



**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2025**

**ABN 71 120 833 427
ASX: SVM; AIM:SVML; OTCQX: SVMLF**

CORPORATE DIRECTORY

Directors

Mr Benjamin Stoikovich	Chairman
Mr Frank Eagar	Managing Director and CEO
Mr Ian Middlemas	Non-Executive Director
Dr Julian Stephens	Non-Executive Director
Mr Mark Pearce	Non-Executive Director
Mr Nigel Jones	Non-Executive Director

CFO and Company Secretary

Mr Dylan Browne

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Operations Office

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Malawi

Registered and Principal Office

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Telephone: +61 8 9322 6322

Stock Exchange Listings

Australia

Australian Securities Exchange
ASX Code: **SVM – Ordinary Shares**

United Kingdom

London Stock Exchange (AIM)
AIM Code: **SVML – Depository Interests**

Quotations

United States

OTCQX Best Market
OTCQX code: **SVMLF**

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Solicitors

Thomson Geer
Simmons & Simmons

Auditor

Ernst & Young - Perth

Bankers

Australia – National Australia Bank Limited
Australia - Australia and New Zealand Banking Group Ltd
Malawi – Standard Bank

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The Directors of Sovereign Metals Limited present their report on Sovereign Metals Limited (**Sovereign** or the **Company** or **Parent**) and the entities it controlled at the end of, or during, the half year ended 31 December 2025 (**Consolidated Entity** or **Group**).

REVIEW AND RESULTS OF OPERATIONS

KASIYA RUTILE-GRAPHITE PROJECT

Sovereign is focused on the development of its Kasiya rutile-graphite project (**Kasiya** or **the Project**) in Malawi to become a leading global supplier to the titanium and graphite industries. Kasiya is the world's largest natural rutile deposit – the purest, highest-grade naturally occurring titanium feedstock – and the world's second-largest flake graphite deposit – a battery mineral essential for the Energy Transition.

