

## DECEMBER 2025 QUARTERLY REPORT

Sovereign Metals Limited (ASX:SVM, AIM:SVML, OTCQX:SVMLF) (**Sovereign** or the **Company**) is pleased to provide its quarterly report for the period ended 31 December 2025 including advances made at its Kasiya Rutile-Graphite Project (**Kasiya** or **the Project**) in Malawi.

### HIGHLIGHTS DURING AND SUBSEQUENT TO THE QUARTER

#### Strategic Rare Earths Recovered at Kasiya

- **Sovereign recovers heavy rare earth monazite concentrate from Kasiya rutile tailings stream**
- Preliminary analysis confirms Kasiya monazite to contain **exceptionally elevated levels of heavy rare earth elements Dysprosium - Terbium (DyTb) and Yttrium**, materially exceeding those of the five largest producers globally, which account for 70% of the world's rare earth production
- **DyTb and Yttrium are of paramount importance to nations seeking to secure and protect rare earth supply chains**
  - **DyTb:** heavy magnet rare earths essential for high-temperature permanent magnets used in advanced technology, including defence systems and precision weapons
  - **Yttrium:** high-impact rare earth element critical for aerospace, thermal barrier coatings, radar and laser systems, alloy strengthening and semiconductor manufacturing
- **Monazite by-product has potential to add third revenue stream to Kasiya for near-zero incremental cost**, with basic monazite concentrate currently selling for over US\$8,500/t delivered to China

#### World Bank Group's IFC to Collaborate with Sovereign on Sustainable Development for Kasiya

- **Collaboration Agreement signed with International Finance Corporation (IFC), a member of the World Bank Group**, to support the sustainable development of Kasiya
- **Collaboration with IFC – world's largest global development institution – is expected to lay the foundation for international project financing for Kasiya**
- **IFC to provide Environmental & Social expertise**, supplementing Rio Tinto's significant input. The Kasiya Definitive Feasibility Study (**DFS**) and Environmental and Social Impact Assessment (**ESIA**) will seek to integrate IFC's Performance Standards on Environmental and Social Sustainability
- **IFC secures financing rights to fund Kasiya:** right to act as lender, mandated co-lead arranger, and/or investor in securities for project financing. IFC's financing rights are subject to Rio Tinto's rights under the Investment Agreement

#### Kasiya's Growing Strategic Importance Emphasised During and Subsequent to Quarter

- During the quarter, the US State Department's Deputy Assistant Secretary Nick Checker visited Sovereign's facilities in Malawi as part of a broader engagement with strategically significant critical minerals projects in Africa



- The U.S. Government remains committed to partnering with Malawi to promote trade and investment for shared prosperity
- In January 2026, China announced strengthened export controls on dual-use items to Japan, effective immediately. Beijing is tightening export licensing for heavy rare earths including dysprosium, terbium, and yttrium
- Monazite by-product complements Kasiya's rutile and graphite – three critical minerals serving Western defence and clean energy supply chains from a single operation

### Next Steps

Over the quarter ending March 2026, Sovereign will:

- Continue to advance the Kasiya DFS;
- Advance rutile and graphite offtake discussions;
- Undertake further work to characterise the monazite mineralisation at Kasiya including detailed mineralogical characterisation of monazite occurrence and distribution within the Kasiya orebody;
- Evaluate the potential scale of rare earth production as a by-product and associated economics; and
- Continue the Company's community and social development programs in Malawi.

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## STRATEGIC RARE EARTHS RECOVERED AT KASIYA

Subsequent to the quarter, the Company announced that it had successfully recovered a monazite product containing high-value heavy rare earth elements (REE) from the tailings stream generated during rutile processing at its upgraded Lilongwe laboratory facilities. The concentrate was recovered from material that would otherwise be discarded, i.e. the non-conductor tailings stream from electrostatic separation of a heavy mineral gravity concentrate of Kasiya ore. Producing a monazite concentrate would therefore require no additional complex processing. Chemical analysis of magnetic concentrates from processed resource drilling samples performed by Scientific Services South Africa confirmed the favourable rare earth oxide distributions produced from the monazite concentrate.

