



NEWS RELEASE | 21 MAY 2025

SOVEREIGN SIGNS POWER SUPPLY MOU AS WORLD BANK APPROVES LANDMARK MALAWI HYDROPOWER PROJECT

- Sovereign and Electricity Supply Corporation of Malawi (ESCOM) enter MOU to secure grid power supply for the Kasiya Rutile-Graphite project
- MOU sets out strategic development workplan to supply 60MW hydropower for steady-state operations through connection to the Nkhoma Substation
- Malawi's grid power supply to be positively impacted by World Bank's recent approval of a US 350m grant to support the Mpatamanga Hydropower Storage Project (MHSP) which will significantly increase Malawi's installed capacity by 2030
- MHSP has been co-developed by the Government of Malawi and the International Finance Corporation (IFC) (part of the World Bank Group) with owners EDF, British International Investment, Norfund and TotalEnergies

Sovereign Metals Limited (ASX:SVM; AIM:SVML; OTCQX:SVMLF) (Sovereign or the Company) is pleased to announce that it has entered into a non-binding Memorandum of Understanding (**MOU**) with the Electricity Supply Corporation of Malawi (**ESCOM**) to ensure the long-term supply of electricity to its Kasiya Rutile Graphite Project (**Kasiya or the Project**) in Malawi. The MOU establishes the framework for negotiating the following future definitive agreements:

- Project Implementation Agreement, including construction and installation of a new 132kV overhead power line, and
- Power Supply Agreement, for the provision of bulk power supply from Malawi's national grid.

The MOU follows discussions with ESCOM, the operator of Malawi's national electricity grid, regarding the provision of electricity to the Kasiya Project in preparation for construction and operation. The total installed capacity in Malawi is currently 351MW, with approximately 98% of this capacity coming from hydropower. During Stage 1, Kasiya's power demand will amount to 30MW, increasing to 60MW at steady-state production in Year 6 of operation. The MOU with ESCOM is a key step in the development of Kasiya and its Definitive Feasibility Study (**DFS**) due in Q4 2025.

On 15 May 2025, the World Bank approved a US 350m grant to support Malawi's Mpatamanga Hydropower Storage Project (**MHSP**), a large infrastructure operation aiming to "transform the country's energy landscape and its economic development trajectory." (Source: World Bank)

In September 2022, the Malawian Government selected a consortium of strategic sponsors, which currently owns the MHSP, and consists of Electricité de France (**EDF**) and SN Malawi BV, which in turn is owned by the UK Government's development finance institution, British International Investment plc, the Norwegian Parliament's development finance institution, Norfund, and global energy company TotalEnergies SE. Once complete, the US 1.5Bn MHSP will deliver 358MW of additional generation capacity to the Malawi electricity grid.

Managing Director and CEO Frank Eagar commented: "The signing of the MOU ensures we have a workplan to secure access to a renewable, hydro-based power supply for Kasiya.

The future development of the Mpatamanga Hydro Project - expected to commence operations in 2030 - will further enhance the stability and capacity of Malawi's electricity network. This also reflects ongoing foreign direct investment in Malawi's infrastructure by the World Bank, IFC, and leading global energy companies such as EDF and TotalEnergies."

Kasiya Power Supply

Over its planned 25-year life of mine, Kasiya is set to produce an average of 222kt of natural rutile and 233kt of natural flake graphite per annum. At steady-state, Sovereign is positioned to potentially be the world's largest producer of natural rutile and natural flake graphite with an approximate power demand of 60MW.

To supply power from the hydro-based grid network, a 132kV overhead transmission line will be constructed to connect the Kasiya site to the Nkhoma substation, approximately 97km away. Nkhoma has been identified as the most suitable connection point based on power reliability, technical feasibility, and environmental and social considerations. This line will supply the 132/33kV Kasiya bulk intake substation.



Figure 1: Nkhoma substation has capacity for connection to the Kasiya operation (Source: Millenium Challenge Corporation, USA)

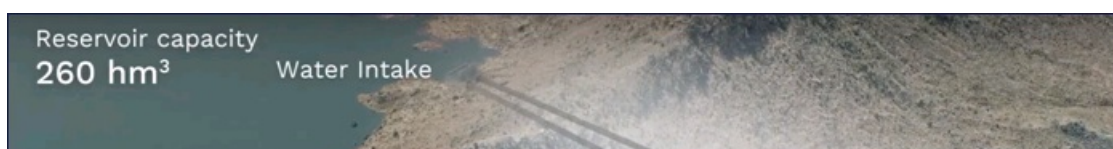
Mpatamanga Hydropower Storage Project

MHSP is one of several large energy projects in Malawi supported by the World Bank Group, reflecting the institution's strong commitment to supporting this sector as an important enabler of economic growth and development.

