

SEPTEMBER 2026 QUARTERLY REPORT

Sovereign Metals Limited (ASX:SVM; AIM:SVML; OTCQX:SVMLF) (Sovereign or Company) is pleased to provide its quarterly report for the period ended 30 September 2026 including advances made at its Kasiya Critical Minerals Project (**Kasiya** or the **Project**) in Malawi.

HIGHLIGHTS DURING AND SUBSEQUENT TO THE QUARTER

Scoping Study Confirms Kasiya's Potential as a Globally Significant and Strategic Source of Critical Rare Earths

- Scoping Study (**Scoping Study**) confirms a simple, capital-efficient circuit to recover 2,626tpa of monazite rare earth concentrate (**REC**) containing 1,485tpa of total rare earth oxides (**TREO**) at steady state – a potential by-product recovered from mineral streams already generated by the DFS flowsheet, with no additional mining, no additional front-end processing and none of the development risk of a standalone rare earths project
- Commercially significant levels of China's export-controlled rare earths: scarce dysprosium (**Dy**), terbium (**Tb**), yttrium (**Y**), samarium (**Sm**) and gadolinium (**Gd**) oxides in elevated levels – all under Chinese export controls since April 2025 – with neodymium-praseodymium (**NdPr**) also present at levels similar to other Western rare earth mines
- 310tpa of NdPr and 36tpa DyTb – sufficient for the magnets in ~7 million humanoid robots over Life of Mine (**LOM**); 193tpa Y – equivalent to ~35% of average annual U.S. consumption, which is 100% import-reliant; 82tpa Sm + Gd
- Base Case ~US\$722M pre-tax NPV8 uplift to Kasiya from incremental capital to first production of ~US\$29M, with potential upside NPV8 of US\$883M (Western Supply Case)
- Incremental Base Case pre-tax IRR of ~151% and payback of approximately 1.5 years; ~90% operating margin with incremental site operating costs of ~US\$0.90/kg REC
- ~US\$84M incremental steady state annual EBITDA; pre-tax, unlevered free cash flow of ~US\$1.8B over a potential 23-year initial LOM; total integrated Kasiya pre-tax NPV of US\$2.9Bn
- Profitable even at U.S. Government floor prices – the U.S. Floor Price Case generates US\$183M of incremental pre-tax NPV₈ and a 43% IRR
- Maiden monazite Mineral Resource Estimate completed: 524.4Mt @ 0.0132% monazite (74% Indicated), constrained to the DFS pit shells
- Clear path forward: variability testwork underway, REC marketing and offtake discussions commencing immediately, and PFS completion targeted in 2027

Sovereign to Advance Kasiya with US-Focused Critical Minerals Strategy

- Sovereign continues 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
- 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 REC by-product opportunity



- Kasiya potentially provides exposure to three minerals designated critical by the U.S. – titanium (via natural rutile), graphite and heavy rare earths (via a REC by-product) – each feeding U.S. and allied supply chains, including Japan, being the dominant supplier of titanium metal to the U.S.

Next Steps

Over the quarter ending December 2026 and beyond, Sovereign will:

- Advance variability testwork on TREO distribution within the REC product, and progress REC product qualification with samples from Sovereign's Lilongwe facilities provided to prospective customers for evaluation
- Progress REC marketing and offtake discussions with Western processors and government procurement programmes
- Progress the Pre-Feasibility Study integrating rare earths into Kasiya's definitive development case, targeted for completion in 2027
- Assessment of whether there can be Inferred conversion and extension of the monazite Mineral Resource Estimate beyond the 25-year DFS pits
- Advance rutile and graphite offtake discussions and progress towards binding definitive agreements with Mitsui, Traxys and other strategic counterparties
- Advance post-DFS workstreams, including the Environmental and Social Impact Assessment
- Deepen engagement with the U.S. Government, development-finance institutions and export-credit agencies across the U.S. and allied economies in relation to partnerships and project financing
- Continue to collaborate with the International Finance Corporation (**IFC**), a member of the World Bank Group, to advance the development financing strategy for Kasiya
- Continue the Company's community and social development programs in Malawi

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SCOPING STUDY CONFIRMS KASIYA'S POTENTIAL AS A GLOBALLY SIGNIFICANT AND STRATEGIC SOURCE OF CRITICAL RARE EARTHS

During the quarter, the Company announced the results of the Scoping Study for recovery of a monazite concentrate with significantly elevated heavy rare earths content as a by-product from its Kasiya Project.