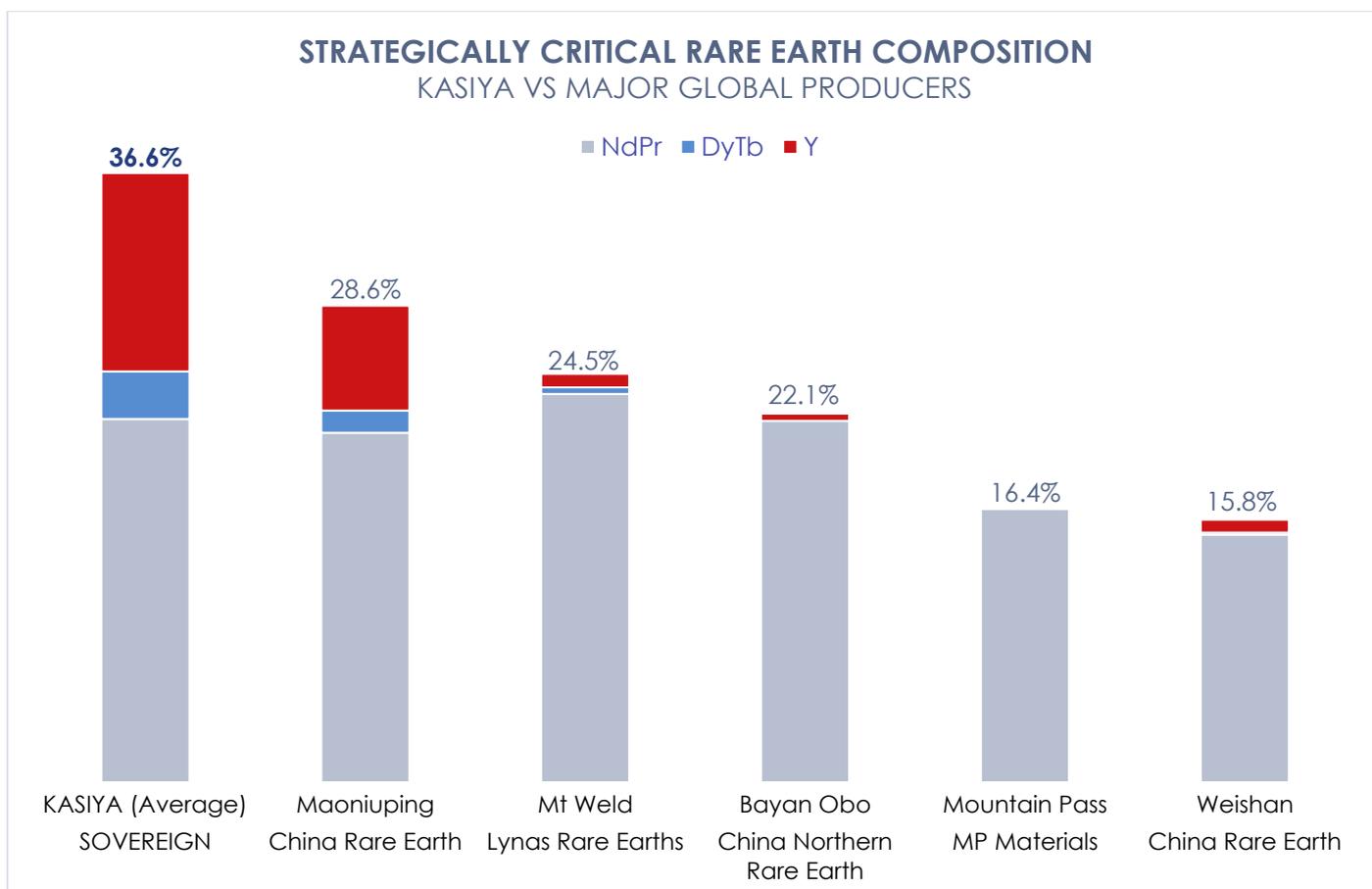
Preliminary analysis has confirmed the monazite concentrate contains exceptional heavy rare earth content **averaging 2.9% (and up to 3.9%) combined DyTb** and **averaging 11.9% (and up to 17.3%) yttrium**, and light rare earth content including **21.8% neodymium-praseodymium (NdPr)**.

This composition sets Kasiya apart from all major global rare earth producers.



Global rare earth production is concentrated in five major operations: three in China (Bayan Obo, Weishan, Maoniuping), one in Australia operated by Lynas Rare Earths Ltd (Mt Weld), and one in the United States operated by MP Materials Corp (Mountain Pass). Together, these mines supply over 70% of the world's rare earth production.