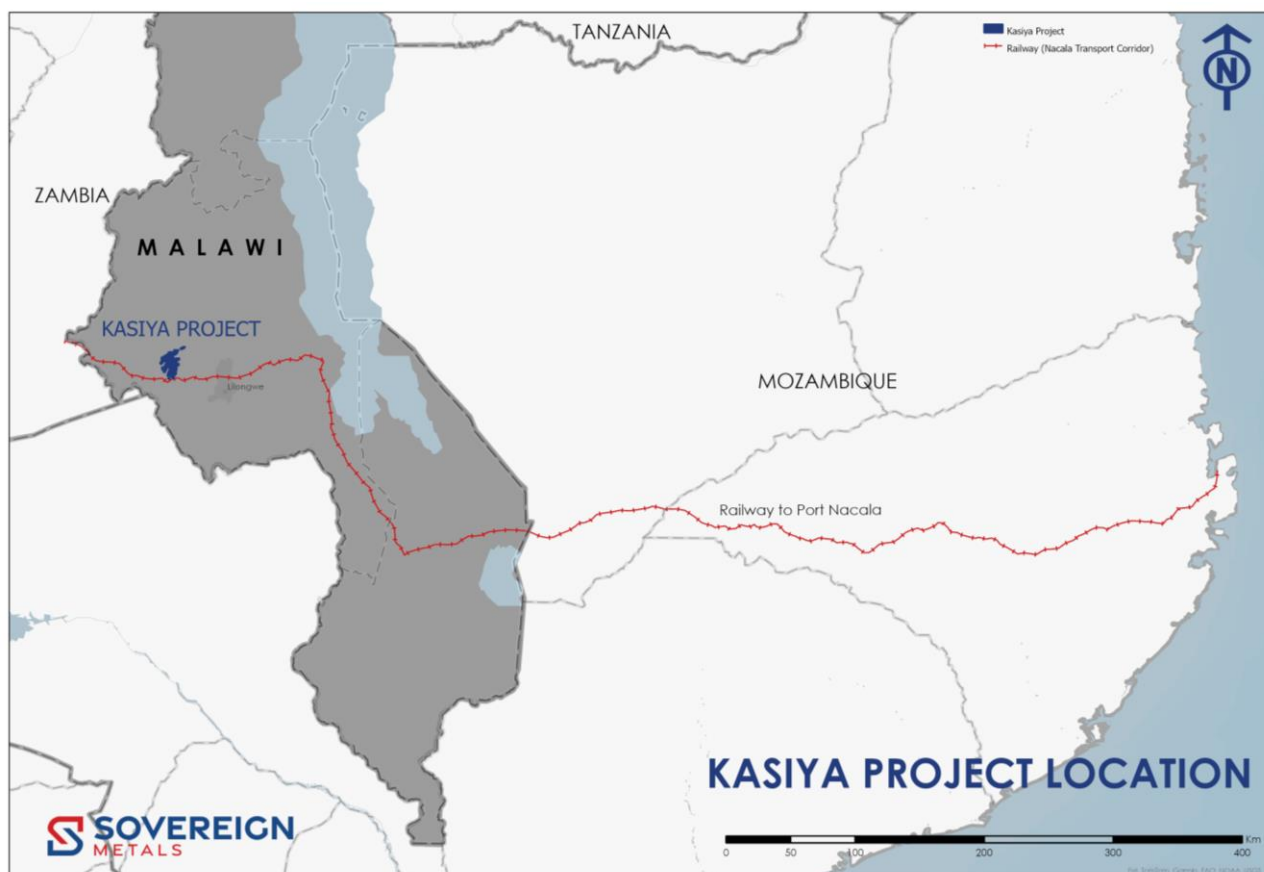


Figure 1: Kasiya Regional Project Location

Sovereign discovered Kasiya in 2019 after identifying the potential of a new rutile province in Malawi. Today, Kasiya stands out as the world's largest known natural rutile deposit and second largest known flake graphite deposit and holds the accolade of one of only 11 Tier 1 mining projects discovered in the last decade (source MinEx Consulting, "Exploration: Australia vs The World, October 2023).

An Optimised Pre-Feasibility Study (**OPFS**), completed last year, reaffirmed Kasiya's potential to become a large, low-cost producer of strategic minerals. Sovereign is now advancing the Definitive Feasibility Study (**DFS**).

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

OPERATIONS

Project Vault Participant Traxys Signs Offtake MOU For Kasiya Graphite

- Subsequent to the period end, non-binding Memorandum of Understanding (**MOU**) signed with Traxys North America for the marketing of graphite from Kasiya
- Traxys is one of only three trading houses appointed to procure critical minerals for the US Government's US\$12 billion Project Vault – the newly launched US Strategic Critical Minerals Reserve
- Graphite is designated a US Critical Mineral by the US Geological Survey and is among the 60 minerals targeted under the stockpiling initiative
- MOU targets 40,000 tonnes per annum of graphite concentrate for Stage 1 (Years 1-5) and up to 80,000 tonnes per annum thereafter
- Initial focus to be on high-value flake graphite for the refractory market, with potential to include flake graphite to serve battery anode supply chains

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 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 Period

- During the period, 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

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Various Critical Components of DFS now complete

- Geotechnical investigations successfully completed across all critical infrastructure locations with oversight from the Sovereign-Rio Tinto Technical Committee confirming favourable subsurface conditions aligned with regional geology
 - Over 400 individual tests conducted covering mining infrastructure, tailings storage facility and raw water dam
 - Consistent stratigraphy and suitable subsurface conditions to enable more standardised foundation designs and construction approaches across infrastructure areas
- Mining fleet specifically engineered for large-scale dry mining operations following the results of the successful Pilot Mining and Land Rehabilitation (Pilot Phase).
 - No drilling, blasting, crushing or milling required at Kasiya resulting in low capital outlays and operating costs
 - Equipment selection and supplier identification completed for all operational requirements across the proposed initial 25-year mine life
- Rehabilitation of land at Pilot Phase test pit site successfully completed during the period, further de-risking DFS
 - Exceptional first-year results from its rehabilitation trials at the Kasiya, delivering critical data that will inform the progressive rehabilitation strategy for the ongoing DFS
 - Rehabilitation trials achieved 5x crop yield improvement – demonstrating superior post-mining land productivity versus traditional farming

Next Steps

During the period, various new workstreams were incorporated into the DFS with completion of the DFS expected in the coming months. These included an enhanced focus on plant design and configuration, as well as environmental and social impact workstreams, including the integration of IFC's Performance Standards to support delivery of a DFS that is bankable. 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.

Over the coming months, the Company will also continue to update stakeholders regarding progress at Kasiya, 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 including the integration of IFC's Performance Standards; and
- Infrastructure and logistics planning.

DIRECTORS

The names of Directors in office at any time during the financial period or since the end of the financial period are:

Mr Benjamin Stoikovich	Chairman
Mr Frank Eagar	Managing Director and CEO
Mr Ian Middlemas	Non-Executive Director
Dr Julian Stephens	Non-Executive Director
Mr Mark Pearce	Non-Executive Director
Mr Nigel Jones	Non-Executive Director

All Directors were in office from 1 July 2025 until the date of this report, unless otherwise noted.

