



NEWS RELEASE 13 JULY 2024

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

- **Rio Tinto to invest A\$18.5 million via the exercise of options, to increase its shareholding in Sovereign to 19.76%**
- **Investment proceeds to be used to continue advancing the Kasiya Rutile-Graphite Project in Malawi**
- **Rio Tinto's further investment represents another significant step towards unlocking a major new supply of low-CO<sub>2</sub>-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**

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

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

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

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

**Sovereign's Chairman, Ben Stoikovich, commented:** *"Rio Tinto's further investment in Sovereign reaffirms Kasiya's position as one of the most significant critical minerals projects globally. With Rio Tinto's wealth of experience as one of the world's largest and most accomplished global mining companies, Kasiya is well-positioned to potentially become a market leader in low-CO<sub>2</sub>-footprint natural rutile and graphite."*

**Sovereign's Managing Director, Frank Eagar, commented:** *"In collaboration with Rio Tinto, we have made significant progress in advancing Kasiya over the course of this year, including the successful launch of the pilot phase mining in May. We are excited about Rio Tinto's further investment in Sovereign, which represents another significant step towards unlocking a major new supply of low-CO<sub>2</sub>-footprint natural rutile and flake graphite."*

### BACKGROUND TO RIO TINTO'S STRATEGIC INVESTMENT

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

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

months of the initial subscription.

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

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

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The information contained within this announcement is deemed by Sovereign to constitute inside information as stipulated under the Regulation 2014/596/EU which is part of domestic law pursuant to the Market Abuse (Amendment) (EU Exit) Regulations (SI 2019/310) ("UK MAR"). By the publication of this announcement via a Regulatory Information Service, this inside information (as defined in UK MAR) is now considered to be in the public domain. The person responsible for arranging for the release of this announcement on behalf of Sovereign is Mr Dylan Browne (Company Secretary).

#### Admission

Subject to receipt of exercise funds, an application to AIM will be made for the 34,549,598 Shares to be admitted to trading on AIM (the AIM Admission). It is expected that AIM Admission will take place and dealings will commence on AIM on or around 8.00 a.m. on 12 July 2024.

#### Total Voting Rights

Immediately following the AIM Admission, the Company's issued share capital will be 597,552,999 Shares, with each share carrying the right to one vote. The Company does not hold any Ordinary Shares in treasury. The total voting rights figure immediately following the AIM Admission of 597,552,999 may be used by shareholders (and others with notification obligations) as the denominator for the calculations by which they will determine whether they are required to notify their interest in, or a change to their interest in, the Company under the Disclosure Guidance and Transparency Rules.

#### 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.*

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