All five are dominated by light rare earths – principally lanthanum and cerium, which are abundant and low-value, and the magnet rare earths Neodymium and Praseodymium (**NdPr**). The strategically critical heavy rare earths – dysprosium, terbium, and yttrium – that underpin high-performance advanced technology, defence, industrial and renewable energy applications are present in much smaller amounts. Kasiya's heavy rare earth content is approximately **7x higher** for both DyTb and yttrium than found in the five largest rare earth producing mines. **Mountain Pass – America's only rare earth mine – contains no measurable DyTb or yttrium.**



**Figure 1: Strategic Rare Earth Composition – Kasiya vs Major Global Producers**  
(See Appendix 5 for breakdown and sources)

### Preliminary analysis vs REE development Projects

China's April 2025 export controls on dysprosium, terbium, and yttrium have created acute supply shortages for Western manufacturers. On 6 January 2026, China announced strengthened export controls on dual-use items to Japan, effective immediately. Despite 15 years of diversification efforts, Japan remains approximately 60% dependent on Chinese rare earth imports. For heavy rare earths, Japan's dependence on China approaches 100%. Meanwhile, the US is 100% reliant on imports for its yttrium requirements.



Preliminary analysis of Kasiya's monazite REE content demonstrates one of the highest combined heavy rare earth profiles while maintaining NdPr levels comparable to many REE development projects that have received government backing.

**Table 1: Kasiya vs select REE development projects**

Project	Company	Location	DyTb	Yttrium	NdPr	Government Involved <sup>1</sup>
<b>KASIYA</b>	<b>Sovereign</b>	<b>Malawi</b>	<b>2.9%</b>	<b>11.9%</b>	<b>21.8%</b>	
Tanbreez	Critical Metals	Greenland	3.3%	16.8%	16.6%	US
Wimmera	Iluka	Australia	2.0%	14.0%	20.0%	Australia
Phalaborwa	Rainbow RE	South Africa	1.3%	2.3%	29.3%	US
Eneabba	Iluka	Australia	1.0%	6.0%	22.0%	Australia
Balranald	Iluka	Australia	1.0%	5.0%	22.0%	Australia
Songwe Hill	Mkango	Malawi	0.9%	2.4%	32.8%	US
Longonjo	Pensana	Angola	0.7%	2.6%	22.1%	Angola
Vara Mada	Energy Fuels	Madagascar	0.7%	1.6%	23.8%	n/a
Nolans	Arafura	Australia	0.4%	1.4%	26.4%	Australia
Kangankunde	Lindian	Malawi	0.1%	0.2%	19.4%	Australia

*1. Government involvement includes financial, political, or commercial assistance from any government-related entity; Lindian's partner, Iluka's refinery, is being supported by the Australian Government; Vara Mada is included for comparability as a significant titanium-feedstock and monazite project.*

*Source: See Appendices 4 and 5.*

### Rare Earths By-product from Existing Process

Total rare earth oxide was analysed for in magnetic heavy mineral concentrates produced from aircore drilling samples during laboratory analysis for rutile. The magnetic concentrates were composited by depth interval (0-6m and 6-20m) to assess variation in mineralogy with depth associated with weathering units.

Separately, monazite concentrates were produced from bulk samples processed through the standard Kasiya flowsheet. Gravity concentrates were subjected to electrostatic separation, with the non-conductor stream then subjected to further gravity separation, followed by magnetic separation to produce a magnetic monazite concentrate. Duplicate analyses confirmed excellent repeatability. See Appendix 4 for details. Chemical analysis to determine the distribution of rare earth oxides was conducted by the Scientific Services South Africa laboratory.

No additional complex processing was required, so capital requirements will not include a parallel full rare-earth processing circuit, as required by primary REE miners. This represents potential by-product economics at near-zero incremental cost – rare earth recovery as an addition to existing rutile and graphite processing infrastructure.



## WORLD BANK GROUP'S IFC TO COLLABORATE WITH SOVEREIGN ON SUSTAINABLE DEVELOPMENT FOR KASIYA

During the quarter, the Company signed a strategic Collaboration Agreement (**Agreement**) with International Finance Corporation (**IFC**) to advance the sustainable development of Kasiya. IFC is a member of the World Bank Group (**World Bank**) and the largest global development institution focused on the private sector in developing countries.