OPERATING RESULTS

The net operating loss after tax for the half year ended 31 December 2025 was \$8,986,797 (2024: \$19,546,116) which is attributable to:

- (i) Interest income of \$902,176 (2024: \$1,025,751) earned on cash term deposits held by the Group;
- (ii) Exploration and evaluation expenditure of \$16,098,372 (2024: \$16,495,513) in relation to the Kasiya Project. This is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore and up to the completion of feasibility studies;
- (iii) Non-cash share based payment benefit of \$7,750,775 (2024: expense \$1,904,852) relating to performance rights. The fair value of incentive options and rights is measured at grant date and recognised over the period during which the performance rights holders become unconditionally entitled to the incentive securities. During the period it was determined that 4,992,500 and 6,190,000 performance rights that expire on 31 March 2026 and on 30 June 2026 respectively will lapse unvested on the relevant expiry date as the milestones have been determined to be unachievable prior to their expiry date which has resulted in the share based payment benefit being recognised in the period; and
- (iv) Business development expenses of \$815,461 (2024: \$1,004,695) which includes the Group's investor and shareholder relations activities including but not limited to public relations costs, marketing and digital marketing, broker and advisor fees, business development consultant fees and costs of the Group's ASX and AIM listings.

FINANCIAL POSITION

At 31 December 2025, the Company had cash and cash equivalents of \$33,937,352 (30 June 2025: \$54,538,435) and no debt (30 June 2025: nil). The Company had net assets of \$38,704,181 (30 June 2025: \$55,387,701), a decrease of \$16,683,520 or approximately 30% compared with the prior period. This is largely attributable to the decrease in cash reserves relating to exploration and evaluation spend on the Project to complete the DFS.

SIGNIFICANT POST BALANCE DATE EVENTS

- (i) On 21 January 2026, Sovereign announced that it had recovered heavy rare earth monazite concentrate from Kasiya rutile tailings stream. Preliminary analysis confirmed Kasiya monazite to contain exceptionally elevated levels of heavy rare earth elements DyTb and Yttrium, materially exceeding those of the five largest producers globally, which account for 70% of the world's rare earth production;
- (ii) On 17 February 2026, Sovereign announced that it had signed non-binding MOU with Traxys North America for the marketing of graphite from Kasiya which targeted 40,000 tonnes per annum of graphite concentrate for Stage 1 (Years 1-5) and up to 80,000 tonnes per annum thereafter; and
- (iii) Issue of 9,022,500 Bankable DFS Milestone Performance Rights, expiring on 30 June 2026, and 13,326,500 Finance Milestone Performance Rights, expiring on 30 June 2028, to directors, key employees and contractors.

Other than as disclosed above, there are no other matters or circumstances which have arisen since 31 December 2025 that have significantly affected or may significantly affect:

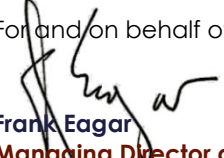
- the operations, in periods subsequent to 31 December 2025, of the Group;
- the results of those operations, in periods subsequent to 31 December 2025, of the Group; or
- the state of affairs, in periods subsequent to 31 December 2025, of the Group.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of Sovereign Metals Limited with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is on page 13 and forms part of this Directors' Report.

This report is made in accordance with a resolution of the directors made pursuant to section 306(3) of the Corporations Act 2001.

For and on behalf of the Directors


Frank Eagar
Managing Director and CEO

5 March 2026

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE HALF YEAR ENDED 31 DECEMBER 2025



	Notes	Half Year Ended 31 December 2025 \$	Half Year Ended 31 December 2024 \$
Interest income		902,176	1,025,751
Other income/(expenses)	3	22,841	(386,877)
Exploration and evaluation expenses		(16,098,372)	(16,495,513)
Corporate and administrative expenses		(748,756)	(779,930)
Business development expenses		(815,461)	(1,004,695)
Share based payment benefit/(expense)	9(a)	7,750,775	(1,904,852)
Loss before income tax		(8,986,797)	(19,546,116)
Income tax expense		-	-
Loss for the period		(8,986,797)	(19,546,116)
Other comprehensive income, net of income tax:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on foreign entities		54,052	80,624
Other comprehensive income for the period, net of income tax		54,052	80,624
Total comprehensive loss for the period		(8,932,745)	(19,465,492)
Loss attributable to members of Sovereign Metals Limited		(8,932,745)	(19,465,492)
Total comprehensive loss attributable to members of Sovereign Metals Limited		(8,932,745)	(19,465,492)
Basic and diluted loss per share from continuing operations (cents per share)		(1.4)	(3.3)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025



