

JUNE 2024 QUARTERLY REPORT

Sovereign Metals Limited (**Company or Sovereign**) (ASX:SVM & AIM:SVML) is pleased to provide its quarterly report for the period ended 30 June 2024.

HIGHLIGHTS

Rio Tinto Invests Additional A\$18.5m via Option Exercise

- In July 2024, Rio Tinto invested a further 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
- Following the additional A\$18.5 million invested by Rio Tinto, Sovereign remains in strong financial position with cash at bank of approximately A\$50.0 million and no debt

Mining Development Agreement signed by the Malawi Government

- In July 2024, Sovereign notes that Mkango Resources Limited (**Mkango**) signed a Mining Development Agreement with the Malawi Government on terms similar to assumptions used in the Company's Pre-Feasibility Study
- Mkango announced that the Malawi Government would receive a 5% royalty of gross revenues and 10% non-diluting equity interest in the project, while Mkango will be exempt from customs and excise duties and pay a 30% corporate tax rate

Kasiya Optimisation Advances to Pilot Phase

- During the quarter, Sovereign commenced a pilot mining and land rehabilitation program (**Pilot Phase**) at Kasiya as part of the ongoing PFS Optimisation Study
- At the end of July 2024, the dry mining component of the Pilot Phase was successfully completed, confirming Kasiya can be efficiently mined using standard mobile excavators and trucks, demonstrating operational alternatives as part of ongoing PFS Optimisation Study
- Test pit mined as planned and on schedule to a depth of 20 metres, excavating approximately 170,000 bench cubic metres
- Empirical data generated from the Pilot Phase will assist towards determining optimal excavation, material handling, processing, backfilling and rehabilitation approaches
- Demonstrates strong support for mining projects in Malawi with all required approvals and community permissions for the Pilot Phase obtained within three months

- The test pit will be backfilled, and multiple rehabilitation strategies will be implemented to demonstrate successful restoration of agricultural land
- Excavated material will be processed through cyclones on-site for tailings deposition testwork as well as at Sovereign's laboratory in Malawi to generate additional bulk samples for graphite product qualification

Downstream Testwork Demonstrates High-Quality Graphite for Lithium-Ion Batteries

- During the quarter, Spherical Purified Graphite (SPG) with world-leading specifications successfully produced from Kasiya demonstrating all required parameters within industry standards with spheronisation yields of up to 68% with further scope to optimise in future testwork
- Kasiya's spherical purified graphite (SPG) showed exceptionally low levels of residual impurities achieving a 99.99% loss-on-ignition (LOI)
- Testwork was undertaken as part of the Company's graphite strategy to qualify and commercialise graphite concentrate for use in the lithium-ion battery sector

Testwork Delivers Superior Quality, Low Impurity Graphite for Battery Anodes

- During the quarter, graphite circuit feed prepared at Sovereign's existing Lilongwe laboratory facility has produced high quality concentrates in benchtop and pilot-scale flotation and cleaning
- Four independent laboratories all successfully produced high-grade graphite concentrate averaging over 97% Total Graphite Content (TGC) with flotation recoveries exceeding 90%
- Flotation results demonstrated 1.44% TGC run-of-mine Kasiya ore upgrades to more than 55% TGC rougher concentrate without crushing or milling; process steps typically required for producing graphite concentrates from hard-rock deposits; contributing to the unique low cost characteristics of Kasiya's saprolite hosted graphite
- Graphite concentrates show exceptionally low levels of sulphur compared to typical hard-rock graphite peers – a key metric to qualify as active anode material for lithium-ion batteries
- Results are part of ongoing testwork being undertaken as part of the Company's graphite marketing and active anode qualification strategy, supervised by Dr Surinder Ghag

Commencement of Trading on OTCQX Markets

- Subsequent to the quarter, Sovereign upgraded to the OTCQX Market, the top tier of the OTC Markets, providing access to a broader eligible U.S. investor base
- OTCQX quotation follows increased U.S. investor and strategic interest in Sovereign and its Kasiya Rutile-Graphite Project in Malawi

Partnering with International Development Organisation in Malawi

- During the quarter, Sovereign has entered into an MoU with The Palladium Group – a US-based international development entity operating in Malawi
- Palladium implements several development projects, including the Feed the Future Malawi Growth Poles Project, which invests in local rural communities to advance sustainable, climate-smart, and inclusive wealth creation
- Sovereign and Palladium will collaborate around Sovereign's Kasiya Project to provide key agricultural inputs, training, technologies, and financing to develop and integrate smallholder farmers into the emerging high growth agriculture value chains

ENQUIRIES

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RIO TINTO INVESTS ADDITIONAL A\$18.5M VIA OPTION EXERCISE

Subsequent to the end of the quarter, Rio Tinto Mining and Exploration Limited (**Rio Tinto**) exercised 34,549,598 share options to acquire the same number of new fully paid ordinary shares (**Shares**) in Sovereign 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

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 July 2023 initial subscription also involved Rio Tinto being granted options to acquire 34,549,598 further Shares in Sovereign within 12 months of the initial subscription.