In fiscal year 2025, IFC committed a record US\$71.7 billion to private companies and financial institutions in developing countries, with a total portfolio of US\$68.5 billion as of 30 June 2025, demonstrating its commitment to financing major projects worldwide.

Under the Agreement:

- **IFC will use its expertise to support aligning Kasiya with IFC's environmental, social, and governance standards.** IFC will complement Sovereign's owner's team and supplement Rio Tinto's input for the development of the ESIA aligned with global best practice sustainability standards.
- **IFC will have rights to finance Kasiya following the collaboration in accordance with the Agreement** and subject to Rio Tinto's rights under the Investment Agreement. IFC may act as:
  - Primary lender and/or mandated co-lead arranger for debt financing of the Project;
  - Lead investor in debt or equity securities financing; and
  - The term of the Agreement is 36 months (see ASX Announcement "World Bank Group's IFC to Collaborate with Sovereign on Sustainable Development for Kasiya" dated 16 December 2025 for Agreement Particulars).

IFC's track record demonstrates its commitment to partnering with leading miners, including Sovereign's strategic investor, Rio Tinto, on tier-one projects.

### IFC's Extensive Track Record with World-Class Mining Assets

IFC ([www.ifc.org](http://www.ifc.org)) has decades of experience in the metals and mining sector, financing some of the world's largest and globally strategic mining projects across all stages, including construction, production, and expansion. As both a long-term equity partner and debt provider to major mining companies, including Sovereign's strategic investor, Rio Tinto, IFC has supported large-scale mine developments and expansions across multiple continents.

### World Bank's Strategic Presence in Malawi

The World Bank Group has a significant presence in Malawi through a Country Partnership Framework that supports the government's Malawi 2063 Vision. Its activities include financing major enabling infrastructure like the Mpatamanga Hydropower Project, which is Malawi's largest energy infrastructure project to date. IFC also previously played a role in mobilizing financing for the Nacala transport corridor, which extends through Malawi. The Kasiya Project is expected to directly benefit from these strategic infrastructure assets.



## KASIYA'S GROWING STRATEGIC IMPORTANCE EMPHASISED DURING AND SUBSEQUENT TO QUARTER

### US Strategic Interest and Supply Chain Security

The discovery of rare earth-bearing concentrate at Kasiya comes amid unprecedented US Government focus on securing critical mineral supply chains independent of China, which currently dominates approximately 70% of global rare earth mining and over 90% of rare earth processing.

In April 2025, China added seven rare earth elements, including dysprosium, terbium, and yttrium, to its export control list, requiring export licenses and creating further uncertainty for non-Chinese manufacturers. The US Department of War has responded by agreeing to guarantee minimum prices for domestic rare earth production, signalling the strategic importance of alternative supply sources.

The US State Department recently visited Sovereign's operations in Malawi as part of a broader engagement with strategically significant critical minerals projects in the region. This visit underscores the growing importance the US Government places on developing reliable, Western-aligned sources of critical minerals supply in Africa.

### Japan: Renewed Vulnerability to Chinese Supply Restrictions

On 6 January 2026, China announced strengthened export controls on dual-use items to Japan, effective immediately. Beijing is tightening export licensing for heavy rare earths including dysprosium, terbium, and yttrium – the same elements under broader export controls since April 2025.

Japan remains approximately 60% dependent on Chinese rare earth imports. For heavy rare earths, Japan's dependence on China approaches 100%. Nomura Research Institute estimates that a three-month disruption to rare earth supply could cost Japanese industry over US\$4 billion.

### Complementary Defence and Critical Applications

The identification of rare earth elements at Kasiya creates a unique multi-commodity critical minerals project where all three products serve complementary strategic end uses:

- **Rutile** → Aerospace-grade titanium metal – Kasiya's premium +95% TiO<sub>2</sub> rutile is direct feedstock for titanium sponge production for aerospace and defence applications, including aircraft structures, jet engines, and military hardware.
- **Graphite** → Battery anodes and defence applications – High-quality flake graphite is critical for lithium-ion batteries powering defence systems, as well as traditional applications in refractories and lubricants for aerospace and industrial uses.
- **Rare earths** → Permanent magnets for defence systems – Heavy rare earths are irreplaceable in high-temperature permanent magnets used in precision-guided munitions, missile systems, fighter jet actuators, and advanced weapons platforms.