In a World Bank press release, **Nathan Belete, World Bank Division Director for Malawi, Tanzania, Zambia and Zimbabwe commented:** "This new hydropower project is a game-changer for Malawi, capable of catalyzing transformative change in productive economic sectors such as mining, agri-business and tourism. As the country works on driving its economic development agenda, this new source of clean and reliable energy will help drive business growth, create jobs, and improve the lives of millions of Malawians."

MHSP's main and regulating dams on the Shire River will generate clean energy and store power to supply electricity during peak demand hours, helping to improve the reliability of Malawi's national grid. The hydropower facility will also boost the grid's capacity to support the growing demand of the country's mining companies, including Sovereign.

Other important investments by the World Bank in Malawi include the Emergency Power Restoration Project focused on rehabilitating the Kapichira power station, the Mozambique-Malawi Regional Interconnector Project, and the recently approved Accelerating Sustainable and Clean Energy Access Transformation (ASCENT) in Malawi project aiming to improve last-mile electricity connections for the Malawian population.



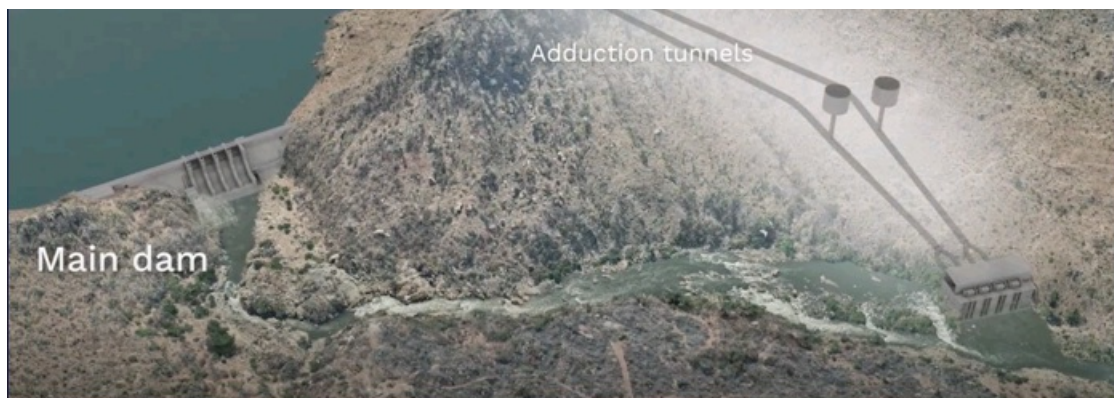


Figure 2: MHSP hydro infrastructure (Source: World Bank)

ESCOM MOU

The purpose of the MOU with ESCOM is to record the mutual understanding for negotiation in good faith of a Project Implementation Agreement and a Power Supply Agreement (**Definitive Agreements**). The MOU is non-exclusive and non-binding and remains subject to negotiation and execution of the Definitive Agreements. The MOU will expire on execution of the Definitive Agreements or on 30 June 2026, whichever is the earliest, but it can be mutually extended by 12 months.

Enquiries

Frank Eagar, Managing Director & CEO
South Africa / Malawi
+27 21 140 3190

Sapan Ghai, CCO
London
+44 207 478 3900

Nominated Adviser on AIM and Joint Broker

SP Angel Corporate Finance LLP
Ewan Leggat
Charlie Bouverat

+44 20 3470 0470

Joint Broker

Stifel
Varun Talwar
Ashton Clanfield

+44 20 7710 7600

Buchanan

+ 44 20 7466 5000

Competent Person Statement

The information in this announcement that relates to Production Targets, Ore Reserves, Processing, Infrastructure and Capital and Operating Costs is extracted from an announcement dated 22 January 2025, 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 original announcement.

The information in this announcement that relates to the Exploration Results (metallurgy - rutile and graphite) is extracted from announcements dated 8 May 2024, 15 May 2024, 4 September 2024 and 21 November 2024, which are 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.

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 Sovereign's 2024 Annual Report 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 2024 Annual Report continue to apply and have not materially changed; and c) the form and context in which the relevant Competent Persons' findings are presented in 2024 Annual Report have not been materially changed from the disclosure in the 2024 Annual Report.

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 (Inclusive of Ore Reserves)

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.

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