MINING DEVELOPMENT AGREEMENT

Sovereign notes that subsequent to the quarter, Mkango Resources Limited (AIM/TSX-V: MKA) (**Mkango**) signed a Mining Development Agreement (**MDA**) with the Malawi Government for its Songwe Hill Rare Earths project in Malawi, with key components of the MDA including the following:

- 5% royalty of gross revenue
- 30% corporate tax rate
- 10% non-diluting equity interest in the project to the Malawi Government
- Exemption from customs and excise duties – Mkango will be exempted from export duty, import duty, import excise and import VAT on imports and exports of capital goods as provided in the applicable law
- 10 years stability period
- 10 years tax loss carry forward
- Community development expenditure is an allowable tax deduction

The terms of the MDA are similar to the assumptions used in the Company's PFS, released in September 2023. For further details refer to the Company's announcement dated 28 September 2023.

KASIYA OPTIMISATION ADVANCES TO PILOT PHASE

During the quarter, the Company initiated a Pilot Phase at its Kasiya project in Malawi with the dry mining trial now complete with a test pit successfully excavated.

The results will allow Sovereign to determine optimal excavation, backfill and land rehabilitation approaches. The Pilot Phase will be a demonstration to local communities of the successful rehabilitation of land for agricultural use post-mining. Results will also provide critical information for the upcoming Definitive Feasibility Study (DFS) and once commenced, it will shorten the time to its completion.

The objectives of the Pilot Phase include:

- Optimisation of mining methods by construction of a pilot-scale open pit close to the maximum depth of the current reserves at 20m;
- Scale-up of existing in-country processing capability by installation of commercial scale spirals to produce additional bulk samples for graphite product qualification;
- Optimising the tailings management and storage designs; and
- Optimising land rehabilitation, soil restoration and selection of revegetation species.

The commencement of the Pilot Phase follows the receipt within three months of all relevant approvals and permissions from the Malawi Environment Protection Authority (MEPA), National Water Resources Authority (NWRA), the Ministry of Mines, and the local community.

The Pilot Phase is being undertaken on a 9.9-hectare site and will include the following activities:

1. **Test Pit:** A test pit of 120m by 110m excavated to a depth of 20m, allowing optimisation of hydraulic and dry mining excavation methods.
2. **Stockpiles:** The excavated material will be temporarily stored in four stockpiles, namely all dry mining material, wet slimes (in a pond) and two sizes of sand fractions from the hydraulic mining.
3. **Backfilling and Grading:** The material will be placed back into the pit, and all areas will be graded.
4. **Rehabilitation Demonstration:** Sovereign will construct eight small rehabilitation demonstration pits covering a combined area of 100m by 130m. These will be used for water storage, excavated material storage, and demonstration of multiple rehabilitation approaches.
5. **Temporary Laydown Areas:** Four areas will be used as temporary laydown areas, offices, and associated infrastructure.
6. **Communication:** The Pilot Phase will be an educational opportunity for Project stakeholders. Sovereign will undertake a series of stakeholder visits and consultations for this purpose.

Kasiya is the world's largest natural rutile deposit and the second-largest flake graphite deposit. Sovereign aims to develop a low-CO₂ and sustainable operation to supply highly sought-after natural rutile and graphite to global markets.

Results of the PFS, released in late 2023, demonstrated Kasiya's potential to become the world's largest rutile producer at 222kt per annum and one of the world's largest natural graphite producers (ex-China) at 244kt per annum.

Pilot Phase Program Design

Activities have been designed to establish a 9.9-hectare site over the current Ore Reserve defined in the Kasiya PFS, covering a mineralised zone with ore deemed representative of the overall Mineral Resource Estimate (MRE). Over approximately three months, Sovereign will excavate several test pits and collect geological and geotechnical samples. The main pit will be backfilled with dry material, while material from hydraulic mining will be used to fill the remaining pits as part of the rehabilitation phase.

Land rehabilitation will form an integral component of the DFS. Sovereign's objective is to restore land after mining to conditions that achieve the same or better agricultural yields than existing land uses and crop yields. For this reason, the Company will undertake field-based demonstrations of rehabilitation showcasing drying times, soil recoveries, soil nutrients, growth variants, and including different soil inputs and revegetation methods.

Site Construction

Prior to the establishment of site infrastructure, eight boreholes have been permitted and drilled using a locally appointed drilling contractor. These boreholes are supplying water to the site, which are being stored in a temporary water storage pond.

A perimeter fence around the 9.9-hectare pilot site has been erected to maintain the necessary health and safety standards. Sovereign's strategic investor, Rio Tinto, assisted with establishing health and safety protocols and implementation on a day-to-day basis.

Temporary buildings such as offices and stores have been brought to the site on flatbed lorries and erected. To support the pilot mining, two 1MW mobile diesel-powered electricity generators have been installed to provide the electricity required for high-pressure water monitors.