Sovereign completed the Scoping Study to assess the operational, commercial and economic viability of adding a third product stream to the Kasiya Project. The Scoping Study shows that ~2,626tpa of monazite REC can be recovered from the rutile tailings stream. Together with the results of the Kasiya DFS, which was completed with input from Rio Tinto, Sovereign is potentially positioned to be a multi-decade supplier of a critical minerals products suite essential to the U.S. and U.S.-allied defence and aerospace, AI infrastructure, robotics, energy and other vital industries.

TABLE 1: REC SCOPING STUDY SUMMARY

Metric		REC Scoping Study (Accuracy ±30%)	
Potential Life of Mine		23 years	
Production Target (Steady State Average)		tpa	%
Monazite REC		2,626	
Contained TREO		1,485	56.6%
- of which NdPr oxide		310	20.8%
- of which Dy + Tb oxide		36	2.5%
- of which Yttrium oxide		193	13.0%
- of which Samarium + Gadolinium oxides		82	5.5%
Financial Performance	Unit	Base Case	Western Supply Case
Rare earth basket price assumption (CIF Texas)	US\$/kg REC	39.45	47.34
Incremental operating costs (site)	US\$/kg REC	~0.90	
Incremental operating costs (CIF Texas)	US\$/kg REC	~3.68	~4.07
Operating Margin	%	90%	91%
Annual EBITDA (Steady State)	US\$M	84	102
Annual Free Cash Flow (Pre-tax, unlevered)	US\$M	82	99
Incremental Economics (pre-tax, real)			
Incremental capital cost to 1 st production	US\$M	29	
NPV ₈	US\$M	722	883
IRR	%	151%	172%
Return on incremental capital	x	18.2x	22.3x
Payback on incremental capital	years	1.5	1.5

1. LOM in the Scoping Study differs from the 25-year DFS life of mine because Years 24 and 25 have been excluded, as they would otherwise be based solely on Inferred Resources (for which there is a low level of geological confidence), so no financial forecasts or production targets are estimated for those years and they have been excluded from the LOM for the Scoping Study. Steady state = years when run-of-mine is at nameplate capacity of 24Mtpa; all results on a 100% basis; ±30% accuracy.

2. Base Case represents Argus Media group (Argus) rare earths price forecasts with payability of 50%; Western Supply Case represents Argus rare earths price forecasts and payability of 60% representing value attributable to ex-China monazite concentrate supply.

TABLE 2: SIDE-BY-SIDE KASIYA RESULTS

Metric	Unit	Kasiya DFS (Rutile & Graphite)	Scoping Study Base Case <u>±30%</u> (Rare Earths)
Total Revenue	US\$M	16,210	~2,134
EBITDA	US\$M pa	476	~84
Free Cash Flow (pre-tax)	US\$M pa	452	~82
NPV₈ (pre-tax)	US\$M	2,204	~722
Capex to 1st production	US\$M	727	~29

The addition of the rare earth circuit leaves the Kasiya DFS physicals unchanged: a 25-year initial mine life, 24Mtpa ore throughput, 222ktpa of natural rutile and 275ktpa of natural flake graphite.

Monazite By-Product Confirmed with Maiden Mineral Resource Estimate

Monazite mineralisation occurs within the same deeply weathered, near-surface residual heavy-mineral system that hosts the Kasiya rutile and graphite Mineral Resource as per the DFS.

To support a by-product MRE for monazite, Sovereign completed a comprehensive programme covering the April 2026 DFS mine plan: 3,250 magnetic heavy-mineral composites, representing 1,012 boreholes within the DFS pit areas, were submitted for XRF analysis, with selected composites also analysed for the full rare earth element suite by ICP to assess variations in rare earth composition across the deposit and through the weathering profile.

The maiden by-product MRE, constrained to the DFS open pits, is 69kt monazite contained in 524.4Mt at 0.0132% monazite and classified 74% Indicated and 26% Inferred. The grade reflects monazite's status as a by-product. Since the monazite MRE sits within pits the DFS has already designed, no additional mining is required to access it.