	Notes	31 December 2025 \$	30 June 2025 \$
ASSETS			
Current Assets			
Cash and cash equivalents		33,937,352	54,538,435
Other receivables	4	2,247,387	1,771,002
Other financial assets		140,000	105,000
Total Current Assets		36,324,739	56,414,437
Non-current Assets			
Property, plant and equipment	5	1,754,235	1,852,383
Exploration and evaluation assets	6	5,086,129	5,086,129
Total Non-current Assets		6,840,364	6,938,512
TOTAL ASSETS		43,165,103	63,352,949
LIABILITIES			
Current Liabilities			
Trade and other payables	7	4,221,203	7,749,922
Provisions		168,041	125,582
Other financial liabilities	8(a)	55,566	46,621
Total Current Liabilities		4,444,810	7,922,125
Non-Current Liabilities			
Other financial liabilities	8(b)	16,112	43,123
Total Non-Current Liabilities		16,112	43,123
TOTAL LIABILITIES		4,460,922	7,965,248
NET ASSETS		38,704,181	55,387,701
EQUITY			
Issued capital		174,800,846	174,800,846
Reserves	9	(6,552,942)	1,143,781
Accumulated losses		(129,543,723)	(120,556,926)
TOTAL EQUITY		38,704,181	55,387,701

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2025



	Issued Capital \$	Share Based Payment Reserve \$	Demerger Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2025	174,800,846	7,915,683	(7,336,678)	564,776	(120,556,926)	55,387,701
Net loss for the period	-	-	-	-	(8,986,797)	(8,986,797)
Other comprehensive income	-	-	-	54,052	-	54,052
Total comprehensive income/(loss) for the period	-	-	-	54,052	(8,986,797)	(8,932,745)
Transactions with owners, recorded directly in equity						
Expiry of unvested performance rights	-	(4,676,816)	-	-	-	(4,676,816)
Lapse of unvested performance rights	-	(3,238,864)	-	-	-	(3,238,864)
Share based payment expense	-	164,905	-	-	-	164,905
Balance at 31 December 2025	174,800,846	164,908	(7,336,678)	618,828	(129,543,723)	38,704,181
Balance at 1 July 2024	117,835,631	3,605,751	(7,336,678)	370,657	(80,116,587)	34,358,774
Net loss for the period	-	-	-	-	(19,546,116)	(19,546,116)
Other comprehensive income	-	-	-	80,624	-	80,624
Total comprehensive income/(loss) for the period	-	-	-	80,624	(19,546,116)	(19,465,492)
Transactions with owners, recorded directly in equity						
Issue of placement shares	19,174,395	-	-	-	-	19,174,395
Cancellation of unvested performance rights	-	(22,754)	-	-	-	(22,754)
Share based payment expense	-	1,927,606	-	-	-	1,927,606
Share issue costs	(44,535)	-	-	-	-	(44,535)
Balance at 31 December 2024	136,965,491	5,510,603	(7,336,678)	451,281	(99,662,703)	35,927,994

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025



	Half Year Ended 31 December 2025 \$	Half Year Ended 31 December 2024 \$
Cash flows from operating activities		
Payments to suppliers and employees – exploration and evaluation	(19,168,252)	(15,479,030)
Payments to suppliers and employees – other	(2,568,103)	(1,764,767)
Interest received	1,324,422	1,031,209
Net cash used in operating activities	(20,411,933)	(16,212,588)
Cash flows from investing activities		
Payments for purchase of plant and equipment	(110,796)	(916,061)
Net cash used in investing activities	(110,796)	(916,061)
Cash flows from financing activities		
Proceeds from issue of shares	-	19,174,395
Payments for share issue costs	-	(44,535)
Payments for finance lease	(66,195)	(31,777)
Net cash (used in)/from financing activities	(66,195)	19,098,083
Net (decrease)/increase in cash and cash equivalents	(20,588,924)	1,969,434
Net foreign exchange differences	(12,159)	(1,875)
Cash and cash equivalents at the beginning of the period	54,538,435	31,564,130
Cash and cash equivalents at the end of the period	33,937,352	33,531,689

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. MATERIAL ACCOUNTING POLICY INFORMATION