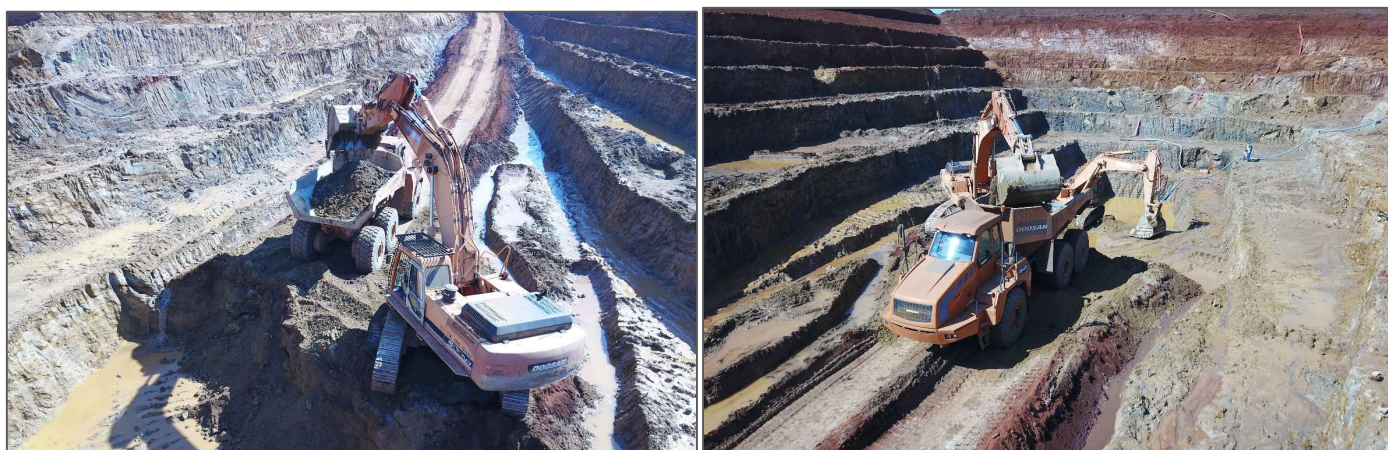
Pilot Mining

At the date of this report, the dry mining trial is now completed with a test pit successfully excavated. The test pit covers the planned area of 120 metres by 110 metres and has been excavated to a depth of 20 metres through the weathered ore at Kasiya. This confirms Kasiya ore can be efficiently mined using conventional dry-mining techniques and a simple mobile excavator fleet. The pit is accessible through a 10-metre-wide ramp constructed at appropriate geotechnical angles.



Figure 1: Kasiya Pilot Phase Test Pit mined to 20 metres depth

For the test pit, the dry mining fleet consisted of four excavators, 20 trucks and a support fleet including two bulldozers and a motor grader. The saprolite-hosted mineralisation at Kasiya is largely homogenous and has relatively consistent physical properties throughout the 1.8 billion tonnes Mineral Resource Estimate. Data collected from the pilot phase confirmed that no drilling, blasting, crushing, grinding or milling will be required prior to stockpiling material for processing into rutile and graphite products; an indication of potentially lower mining costs and a lower carbon footprint comparable to hard rock deposits.



Figures 2 & 3: Simple excavator fleet mining the test pit



Figure 4: Kasiya mining and front-end processing vs. hard rock peers

Approximately 170,000 bench cubic metres of material has been mined as part of the test-pit program. Steady-state operations envisage 24 million tonnes of material being mined annually. The test pit material will be processed through cyclones on-site for tailings deposition testwork.



Figure 5: Pilot Phase Site end of July 2024

On-Site Processing Facility

Material mined from the test pit will be processed on-site and at the Company's laboratory facility in Lilongwe. As part of the Pilot Phase, a commercial-scale spiral plant will be installed at site in Malawi.



Figure 6: Final stages of assembling the spiral plant at Paterson & Cooke, South Africa

Rutile and graphite concentrate samples generated from the Pilot Phase will be shared with potential off-takers and end-users, and used for further testwork as part of the Company's graphite commercialisation strategy.

Rehabilitation Phase

This phase will consist of establishing a strong soils baseline, backfilling of the test pit with different soil compositions, rehabilitation tests, revegetation with plants, and the improvement of soil conditions post-mining.

Regular monitoring and evaluation of the rehabilitation activities will be undertaken to assess the progress of vegetation growth and soil stabilisation. Following the conclusion of the rehabilitation, the proposed project site will be returned to farmland.