Figure 1: Monazite contained within the Kasiya 2026 MRE

Table 3: Kasiya 2026 Monazite Mineral Resource Estimate

Class	Tonnes (Mt)	Grade (%)
Indicated	386.9	0.0135
Inferred	137.5	0.0125
Total	524.4	0.0132

- Notes:
- 1) The mineral resource is constrained to the Kasiya rutile and graphite DFS open pits to satisfy RPEEE
 - 2) No cut-off is applied and the total volume within the DFS open pits will be processed with monazite concentrate being produced as a by-product of the Kasiya rutile and graphite production
 - 3) The grade % is the in-situ grade of monazite mineral calculated from the recovered magnetic concentrate fraction of the HMS within the sand fraction (>45um <600um)

Near-Zero Incremental Operating Costs

Kasiya's REC will be recovered from mineral streams the DFS flowsheet already produces. Upstream steps including free-dig mining, ore transport to the plant, the scrubber, wet concentration and electrostatic separation have been defined and costed in the DFS and accordingly attributed to rutile and graphite production. The only incremental processing is the added monazite concentrate circuit which involves spiral gravity separation and flotation treating the non-conductor stream from the Mineral Separation Plant, together with product packaging and storage. There is no additional mining, no early-stage processing and no change to the DFS mining method, wet concentration or graphite recovery strategy.

Incremental operating costs are accordingly low. The incremental site operating cost is ~US\$0.90/kg REC at the mine gate. Including transport and port charges, the cost is ~US\$1.39/kg REC free-on-board (**FOB**) Dar es Salaam. Including ocean freight and insurance, the total cost is ~US\$3.68/kg REC delivered CIF Houston, Texas. The Scoping Study deliberately costs Kasiya's REC delivered into the United States. On that basis, the operating margin is approximately 90%. Due to its by-product nature, this cost structure holds across rare earth price cycles. Including all other regulatory fees, Sovereign can land REC in America for US\$3.85/kg in any market.

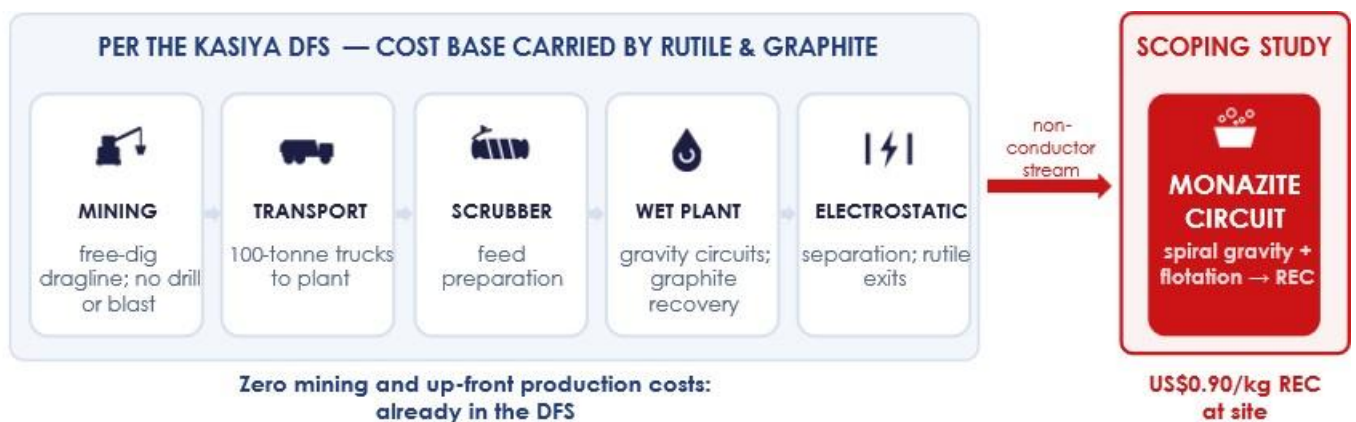


Figure 2: Kasiya's circuit to produce REC is added onto the DFS operation

Profitable Even at U.S. Government Floor Prices

Since Sovereign's REC may be a by-product of the titanium and graphite operation defined in the DFS, Kasiya REC supply does not depend on rare earth prices to remain in production. This is reflected in the Scoping Study's two main price cases: the Base Case (using Argus Media price forecasts) delivers the potential for an incremental pre-tax NPV8 of US\$722 million at a 151% IRR, and the Western Supply Case (reflecting higher demand for ex-China supply of monazite concentrate) US\$883 million at 172%.