This alignment of complementary strategic end uses positions Kasiya as a uniquely diversified source of critical minerals essential to Western defence and energy security.



**Figure 2: US State Department's Deputy Assistant Secretary Nick Checker visiting Sovereign's facilities in Lilongwe, Malawi**

## NEXT STEPS

During the quarter, various new workstreams were adopted into the DFS. These include enhanced focus on plant design and configuration, and environmental and social impact workstreams. These workstreams have been included in the DFS work program to ensure it meets many of the requirements of potential future lenders, including development finance institutions, export credit agencies and potential future offtakers.

The Company will continue to update stakeholders regarding progress, including:

- Mineral Resource Estimate update;
- Active discussions with US-based and "allied-nation" offtakers of rutile and graphite;
- Detailed mineralogical characterisation of monazite occurrence and distribution within the Kasiya orebody;



- Assessment of heavy rare earth concentrate recovery rates through the proposed Kasiya processing flowsheet;
- Evaluation of potential scale of rare earth production as a by-product and associated economics.
- Environmental and social impact assessments; and
- Infrastructure and logistics planning.

### **Competent Person Statement**

*The information in this announcement that relates to the exploration results (metallurgy – monazite) is extracted from an announcement dated 21 January 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.*

*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](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 modified from the original announcement.*

### **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.*

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



## APPENDIX 1: SUMMARY OF MINING TENEMENTS

As at 31 December 2025, the Company had an interest in the following tenements:

Licence	Holding Entity	Interest	Type	Licence Renewal Date	Expiry Term Date <sup>1</sup>	Licence Area (km <sup>2</sup> )	Status
EL0609	MML	100%	Exploration	25/09/2026	25/09/2028	219.5	Granted
EL0582	SSL	100%	Exploration	15/09/2025 <sup>2</sup>	15/09/2028	69.8	Granted
EL0561	SSL	100%	Exploration	15/09/2025 <sup>2</sup>	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	285.2	Granted
EL0528	SSL	100%	Exploration	N/A	27/11/2025 <sup>3</sup>	16.2	Granted
EL0545	SSL	100%	Exploration	N/A	12/05/2026 <sup>3</sup>	24.2	Granted

### Notes:

SSL: Sovereign Services Limited, MML: McCourt Mining Limited

<sup>1</sup> An exploration licence (**EL**) covering a preliminary period in accordance with the Mines and Minerals Act (2023) (**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 (**RL**) for a term not exceeding five (5) years subject to meeting certain criteria or any conditions imposed on the RL.

<sup>2</sup> The Company has submitted two EL applications, APL0739 (16.2km<sup>2</sup>) and APL0740 (71.5km<sup>2</sup>), which remain pending as at 31 December 2025.

<sup>3</sup> Licence surrender letters submitted for non-core ELs.

## APPENDIX 2: RELATED PARTY PAYMENTS

During the quarter ended 31 December 2025, the Company made payments of A\$312,000 to related parties and their associates. These payments relate to existing remuneration arrangements (executive salaries, director fees, superannuation and bonuses (A\$214,000)) and provision of serviced office facilities, company secretarial services and administration 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
Feasibility Studies (DFS & trial mining pilot phase (including rehabilitation trials))	4,084
Drilling related	317
Assaying and Metallurgical Test-work	597
ESG related (including community and social development programs)	1,035
Malawi Operations (site office, personnel, field supplies, equipment, vehicles and travel)	2,099
<b>Total as reported in Appendix 5B</b>	<b>8,132</b>

There were no mining or production activities and expenses incurred during the quarter ended 31 December 2025.