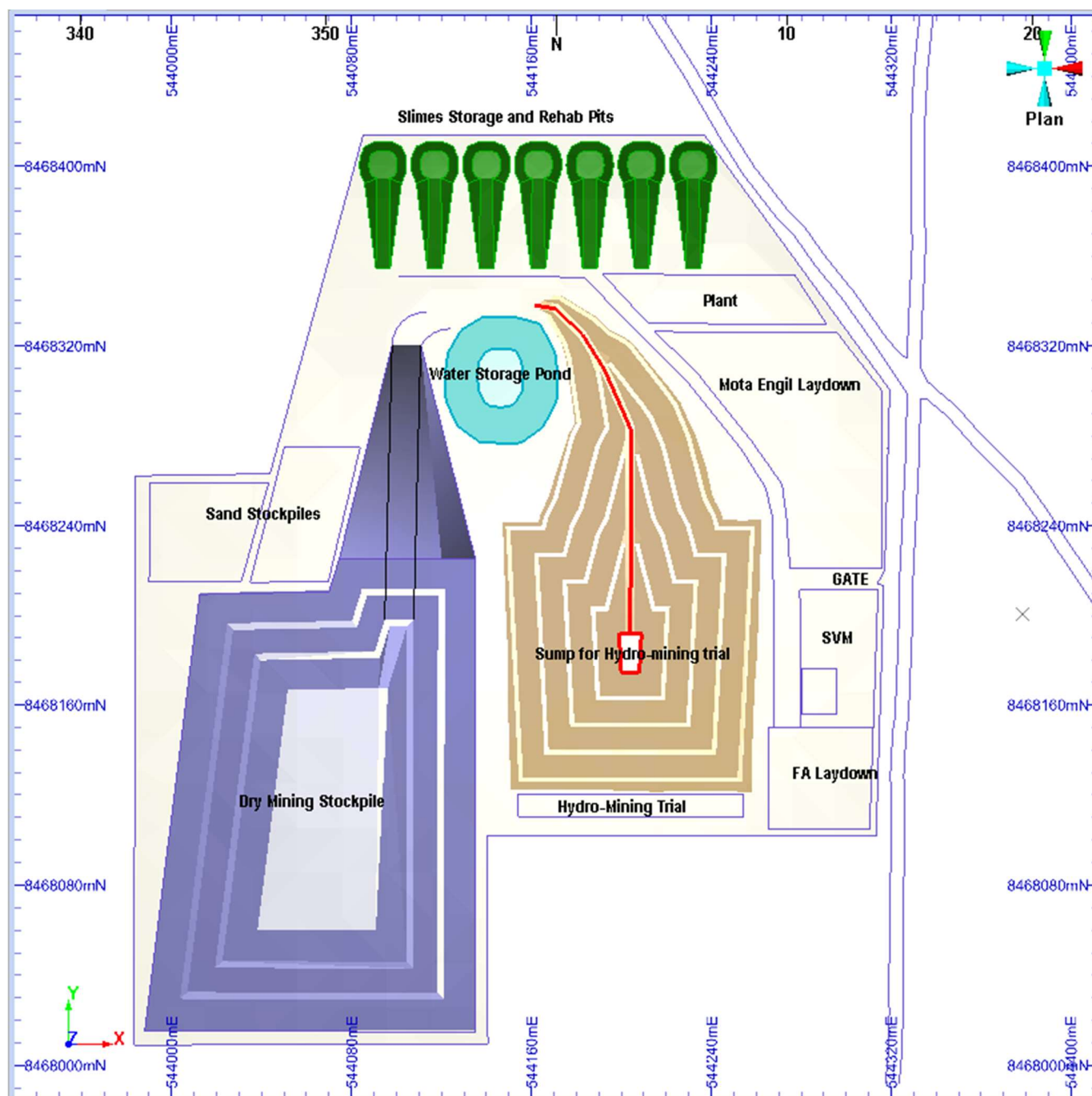


Figure 7: Pilot Phase Site Layout

Permitting

Permissions for the Pilot Phase were received following the successful submission of an Environmental and Social Management Plan to MEPA. Sovereign is committed to the responsible development of Kasiya. The Pilot Phase will be undertaken in accordance with Malawian Law and IFC Performance Standards, which will include protecting local communities and the natural environment.

TESTWORK DELIVERS LOW IMPURITY GRAPHITE FOR BATTERY ANODES

During the quarter, the Company announced results of graphite testwork completed at multiple independent laboratories in Australia, Canada and South Africa.

Graphite flotation and cleaning testwork was conducted on graphite circuit feed from Kasiya at four different laboratories, which all successfully produced high-grade graphite concentrate (94.9%-97.8% TGC) at high flotation recoveries (91.2%-97.2%).

The testwork demonstrated excellent results using a conventional flowsheet that was consistent across all laboratories, thus confirming Sovereign's ability to produce a high quality graphite concentrate.

The graphite circuit feed provided to the various laboratories was produced at the Company's existing laboratory facility in Lilongwe, Malawi, where it was screened and separated over a wet shaking table.



Figure 8: Holman Wilfley 2000 wet shaking table in action demonstrating clear separation between Rutile HM, waste and Graphite

The graphite feed grades of 3.5%-4.0% TGC to the graphite circuit are significantly higher than the Mineral Resource Grade of 1.44%, highlighting the ~2.4-2.8-fold upgrading of graphite grades when ROM ore passes through the front-end rutile gravity separation circuit.

This demonstrates the ease of separating the rutile heavy mineral and graphite streams from the front end of the Kasiya Pre-feasibility Study process flowsheet. Subsequently, the two product streams pass into distinct, industry-standard, final product flowsheets. This further highlights the commercial benefits of having both rutile and graphite mineralisation co-existent in the same soft saprolite-hosted orebody.

The first stage of upgrading the graphite feed, rougher flotation, achieved very high rejection (>90%) of waste materials to rougher tails, producing a rougher concentrate with more than 55% TGC and very high recoveries (94%-98%) in laboratory scale testing consistently across all four laboratories. Upgrading the graphite feed at very high recoveries and rejection of non-graphitic minerals without run-of-mine milling is another of Kasiya's significant advantages, supporting the lowest cost graphite production.

The rougher concentrate was further upgraded through laboratory scale flotation, cleaning and polishing stages, producing high-grade concentrates at high graphite circuit recoveries.

