection to the deep-water export Port of Nacala. The infrastructure investment by CEAR and Nacala Logistics along with approvals from the Malawi Government is a demonstration of the country's commitment to achieving its major economic development goals which include developing the mining industry and increasing Malawi's export market."*



Figure 2: Upgrade works at a railway bridge on the Nkaya-Mchinji Section Railway

Kasiya benefits from two options for transporting its rutile and graphite products from the mine operations to seaports, being the Nacala Logistics Corridor to the Port of Nacala and the Sena Rail Line to the Port of Beira (**Beira Corridor**). The current upgrades to the Nkaya junction improve access to the NLC and will ultimately also improve access to the Beira Corridor.

The NLC offers the preferred logistics route to the deep-water Indian Ocean port of Nacala to export to global markets. This established and operation-ready logistics infrastructure provides significant capital and operating cost savings to Kasiya. To access the NLC, Sovereign plans to construct a 6km rail spur to connect directly with the processing plant, increasing efficiencies in handling inbound and outbound freight compared to any road alternative.

The Beira Corridor, comprised of the Sena Rail Line and the Port of Beira, provides Sovereign with a second route to export markets and is currently undergoing its own upgrade works. Last year, the Beira Development Corridor Agreement was approved, with the objective of connecting the Democratic Republic of Congo, Zambia, Zimbabwe, and Malawi to the Mozambican Port of Beira through road and rail networks. As Mozambique's second largest port, the Port of Beira is a significant driver of the region's economy and an important gateway for global trade, handling a wide variety of containerised and bulk cargo. The Beira Development Corridor Agreement project aims to eliminate logistical bottlenecks for international and intra-African trade. The African Development Bank (AfDB) is a major financier of the project.



Figure 3: Nacala Logistics Corridor with section currently being upgraded in orange



Figure 4: Port of Nacala, Mozambique



Figure 5: Port of Beira, Mozambique (Source: Cornelder de Moçambique)



Figure 6: A Nacala Logistics Corridor train

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Forward Looking Statement

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Authorisation Statement

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