

## SOVEREIGN ADVANCES U.S.-FOCUSED STRATEGY AS RIO TINTO COLLABORATION CONCLUDES

### HIGHLIGHTS

- Rio Tinto has notified Sovereign that it will not exercise its right to elect to become operator of Sovereign's Kasiya Rutile-Graphite Project under the Investment Agreement
- Rio Tinto has advised the Company, in its formal notice, that its decision reflects its change in corporate strategy regarding its Titanium business
- Accordingly, certain rights that Rio Tinto had in the Investment Agreement have now lapsed, including:
  - exclusive marketing rights to market 40% of the annual production of all products
  - pre-emptive right over any offer from a third party to acquire an interest in the Project
- Rio's decision does not reflect any change in the fundamentals, economics or strategic importance of Kasiya as highlighted in the Kasiya DFS, which was completed with technical input from Rio Tinto
- Since the completion of the DFS, Sovereign has had deepening engagement with the U.S. Government, major U.S. companies, and industry stakeholders
- Sovereign can now prioritise a U.S.-focused critical-minerals strategy, positioning Kasiya as a secure, non-Chinese source of titanium feedstock and natural graphite for the U.S. and allied supply chains
- Commercial workstreams will include:
  - advancing rutile and graphite offtake discussions toward binding agreements with Mitsui, Traxys and other strategic U.S. and U.S.-allied counterparties
  - continued engagement with potential offtake partners and U.S. government stakeholders in relation to the heavy rare earth co-product opportunity
- Kasiya provides exposure to three minerals designated critical by the U.S. – titanium (via natural rutile), graphite and heavy rare earths (via a Heavy Rare Earth Concentrate by-product) – each feeding U.S. and allied supply chains, including Japan, being the dominant supplier of titanium metal to the U.S.

#### Mr Ben Stoikovich, Chairman, commented:

"As the Sovereign-Rio Tinto collaboration concludes, we would like to acknowledge and thank Rio Tinto for its significant contribution to the advancement of Kasiya.

Since 2023, Rio Tinto has invested over A\$60 million in the Project and has provided valuable technical input through its participation on the Sovereign-Rio Tinto Technical Committee. This expertise has contributed to the successful delivery of the unique Pilot Mining and Rehabilitation program, which generated real-world operating and mining data that was incorporated into the tier-1 DFS completed earlier this year.

Sovereign looks forward to Rio Tinto continuing as a supportive shareholder as it builds on this important period of technical and operational progress, with the Company now well positioned to prioritise a U.S.-focused critical minerals strategy, positioning Kasiya as a secure, non-Chinese source of titanium feedstock and natural graphite for the U.S. and allied supply chains.



**Sovereign Metals Limited (ASX:SVM; AIM:SVML; OTCQX: SVMLF) (Sovereign or the Company)** confirms that pursuant to the terms of the Investment Agreement between the Company and Rio Tinto Mining and Exploration Limited (**Rio Tinto**), Rio Tinto has notified Sovereign that it will not exercise its option to elect to become operator of the Kasiya Rutile-Graphite Project (**Kasiya or the Project**) in Malawi. Accordingly, Sovereign will continue as operator and will advance Kasiya directly.

In its notice to Sovereign, Rio Tinto advised that its decision not to elect operatorship reflects its change in corporate strategy and the strategic review of its Iron and Titanium business. This is consistent with Rio Tinto's publicly outlined strategy under which it is narrowing its portfolio focus to iron ore, copper, aluminium and lithium. Accordingly, the decision does not reflect any change in the fundamentals, economics or strategic importance of the Project.

As a result of Rio Tinto's decision not to elect operatorship, certain rights conferred on Rio Tinto under the Investment Agreement, including its operatorship, product marketing rights, consent and pre-emption rights in respect of the Project, cease, and Rio Tinto continues to hold a shareholding of approximately 18.2% in Sovereign. Rio Tinto will continue to hold a right to appoint a nominee director to the board of the Company (for as long as Rio Tinto holds at least a 15% shareholding in the Company) and a right to be notified of future equity issues (for as long as Rio Tinto holds at least a 10% shareholding in the Company).

Sovereign can now advance its commercial workstreams directly.

Sovereign intends to prioritise a US-focused strategy for Kasiya. The Project is positioned to supply natural rutile and natural graphite into supply chains serving the U.S. and allied economies, addressing acute gaps in secure, non-Chinese sources of critical minerals feedstock. Sovereign will deepen its engagement with the U.S. Government and industry stakeholders and focus its offtake and partnership efforts where Kasiya's strategic value is greatest.

The Company intends to advance its existing rutile and graphite offtake MOUs, including those with its established counterparties, Mitsui & Co., Ltd., and Traxys North America, from non-binding arrangements to **binding agreements**, subject to negotiation.

Sovereign's existing Collaboration Agreement with the International Finance Corporation (**IFC**), a member of the World Bank Group – of which the U.S. Government is the single largest shareholder – positions the Company to advance a development financing strategy for Kasiya alongside a globally recognised development-finance partner. With the Investment Agreement having fallen away, Sovereign is now able to progress its financing workstreams directly and on its own terms. The Company intends to pursue partnerships and financing arrangements for Kasiya, drawing on its engagement with the IFC and with development-finance and export-credit institutions across U.S. and allied economies, consistent with the Project's role in secure, non-Chinese critical-minerals supply.

Sovereign thanks Rio Tinto for its investment, funding and technical contribution, which have been instrumental in advancing Kasiya to a world-class DFS.

#### **Enquiries**

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### **Competent Person Statement**

*The information in this announcement that relates to the DFS (including Mine Engineering, Mine Scheduling, Processing, Infrastructure, Capital and Operating Costs, Production Target and Ore Reserves) is extracted from an announcement dated 16 April 2026, which is available to view at [www.sovereignmetals.com.au](http://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 announcement have not been materially changed from the original announcement.*

*This announcement has been approved and authorised for release by the Company's Chairman, Mr Ben Stoikovich.*