#### APPENDIX 4: PRELIMINARY ANALYSIS OF REE DISTRIBUTION IN KASIYA MONAZITE

Sample Type		From Magnetic Heavy Minerals Concentrate					Monazite product from Non-conductor Stream	
Sample ID		KYAC0479	KYAC0479	KYAC0486	KYAC0486	Weighted Average	0-6m	0-6m
		0-6m	6-20m	0-6m	6-20m		0-6m	0-6m
La <sub>2</sub> O <sub>3</sub>	%	16.9	17.2	16.9	17.2	<b>17.1</b>	15.4	15.5
CeO <sub>2</sub>	%	31.9	39	31.8	38.9	<b>36.8</b>	34.4	34.2
Pr <sub>6</sub> O <sub>11</sub>	%	4.2	5.8	5.6	5.9	<b>5.6</b>	5.4	5.4
Nd <sub>2</sub> O <sub>3</sub>	%	14.5	16.7	15.8	16.7	<b>16.2</b>	14.6	14.5
Sm <sub>2</sub> O <sub>3</sub>	%	3	3.3	3.1	3.2	<b>3.2</b>	2.8	2.8
Eu <sub>2</sub> O <sub>3</sub>	%	0	0.2	0	0.2	<b>0.1</b>	0.1	0.1
Gd <sub>2</sub> O <sub>3</sub>	%	3.6	2.8	3.4	2.8	<b>3.0</b>	2.6	2.6
Tb <sub>4</sub> O <sub>7</sub>	%	2.2	0.6	2.4	0.8	<b>1.2</b>	0.8	0.8
Dy <sub>2</sub> O <sub>3</sub>	%	1.7	1.8	1.3	1.7	<b>1.7</b>	2.4	2.4
Ho <sub>2</sub> O <sub>3</sub>	%	0.4	0.3	1.2	0.3	<b>0.5</b>	0.3	0.2
Er <sub>2</sub> O <sub>3</sub>	%	2.1	1.1	2.1	1.1	<b>1.4</b>	1.5	1.5
Tm <sub>2</sub> O <sub>3</sub>	%	0.3	0.1	0.3	0.1	<b>0.2</b>	0.2	0.2
Yb <sub>2</sub> O <sub>3</sub>	%	1.8	0.9	1.4	0.8	<b>1.1</b>	1.8	1.8
Lu <sub>2</sub> O <sub>3</sub>	%	0.2	0.1	0.2	0.1	<b>0.1</b>	0.3	0.3
Y <sub>2</sub> O <sub>3</sub>	%	17.3	10.2	14.5	10.2	<b>11.9</b>	17.2	17.4



## APPENDIX 5: COMPANY-SPECIFIC SOURCES

Project	Company	Status	Source Data	Link
Balranald	Iluka Resources Limited	Development	Company Presentation: "Macquarie Conference" (7-May-25)	<a href="https://www.iluka.com/media/d5gjznmn/iluka-resources-macquarie-australia-conference-may-2025.pdf">https://www.iluka.com/media/d5gjznmn/iluka-resources-macquarie-australia-conference-may-2025.pdf</a>
Bayan Obo	China Northern Rare Earth (Group) High-Tech CO. Ltd	Producing	Rare Earth Exchanges (8-Feb-25)	<a href="https://rareearthexchanges.com/project/bayan-obo/">rareearthexchanges.com/project/bayan-obo/</a>
Enneaba	Iluka Resources Limited	Development	Company Presentation: "Macquarie Conference" (7-May-25)	<a href="https://www.iluka.com/media/d5gjznmn/iluka-resources-macquarie-australia-conference-may-2025.pdf">https://www.iluka.com/media/d5gjznmn/iluka-resources-macquarie-australia-conference-may-2025.pdf</a>
Kangankunde	Lindian Resources Ltd.	Development	Company Announcement: "Kangankunde Project Stage 1 Outstanding Feasibility Study Results" (1-Jul-24)	<a href="https://static1.squarespace.com/static/58a516a859c689ad6303dc4/t/6681df545eee2944615f3358/1719787358011/Outstanding+Kangankunde+Stage+1+Feasibility+Study+Results+2741301.pdf">https://static1.squarespace.com/static/58a516a859c689ad6303dc4/t/6681df545eee2944615f3358/1719787358011/Outstanding+Kangankunde+Stage+1+Feasibility+Study+Results+2741301.pdf</a>
Longonjo	Pensana Plc	Development	Company Announcement: "Longonjo Mineral Resource estimate upgraded" (14-Sept-20)	<a href="https://pensana.co.uk/wp-content/uploads/2020/09/longonjo-mineral-resource-estimate-upgraded-14-Sept-2020.pdf">https://pensana.co.uk/wp-content/uploads/2020/09/longonjo-mineral-resource-estimate-upgraded-14-Sept-2020.pdf</a>
Maoniuping	China Rare Earth Group	Producing	Rare Earth Exchanges (8-Feb-25)	<a href="https://rareearthexchanges.com/project/maoniuping/">https://rareearthexchanges.com/project/maoniuping/</a>
Mt Weld	Lynas Rare Earths Ltd.	Producing	Vara Mada Feasibility Study NI43-101 & S-K 1300 Technical Summary (7-Jan-26)	<a href="https://www.energyfuels.com/wp-content/uploads/2026/01/FS-Vara-Mada-Project-Report-NI43-101-FINAL-01.07.2026.pdf">https://www.energyfuels.com/wp-content/uploads/2026/01/FS-Vara-Mada-Project-Report-NI43-101-FINAL-01.07.2026.pdf</a>
Mountain Pass	MP Materials Corp.	Producing	SEC FILING: 10-K - Mineral Resource Estimate (28-Feb-25)	<a href="https://d18rn0p25nwr6d.cloudfront.net/CIK-0001801368/37126578-26fe-49e0-b0d2-12c6053a5a1b.pdf">https://d18rn0p25nwr6d.cloudfront.net/CIK-0001801368/37126578-26fe-49e0-b0d2-12c6053a5a1b.pdf</a>
Nolans	Arafura Rare Earths Ltd	Development	Company Announcement: "Nolans DFS Delivers Robust Project Economics" (7-Feb-19)	<a href="https://wcsecure.weblink.com.au/pdf/ARU/02073274.pdf">https://wcsecure.weblink.com.au/pdf/ARU/02073274.pdf</a>