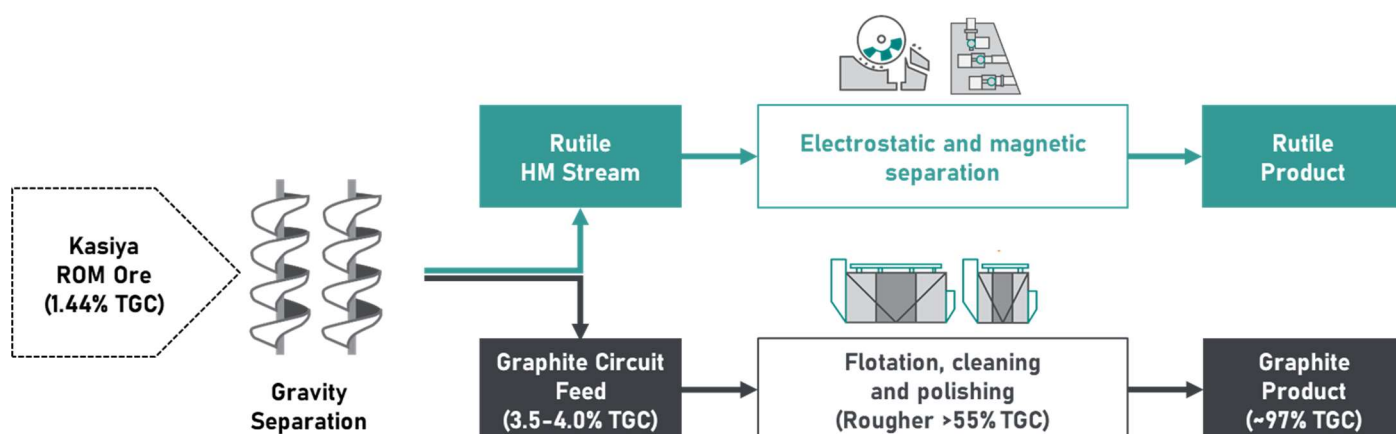


Figure 9: High-level process flowsheet for rutile and graphite production at Kasiya

Pilot-scale testwork confirmed the laboratory-scale results with >90% TGC recovery to high-grade graphite concentrates (<180-micron concentrate at 96.9% TGC and >180-micron concentrate at 97.2% TGC).

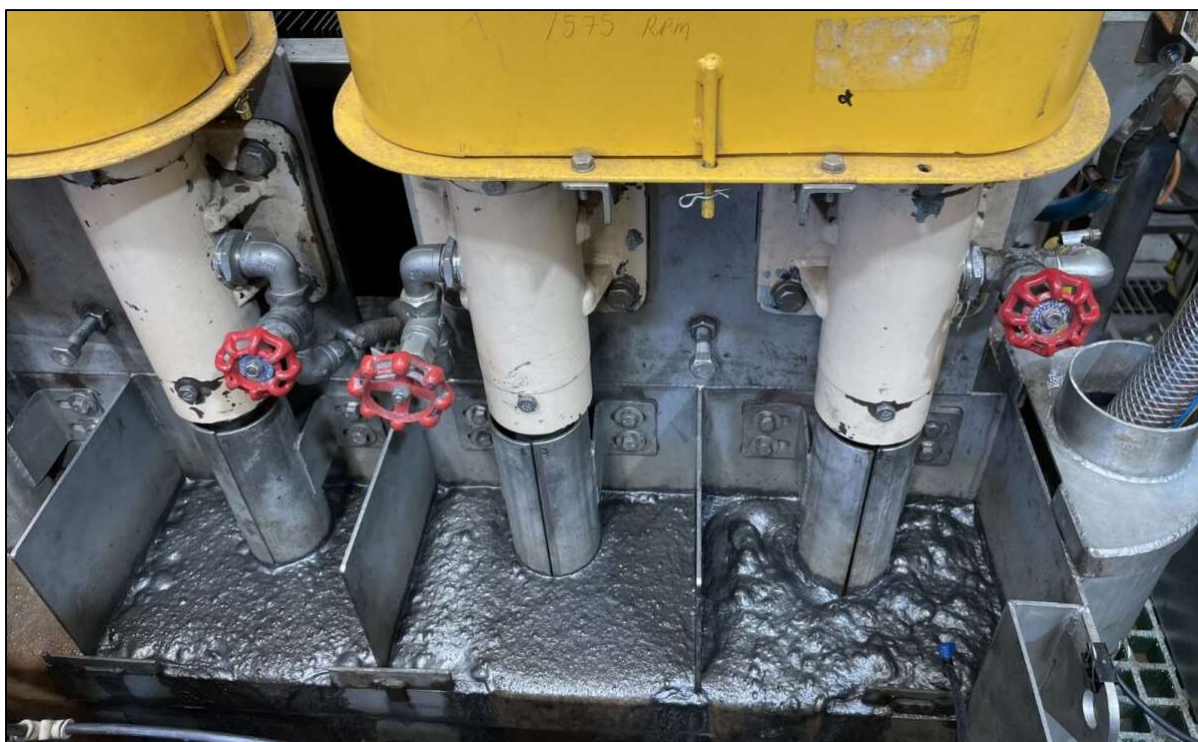


Figure 10: Graphite flotation test work at Australia-based ALS Global

HIGHLY FAVOURABLE IMPURITY PROFILE

Kasiya concentrates have very low levels of sulphur. Sulphur can be difficult to remove in the purification processes required to produce anode materials. Other major impurities important for anode material purification processes are iron (Fe), silicon (Si) and aluminium (Al). The Kasiya material has exceptionally low levels of all of these impurities. Benchmarked against the Chinese Standard (China dominates the supply of graphite for battery anodes) this could potentially lead to significant commercial advantages during purification and Kasiya's potential as a long term secure source of graphite ex-China.