Sovereign Metals Limited (the "Company") is a for profit company limited by shares and incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange, the AIM Market of the London Stock Exchange and a Quotation on OTCQX in the U.S. The consolidated interim financial statements of the Company as at and for the period from 1 July 2025 to 31 December 2025 comprise the Company and its subsidiaries (together referred to as the "Group"). The nature of the operations and principal activities of the Group are as described in the Directors' Report.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the audited annual report of Sovereign for the year ended 30 June 2025 (where comparative amounts have been extracted from) and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of Preparation of Half Year Financial Report

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated. There have been no changes in the critical accounting judgements or key sources of estimation since 30 June 2025.

(b) Statement of Compliance

The consolidated interim financial report complies with Australian Accounting Standards, including AASB 134 which ensures compliance with International Financial Reporting Standard ("IFRS") IAS 34 "*Interim Financial Reporting*" as issued by the International Accounting Standards Board. The accounting policies adopted in the preparation of the half-year financial report are consistent with those applied in the preparation of the Group's annual financial report for the year ended 30 June 2025 and the comparative half-year, except for new standards, amendments to standards and interpretations effective 1 July 2025. In the current half year, the Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The adoption resulted in no material impact.

(c) Issued standards and interpretations not early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the reporting period ended 31 December 2025. Those which may be relevant to the Group are set out in the table below. The impact of these standards are still being assessed.

Standard/Interpretation	Application Date of Standard	Application Date for Group
AASB 2024-2 Amendments to AASs – Classification and Measurement of Financial Instruments	1 January 2026	1 July 2026
AASB 2024-3 Amendments to AASs – Annual Improvements Volume II. Amendments to AASB 1, AASB 7, AASB 9, AASB 10 and AASB 107	1 January 2026	1 July 2026
AASB 2025-2 Amendments to AASs – Classification and Measurement of Financial Instruments: Tier 2 Disclosures	1 January 2026	1 July 2026
AASB 18 Presentation and Disclosure in Financial Statements	1 January 2027	1 July 2027

2. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Consolidated Entity has one operating segment, being exploration in Malawi.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025
(Continued)



3. OTHER INCOME/(EXPENSES)

	31 December 2025 \$	31 December 2024 \$
Foreign exchange loss	(12,159)	(1,877)
Fair value movements in other financial assets	35,000	(385,000)
	22,841	(386,877)

4. CURRENT ASSETS – OTHER RECEIVABLES

	31 December 2025 \$	30 June 2025 \$
Accrued interest	52,311	474,557
GST and VAT receivable	1,885,346	1,229,632
Prepayments	288,884	47,085
Other	20,846	19,728
	2,247,387	1,771,002

5. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Office Furniture and Equipment \$	Computer Equipment \$	Plant & Equipment \$	Right-of-use assets \$	Assets under construction \$	Total \$
Carrying amount at 1 July 2025	167,091	88,010	1,476,380	76,944	43,958	1,852,383
Additions	13,822	4,864	101,368	-	(9,258)	110,796
Depreciation charge	(19,683)	(20,784)	(130,983)	(22,565)	-	(194,015)
Foreign exchange differences	(1,185)	55	(16,886)	3,693	(606)	(14,929)
Carrying amount at 31 December 2025	160,045	72,145	1,429,879	58,072	34,094	1,754,235
At cost	255,392	188,995	2,297,400	134,091	34,700	2,910,578
Accumulated depreciation, amortisation and impairment	(95,347)	(116,850)	(867,521)	(76,019)	(606)	(1,156,343)

6. EXPLORATION AND EVALUATION ASSETS

	31 December 2025 \$	30 June 2025 \$
(a) Movement in Exploration and Evaluation Assets		
<u>Kasiya Rutile-Graphite Project:</u>		
Carrying amount as at 1 July	5,086,129	5,086,129
Carrying amount ⁽ⁱ⁾	5,086,129	5,086,129

Note:

- (i) The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025
(Continued)



7. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	31 December 2025 \$	30 June 2025 \$
Trade creditors	3,440,470	7,207,700
Accrued expenses	780,733	542,222
	4,221,203	7,749,922

8. OTHER FINANCIAL LIABILITIES

	31 December 2025 \$	30 June 2025 \$
(a) Current liabilities		
Lease Liability ⁽ⁱ⁾	55,566	46,621
(b) Non-Current liabilities		
Lease Liability ⁽ⁱ⁾	16,112	43,123

Note:

- (i) The Company has a lease agreement for the rental of a property. Refer to Note 5 for the carrying amount of the right of use asset relating to the lease. The following are amounts recognised in the Statement of Profit and Loss: (i) amortisation expense of right of use asset \$22,565 (30 June 2025: \$43,684); (ii) interest expense on lease liabilities of \$10,093 (30 June 2025: \$26,667); and (iii) rent expense of \$2,476 (30 June 2025: \$1,997).