Project	Company	Status	Source Data	Link
Phalaborwa	Rainbow Rare Earths Limited	Development	Company Presentation: "Decision to use SX as the optimal separation route for Phalaborwa" (25-Nov-25)	<a href="https://www.rainbowrareearths.com/wp-content/uploads/2025/11/Corporate-Presentation-November-2025-FINAL.pdf">https://www.rainbowrareearths.com/wp-content/uploads/2025/11/Corporate-Presentation-November-2025-FINAL.pdf</a>
Songwe Hill	Mkango Resources Ltd	Development	SEDAR FILING "NI43-101 Technical Report on the Songwe Hill Rare Earth Element Project in Malawi" (18-Aug-22)	<a href="https://www.sedarplus.ca/csa-party/records/document.html?id=ac89e479364d84c1649c942630b03245c0bf337b2e0f902e6c0267058f330cb6">https://www.sedarplus.ca/csa-party/records/document.html?id=ac89e479364d84c1649c942630b03245c0bf337b2e0f902e6c0267058f330cb6</a>
Vara Mada	Energy Fuels Inc.	Development	Vara Mada Feasibility Study NI43-101 & S-K 1300 Technical Summary (7-Jan-26)	<a href="https://www.energyfuels.com/wp-content/uploads/2026/01/FS-Vara-Mada-Project-Report-NI43-101-FINAL-01.07.2026.pdf">https://www.energyfuels.com/wp-content/uploads/2026/01/FS-Vara-Mada-Project-Report-NI43-101-FINAL-01.07.2026.pdf</a>
Weishan	China Rare Earth Group	Producing	Rare Earth Exchanges (8-Feb-25)	<a href="http://rareearthexchanges.com/project/weishan/">rareearthexchanges.com/project/weishan/</a>
Wimmera	Iluka Resources Limited	Development	Company Presentation: "Macquarie Conference" (7-May-25)	<a href="https://www.iluka.com/media/d5gjznmn/iluka-resources-macquarie-australia-conference-may-2025.pdf">https://www.iluka.com/media/d5gjznmn/iluka-resources-macquarie-australia-conference-may-2025.pdf</a>

## 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")

31 December 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(8,132)	(19,367)
(b) development	-	-
(c) production	-	-
(d) staff costs	(512)	(940)
(e) administration and corporate costs	(424)	(731)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	627	1,324
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	(425)	(792)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(8,866)</b>	<b>(20,506)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(18)	(89)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

## 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 (6 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(18)</b>	<b>(89)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	<b>42,854</b>	<b>54,538</b>
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,866)	(20,506)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(18)	(89)
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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(33)	(6)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>33,937</b>	<b>33,937</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	20,937	6,979
5.2	Call deposits	13,000	35,875
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>33,937</b>	<b>42,854</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(312)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

*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.*

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

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

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(8,866)
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)	(8,866)
8.4	Cash and cash equivalents at quarter end (item 4.6)	33,937
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	33,937
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>4</b>
	<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

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

Date: 30 January 2026

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

## Notes

- 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.
- 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.
- 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.

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

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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.