Table 1: Kasiya Concentrate Purity Profile					
	Kasiya			Benchmarks	
	Concentrate <180 µm	Concentrate >180 µm	Combined	China Standard ¹	Example Chinese Product ²
Graphite (TGC%)	96.9%	97.2%	97.0%	>94%	96.0%
Sulphur (S) (%)	<0.02%	<0.02%	<0.02%	<0.5%	0.23%
Iron (Fe) (%)	0.48%	0.46%	0.47%	<1.00%	0.55%
Silicon (Si) (%)	0.60%	0.80%	0.68%	n/d	1.25%
Aluminium (Al) (%)	0.24%	0.28%	0.26%	n/d	0.38%

1. National Standard of China – Flake Graphite (GB/T 3518-2023)

2. Asbury Carbons – A Study Comparing the Performance of Natural Flake Graphite from Two Different Geographical Regions (<https://asbury.com/media/1170/a-study-comparing-the-performance-of-natural-flake-graphite.pdf>)

DOWNSTREAM TESTWORK DEMONSTRATES HIGH-QUALITY GRAPHITE

During the quarter, Sovereign announced results of downstream testwork conducted at leading, independent consultancy ProGraphite GmbH (**ProGraphite**) in Germany.

Sovereign provided Kasiya graphite concentrate to ProGraphite to produce and characterise coated spherical purified graphite (**CSPG**) active anode material for lithium-ion batteries. The overall program includes shaping and purification to produce SPG, coating of the material to produce CSPG and evaluation of the electrochemical performance of Kasiya CSPG in a battery. The initial steps of shaping and purification to produce SPG have now been completed with the results showing Kasiya SPG has world-leading specifications.

This SPG material is now undergoing coating and electrochemical testing to characterise CSPG active anode material for lithium-ion batteries.

Table 2: Spherical Graphite Purification Results			
	SVM Spherical graphite <180 µm concentrate	SVM Spherical graphite >180 µm concentrate	Chinese Standard ¹
LOI Purity (%)	99.99%	99.99%	>99.95%
Fe	4.4 ppm	3.3 ppm	<30 ppm
Na	<1.0 ppm	<1.1 ppm	<10 ppm
Cr	1.1 ppm	0.4 ppm	<10 ppm
Cu	0.7 ppm	0.2 ppm	<10 ppm
Ni	<0.3 ppm	<0.4 ppm	<10 ppm
Al	6.6 ppm	8.8 ppm	<10 ppm
Mo	<0.3 ppm	<0.3 ppm	<10 ppm
Si	7 ppm	10 ppm	<30 ppm
Ca	4.3 ppm	8.4 ppm	<10 ppm

1. National Standard of China – Spherical Graphite (GB/T 38887-2020)

The micronisation and spheronisation of Kasiya graphite concentrates achieved excellent yields to spherical graphite for the coarse concentrate and typical yields to spherical graphite for the fines concentrate, with room for further optimisation. The spherical graphite from the fine graphite concentrate in particular exhibited a narrow particle size distribution (D90/D10) ratio and both spherical graphite have reasonable Tap Density and typical BET for uncoated graphite. Coating of the graphite is expected to improve (increase) the tap density and improve (lower) the BET specific surface area.

Table 3: Concentrate Shaping into Spherical Graphite Results		
	Kasiya Concentrate (<180 µm)	Kasiya Concentrate (>180 µm)
D50 (microns)	16.53	17.74
D90/D10 Ratio	2.29	2.96
Yield to Spherical Graphite	40%	68%
Tap Density (g/cm ³)	0.93	0.93
BET Specific Surface Area (m ² /g)	7.73	6.72

The spherical graphite products were purified with commercially proven acids purification and achieved excellent results with an exceptionally high LOI purity of 99.99%. Assays on key trace elements (Fe, Na, Cr, Cu, Al, Mo) show very low levels.

Further, the low Si and Ca results highlight that high quality Kasiya graphite is well-suited to single stage acids purification. Aggressive dosing in acids purification can result in elevated Ca levels due to precipitation of CaF₂, necessitating multiple stages of purification to reduce both Si and Ca impurities. These initial purification results indicate that a single purification stage is sufficient for Kasiya graphite concentrate.

The SPG samples will undergo coating and electrochemical tests to provide baseline data for offtake discussions. The results of these tests are expected in the coming weeks.

COMMENCEMENT OF TRADING ON OTCQX MARKETS

On 5 July 2024, Sovereign shares commenced trading on the OTCQX® Best Market (**OTCQX**) under the ticker symbol SVMLF.

The OTCQX is the highest market tier of OTC Markets on which over 12,000 U.S. and global securities trade. Sovereign previously traded on the OTC Pink Market and has been upgraded to the OTCQX as it meets high financial standards, follows best-practice corporate governance and has demonstrated compliance with applicable securities laws. Trading on OTCQX will enhance the visibility and accessibility of Sovereign to U.S. investors.

PARTNERING WITH INTERNATIONAL DEVELOPMENT ORGANISATION

During the quarter, the Company signed a Memorandum of Understanding (**MoU**) with The Palladium Group (**Palladium**) – a US-based development entity implementing several development projects in Malawi including the Feed the Future Malawi Growth Poles Project (**Growth Poles**). Growth Poles is a US\$50 million project that will run from 2023 to 2028.