A third case tests the bottom of the market as the U.S. Government itself has defined it. Since July 2025, guaranteed minimum prices have become a standard feature of U.S. rare earth supply arrangements: a US\$110/kg floor for NdPr established with MP Materials and repeated with Lynas; and the first Western floor prices for heavy rare earths, at US\$575/kg for Dy and US\$2,050/kg for Tb. The U.S. Floor Price Case applies these floors, with 2025 average prices for yttrium, samarium and gadolinium which do not currently have floor prices but are deemed critical. Even in this scenario, the circuit generates US\$183 million of incremental pre-tax NPV8 and a 43% IRR. These floor prices arise under U.S. Government arrangements with third parties and are applied as a downside assumption only; Kasiya is not party to any such arrangement.

A Solution to China Export Controls and Supply Dominance

In April 2025, China introduced export controls over seven medium and heavy rare earths – including dysprosium, terbium, yttrium, samarium and gadolinium, each present in Kasiya's concentrate – citing their dual-use applications. Dysprosium, terbium and yttrium together comprise approximately 15% of Sovereign's TREO basket. In October 2025, China added five more REEs – holmium, erbium, thulium, europium and ytterbium. China accounts for most global mined production of these elements and effectively all commercial separation capacity. The United States is 100% net import-reliant on yttrium, with nearly all supply derived from concentrates processed in China. The U.S. defence industry is estimated to hold a two-to-three-year inventory of samarium with potential replenishment of munitions expended in the 2025 Iran conflict adding to demand.



Feedstock for Rare Earth Refining Capacity Funded by the U.S. and Allies

Western primary production is dominated by light rare earth deposits, with only trace quantities of dysprosium, terbium and yttrium. New separation capacity is being financed, commissioned and constructed specifically to process heavy rare earths in the United States (e.g. MP Materials Corp. with funding from the Department of War), Australia (e.g. Iluka Resources Limited with funding from Export Finance Australia; Tronox Holdings plc with funding from the Export-Import Bank of the United States and EFA) and Malaysia (Lynas Rare Earths Limited with funding from the DOW). This new capacity requires a qualified, scalable supply of heavy rare earth feed.

Kasiya's REC product contains approximately 1,485tpa of TREO over an initial 23-year mine life and carries five of the seven rare earths placed under Chinese export controls in April 2025. The REC is uncommitted, at a time when Western governments have established price floors, government-backed offtake vehicles and bilateral supply frameworks specifically to secure heavy rare earth feed from allied jurisdictions. Kasiya is positioned to supply that feed into Western separation capacity for the duration of its mine life.

SOVEREIGN ADVANCES U.S.-FOCUSED STRATEGY

Sovereign intends to prioritise a U.S.-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 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. Sovereign will now progress with financing workstreams, and it 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.

CORPORATE

Resignation of Director

Subsequent to the end of the quarter, Dr Julian Stephens resigned as a Non-Executive Director of the Company. Dr Stephens was Managing Director of Sovereign from June 2016 until October 2023, where he was instrumental in the Company's growth and development. He first identified rutile mineralisation in Malawi and subsequently led the team that discovered Sovereign's world-class Kasiya deposit, progressing the Project through its scoping and pre-feasibility study stages. Following his resignation as a Non-Executive Director, Dr Stephens will continue to provide consulting services to the Company.



Cautionary Statement

The REC Scoping Study referred to in this announcement assesses the potential incremental recovery of monazite from mineral streams that potentially may be generated by the Kasiya Project as included in the April 2026 DFS. The Scoping Study is based on low-level technical and economic assessments, supported by project-specific metallurgical testwork and the existing DFS production schedule. Consistent with the preliminary nature of a Scoping Study, it is not sufficient to support the estimation of Ore Reserves for the additional products or to provide assurance of an economic development case for those products at this stage. Further evaluation and appropriate studies are required before the additional products can be assessed as to whether they can be estimated as Ore Reserves and be incorporated into a definitive development case. The Scoping Study has been prepared to an accuracy level of $\pm 30\%$. The results should not be considered a profit forecast or production forecast.