9. RESERVES

	31 December 2025 \$	30 June 2025 \$
Share-based Payments Reserve (Note 9(a))	164,908	7,915,683
Foreign Currency Translation Reserve - exchange differences	618,828	564,776
Demerger Reserve	(7,336,678)	(7,336,678)
	(6,552,942)	1,143,781

(a) Movements in Performance Rights were as follows:

Date	Details	Number of Unlisted Performance Rights	\$ ⁽ⁱ⁾
1 Jul 2025	Opening balance	22,160,000	7,915,683
31 Oct 2025	Expiry of unvested performance rights	(10,977,500)	(4,676,816)
31 Dec 2025	Lapse of unvested performance rights ⁽ⁱⁱ⁾	-	(3,238,864)
31 Dec 2025	Share based payment expense	-	164,905
31 Dec 2025	Closing balance	11,182,500	164,908

Notes

- (i) The value of performance rights granted during the period is estimated as at the grant date based on the underlying share price with the expense recognised over the vesting period in accordance with Australian Accounting Standards.
- (ii) During the period, it was determined that 4,992,500 and 6,190,000 performance rights that expire on 31 March 2026 and on 30 June 2026 respectively will lapse unvested on the relevant expiry date as the milestones have been determined to be unachievable prior to their expiry date.

10. COMMITMENTS AND CONTINGENCIES

At the last annual reporting date, the Consolidated Entity did not have any material commitments and contingent liabilities.

11. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half year (2024: nil).

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

The net fair value of financial assets and financial liabilities approximates their carrying value.

13. SUBSEQUENT EVENTS AFTER BALANCE DATE

- (i) On 21 January 2026, Sovereign announced that it had recovered heavy rare earth monazite concentrate from Kasiya rutile tailings stream. Preliminary analysis confirmed Kasiya monazite to contain exceptionally elevated levels of heavy rare earth elements DyTb and Yttrium, materially exceeding those of the five largest producers globally, which account for 70% of the world's rare earth production;
- (ii) On 17 February 2026, Sovereign announced that it had signed non-binding MOU with Traxys North America for the marketing of graphite from Kasiya which targeted 40,000 tonnes per annum of graphite concentrate for Stage 1 (Years 1-5) and up to 80,000 tonnes per annum thereafter; and
- (iii) Issue of 9,022,500 Bankable DFS Milestone Performance Rights, expiring on 30 June 2026, and 13,326,500 Finance Milestone Performance Rights, expiring on 30 June 2028, to directors, key employees and contractors.

Other than as disclosed above, there are no matters or circumstances which have arisen since 31 December 2025 that have significantly affected or may significantly affect:

- the operations, in periods subsequent to 31 December 2025, of the Group;
- the results of those operations, in periods subsequent to 31 December 2025, of the Group; or
- the state of affairs, in periods subsequent to 31 December 2025, of the Group.

DIRECTORS' DECLARATION



In accordance with a resolution of the Directors of Sovereign Metals Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the half year ended on that date.
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'Frank Eagar'.

Frank Eagar
Managing Director and CEO

5 March 2026

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. 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. 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.

The information in this announcement that relates to the Mineral Resource Estimate is extracted from Sovereign's 2025 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 2025 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 2025 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). 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

All figures are rounded to reflect appropriate level of confidences with any apparent differences a result of rounding.

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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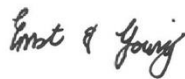
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Auditor's independence declaration to the directors of Sovereign Metals Limited

As lead auditor for the review of the half-year financial report of Sovereign Metals Limited for the half-year ended 31 December 2025, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;
- b. No contraventions of any applicable code of professional conduct in relation to the review; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sovereign Metals Limited and the entities it controlled during the financial period.



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Pierre Dreyer
Partner
5 March 2026

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Independent auditor's review report to the members of Sovereign Metals Limited

Conclusion

We have reviewed the accompanying half-year financial report of Sovereign Metals Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Group's consolidated financial position as at 31 December 2025 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to reviews of the half-year financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Ernst & Young



Pierre Dreyer
Partner
Perth
5 March 2026