Palladium is a global impact firm that works to link social progress and commercial growth. For nearly six decades, Palladium has been working with corporations, governments, investors, communities, and civil society to formulate strategies, build partnerships, mobilise capital, and implement programs that have a lasting social and financial impact. With a workforce of over 2,500 global leaders, Palladium has positively impacted the lives and livelihoods of more than 76 million people across 90 countries; broadening access to health, water, power, and infrastructure; building enduring, sustainable, and transformative institutions and market systems to address global challenges; and conserving the natural world.

Sovereign has launched several social development initiatives focused on improved health (provision of clean water), education (scholarships and school support), and conservation farming practices in communities located near and within Sovereign's Kasiya Project area.

The MoU identifies Sovereign as a potential anchor firm in Malawi and Kasiya as an anchor client or "Partner Growth Pole". The MoU sets out a long-term vision for multi-partner investment and co-development aimed at supporting community engagement activities and scaling up the availability of commercial agriculture across Malawi, in particular in environmentally and economically vulnerable groups and households, to improve livelihoods for communities around the Kasiya Project.

A central pillar of the MoU and partnership is Sovereign's existing Conservation Farming Program (refer to Company ASX announcements dated 26 February 2024 and 15 April 2024), which aims to promote tried and tested improved small-scale agricultural practices, and the creation of community support and mentorship networks. The Conservation Farming Program's objective is to substantially improve crop yields of the farming communities within and around the Project area, thus improving food security and economic growth.

Sovereign and Palladium are already collaborating to provide Purdue Improved Crop Storage (**PICS**) bags to beneficiaries of Sovereign's Conservation Farming Program. PICS are non-chemical, hermetically sealable bags that reduce post-harvest losses by 20-30% caused by poor storage of grains.

The MoU also establishes the foundation for the potential long-term development of partnerships with multiple private sector firms and development agencies, with the aim of catalysing diverse and inclusive development across a wide area, through mechanisms such as input financing, extension support, offtake arrangements, and complementary investments in value chain infrastructure. The MoU expires on 18 April 2028 and can be extended by mutual agreement.



Figure 11: Sovereign and Palladium Staff Standing Together with Sovereign's Conservation Farming Beneficiaries

Sovereign recognises that the Kasiya Project presents an opportunity to assist Malawi in realising its stated Sustainable Development Goals and can directly benefit local communities. The positive impact of the Kasiya project will be further enabled through the development of partnerships with the Government of Malawi, international development organizations, and the private sector.

NEXT STEPS

Sovereign is currently conducting an optimisation study, including the Pilot Phase, prior to advancing to the DFS. The Company aims to become the world's largest, lowest cost and lowest-emissions producer of two critical minerals – titanium (rutile) and graphite. The Company plans to update the market on the progress of the following in coming months:

- Progressing the Pilot Phase, including:
 - hydraulic mining trials;
 - preparation of additional bulk samples for product qualification; and
 - backfilling of test pits and soil rehabilitation.
- Further graphite testwork results as the Company continues to advance the qualification of its graphite product for the lithium-ion battery sector;
- Progress on the optimisation work streams alongside Rio Tinto via the project Technical Committee; and
- Further community and social development programs.

Competent Person Statement

The information in this announcement that relates to the Exploration Results is extracted from announcements dated 15 May 2024 entitled 'Downstream Testwork Demonstrates High Quality Graphite For Lithium-Ion Batteries and 8 May 2024 entitled 'Testwork Delivers Superior Quality, Low Impurity Graphite For Battery Anodes which is available to view at www.sovereignmetals.com.au. Sovereign confirms that a) it is not aware of any new information or data that materially affects the information included in the original announcement; b) all material assumptions included in the original announcement continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this report have not been materially changed from the announcement.

The information in this announcement that relates to the Mineral Resource Estimate is extracted from an announcement dated 5 April 2023 entitled 'Kasiya Indicated Resource Increased by over 80%' which is available to view at www.sovereignmetals.com.au and is based on, and fairly represents information compiled by Mr Richard Stockwell, a Competent Person, who is a fellow of the Australian Institute of Geoscientists (AIG). Mr Stockwell is a principal of Placer Consulting Pty Ltd, an independent consulting company. Sovereign confirms that a) it is not aware of any new information or data that materially affects the information included in the original announcement; b) all material assumptions included in the original announcement continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this announcement have not been materially changed from the original announcement.

The information in this announcement that relates to Production Targets, Ore Reserves, Processing, Infrastructure and Capital Operating Costs, Metallurgy (rutile and graphite) is extracted from an announcement dated 28 September 2023 entitled 'Kasiya Pre-Feasibility Study Results' which is available to view at www.sovereignmetals.com.au. Sovereign confirms that: a) it is not aware of any new information or data that materially affects the information included in the original announcement; b) all material assumptions and technical parameters underpinning the Production Target, and related forecast financial information derived from the Production Target included in the original announcement continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in this presentation have not been materially modified from the Announcement.