Competent Persons Statements

Definitive Feasibility Study

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 and other financial forecasts) is extracted from an announcement dated 16 April 2026, 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 announcement have not been materially changed from the original announcement.

The information in this announcement that relates to the Mineral Resource Estimate is extracted from Sovereign's announcement dated 18 March 2026 entitled 'Kasiya Mineral Resource Estimate Significantly Upgraded Ahead of DFS' (MRE announcement), which is available to view at www.sovereignmetals.com.au, and is based on, and fairly represents information compiled by Mr Jeremy Witley, a Competent Person, who is a member of the South African Council for Natural Scientific Professions (SACNASP Pr. Sci. Nat.), a Recognised Professional Organisation (**RPO**) included in a list promulgated by ASX from time to time. Mr Witley is a principal of MSA Group, 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 original announcement have not been materially changed from the disclosure in the original announcement.

The information in this announcement that relates to the exploration results (rutile and graphite metallurgy) is extracted from announcements dated 28 September 2023, 8 May 2024, 15 May 2024, 4 September 2024, 21 January 2026 and 27 May 2026, 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 announcement have not been materially changed from the original announcement.

REC Scoping Study

The information in this announcement that relates to the Scoping Study (including Infrastructure, Capital and Operating Costs, Production Target and economic analysis and other financial forecasts) exploration results and metallurgical testwork is extracted from an announcement dated 9 September 2026 entitled "Scoping Study Confirms Kasiya's Potential as a Globally Significant and Strategic Source of Critical Rare Earths", 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 announcement have not been materially changed from the original announcements.



The information in this announcement that relates to the Mineral Resource Estimate (Monazite) is extracted from Sovereign's announcement dated 9 September 2026, which is available to view at www.sovereignmetals.com.au, and is based on, and fairly represents, information compiled by Mr Jeremy Witley, a Competent Person who is a member of the South African Council for Natural Scientific Professions (SACNASP Pr. Sci. Nat.), a RPO included in a list promulgated by ASX from time to time. Mr Witley is a principal of MSA Group, 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 original announcement have not been materially changed from the disclosure in the original announcement.

Forward-Looking Statements

Certain statements contained in this announcement, including information as to the future financial or operating performance of Sovereign and its project interests are 'forward-looking statements'. They include indications of, and guidance on, future matters. Forward-looking statements include, but are not limited to, statements preceded by words such as "targeted", "planned", "expected", "projected", "estimated", "may", "scheduled", "intends", "anticipates", "believes", "potential", "could", "likely", "nominal", "conceptual", "propose", "will", "forecast", "estimate", and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, anticipated future activities at the Kasiya Project, production targets, financial forecasts, estimates and assumptions in respect of mineral resources and anticipated grades and recovery rates, production and prices, recovery costs and results, capital expenditures and operating expenditures and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions. These 'forward-looking statements' are necessarily based upon a number of estimates and assumptions that, while considered reasonable by Sovereign, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies and involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results expressed or implied in any forward-looking statement and deviations are both normal and to be expected.

Authorisation statement

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



APPENDIX 1: SUMMARY OF MINING TENEMENTS

As at 30 September 2026, the Company had an interest in the following tenements:

Licence	Holding Entity	Interest	Type	Licence Renewal Date	Expiry Term Date ²	Licence Area (km ²)	Status
ML Application	SSL	100%	Mining	N/A	N/A	682	Pending ¹
EL0609	MML	100%	Exploration	25/09/2026	25/09/2028 ¹	219.5	Granted ¹
EL0582	SSL	100%	Exploration	15/09/2025 ³	15/09/2028	69.8	Granted
EL0561	SSL	100%	Exploration	15/09/2025 ³	15/09/2028	30.7	Granted
EL0657	SSL	100%	Exploration	3/10/2028	3/10/2031	2.3	Granted
EL0710	SSL	100%	Exploration	1/02/2027	1/02/2031	38.4	Granted
RTL0035- RTL0045	SSL	100%	Retention	N/A	26/06/2026 ¹	285.2	Granted ¹

Notes:

SSL: Sovereign Services Limited, MML: McCourt Mining Limited

¹ In April 2026, the Company submitted a Mining Licence (**ML**) application for the licence areas covered by the DFS for the Kasiya Project. The application for the ML has been acknowledged by the Malawi Mining and Minerals Regulatory Authority and remains pending as at the date of this report. In accordance with the Mines and Minerals Act (2023) (**2023 Mines Act**), where the holder of a license applies for a ML over all or part of the land covered by the licence, and the processing of the ML application has not been completed by the date on which the license expires, the license will not terminate but will automatically remain in force until either: (a) notice is given to the applicant of the refusal to grant the ML; or (b) the date on which the ML is registered.

² An exploration licence (**EL**) covering a preliminary period in accordance with the 2023 Mines Act is granted an initial period of five (5) years with the ability to extend by three (3) years on two occasions (a total term of 11 years). ELs that have come to the end of their term can be converted by the EL holder into a retention licence (**RTL**) for a term not exceeding five (5) years subject to meeting certain criteria or any conditions imposed on the RTL. In September 2026, the Malawi Ministry of Mines commenced a nationwide consultation process on the proposed *Mines and Minerals (Beneficiation and Value Addition of Minerals for Export) Regulations, 2026* and draft amendments to the *Mines and Minerals Act, 2023*. The preliminary drafts have been issued for stakeholder input, remain subject to change and may not be enacted in their current form or at all. In September 2026, the Malawi Ministry of Mines commenced a nationwide consultation process on the proposed *Mines and Minerals (Beneficiation and Value Addition of Minerals for Export) Regulations, 2026* and draft amendments to the *Mines and Minerals Act, 2023*. The preliminary drafts have been issued for stakeholder input, remain subject to change and may not be enacted in their current form or at all. The draft regulations propose specific beneficiation requirements for rutile and graphite, including more advanced processing requirements after 10 years of operations. The proposed amendments to the *Mines and Minerals Act, 2023* include, among other matters, a Government entitlement to acquire, directly or through a nominee and without cost, a participation interest of up to 15% in a large-scale mining project, and a requirement for a large-scale mining licence holder to make available for acquisition by Malawian citizens at fair market value at least 10% of its issued share capital within five years of obtaining the ML.

³ The Company has submitted two EL applications, APL0739 (16.2km²) and APL0740 (71.5km²), which remain pending as at the date of this report.

APPENDIX 2: RELATED PARTY PAYMENTS

During the quarter ended 30 September 2026, the Company made payments of A\$277,000 to related parties and their associates. These payments relate to existing remuneration arrangements (executive salaries, director fees, superannuation and bonuses (A\$179,000) and for the provision of administrative, secretarial and corporate services (A\$98,000).



APPENDIX 3: MINING EXPLORATION EXPENDITURES

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

Activity	A\$'000
Studies (REC Scoping Study and post-DFS workstreams))	1,167
Project Operations (site office, personnel, field supplies, equipment, vehicles and travel	1,320
Assaying and Metallurgical Test-work	104
ESG related (including community and social development programs)	445
Drilling related	27
Total as reported in Appendix 5B	3,063

There were no mining or production activities and expenses incurred during the quarter ended 30 June 2026.

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 September 2026

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(3,063)	(3,063)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(570)	(570)
	(e) administration and corporate costs	(627)	(627)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	185	185
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – Business Development	(292)	(292)
1.9	Net cash from / (used in) operating activities	(4,367)	(4,367)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(97)	(97)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(97)	(97)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	25,125	25,125
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,367)	(4,367)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(97)	(97)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	20	20
4.6	Cash and cash equivalents at end of period	20,681	20,681

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	3,161	13,105
5.2	Call deposits	17,520	12,020
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)	20,681	25,125

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	(277)
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>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
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.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(4,367)
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)	(4,367)
8.4	Cash and cash equivalents at quarter end (item 4.6)	20,681
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	20,681
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5
<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?	
	<div style="border: 1px solid black; padding: 2px;">Answer: Not applicable</div>	
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?	
	<div style="border: 1px solid black; padding: 2px;">Answer: Not applicable</div>	
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?	
	<div style="border: 1px solid black; padding: 2px;">Answer: Not applicable</div>	
<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: 30 October 2026

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.

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

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.