Ore Reserve for the Kasiya Deposit						
Classification	Tonnes (Mt)	Rutile Grade (%)	Contained Rutile (Mt)	Graphite Grade (TGC) (%)	Contained Graphite (Mt)	RutEq. Grade* (%)
Proved	-	-	-	-	-	-
Probable	538	1.03%	5.5	1.66%	8.9	2.00%
Total	538	1.03%	5.5	1.66%	8.9	2.00%

* RutEq. Formula: Rutile Grade x Recovery (100%) x Rutile Price (US\$1,484/t) + Graphite Grade x Recovery (67.5%) x Graphite Price (US\$1,290/t) / Rutile Price (US\$1,484/t). All assumptions are from the Kasiya PFS ** Any minor summation inconsistencies are due to rounding

Kasiya Total Indicated + Inferred Mineral Resource Estimate at 0.7% rutile cut-off grade					
Classification	Resource (Mt)	Rutile Grade (%)	Contained Rutile (Mt)	Graphite Grade (TGC) (%)	Contained Graphite (Mt)
Indicated	1,200	1.0%	12.2	1.5%	18.0
Inferred	609	0.9%	5.7	1.1%	6.5
Total	1,809	1.0%	17.9	1.4%	24.4

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.

Authorisation Statement

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

APPENDIX 1: SUMMARY OF MINING TENEMENTS

As at 30 June 2024, the Company had an interest in the following tenements:

Licence	Holding Entity	Interest	Type	Licence Renewal Date	Expiry Term Date ¹	Licence Area (km ²)	Status
EL0609	MML	100%	Exploration	25/09/2024 ²	25/09/2028	219.5	Granted
EL0582	SSL	100%	Exploration	15/09/2023 ²	15/09/2027	285.0	Granted
EL0492	SSL	100%	Exploration	29/01/2025	29/01/2025	935.4	Granted
EL0528	SSL	100%	Exploration	27/11/2023	27/11/2025	16.2	Granted
EL0545	SSL	100%	Exploration	12/05/2024	12/05/2026	53.2	Granted
EL0561	SSL	100%	Exploration	15/09/2023 ²	15/09/2027	124.0	Granted
EL0657	SSL	100%	Exploration	3/10/2025	3/10/2029	2.3	Granted
EL0710	SSL	100%	Exploration	1/02/2027	1/02/2031	38.4	Granted

Notes:

SSL: Sovereign Services Limited, MML: McCourt Mining Limited

¹ An exploration licence (EL) covering a preliminary period in accordance with the Malawi Mines and Minerals Act (No 8. Of 2019) (**2019 Mines Act**) is granted for a period not exceeding three (3) years. Thereafter two successive periods of renewal may be granted, but each must not exceed two (2) years. This means that an EL has a potential life span of seven (7) years. ELs that have come to the end of their term can be converted by the EL holder into a retention licence (RL) for a term of up to 5 years subject to meeting certain criteria. On 28 June 2024, the Mines and Minerals Act (2023) (**New Act**) was gazetted and came into force. As previously disclosed, The New Act introduces amendments to improve transparency and governance of the mining industry in Malawi. Sovereign notes the following updates in the New Act which may affect the Company going forward: (i) ELs will now be granted for an initial period of 5 years with the ability to extend by 3 years on two occasions (total 11 years); (ii) the Malawian Government maintains a right to free equity ownership for large-scale mining licences but the New Act has removed the automatic free government equity ownership with the right to be a negotiation matter; and (iii) A new Mining and Regulatory Authority will be responsible for implementing the objectives of the New Act.

² The Company submitted extension applications for EL0609, EL0582 and EL0561 prior to their renewal dates in accordance with the 2019 Mines Act.

APPENDIX 2: RELATED PARTY PAYMENTS

During the quarter ended 30 June 2024, the Company made payments of \$362,000 to related parties and their associates. These payments relate to existing remuneration arrangements (executive salaries, director fees, superannuation and bonuses (\$269,000)) and provision of serviced office facilities, company secretarial services and administration services (\$93,000).

APPENDIX 3: MINING EXPLORATION EXPENDITURES

During the quarter, the Company made the following payments in relation to mining exploration activities:

Activity	A\$'000
Drilling related	125
Assaying and Metallurgical Test-work	871
Studies, Pilot Phase, Reserve/Resource Estimation, Programs	1,229
ESG related	438
Malawi Operations - Site Office, Personnel, Field Supplies, Equipment, Vehicles and Travel	1,143
Total as reported in Appendix 5B	3,806

There were no mining or production activities and expenses incurred during the quarter ended 30 June 2024.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Sovereign Metals Limited

ABN

71 120 833 427

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(3,806)	(10,616)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(436)	(1,804)
	(e) administration and corporate costs	(518)	(1,692)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	443	1,675
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8.1	Other – Demerger Costs	-	(73)
1.8	Other – Business Development	(424)	(1,354)
1.9	Net cash from / (used in) operating activities	(4,741)	(13,684)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(341)	(710)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	34
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(341)	(676)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	40,598
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(252)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	40,346

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	36,635	5,564
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,741)	(13,684)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(341)	(676)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	40,346

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	9	12
4.6	Cash and cash equivalents at end of period	31,562	31,562

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	253	118
5.2	Call deposits	31,309	36,517
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	31,562	36,635

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(362)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	18,484 ¹	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		18,484¹
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	¹ In July 2024, Rio Tinto Mining and Exploration Limited exercised 34,549,598 share options to acquire the same number of new fully paid ordinary shares in Sovereign for proceeds of A\$18,484,035		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(4,741)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(4,741)
8.4	Cash and cash equivalents at quarter end (item 4.6)	31,562
8.5	Unused finance facilities available at quarter end (item 7.5)	18,484
8.6	Total available funding (item 8.4 + item 8.5)	50,046
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	>10
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Not applicable	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Not applicable	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Not applicable	
	<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2024

Authorised by: Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.